CONFIDENTIAL - NOT FOR DISTRIBUTION IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN

PRELIMINARY INTERNATIONAL OFFERING MEMORANDUM DATED MARCH 25 2014

Offering of up to €66.1 million

This global offering is part of an offering of newly issued shares, with a par value of €0.10 each, of Supersonic Imagine, a French *société anonyme* ("Supersonic Imagine" or the "Company") in an aggregate amount of up to €66.1 million (if the Increase Option and Overallotment Option, as such terms are described below, are fully exercised). This offering (the "Offering") includes a public offering in France (the "French Public Offering") and this global offering, which is a private placement mainly to certain institutional investors inside and outside France, except in the United States, Canada, Australia and Japan (the "International Offering").

The French Public Offering is being made pursuant to a separate offering document prepared in accordance with French regulations. This Preliminary International Offering Memorandum (the "International Offering Memorandum") relates only to the International Offering.

It is currently proposed that the offering price will be between €11.70 and €14.3 per share. This price range is indicative only and is subject to change. The offering price for the shares sold in the French Public Offering and the International Offering will be identical.

Supersonic Imagine is initially offering new ordinary shares in an aggregate amount of €50 million. The number of shares initially offered may be increased through the issuance by Supersonic Imagine of additional newly issued shares in an aggregate amount of up to €7.5 million (the "Increase Option"). If the Increase Option is exercised, new ordinary shares in an aggregate amount of up to €57.5 million will be offered.

In addition, the Company has granted to the Joint Lead Managers and Joint Bookrunners an option to subscribe at the offering price up to an additional 15% of the total number of shares offered in the Offering (including the shares that may be offered upon exercise of the Increase Option), i.e., additional newly issued shares in an amount of up to €8.6 million (the "Overallotment Option"). If the Overallotment Option is exercised, new ordinary shares in an aggregate amount of up to €66.1 million will be offered. This option is granted solely for the purpose of covering over-allotments and stabilization activities, if any, and will be exercisable in whole or in part, on one occasion, during the 30 calendar days from the date of publication of the offering price, i.e., according to the indicative timetable by May 9, 2014.

Prior to the Offering, there has been no public market for the shares. Supersonic Imagine has applied to have all its shares listed on the regulated market of Euronext in Paris (Compartment B) under the symbol SSI. The shares will not be listed on any other exchange.

Investing in the shares involves risks. See "Risk factors" in Section 2 of the English translation of the securities note (*Note d'opération*) included herein as Annex A and in Section 4 of the English translation of the registration document (*Document de base*) included herein as Annex B, for a discussion of important factors to be considered in connection with an investment in the shares. Investors are advised to carefully read this International Offering Memorandum in its entirety, including the Annexes hereto.

Offering price range: €11.70 to €14.30 per share

The information in this International Offering Memorandum is preliminary and will be supplemented by a pricing supplement which will contain additional information about the Offering, including, among other matters, the final price per share offered hereby and the number of shares to be subscribed in the French Public Offering and the International Offering.

Supersonic Imagine's shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Supersonic Imagine's shares may not be offered or sold, directly or indirectly, in the United States. See "Important Information about Jurisdictional and Selling Restrictions" in this International Offering Memorandum and paragraph 5.2.1. of the securities note (*Note d'opération*) included herein as Annex A.

BNP PARIBAS and Société Générale Corporate & Investment Banking (the "Joint Lead Managers and Joint Bookrunners") and Gilbert Dupont and Oddo & Cie (the "Co-Lead Managers" and together with the Joint Lead Managers and Joint Bookrunners, the "Underwriters") are severally underwriting the shares being offered. The Underwriters expect to deliver the shares through the book-entry facilities of Euroclear France, Euroclear Bank S.A./N.V. and Clearstream Banking S.A., *Société Anonyme* (Luxembourg) on or about April 14, 2014.

This International Offering Memorandum does not constitute an offer to sell or subscribe nor a solicitation to purchase or subscribe for securities in any countries where such offer or solicitation is not permitted.

Global Coordinators, Joint Lead Managers and Joint Bookrunners

Co-Lead Managers

Company Advisor

IMPORTANT INFORMATION ABOUT THIS INTERNATIONAL OFFERING MEMORANDUM

This International Offering Memorandum is confidential and is being furnished solely for the purpose of enabling a prospective investor to consider whether to subscribe for shares as described herein. Any reproduction or distribution of this International Offering Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the shares is prohibited. Each person, by accepting delivery of this international offering memorandum, agrees to the foregoing.

In making your investment decision, you should rely only on the information contained in this International Offering Memorandum as supplemented by the pricing supplement or to which Supersonic Imagine has referred you. Supersonic Imagine has not authorized anyone to provide you with information other than what is contained in this International Offering Memorandum. You should not assume that the information in this International Offering Memorandum is accurate as of any date other than the date on the front cover of this International Offering Memorandum. The Company's business, financial condition, results of operations and prospects may have changed since such date.

Neither Supersonic Imagine nor the Underwriters are making any representation to you regarding the legality of an investment in the shares by you under appropriate legal investment or similar laws. You should not construe the contents of this International Offering Memorandum as investment, business, legal, tax or other advice. You should consult your own counsel, accountants and other advisors as to investment, business, legal, tax, financial and related aspects of a subscription of the shares. You are responsible for conducting your own investigation and analysis regarding Supersonic Imagine and assessment of the merits and risks of investing in the shares.

Supersonic Imagine's shares offered hereby have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction within the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, no offer is being made in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to subscribe for any Supersonic Imagine shares in the United States. The shares are only being offered outside the United States in offshore transactions (as defined in Regulation S) in accordance with Regulation S under the Securities Act, and are not being offered or sold, directly or indirectly, within the United States. See "Important Information about Jurisdictional and Selling Restrictions" below.

The information contained in this International Offering Memorandum has been furnished by Supersonic Imagine and other sources it believes to be reliable. This International Offering Memorandum is being furnished by Supersonic Imagine solely for the purpose of enabling a prospective institutional investor to consider the subscription of Supersonic Imagine shares in the International Offering described herein. No representation or warranty, express or implied, is made by the Underwriters or any of their affiliates or selling agents as to the accuracy or completeness of the information contained in this International Offering Memorandum, and nothing contained in this International Offering Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

No person has been authorized to give any information or to make any representations in connection with the offering or sale of Supersonic Imagine's shares other than those contained in this International Offering Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by Supersonic Imagine, the Underwriters, any of their affiliates or any other person. The information contained in this International Offering Memorandum is provided as of the date hereof. Neither the delivery of this International Offering Memorandum at any time nor any subsequent commitment to subscribe the shares shall, under any circumstances, create any implication that there has been no change in the Company's business since the date of this International Offering Memorandum.

The distribution of this International Offering Memorandum and the offer of the shares in certain jurisdictions may be restricted by law. Persons receiving this International Offering Memorandum are required by the Company and the Underwriters to inform themselves about, and to observe, any such restrictions. This International Offering Memorandum constitutes neither an offer of, nor an invitation to subscribe the shares in any jurisdiction in which such an offer or invitation would be unlawful. No action has been taken in any jurisdiction other than France that could permit a public offering of the shares, or the circulation or distribution of this International Offering Memorandum or any other offering material, where action for such purpose is required.

This International Offering Memorandum contains a non-official English translation of portions of the French Prospectus (as defined under "Important Information about Jurisdictional and Selling Restrictions — Notice to Prospective Investors in France"). In the event of any inconsistencies between statements contained in the translation and the portions of the text that have been translated herein, the text of the French Prospectus shall be considered authoritative. Neither the Company, nor either of the Underwriters assume any liability with respect to the free translation of the portions of the French Prospectus included in this International Offering Memorandum.

Supersonic Imagine reserves the right to withdraw the Offering at any time and Supersonic Imagine and the Underwriters reserve the right to reject any offer to subscribe, in whole or in part, for any reason, or to issue less than all of the shares offered hereby.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, SOCIETE GENERALE (OR ANY ENTITY ACTING ON ITS BEHALF), ACTING AS A STABILIZING MANAGER IN THE NAME OF AND ON BEHALF OF THE UNDERWRITERS (THE "STABILIZING MANAGER") MAY (BUT IS NOT OBLIGED TO) UNDERTAKE STABILIZATION TRANSACTIONS IN COMPLIANCE WITH APPLICABLE LAW AND REGULATIONS, IN PARTICULAR, THE PROVISION OF EU COMMISSION REGULATION N°2273/2003 OF 22 DECEMBER 2003 REGARDING IMPLEMENTATION OF DIRECTIVE 2003/06/CE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 28 JANUARY 2003 ON INSIDER DEALING AND MARKET MANIPULATION (THE "EU REGULATION N°2273/2003"). THERE IS NO GUARANTEE THAT ANY SUCH STABILIZATION MEASURES WILL BE INITIATED AND IN THE EVENT THAT STABILIZATION MEASURES ARE INITIATED, THEY MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE. THE PURPOSE OF THE STABILIZING TRANSACTIONS IS TO STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SHARES. SUCH TRANSACTIONS MAY AFFECT THE MARKET PRICE OF THE SHARES AND MAY RESULT IN A PRICE OF THE SHARES THAT IS HIGHER THAN THE PRICE THAT OTHERWISE MIGHT PREVAIL. IN THE EVENT THAT STABILIZATION MEASURES ARE INITIATED, THEY MAY BE CARRIED OUT OVER FOR UP TO 30 CALENDAR DAYS FROM THE DATE OF PUBLICATION OF THE OFFERING PRICE, I.E., ACCORDING TO THE INDICATIVE TIMETABLE, FROM APRIL 9, 2014 UNTIL (AND INCLUDING) MAY 9, 2014. THE RELEVANT MARKET AUTHORITIES AND INVESTORS WILL BE INFORMED BY THE STABILIZING MANAGER IN ACCORDANCE WITH ARTICLE 9 OF THE EU REGULATION N°2273/2003 AND ARTICLE 631-10 OF THE AMF'S GENERAL REGULATION.

IMPORTANT INFORMATION ABOUT JURISDICTIONAL AND SELLING RESTRICTIONS

General

The distribution of this International Offering Memorandum and the offer and sale of the shares in certain jurisdictions may be restricted by law. Supersonic Imagine and the Underwriters require that persons into whose possession this International Offering Memorandum comes inform themselves about and observe any such restrictions. No offer or sale of shares may be made in any jurisdiction except in compliance with the applicable laws thereof. The shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws. This International Offering Memorandum does not constitute an offer of, or an invitation to subscribe, shares in any jurisdiction in which such offer or invitation would be unlawful. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

No action has been taken in any jurisdiction by Supersonic Imagine or the Underwriters that would permit a public offering of the shares offered hereby, other than in France. The French Public Offering is being made pursuant to a separate offering document prepared in accordance with French regulations. See "Notice to Prospective Investors in France". This International Offering Memorandum relates only to the International Offering.

For additional information about the selling restrictions applicable to the Offering, see paragraph 5.2.1 of the securities note (*Note d'opération*) included herein as Annex A.

Notice to Prospective Investors in France

This International Offering Memorandum has not been and will not be submitted to the clearance procedures of the French *Autorité des marchés financiers* (the "AMF"), and accordingly may not be distributed to the public in France or used in connection with any offer to purchase or sell any of the shares to the public in France. For the purpose of the offering in France, a *prospectus*, which received visa no. 14-093 dated 25 March 2014 from the AMF (the "French Prospectus"), in the French language has been prepared (consisting of (i) a registration document (*Document de base*), which was registered by the AMF on 6 March 2014 under no. I.14-006 and (ii) a securities note (*Note d'opération*), dated 25 March 2014, and includes a section describing certain risk factors relating to Supersonic Imagine and the International Offering, as well as a summary of Supersonic Imagine's business). Such *prospectus* is the only document by which offers to subscribe for shares may be made to the public in France.

Notice to Prospective Investors in the European Economic Area (other than France)

No action has been taken nor will be taken to allow the Company's shares to be offered to the public in any member state of the European Economic Area (the "Member State") that has implemented the Prospectus Directive (other than in France) where a prospectus may be required to be published in such Member State, except that the shares may be offered in such Member States:

(i) to qualified investors, as defined in the Prospectus Directive;

(ii) to fewer than 100, or if the Member State has implemented the relevant provision of the Amending Directive, 150 individuals or legal entities other than qualified investors (as defined in the Prospectus Directive) per Member State;

(iii) in any other circumstances falling under Article 3(2) of the Prospectus Directive.

For the purposes of this provision, (i) the expression an "offer of the shares to the public" in relation to any shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to subscribe for the shares, as such expression may be varied in the Member State, (ii) the expression "Prospectus Directive" means the Directive 2003/71/EC of 4 November 2003, as implemented in a member state (as modified including by the Amending Directive, insofar as it has been implemented by each Member State) and (iii) the expression "Amending Directive" means the Directive 2010/73/UE of the European Parliament and of the Council of 24 November 2010.

This selling restriction applies in addition to any other selling restrictions which may be applicable in the Member States that have implemented the Prospectus Directive.

Notice to Prospective Investors in the United Kingdom

This International Offering Memorandum and any other material in relation to the shares described herein is only addressed to and intended for persons who are (i) outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities and other such persons falling within Article 49(2)(a) to (d) of the Order ("high net worth companies", "unincorporated associations", etc.) or (iv) other persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 2000) may otherwise lawfully be communicated or caused to be communicated (all such persons in (i), (ii), (iii) and (iv) together being referred to as "Relevant Persons"). Any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares is only available to, and will only be engaged in with, Relevant Persons. The Company's shares referred to in this International Offering Memorandum may not be offered or issued to persons in the United Kingdom other than Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents. The persons responsible for distributing the International Offering Memorandum shall comply with the legal provisions governing its distribution.

Notice to Prospective Investors in the United States

The shares offered hereby have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction within the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, no offer is being made in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for any Supersonic Imagine shares in the United States. The shares are only being offered outside the United States in offshore transactions (as defined in Regulation S under the Securities Act), in accordance with Regulation S under the Securities Act, and are not being offered or sold, directly or indirectly, within the United States.

Any person who subscribes or acquires shares will be deemed to have represented, warranted and agreed, by accepting delivery of the International Offering Memorandum or delivery of the shares, that it is subscribing or acquiring the shares in compliance with Rule 903 of Regulation S in an offshore transaction (as defined in Regulation S).

Any person in the United States who obtains a copy of this International Offering Memorandum is required to disregard it.

Notice to prospective investors in Canada, Australia and Japan

The shares shall not be offered, sold or acquired in Canada, Australia or Japan.

INDUSTRY AND MARKET DATA

This International Offering Memorandum contains information about the markets in which the Company operates and their trends, the Company's competitors and its competitive positioning, particularly in Section 6.3 entitled "The market and its players" of the English translation of the registration document (*Document de base*) included herein as Annex B. This information has been obtained mainly from market research conducted by external sources and from the Company's own estimates. While the Company believes such information to be reliable, it has not been independently verified, and neither the Company nor the Underwriters, nor any of its or their respective representatives make any representation as to the accuracy of such information. It is also possible that the data and estimates may be inaccurate or out of date, or that the forecast trends do not occur for the same reasons as described above which could have a material adverse impact on the Company's operations, outlook, financial position, results, development or targets. Trends in the Company's business activities may differ from the market trends described in this International Offering Memorandum. The Company, the Underwriters, and any of its or their respective representatives undertake no obligation to update such information.

In addition, in many cases the Company has made statements in this International Offering Memorandum regarding its industry and position in the industry based on its estimates and experience and on its investigation of market conditions. The Company cannot assure the prospective investors that any of these assumptions are accurate or correctly reflects its position in the industry and none of its internal surveys or information has been verified by any independent sources.

DEFINITIONS

In this International Offering Memorandum:

- "$", "dollars" or "U.S.$" refer to the lawful currency of the United States;
- "€" or "euros" refer to the single currency of the member states of the European Union participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and supplemented from time to time;
- "EU" refers to the European Union;
- "French GAAP" refers to the accounting principles established by the *Comité de la Réglementation Comptable*, the French national accounting standards board;
- "IFRS" refers to the International Financial Reporting Standards as adopted in the European Union; and
- all references to the "Issuer", "Supersonic Imagine" and the "Company" are to Supersonic Imagine. The term "Group" refers to the group of companies made up of the Company and all of its subsidiaries.

PRESENTATION OF FINANCIAL INFORMATION

This International Offering Memorandum includes the consolidated financial statements of the Company prepared in accordance with IFRS (the "IFRS Financial Statements") as of and for the year ended 31 December 2011, 31 December 2012 and 31 December 2013. These consolidated financial statements have been provided in appendices to the English translation of the registration document (*Document de base*) included herein as Annex B.

Unless otherwise indicated, all financial information concerning the Company as of and for the years ended 31 December 2011, 2012 and 2013 referred to in this International Offering Memorandum has been derived from the IFRS Financial Statements.

Some financial information in this International Offering Memorandum has been rounded and, as a result, the numerical figures shown as totals in this International Offering Memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This International Offering Memorandum contains forward-looking statements and information about the Company's targets and its ongoing projects. Sometimes these forward-looking statements are indicated by the use of the future or conditional tense accompanied by words such as "believe", "estimate", "consider", "aim", "intend", "envisage", "anticipate", "expect", "plan", "should", "wish", "may" and other similar expressions. These forward-looking statements and information about targets and ongoing projects are based on data, assumptions and estimates which the Company believes to be reasonable. They may be affected by known or unknown risks and uncertainties related to the regulatory, economic, financial and competitive environment, as well as other factors that could cause the Company's future results, performance and achievements to differ materially from the outcomes described or implied by members of the Management Board, members of the Supervisory Board and senior executive management. These factors include changes in general economic and commercial conditions, regulatory changes and the risks described in Section 4 "Risk factors" of the English translation of the registration document (*Document de base*) included herein as Annex B and in Section 2 "Risk factors" of the English translation of the securities note (*Note d'opération*) included herein as Annex A. In addition, other sections of this International Offering Memorandum describe additional factors that could adversely affect the Company's results of operations, financial condition, liquidity, dividend policy and the development of the industries in which it operates. New risks can emerge from time to time, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

ABOUT THIS INTERNATIONAL OFFERING MEMORANDUM

This International Offering Memorandum comprises the following documents, included herein as Annex A and B, respectively:

(i) the non-certified English translation of the Company's securities note (*Note d'opération*), the French version of which was filed with the AMF on 25 March 2014 under no. 14-093, except for:

(a) cover page : AMF visa together with related textbox and reference to copies available,

(b) Summary of the Prospectus and indicative timetable : reference to the AMF visa,

(c) the reference to the completion letter of Company's statutory auditors in section 1.2 entitled "Statement of the person responsible for the Prospectus", and

(d) Section 5.1.1 - indicative timetable : reference to the AMF visa,

which do not constitute part of the non-certified English translation of the Company's securities note (*Note d'opération*) included in Annex A of this International Offering Memorandum, and,

(ii) the non-certified English translation of the Company's registration document (*Document de base*), the French version of which was registered by the AMF on 6 March 2014 under no. I.14-006, except for:

(a) the reference to the AMF visa paragraph, and

(b) the reference to the completion letter of Company's statutory auditors in section 1.2 entitled "Statement of the person responsible for the *document de base*",

which do not constitute part of the non-certified English translation of the Company's registration document (*Document de base*) included in Annex B of this International Offering Memorandum.

You should not make any investment decision based on the excluded sections referenced above, and any references to the securities note (*Note d'opération*) and the registration document (*Document de base*) in the International Offering Memorandum as supplemented by the pricing supplement are deemed to exclude such sections.

In the event of any ambiguity or conflict between corresponding statements or other items contained in these non-certified English translations and the original French versions, the relevant statements or items of the French versions shall prevail.

ANNEX A
ENGLISH TRANSLATION OF THE SECURITIES NOTE (*NOTE D'OPÉRATION*)

French joint-stock company (*société anonyme)* with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de Surveillance*), with a share capital of €1,133,737.60
Registered office: 510, rue René Descartes - Les Jardins de la Duranne Bât E et Bât. F,
13857 Aix-en-Provence Cedex 3 - FRANCE
Registration No.: 481 581 890 RCS Aix-en-Provence

SECURITIES NOTE (*NOTE D'OPÉRATION*)
released to the public in connection with:

- the admission to trading on the regulated stock market of Euronext in Paris, France, of the existing shares comprising the share capital of SuperSonic Imagine, and
- the placement, via an open price public offering in France and global placement intended mainly for institutional investors in France and internationally, of approximately €50 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 4,273,504 new shares, on the basis of the lowest point of the indicative price range, to be issued via a capital increase with withdrawal of the preferential subscription rights, to be subscribed in cash by way of a public offering that could be increased to a maximum of €66.1 million, including the share premium (in the event that the increase option and the overallotment option are exercised in full), corresponding – for informational purposes only – to the issuance of a maximum of 5,651,708 new shares, on the basis of the lowest point of the indicative price range, and their admission to trading on the regulated market of Euronext in Paris.

Subscription period of the open price offering: from March 26, 2014 to April 8, 2014 (inclusive)
Subscription period of the global placement: from March 26, 2014 to April 9, 2014 (inclusive)

Indicative price range applicable to the open price offering and to the global placement:
between €11.70 and €14.30 per share.

The price may be set below €11.70 per share. In the event that the higher price point in the aforementioned indicative price range is modified, or that the price is set above €14.30 per share, orders placed in the open price offering may be cancelled during a period of at least two trading days.

[INTENTIONALLY OMITTED]

The prospectus (the "**Prospectus**") approved by the AMF is comprised of:
- the *Base Document* of SuperSonic Imagine, approved by the *Autorité des marchés financiers* ("AMF") on March 6, 2014 under number I.14-006 (the "B***ase Document***"),
- this securities note, and
- the summary of the Prospectus (included in the securities note).

BNP PARIBAS Corporate & Investment Banking — SOCIETE GENERALE Corporate & Investment Banking
Global Coordinators, Joint Lead Managers and Joint Bookrunners

Gilbert Dupont Société de bourse — ODDO & CIE
Co-Lead Managers

Allegra finance
Company Advisor

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The present securities note was prepared in accordance with Annex III to Commission Regulation (EC) No 809-2004 of 29 April 2004.

In this Securities Note, the terms "SuperSonic Imagine" and "Company" refer to SuperSonic Imagine, a joint-stock company (*société anonyme)* governed by a Management Board and a Supervisory Board, with its registered office at 510 rue René Descartes, Les Jardins de la Duranne Bât E et Bât F, 13857 Aix-en-Provence Cedex 3, France, registered in the Company 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 Prospectus is included in Section 26 of the **Base Document**.

Disclaimer

Prospective information

The Prospectus 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", "have as an 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 should 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 change due to uncertainties, in particular with respect to the economic, financial, competitive and regulatory environment. This information is mentioned in various Sections of the Prospectus and contains data relating to the Group's intentions, estimates and objectives principally in relation to the market in which it operates, its strategy, its growth, its results, its financial position, its cash and its forecasts. The prospective information mentioned in the Prospectus is solely valid as of the date of the Prospectus. The Group operates in a constantly changing competitive environment. It is therefore impossible for the Group to anticipate all risks, uncertainties or other factors liable to affect its activities, or their potential impact on its activities or the extent to which the occurrence of a risk or a combination of risks could lead to results materially different than those mentioned in any prospective information. It is recalled that none of this prospective information provides any guarantee of actual results.

Risk factors

Investors should pay particular attention to the risk factors described in Section 4 "Risk Factors" of the Base Document and in Section 2 of this securities note before making any investment decision. Should any or all of these risks materialise, they may have a material adverse impact on the Group's activities, financial position, results or prospects. In addition, other risks that are neither identified nor considered material by the Company as of the date on which the AMF approved the Prospectus could also have a material adverse impact.

SUMMARY OF THE PROSPECTUS
[INTENTIONALLY OMITTED]

The summary is made up of a series of key disclosure requirements known as "Elements". These Elements are split up into five Sections labeled A through E and numbered A.1 through E.7.

This summary contains all of the mandatory Elements that must be disclosed in a prospectus summary relating to this class of securities and this type of issuer. Since there is no requirement to address all of the Elements, there may be gaps in the numbering sequence applicable to the Elements in this summary.

It is possible that no relevant information can be furnished regarding a given Element that, due to the class of securities and the type of issuer, should appear in this summary. In this case, a brief description of the Element in question is included in the summary and marked as "Not Applicable".

Section A – Introduction and disclaimer		
A.1	**General disclaimer**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities being offered in the public offering and for which the admission to trading on a regulated market is requested, should be based on an in-depth review of the Prospectus by the investor. Should a claim relating to information contained in this Prospectus be brought before a court, the plaintiff investor may be required, under the national legislation of the Member States of the European Union or the Member States of the European Economic Area agreement, to bear the costs of translating the Prospectus before the legal proceedings are initiated. Those persons who presented the summary, including any translation thereof, can only be held civilly liable if the contents of this summary are misleading, inaccurate or inconsistent relative to the other parts of the Prospectus or if, when read in conjunction with the other parts of the Prospectus, it does not provide the key information investors need when considering whether to invest in these securities.
A.2	**Consent of the issuer**	Not Applicable.

Section B – Information on the issuer		
B.1	**Legal and commercial name**	SuperSonic Imagine (the "**Company**").
B.2	**Registered office / Legal form/ Applicable law / Country of incorporation**	Registered office: 510 rue René Descartes, Les Jardins de la Duranne Bât E et Bât F, 13857 Aix-en-Provence Cedex 3, France. Legal form: *Société anonyme* (joint-stock company) with a Management Board and a Supervisory Board. Applicable law: French law. Country of incorporation: France.

B.3	**Nature of the operations and main business activities**	Specializing in ultrasound medical imaging (also known as sonography), SuperSonic Imagine designs, develops and markets innovative ultrasound-based solutions to improve the diagnosis of numerous pathologies. As of December 31, 2013, the Company has an installed base of more than 770 Aixplorer® (the ultrasound system developed by the Company) deployed in five years, in more than 50 countries, with combined revenues of more than €50 M. This installed base has more than doubled over the past two years. Featuring a high-speed imaging technology, Aixplorer® can acquire data at about 200 times the speed of a traditional ultrasound apparatus. Thanks to this unique technology, Aixplorer® provides images with exceptional definition, contrast and resolution. In addition, it offers a totally new mode of imaging - ShearWave™ Elastography - the only innovation in the world capable of objectively quantifying tissue elasticity (or stiffness) in real time and in a reproducible*[1] manner since it does so independently of the user's skill. This clinical parameter essential to diagnosis was previously assessed subjectively during the clinical examination via manual palpation. The ultrasound system designed by the Company and its many applications also allow the capabilities of conventional ultrasound to be extended and, eventually, to replace more costly techniques (such as MRI) in many diagnostic, detection or even therapeutic monitoring situations. In addition, ultrasound has many advantages over other imaging techniques such as CT scans or MRIs. In particular, it has the advantage of being non-invasive and non-ionizing, which means that there is no exposure to ionizing radiation, which is why it is now the preferred method of examination in obstetrics for viewing the fetus. Initially focusing on breast imaging, but designed as a scalable platform, Aixplorer® has progressively enlarged its range of ultrasound devices and medical applications to position itself on increasingly wider ultrasound markets: general imaging for radiology, vascular imaging and, by 2020, heart imaging, with radiologists constituting the current priority target for Aixplorer®. After having initially concentrated its efforts on R&D work and the approval of its product in the early years, the Group began a new commercial rollout phase in 2012. In parallel, policy of innovation remained and will continue to remain a priority since it is one of the main drivers behind commercial expansion.
B.4a	**Main recent trends having an impact on the issuer and the business sectors in which it operates**	***Recent developments*** In the wake of the financial year ended December 31, 2013, which posted business growth of 20.3%, the 2014 financial year is beginning in line with the Company's expectations. ***Goals*** With a strategy based on the pursuit of technological innovation, an increasing commercial deployment of its product and an optimization of its production, 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, the Group has set the following medium and long-term objectives: – to capture around 7% market share of the global ultrasound imaging market within ten years (a market worth US$ 5.8 billion in 2012, and which should achieve 5% average annual growth until 2017 – source*:* 2013 inMedica study), – to achieve a gross margin of 60% in the medium term, following the example of other players in the sector, while simultaneously benefiting from optimized variable production costs and a rise in prominence of the services activity thanks to a growing installed base, and to achieve an EBITDA margin of

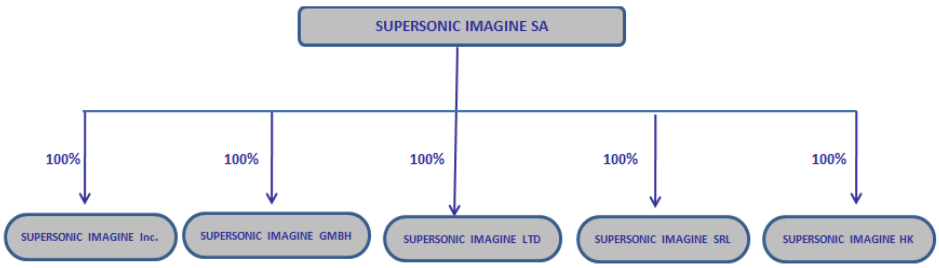
[1] Terms followed by an asterisk are defined in a glossary in Chapter 26 of the Base Document.

roughly 20%. By way of comparison, the gross margin achieved by Sonosite in 1999 was 36% before rising dramatically to 71% by 2005 and maintaining this level up to 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 achieve the breakeven point in terms of EBITDA within five years from the Company's initial public offering (IPO).

B.5 **Group to which the issuer belongs**

As of the Prospectus date, the Group's legal structure is the following:



B.6 **Main shareholders**

Shareholding

As of the Prospectus date, the share capital of the Company amounts to €1,133,737.60, split up into 11,337,376 shares with a par value €0.10 each, fully subscribed and paid-up.

Shareholding of the Company on a non-diluted basis as of the Prospectus date:

Shareholders*	**Number of shares**	**% of capital and voting rights**
Management Board	188,540	1.66%
Auriga Partners	1,590,460	14.03%
Omnes Capital	1,602,419	14.13%
Bpifrance Investissement (ex CDC Entreprises)	1,375,089	12.13%
Bpifrance Participations (ex-FSI	702,751	6.20%
Total Bpifrance	2,077,840	18.33%
NBGI Private Equity	1,244,620	10.98%
EDRIP (of which 123Venture)	1,717,260	15.15%
Wellington Partners Venture Capital	674,060	5.95%
IRDI	78,270	0.69%
iXO Private Equity	363,548	3.21%
Mérieux Participations	721,006	6.36%
Kuwait Life Sciences Company (KLSC)	75,000	0.66%
Société générale Innovation 2011 (FCPI)	23,135	0.20%
Alto	46,708	0.41%

Norgine BV	-	-
Financial investors (investment funds)	**10,214,326**	**90.09%**
France Innovation Scientifique et Transfert (FIST) [10]	84,770	0.75%
Canon Inc	566,910	5.00%
Other institutional investors	**651,680**	**5.75%**
Others (founders, consultants, members of the Supervisory Board)	**185,020**	**1.63%**
Management and employees	**97,810**	**0.86%**
TOTAL	***11,337,376***	***100%***

*(The asset management company is mentioned in the event that the shareholder is a fund).

As of the Prospectus date, no shareholder controls the Company within the meaning of Article L. 233-3 of the French Commercial Code. 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 main shareholders on March 10, 2006, as amended, will be automatically null and void on the date of the initial listing of the Company's shares on the Euronext regulated market in Paris.

B.7 — **Selected key historical financial information**

Simplified Consolidated Balance Sheet

Consolidated data IFRS (€K)	FY 2013 12 months audited	FY 2012 12 months audited	FY 2011 12 months audited
Non-current assets	**6,879**	**6,761**	**4,801**
Of which intangible assets	*5,385*	*5,014*	*3,420*
Of which tangible assets	*1,210*	*1,227*	*1,110*
Of which non-current financial assets	*284*	*520*	*271*
Current assets	**19,545**	**15,082**	**23,608**
Of which cash and cash equivalents	*6,437*	*4,251*	*12,488*
TOTAL ASSETS	**26,424**	**21,843**	**28,409**
Shareholders' equity	**11,788**	**9,644**	**20,263**
Non-current liabilities	**6,580**	**2,837**	**1,876**
Of which long-term financial debt	*5,488*	*711*	*736*
Of which provisions & other non-current liabilities	*744*	*1,868*	*976*
Current liabilities	**8,056**	**9,362**	**6,271**
Of which short-term financial debt	*1,189*	*1,139*	*300*
Of which provisions & other current liabilities	*3,944*	*3,328*	*2,173*
Total Liabilities	**26,424**	**21,843**	**28,409**

Simplified Consolidated Income Statement

Consolidated data IFRS (€K)	FY 2013 12 months audited	FY 2012 12 months audited	FY 2011 12 months audited
Revenue	**16,961**	**14,097**	**9,782**
- Cost of sales	(10,723)	(10,140)	(6,693)
Gross margin	**6,238**	**3,957**	**3,089**
Operating income (loss)	**(11,723)**	**(11,283)**	**(9,749)**
Net financial income (loss)	**(168)**	**32**	**613**
Net profit (loss)	**(11,967)**	**(11,251)**	**(9,136)**

Simplified Consolidated Cash Flow Statement

Consolidated data IFRS (€K)	FY 2013 12 months audited	FY 2012 12 months audited	FY 2011 12 months audited
Cash flow related to operating activities before variations in WCR	*(9,934)*	*(9,829)*	*(8,751)*
Cash flow related to operating activities	**(14,154)**	**(6,111)**	**(10,115)**
Cash flows related to investment activities	**(2,684)**	**(3,271)**	**(1,732)**
Cash flows related to financing activities	**19,070**	**1,165**	**9,750**
Change in cash and cash equivalents over the period	**2,232**	**(8,217)**	**(2,097)**

B.8 — **Selected key pro forma financial information**

Not applicable.

B.9 — **Profit forecasts**

Not applicable.

	or estimates	
B.10	**Reservations regarding the historical financial information**	Not applicable.
B.11	**Net working capital**	The Company confirms that, in its opinion, the consolidated net working capital of the Group is insufficient to meet its current obligations for twelve months starting as of the Prospectus approval date. The shortfall in net working capital could occur from May 2014, and reach a maximum of €13.685 million in February 2015. It is, however, important to note that, after completion of the capital increase described in this securities note or, if it is not completed, of the second tranche of approximately €13.7 million of the 2013 funding round, which the Company may call, the net working capital of the Group will be sufficient to meet its current obligations for the next 12 months.

Section C – Securities		
C.1	**Type, class, and identification number of the offered shares and/or admitted to trading**	The securities of the Company for which the admission to trading on the Euronext regulated market in Paris is requested are: – all of the shares comprising the share capital of the Company, or 11,337,376 shares at a par value of €0.10 each, consisting of 674,260 common shares and 10,663,116 preferred shares to be automatically converted to common shares at a rate of one common share for each preferred share at the time the Company's shares are first listed on the Euronext regulated market in Paris (the "**Existing Shares**") ; and – the new shares to be issued as part of a capital increase in cash through a public offering of approximately €50 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 4,273,504 new shares, on the basis of the lowest point of the indicative price range, which may be increased to: • a maximum of €57.5 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 4,914,529 new shares, on the basis of the lowest point of the indicative price range, in the event of a full exercise of the Increase Option (together, the "**New Shares**"); and • a maximum of €66.1 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 737,179 additional new shares, on the basis of the lowest point of the indicative price range, in the event of a full exercise of the Overallotment Option (the "**Additional New Shares**" and with the New Shares, the "**Shares Offered**"). On the date of admission to trading, the Company's securities will be a single class of common shares of the Company. Share labelling: trading in the form of undertakings to deliver shares (*promesses d'actions*) will take place from April 10, 2014 to April 14, 2014 (inclusive), under the label "SuperSonic Image - promesses". As from April 15, 2014, trading will take place under the label "SuperSonic Imagine". ISIN Code: FR0010526814 Symbol: SSI Compartment: B Business sector: 2651B ICB Classification: 4535 Medical Equipment
C.2	**Issuance currency**	Euro

C.3	**Number of shares issued / Par value of the shares**	Number of shares issued: a maximum of 4,273,504 new shares, on the basis of the lowest point of the indicative price range, which can be increased to a maximum of 4,914,529 shares in the event of a full exercise of the Increase Option, on the basis of the lowest point in the indicative price range, and a maximum of 5,651,708 shares in the event of a full exercise of the Increase Option and the Overallotment Option, on the basis of the lowest point of the indicative price range. Par value per share: €0.10.
C.4	**Rights attached to the shares**	Based on current French law and the current version of the Company's bylaws, the main rights attached to the Existing Shares, the New Shares and the Additional New Shares are as follows: – dividend rights, – voting rights, – preferential rights to subscribe shares of the same class, and – rights to a share of any liquidation surplus.
C.5	**Restrictions on the transferability of the securities**	No provision of the bylaws limits the transferability of the shares comprising the share capital of the Company.
C.6	**Request for admission to trading on a regulated market**	The admission of all the shares comprising the share capital of the Company, is requested on Compartment B of the Euronext regulated market in Paris. The conditions under which all of the shares are to be traded will be set in a Euronext notice published on April 9, 2014**,** according to the indicative timetable. The initial listing of the shares on the Euronext regulated market in Paris should take place on April 9, 2014, and trading in the form of undertakings to deliver shares (*promesses d'actions*) should occur from April 10, 2014 to April 14, 2014 (inclusive), in accordance with the terms of Article 6.8 of Euronext's harmonized market rules. From April 10, 2014 until the date of settlement-delivery of the New Shares, expected to occur on April 14, 2014, trading shall take place as described in article L. 228-10 of the French commercial Code, on a single listing line labeled "Supersonic Imagine – promesses" and will be conditional upon the delivery of the certificate of the depository acknowledging the subscription to the New Shares. Starting April 15, 2014, all of the Company's shares shall be traded on a listing line labeled "SuperSonic Imagine".
C.7	**Dividend policy**	The Company has not distributed any dividends over the course of the past three financial years. In the short-term, there is no plan to implement a dividend distribution policy due to the Company's current stage of development.

Section D – Risks		
D.1	**Main risks that are specific to the issuer or to its business sector**	Before deciding whether to invest, investors should consider the following risk factors: – risks related to the market in which the Group operates: the existence of alternative technologies and possible emergence of new competing technologies; competition from actors of a significant size; – risks related to the Group's commercial rollout: uncertainty regarding whether health professionals will use the Group's innovative imaging technology; the Group's ability to implement the sales force necessary in a timely manner or under conditions consistent with its expansion and to develop its range of products to expand its market; the general environment of public spending cuts; – intellectual property risks: limits on patent protection and other intellectual property rights; the dependence of some Group activities on technologies owned by third parties; the risk of infringement actions; risks related to license negotiations; – risks related to the manufacturing process of the Group's products: dependence on third parties for the supply, manufacturing and assembly of the Group's products (the complexity of the manufacture of the Group's products, the process of re-approval of the manufacturing processes in compliance with current regulations in the case of a change in supplier/subcontractor, the relocation of a

		subcontractor in Malaysia in April 2014, requiring approval of the compliance and quality of the equipment produced, which could lead to malfunctions or delays in the chain of production during the transitions period); – risks related to the Group's customers (care and medical-imaging centers, independent practitioners, research centers and distributors); – risks related to the Group's product liability claims and to the adequacy of insurance policies; – risks related to the product warranties on the Group's products; – risks related to the Group's organizational structure: dependence on key employees; management of the Group's internal growth – financial risks, specifically: o history of loss (as of December 31, 2013, the accumulated net losses since the Group was incorporated were €71.9 million, of which €12.0 million were realized in the financial year ended December 31, 2013), specific risks related to projected future losses; o liquidity risk – future needs for capital and additional financings which are important to develop its technologies and commercialize its projects – the possibility of not being able to implement additional financings; o risks related to the Research Tax Credit (*Crédit d'Impôt Recherche*) and to access to public credit and subsidies; and – legal risks: possible changes in the regulatory environment, in particular in Europe and the United States, and industrial process malfunctions.
D.3	**Main risks specific to the issued shares**	The risks associated with the Offering (as the term is defined below) include the following: – the shares of the Company have never been traded on a financial market and are subject to market fluctuations. In addition, the market could fail to become liquid or only remain liquid for a limited time; – high volatility could have an impact on the market price of the Company's shares; – following the lock-up period which they are required to respect, the sale of a significant number of the Company's shares by its major shareholders could have an adverse impact on the market price of the Company's shares; – the failure to sign or the termination of the Underwriting Agreement (as this term is defined below) will result in the cancellation of the Offering; the termination of the Underwriting Contract would result in the cancellation of trading in the form of undertakings to deliver (*promesses d'action*) of shares up to (and including) the date of settlement-delivery; – insufficient subscriptions (less than 75% of the planned capital increase) could result in the cancellation of the Offering; and – given its stage of development, the Company does not intend to adopt a regular dividend distribution policy.

Section E – Offering		
E.1	**Total net Offering proceeds and estimate of the total expenses in connection with the Offering**	***Gross proceeds from the Offering*** Approximately €50 million, which can be increased to approximately €57.5 million in the event that the Increase Option is exercised in full, and to approximately €66.1 million in the event that the Increase Option and the Overallotment Option are exercised in full. ***Estimated net proceeds from the Offering*** Approximately €46.1 million, which can be increased to approximately €52.8 million in the event that the Increase Option is exercised in full, and to approximately €60.9 million in the event that the Increase Option and the Overallotment Option are exercised in full. The expenses incurred in connection with the Offering borne by the Company are estimated at approximately €3.91 million in the event that the Increase Option and the Overallotment Option are not exercised.
E.2a	**Reasons for the Offering and projected use of Offering proceeds**	The issuance of the Shares Offered and the admission of the Company's shares to trading on (Compartment B) of the Euronext regulated market in Paris are intended to provide the Group with additional means to fund its ongoing operations (including its working capital requirements) and, in particular, in order of importance and regardless of the net proceeds of the Offering (including the case of subscription of 75% of the amount initially planned), for:

		– its international commercial deployment by reinforcing its direct sales network and promoting a worldwide distribution network; – continuation of its innovation policy to (i) consolidate its technological lead (platform B) and (ii) expand the range of applications covered by Aixplorer®; and – the establishment of a family of products covering several price segments, in particular portable ultrasound, which represents the fastest-growing market segment.
E.3	**Terms and conditions of the Offering**	***Type and number of the securities for which admission has been requested and of the securities offered*** The Company's shares for which admission has been requested are: – the 11,337,376 Existing Shares; and – a maximum of 5,651,708 Shares Offered in the event that the Increase Option and Overallotment Option are exercised in full (on the basis of the lowest point of the indicative price range). ***Increase Option*** Depending on level of demand, the Company may, in agreement with the Joint Lead Managers and Joint Bookrunners, increase the initial amount of the Offering by 15%, which would thus be increased to a maximum of €57.5 million, corresponding – for informational purposes only – to the issuance of a maximum of 4,914,529 new shares on the basis of the lowest point of the indicative price range (the "**Increase Option**"). ***Overallotment Option*** The Company will grant the Joint Lead Managers and Joint Bookrunners, acting in the name and on behalf of the Underwriters, an overallotment option permitting the subscription of a number of shares representing a maximum amount of €8.6 million, corresponding – for informational purposes only – to the issuance of a maximum of 737,179 new shares, on the basis of the lowest point of the indicative price range (the "Additional New Shares"), within the overall limit of 15% of the New Shares after the eventual exercise of the Increase Option (the "**Overallotment Option**"). The Overallotment Option will be exercisable by the Joint Lead Managers and Joint Bookrunners, acting in the name and on behalf of the Underwriters, from April 9 to May 9, 2014. ***Structure of the Offering*** The sale of the Shares Offered will be carried out in a global offering (the "**Offering**"), which will include: – a public offering in France carried out in the form of an open price offering (*offre à prix ouvert*), intended mainly for natural persons (the "**Open Price Offering**" or the "**OPO**") given that: – the orders will be broken down depending on the number of securities requested: fractions of order A1 (10 shares up to 250 shares) and fractions of order A2 (above 250 shares) – the fractions of order A1 will receive a preferential treatment compared to the fractions of order A2 in the event that all of the orders cannot be satisfied in full. – A global placement intended mainly for institutional investors in France and in certain countries (except notably the United States of America) (the "**Global Placement**"). If the level of demand expressed in the OPO allows for it, the number of new shares allocated in response to orders issued under the OPO will be at least equal to 10% of the New Shares. If demand for the OPO is less than 10% of the New Shares, the unallocated

		balance within the OPO will be offered under the Global Placement. ***Indicative price range*** The price of the shares offered in the OPO will be equal to the price of the shares offered in the Global Placement (the "**Offering Price**"). The indicative price range shall be between €11.70 and €14.30 per share. The Offering Price may be set outside this range. In the event that the highest point in the range is increased, or in the event that the Offering Price is set above such highest point (irrespective of whether this corresponds to the initial range or, as the case may be, an adjusted range), the closing date of the OPO will be set such that no fewer than two trading days will have elapsed between the date on which the press release announcing this modification is published and the new closing date of the OPO. Orders placed in the OPO prior to the publication of the aforementioned press release will remain valid unless they were explicitly revoked prior to the new closing date of the OPO (inclusive). There are no restrictions on setting the Offering Price below the lowest point of the price range (provided there is no significant impact on the other characteristics of the Offering). ***Methods used in setting the Offering Price*** According to the indicative timetable, the Offering Price will be set on April 9, 2014. It will be set based on a comparison of the supply of shares in the Global Placement and investor demand, in accordance with a technique known as "bookbuilding" (*construction du livre d'ordres*), as developed under common professional practice. ***Effective date (Date de jouissance)*** January 1, 2014 ***Subscription Undertakings*** Several entities or funds managed by Auriga Partners, Edmond de Rothschild Investment Partners, Bpifrance Investissement, Bpifrance Participations, NBGI, Mérieux Participations, Omnes Capital, Wellington Partners, Kuwait Life Sciences Company and Alto have committed to place subscription orders for a total of approximately €13.7 million, i.e. 27% of the gross proceeds from the Offering (excluding the exercise of the Increase Option and the Overallotment Option). These orders are intended to be served first and fully, with the understanding that they could still be reduced in accordance with usual allocation principles (mainly in the event that the subscriptions received under the Offering should be much higher than the number of Shares Offered). To the Company's knowledge, no other person intends to place a subscription order for more than 5%. ***Underwriting*** The Offering will be subject to an underwriting agreement (the "**Underwriting Agreement**") signed between the Company, BNP PARIBAS and Société Générale acting as global coordinators and joint lead managers and joint bookrunners (the "**Joint Lead Managers and Joint Bookrunners**"), and Gilbert Dupont and Oddo & Cie as co-lead managers (the "Co-Lead Managers" and together with the Joint Lead Managers and Joint Bookrunners, the "Underwriters"), and acting severally but not jointly with one another. The Underwriting Agreement shall be signed no later than on the day on which the Offering Price is set, which according to the indicative timetable is expected to be April 9, 2013. The Joint Lead Managers and Joint Bookrunners, acting in the name and on behalf of the Underwriters**,** can terminate the Underwriting Agreement up to and including on the settlement-delivery date of the New Shares, under certain conditions, particularly the occurrence of certain significant events (such as, in particular, political, financial,

economic, banking, or monetary event, an act of war or terrorism, or a military action or conflict) that has or could have an impact that would or could make it impracticable or inadvisable to proceed with the transaction. This Underwriting agreement does not constitute a firm underwriting pursuant to Article L. 225-145 of the French Commercial Code.

Stabilization

Société Générale, acting as stabilizing agent in the name and on behalf of the Underwriters, may carry out transactions from April 9, 2014 to May 9, 2014 (inclusive) aimed at stabilizing or providing support to the market price of the Company's shares on the Euronext regulated market in Paris.

Indicative operation timetable

[INTENTIONALLY OMITTED]

March 26, 2014

- Publication of the press release announcing the Offering
- Notice published by Euronext regarding the opening of the OPO.
- Opening of the OPO and of the Global Placement

April 8, 2014

- Closing of the OPO at 5:00 p.m. (Paris time) for subscriptions made in person and at 8:00 p.m. (Paris time) for purchases made via the Internet.

April 9, 2014

- Closing of the Global Placement at 12:00 p.m. (Paris time).
- Setting of the Offering Price and potential exercise of the Increase Option.
- Signing of the Underwriting Agreement.
- Publication of the press release indicating the Offering Price, the final number of New Shares and the results of the Offering.
- Notice published by Euronext regarding the results of the Offering.
- Beginning the stabilization period, if any

April 10, 2014

- Beginning of trading of the Company's shares on the Euronext regulated market in Paris in the form of undertakings to deliver shares (*promesses d'actions*) (until April 14, 2014 inclusive)

April 14, 2014

- Settlement-delivery of the OPO and of the Global Placement.

April 15, 2014

- Beginning of trading of the Company's shares on the Euronext regulated market in Paris.

May 9, 2014

- Expiry date for the exercise of the Overallotment Option.
- End of the stabilization period, if any.

Terms and conditions of subscription

Persons wishing to participate in the OPO must submit their orders to an authorized financial intermediary in France no later than April 8, 2014 at 5:00 p.m. (Paris time) for subscriptions made in person and at 8:00 p.m. (Paris time) for subscriptions made via the Internet.

In order to be taken into account, orders issued as part of the Global Placement must be

<table>
<tr><td></td><td></td><td>received by one of the Joint Lead Managers and Joint Bookrunners no later than April 9, 2014 at 12:00 p.m. (Paris time).

Listing financial institutions

Joint Lead Managers and Joint Bookrunners

BNP PARIBAS

Société Générale Corporate & Investment Banking

Co-Lead Managers

Oddo & Cie

Gilbert Dupont</td></tr>
<tr><td>E.4</td><td>Interests, including conflicts of interest, that could materially affect the Offering</td><td>The Underwriters and/or certain of their affiliates have performed and/or may perform in the future various banking, financial, investment, commercial and other services for the Company, its affiliates or shareholders or its directors in the course of which they have received or may receive a compensation.</td></tr>
<tr><td>E.5</td><td>Name of the issuing company/ Lock-up undertaking</td><td>Issuing company

SuperSonic Imagine

Lock-up undertaking made by the Company

As from the date on which the Underwriting Agreement is signed and for 180 calendar days following the settlement-delivery date, subject to certain usual exceptions.

Lock-up undertaking made by the Company’s main shareholders (holding collectively more than 96% of the capital prior to the operation)

From the Prospectus approval date and for 180 calendar days following the settlement-delivery date, subject to certain usual exceptions.

Lock-up undertaking made by the Company’s main managers

From the Prospectus date and for 360 calendar days following the settlement-delivery date, subject to certain usual exceptions.</td></tr>
<tr><td>E.6</td><td>Amount and percentage of the direct dilution of share capital as a direct consequence of the Offering</td><td>Impact of the issuance of new shares on the Company’s shareholders’ equity

On the basis of consolidated shareholders’ equity and the total number of shares representing the share capital of the Company as of December 31, 2013 (the share capital being unchanged since that date), shareholders’ equity per share before and after completion of the Offering (at a price of €11.70 per share, i.e. the lowest point of the indicative price range), would be as follows (after deduction of legal and administrative expenses and total compensation of financial intermediaries (excluding the impact of any tax savings)):

<table>
<tr><td></td><td colspan="2">Share of consolidated shareholders’ equity as of December 31, 2013</td></tr>
<tr><td>(in euros per share)</td><td>Non-diluted basis</td><td>Diluted basis(1)</td></tr>
<tr><td>Before issuance of the New Shares</td><td>1.04</td><td>1.34</td></tr>
<tr><td>After the issuance of 4,273,504 New Shares in the event that the Increase Option is not exercised</td><td>3.71</td><td>3.69</td></tr>
<tr><td>After the issuance of 4,914,529 New Shares in the event that the Increase Option is exercised in full</td><td>3.97</td><td>3.94</td></tr>
</table>
</td></tr>
</table>

After the issuance of 5,651,708 Shares Offered in the event that the Increase Option and Overallotment Option are exercised in full.	4.28	4.21

(1) taking into account the free shares granted but not vested and assuming the exercise of all warrants (excluding BSA D-2013-T2, which the Company does not intend to call by the day of the first listing of the Company's shares, at which time they will automatically lapse), stock options and founders' warrants ("**Options**"), with the understanding that the conditions for the exercise of the Options will not be changed after the completion of the Offering (see Section 21.1.4 of the *Base Document*).

Amount and percentage of dilution due to the issuance of the New Shares

The effect of the Offering on the share in the Company's share capital held by a shareholder who holds at the date of this Prospectus 1% of the share capital of the Company and does not subscribe to the Offering (calculated on the basis of the number of shares comprising the share capital of the Company as of March 24, 2014) would be as follows, under the hypothesis of an issuance price of €11,70 per share (i.e. the lowest point of the indicative price range):

	Share of capital in %	
(in euros per share)	Non-diluted basis	Diluted basis(1)
Before issuance of the New Shares	1.00	0.88
After the issuance of 4,273,504 New Shares in the event the Increase Option is not exercised	0.73	0.66
After the issuance of 4,914,529 New Shares in the event the Increase Option is exercised in full	0.70	0.64
After the issuance of 5,651,708 Shares Offered in the event that the Increase Option and Overallotment Option are exercised in full.	0.67	0.61

(1) taking into account the free shares granted but not vested and assuming the exercise of all warrants (excluding BSA D-2013-T2, which the Company does not intend to call by the day of the first listing of the Company's shares, at which time they will automatically lapse by law), with the understanding that the conditions for the exercise of the Options will not be changed after the completion of the Offering (see Section 21.1.4 of the *Base Document*).

E.7	**Expenses the issuer bills to the investor**	Not applicable.

1 PERSONS RESPONSIBLE

1.1 Person responsible for the Prospectus

Jacques Souquet,
Chairman of the SuperSonic Imagine Management Board.

1.2 Statement of the person responsible for the Prospectus

"I hereby certify, after taking all reasonable measures for this purpose, that the information contained in this Prospectus is, to the best of my knowledge, in accordance with the facts and makes no material omission.

[INTENTIONALLY OMITTED]

Aix-en-Provence, March 25, 2014.

Jacques Souquet
Chairman of the SuperSonic Imagine Management Board

1.3 Person responsible for the financial information

Gordon Waldron
Chief Financial Officer
Address: 510, rue René Descartes - Les Jardins de la Duranne Bât. E
et Bât. F, 13857 Aix-en-Provence Cedex 3 - FRANCE
Telephone: +33 4 42 99 24 36
Fax: +33 4 83 07 51 67
E-mail: gordon.waldron@supersonicimagine.com

2 RISK FACTORS ASSOCIATED WITH THE OFFERING

In addition to the risk factors described in Chapter 4 "Risk Factors" of the Base Document*, investors should take into account the following risk factors, as well as all the other information contained in this Securities Note, before deciding whether to invest in the Company's shares. Making an investment in the shares of the Company involves taking risks. The material risks that the Company has identified as of the date the AMF approved the Prospectus are those described in the* Base Document *and those described below. Should one of these risks occur, the business activities, financial position, earnings, or the outlook of the Group could be materially affected. In such a case, the market price of the Company's shares could decrease and an investor could lose all or part of its investment in the Company's shares. Other risks and uncertainties the Company is not yet aware of as of the date on which the AMF approved the Prospectus, or that it does not yet consider significant, could exist and occur and also disrupt or have an adverse impact on the business activities, financial position, earnings or outlook of the Group or on the market price of the Company's shares.*

2.1 The shares of the Company have never been traded on a financial market and are subject to market fluctuations

Until they are admitted to trading on the Euronext regulated market in Paris ("**Euronext**"), the shares of the Company will not have been listed on a regulated market. The Offering Price provides no indication of the performance of the market price of the Company's shares following their admission to trading on Euronext. The market price which will be established following the admission of the Company's shares to trading on Euronext may fluctuate significantly relative to the Offering Price. Even though the Company has requested the admission of its shares to trading on Euronext, there is no guarantee that a liquid market for these shares exists or, if a liquid market should develop, that it will be sustainable. In the event that a liquid market for the Company's shares fails to develop, both the market price of its shares as well as investors' ability to trade their shares under conditions they might deem acceptable could be affected.

2.2 High volatility could have an adverse impact on the market price of the Company's shares

The market price of the Company's shares could be materially affected by a number of factors that have an impact on the Company, its competitors, or the general economic conditions and the medical technology sector. The market price of the Company's shares could, in particular, fluctuate significantly as a result of events such as:

- changes in the financial results or outlook of the Group or of its market competitors from one period to the next,
- public announcements made by competitors or other companies exercising similar business activities and/or announcements concerning the ultrasound medical imaging market, including any announcements relative to the financing and operating performance of these companies;
- unfavorable changes in the regulatory environment in the countries or markets pertinent to the Group's activity or to the Group itself;
- announcements concerning changes in the shareholding structure of the Company;
- announcements concerning changes in the executive management team; and
- announcements concerning the scope of the Group's assets (acquisitions, disposals, etc.).

In addition, stock markets experience significant fluctuations that are not always proportional to the earnings and outlook of the companies whose shares are traded on such markets. As a result, such market fluctuations, as well as the economic climate, could also materially affect the market price of the Company's shares.

2.3 The sale by the main shareholders of an important number of Company's shares could have a material impact on the market price of the Company's shares

The main existing shareholders of the Company (collectively holding more than 96% of the capital prior to the Offering) will hold approximately 71% of the capital of the Company at the close of the Offering (assuming full exercise of the Increase Option and the Overallotment Option). These shareholders' decision to sell part or the all of their shares on the market after the expiration of their lock-up undertaking (as described in Section 7.3 of this Securities Note) or before said expiration in the event that this obligation is lifted, or the perception that such a sale is impending, could have a material adverse impact on the market price of the Company's shares.

2.4 Risks associated with insufficient subscriptions and cancellation of the Offering

In case of insufficient demand, the capital increase planned in the Offering (as defined in Para. 5.1.1 of this Securities Note) could be limited to the subscriptions received once they reach 75% of the issuance amount initially planned.

Thus, if subscriptions do not reach a minimum of 75% of the initial capital increase planned, i.e. the subscription of a minimum amount of €37.5 million (representing 3,205,128 New Shares on the basis of the lowest point of the indicative price range of €11.70), the Offering will be cancelled and the subscription orders will be null and void.

2.5 The failure to sign or the termination of the Underwriting Agreement will result in the cancellation of the Offering and, as the case may be, of the negotiations in the form of undertakings to deliver shares (*promesses d'action)* which occurred up to (and including) settlement date

The Underwriting Agreement may not be signed or, after being signed, may be terminated under certain circumstances by the Joint Lead Managers and Joint Bookrunners, acting in their name and in the name and on behalf of the Co-Lead Managers at any time up to (and including) the settlement-delivery date of the Offering (see Section 5.4.3 of this Securities Note).

If the Underwriting Agreement is not signed, the Company's initial public offering and the Offering will be retroactively cancelled.

If the Underwriting Agreement is terminated, the Company's initial public offering and the Offering would be retroactively cancelled, and all purchase orders would be retroactively cancelled. The OPO, the Global Placement, all of the purchase orders submitted in such transactions, and all of the trading that took place until the Offering settlement-delivery date (inclusive), would be cancelled retroactively and need to be unwound. Should such cancellation take place, each investor would be personally liable for the lost profits and for the resulting costs, if any.

In the event of the failure to sign or the termination of the Underwriting Agreement, the Company's shares will not be admitted to trading on Euronext. This information will be announced via a press release published by the Company and a notice published by Euronext. Pursuant to the terms of Section 6801/2 of Euronext's harmonized market rules, Euronext cannot be held liable for any loss incurred by any person that should result from the withdrawal of the Offering by the Company and the resulting cancellation of the transactions.

2.6 In the short-term, there is no plan to implement a dividend distribution policy due to the Company's current stage of development.

The Company has not paid any dividends over the course of the past three financial years.

As of the date of the Prospectus, there is no short-term plan to put a dividend distribution policy in place due to the Company's current stage of development.

3 KEY INFORMATION

3.1 Statement concerning net working capital

The Company confirms that, in its opinion, the consolidated net working capital of the Group is insufficient to meet its current obligations for twelve months starting as of the Prospectus approval date. The shortfall in working capital could occur from May 2014, and reach a maximum of €13.685 million in February 2015.

It is, however, important to note that, after completion of the capital increase described in this securities note or, if it is not completed, of the second tranche of approximately €13.7 million of the 2013 funding round, which the Company may call (see Chapter 21 of the *Base Document*), the net working capital of the Group will be sufficient to meet its current obligations for the next 12 months.

3.2 Shareholders' equity and indebtedness

The consolidated shareholders' equity and the net financial debt of the Group as of December 31, 2013, prepared in accordance with IFRS on the basis of the Group's consolidated statements and in conformity with the March 2013 recommendations of the ESMA (European Securities Market Authority) (ESMA/2013/319, Section 127), are as presented below:

Consolidated shareholders' equity and indebtedness *(in thousands of euros / audited)*	**December 31, 2013**
Total current financial debt	**1,189**
Guaranteed	829
Secured	-
Unguaranteed/unsecured	360
Total non-current debt (excluding current portion of long-term debt)	**5,488**
Guaranteed	-
Secured	4,754
Unguaranteed/unsecured	734
Total Shareholders' equity, Group share	**33,940**
Share capital	1,134
Legal reserve	-
Other reserves	32,806
Shareholders' equity and indebtedness	**40,617**

Net Group indebtedness *(in thousands of euros / audited)*	**December 31, 2013**
A – Cash	1,933
B – Cash equivalents	4,504
C –Trading securities	-
D – Liquidity (A+B+C)	**6,437**
E – Current financial receivables	**-**
F – Current bank debt	850
G – Current portion of non-current financial debt	-
H – Other current financial debt	338
I – Current financial debt (F+G+H)	**1,189**
J – Net current financial indebtedness (I-E-D)	**(5,248)**
K – Non-current bank loans	-
L – Bonds issued	4,754
M – Other non-current loans	734
N – Net non-current financial indebtedness (K+L+M)	**5,488**
O – Net financial indebtedness (J+N)	**240**

Since December 31, 2013, there has been no material change likely to affect the amount of non-current net financial indebtedness and the amount of shareholders' equity, excluding any consolidated net income/loss for the period.

3.3 Interests of natural and legal persons participating in the Offering

The Underwriters (as defined in Section 5.4.3 of this Securities Note) and/or certain of their affiliates have provided and/or may perform in the future various banking, financial, investment, commercial, and other services for the Company, its affiliates or shareholders, its corporate officers in the course of which they have received or may receive a compensation.

3.4 Reasons for the Offering and projected use of its net proceeds

The issuance of the Shares Offered and the admission of the Company's shares to trading on (Compartment B) of the Euronext regulated market in Paris are intended to provide the Group with additional means to fund its ongoing operations (including its working capital requirements) and, in particular, in order of importance and regardless of the net proceeds of the Offering (including the case of subscription of 75% of the amount initially planned), for:

- its international commercial deployment by reinforcing its direct sales network and promoting a worldwide distribution network;
- the continuation of its innovation policy to (i) consolidate its major technological lead (platform B) and (ii) expand the range of applications covered by Aixplorer®; and
- the establishment of a family of products covering several price segments, in particular portable ultrasound, which represents the fastest-growing market segment.

4 INFORMATION ON THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING

4.1 Type, class, and effective date (*date de jouissance*) of the shares offered and admitted to trading

Type and number of securities for which the admission to trading is requested

The securities of the Company for which the admission to trading on Euronext (Compartment B) is requested are:

- all of the shares comprising the share capital of the Company, i.e., 11,337,376 fully subscribed and paid-up shares with a par value of €0.10 each, consisting of 674,260 common shares and 10,663,116 preferred shares to be automatically converted into common shares at a rate of one common share for each preferred share at the time the Company's shares are first listed on Euronext (the "**Existing Shares**") ; and
- the new shares to be issued as part of a capital increase in cash through a public offering of approximately €50 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 4,273,504 new shares, on the basis of the lowest point of the indicative price range, which may be increased to:
  - a maximum of €57.5 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 4,914,529 new shares, on the basis of the lowest point of the indicative price range, in the event of a full exercise of the Increase Option (together, the "**New Shares**"); and
  - a maximum of €66.1 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 737,179 additional new shares, on the basis of the lowest point of the indicative price range, in the event of a full exercise of the Overallotment Option (the "**Additional New Shares**" and with the New Shares, the "**Shares Offered**").

The Shares Offered are common shares of the Company.

Effective date (*date de jouissance*)

As soon as the Shares Offered are issued, they shall be classed of the same class as the Existing Shares. They will bear dividend rights as of January 1, 2014 (see Section 4.5 of this Securities Note regarding the right to dividends).

Labelling of the shares

SuperSonic Imagine

ISIN Code

FR0010526814

Symbol

SSI

Compartment

Compartment B

Business sector

ICB Classification: 4535 Medical Equipment

Trading of the shares.

The initial listing of the shares on Euronext should take place on April 9, 2014, and trading in the form of undertakings to deliver shares (*promesses d'actions*) should occur from April 10, 2014 to April 14, 2014 (inclusive), in accordance with the terms of Article 6.8 of Euronext's harmonized market rules.

From April 10, 2014 until the date of settlement-delivery of the New Shares, expected to occur on April 14,

2014, trading shall take place under the conditions provided in Article L. 228-10 of the French Commercial Code, on a single listing line entitled "SuperSonic Imagine – promesses" and will be conditional upon the delivery of the certificate of the depository acknowledging the subscription to the New Shares. Starting April 15, 2014, all of the Company's shares shall be traded on a listing line labeled "SuperSonic Imagine".

4.2 Applicable law and jurisdictions

The shares of the Company are subject to French law.

In case of litigation with the Company, the relevant courts will be those located in the jurisdiction of the registered office of the Company whenever the Company is the defendant, and are selected based on the nature of the disputes whenever the Company is the plaintiff, unless otherwise provided in the French Code of Civil Procedure.

4.3 Form and method of registration of the shares of the Company

The shares of the Company may be held in either registered or bearer form, at the discretion of shareholders.

In accordance with the provisions of Article L. 211-3 of the French Monetary and Financial Code, they must be registered in securities accounts managed, as the case may be, by the Company or an authorized financial intermediary.

As a result, the rights of shareholders will be represented by their registration in a securities account opened in their name in the books of:

- BNP Paribas Securities Services (Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin, France), commissioned by the Company, for shares held in fully registered form;
- an authorized financial intermediary of their choice and BNP Paribas Securities Services, commissioned by the Company, for shares held in administered registered form;
- an authorized financial intermediary of their choice for shares held in bearer form.

In accordance with the provisions of Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, the shares are transmitted from one account to another via wire transfer and the transfer of ownership of the shares will take effect once they are registered in the securities account of the purchaser.

Application will be made for the admission of the Company's shares to clearing through Euroclear France, which will handle the clearing of the shares between account custodians. They will also be subject to a request for admission to Euroclear Bank S.A./N.V., and to Clearstream Banking (*Société Anonyme*) (Luxembourg).

Based on the indicative timetable, it is expected that the Company's shares will be registered in securities accounts as from April 14, 2014.

4.4 Currency

The Offering will be carried out in euros.

4.5 Rights attached to the shares

The shares will be subject to all the provisions of the bylaws as adopted by the ordinary and extraordinary shareholders' meeting as of March 3, 2014 under the non-retroactive condition precedent of the first listing of the Company's shares on Euronext. Under current French law and the Company bylaws governing the Company after such listing, the main rights attached to the shares are as follow:

Profits – Legal reserves - Right to dividends

Each share entitles its owner to a share of the corporate assets, the profits and the liquidation surplus proportionate to the percentage of the share capital that that share represents.

Five per cent (5%) of the Company's financial year net income, reduced by any prior losses, is set aside to fund the legal reserve. This withdrawal ceases to be mandatory when the amount of the legal reserve reaches one tenth of the share capital; it shall resume when, for any reason, the legal reserve falls below one tenth of the share capital.

Distributable income consists of the financial year's net income reduced by prior losses and the allocation described in the preceding paragraph, increased by prior profits carried forward.

The shareholders' meeting approving the financial statements for a given fiscal year 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 of dividends or interim dividends.

Dividends not claimed within five years from the date of their payment are prescribed and must, after this period, be paid to the French State.

French withholding tax is due with respect to dividends paid to non-residents (please refer to Section 4.11 of this Securities Note).

The Company's dividend distribution policy is set out in Section 20.7.2 of the *Base Document*.

Preferential subscription rights

The shares carry a preferential subscription right for share capital increases, unless waived by the shareholders. Shareholders have, in proportion to the number of shares that they hold, a preferential subscription right, in cash, of shares issued for the purpose of an immediate or future share capital increase. During the subscription period, preferential subscription rights may be traded when they are separated from their underlying shares which are also negotiable. Otherwise, the preferential subscription right is transferable under the same conditions as the underlying share. Shareholders may waive their preferential subscription right on an individual basis (Articles L. 225-132 and L. 228-91 of the French Commercial Code).

Voting rights

The voting right attached to the shares is proportional to the portion of the share capital these shares represent and each share confers the right to at least one vote.

Right to participate in the Company's profits

The Company's shareholders will have the right to a share in the Company's profits under the conditions set out in Articles L. 232-10 *et seq*. of the French Commercial Code.

Right to share in any liquidation surplus

Each share entitles its owner to a share of the corporate assets, the profits and the liquidation surplus proportionate to the percentage of the share capital that it represents, subject to the creation of preferred shares.

Buyback or conversion clauses

The Company's bylaws do not include any ordinary share buyback or conversion clauses.

Identification of the holders of securities

The Company keeps itself informed of the composition of its shareholding as provided by law. To this end, the Company is authorized to make use of all legal provisions in force concerning the identification of holders of securities granting immediate or deferred voting rights at its shareholders' meetings.

Crossing of thresholds

Any natural or legal person acting alone or in concert, that comes to hold, in any manner whatsoever, as defined by 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, or a multiple of that percentage, 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 giving immediate or future access to capital or 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 registered office within four trading days after the said participation threshold(s) has/have been crossed.

The obligation to inform provided for above also applies, under the same conditions, when participation drops below any of the thresholds mentioned above.

4.6 Authorizations

4.6.1 Shareholders' meeting authorizing the issuance

The issuance of the New Shares and any Additional New Shares has been authorized by Resolutions 23 and 26 of the ordinary and extraordinary shareholders' meeting dated March 3, 2014, the minutes of which is reproduced hereunder:

Resolution 23:

Delegation of authority granted to the Management Board to increase the share capital by the issuance of ordinary shares or any securities giving immediate or future access to the share capital, with withdrawal of the preferential subscription rights for the shareholders and with public offering

The shareholders' meeting, acting with the quorum and majority required for Extraordinary General Meetings,

having reviewed the report of the Management Board and the special report of the Statutory Auditors,

in accordance with the provisions of Articles L. 225-129 to L. 225-129-6 and L. 225-135 *et seq*. of the French Commercial Code, and, in particular, Articles L. 225-136, L. 228-91 and L. 228-92 thereof,

delegates to the Management Board its authority to decide the issuance, through a public offering on one or more occasions, in the proportions and at the times it deems appropriate, in France or abroad, in euros, foreign currencies or any monetary unit established by reference to several currencies, at no cost or for consideration, common shares of the Company and any securities giving access by any means, immediately and/or in the future, to ordinary shares of the Company, and said shares shall confer the same rights as the existing shares subject to their effective date,

decides that the Management Board, before using this delegation, must obtain the agreement of the Supervisory Board, with the understanding that upon the first use of this delegation, the Supervisory Board shall act by a three-fourths majority, which shall include the affirmative vote of at least one of the members appointed to the Supervisory Board of the Company upon proposal from Bpi France Participations (formerly Fonds Stratégique d'Investissement), Mérieux or Bioam/Innobio,

specifies as needed that the issuance of preferred shares is expressly excluded from this delegation,

decides that the securities so issued may consist of debt securities, be associated with the issuance of such securities or allow their issuance as hybrid securities,

decides to withdraw shareholders' preferential subscription rights to the common shares or securities issued under this delegation, leaving, however, to the Management Board the option of giving to shareholders, for all or part of the issuances, in accordance with Article L.225-135 of the French Commercial Code, for any period and terms and conditions that it may set, a priority right to subscribe to the common shares issued, and this provision shall not create rights that are tradable but rather exercisable on a reducible or non-reducible basis.

notes, as necessary, that this delegation automatically constitutes, to the benefit of holders of any securities issued under this authorization, an express waiver by the shareholders of their preferential subscription right to the shares to which these securities grant access,

decides that the total nominal amount of capital increases that may be carried out immediately and/or in the future under this authorization may not exceed €1 million, to which will be added, as the case may be, the amount of the additional shares to be issued to preserve, in accordance with legal or regulatory provisions and, where applicable, contractual provisions, the rights of holders of securities giving access to capital,

furthermore **decides** that the nominal amount of any share capital increase that may occur will count towards the overall ceiling specified in Resolution 29 below.

decides that the total nominal amount of the issuances of securities representing debt securities giving access to capital that may be thus made may not exceed €40 million (or the equivalent of this amount in the event of an issuance in another currency),

furthermore **decides** that the nominal amount of any issue of securities representing debt securities giving access to capital that may be thus carried out will count towards the overall ceiling mentioned in Resolution 29 below,

decides that if the subscriptions have not absorbed all of such issuance, the Management Board may use, in the order it shall determine, one or more of the following options:

- limit the issuance to the amount of the subscriptions, provided that they reach at least three-fourths of the issuance initially decided,
- freely allocate all or part of the unsubscribed securities between the persons of its choice, and
- offer to the public, on the French or international market, all or part of the unsubscribed securities,

decides that the issuance price of the shares and securities that may be issued under this delegation of authority, shall be set by the Board of Directors as follows:

- regarding the capital increase to be performed in relation with the admission for trading and first listing of the Company's shares on the Euronext regulated market in Paris, the subscription price of one new share will be set based on the technique known as "bookbuilding" whereby subscription orders placed by investors are compared with the number of offered shares.
- subsequent to the admission to trading and the first listing of the Company's shares on the Euronext regulated market in Paris, the issuance price of the shares shall be at least equal to the weighted average of the trading price of the last three trading days prior to its establishment, less as the case may be the maximum discount allowed by law (currently 5%) and corrected in the event of a difference in the effective date, with the understanding that the issuance price of the securities giving access to capital will be such that the amount immediately received by the Company, plus, if applicable, the amount likely to be received by it subsequently, or, for each share issued as a result of the issuance of such securities, is at least equal to the issuance price defined above.

specifies that the delegation thus granted to the Management Board is valid for a period of twenty-six months from this Meeting,

decides that this delegation may be used at any time during this period, including, to the extent permitted by applicable regulations, during a public offer for the shares of the Company.

decides that the Management Board shall have all powers, with the option of sub-delegating them under the conditions set by law, to implement this delegation of authority, under the conditions set by law and the bylaws, in order to, in particular:

- determine the dates, terms and conditions of any issuance and the form and characteristics of shares or securities giving access to the capital to be issued, with or without a share premium,
- set the amounts to be issued, effective date (even retroactive) for the shares or securities giving access to capital to be issued, their method of payment and, if applicable, the terms of exercise of

rights to exchange, convert, redeem or allocate in any other manner shares or securities giving access to capital,

- make all adjustments required under legal or regulatory provisions, including where applicable, to contractual provisions, to protect the rights of holders of securities giving access to the capital of the Company and
- suspend, if necessary, the exercise of the rights attached to these securities for a maximum period of three months,

decides that the Management Board may:

- at its sole discretion and as it deems appropriate, deduct the expenses, rights and fees arising from the capital increases carried out under the authorization referred to in this resolution from the amount of share premiums relating to these transactions and deduct, from the amount of the share premiums, the amounts necessary to bring the legal reserve to one tenth of the new capital after each transaction,
- make any decision related to the admission of the shares and securities issued to trade on the Euronext regulated market in Paris and, more generally,
- take any measures, enter into any commitment and complete all formalities for the successful completion of the proposed issuance, with the effect of making the capital increase resulting therefrom final, and make the corresponding changes to the bylaws.

Resolution 26

Delegation of authority to the Management Board to increase, in the event of a capital increase, the number of securities to be issued with or without shareholders' preferential subscription rights.

The shareholders meeting, acting with the quorum and majority required for extraordinary shareholders' meetings,

having reviewed the report of the Management Board and the special report of the Statutory Auditors,

in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-135 *et seq*., L. 228-91 and L-228-92 of the French Commercial Code,

delegates to the Management Board its authority to increase the number of shares or securities to be issued in the event of excess subscription demand as part of the increases in share capital with or without preferential subscription rights decided pursuant to the Resolutions 22 to 24 above, in accordance with Article L. 225-135-1 and R. 225-118 of the French Commercial Code (to date, within thirty days of the closing of the subscription, at the same price as the initial issuance and within the limit of 15% of the initial issue), and said shares shall confer the same rights as the existing shares subject to their effective date,

decides that the Management Board, before using this delegation, must obtain the agreement of the Supervisory Board,

specifies that the nominal amount of any share capital increase will count towards the overall ceiling specified in Resolution 29 below.

decides that this delegation is given to the Management Board for a period of twenty-six months after this meeting,

decides that this delegation may be used at any time during this period, including, to the extent permitted by applicable regulations, during a public offer for the shares of the Company.

decides that the Management Board shall have all powers, with the option of sub-delegating them under the conditions set by law, to implement this delegation of authority, under the conditions set by law and the bylaws, in order to, in particular:

- determine the dates, terms and conditions of any issuance and the form and characteristics of shares or securities giving access to the capital to be issued, with or without a share premium,
- set the amounts to be issued, effective date (even retroactive) for the shares or securities giving access to capital to be issued, their method of payment and, if applicable, the terms of exercise of rights to exchange, convert, redeem or allocate in any other manner shares or securities giving access to capital,
- make all adjustments required under legal or regulatory provisions, including, where applicable, to contractual provisions, to protect the rights of holders of securities giving access to the capital of the Company and
- suspend, if necessary, the exercise of the rights attached to these securities for a maximum period of three months,

decides that the Management Board may:

- at its sole discretion and as it deems appropriate, deduct the expenses, rights and fees arising from the capital increases carried out under the authorization referred to in this resolution from the amount of share premiums relating to these transactions fees and deduct, from the amount of the share premiums, the amounts necessary to bring the legal reserve to one tenth of the new capital after each transaction,
- make any decision related to the admission of the shares and securities issued to trade on the Euronext regulated market in Paris and, more generally,
- take any measures, enter into any commitment and complete all formalities for the successful completion of the proposed issuance, with the effect of making the capital increase resulting therefrom final, and make the corresponding changes to the bylaws.

4.6.2 Company Supervisory Board meeting authorizing the issuance in principle

The Supervisory Board of the Company at its meeting held on March 24, 2014, authorized the exercise by the Management Board of the delegation of authority referred to in paragraph 4.6.1 above, provided that the Management Board, before fixing the final terms of the issuance of new Shares, again request authorization from the Supervisory Board acting by a majority of three quarters, including the affirmative vote of at least one of the supervisory board members of the Company designated upon proposal from France Bpi Participations (formerly Strategic Investment Fund), Mérieux or Bioam/Innobio.

4.6.3 Company Management Board meeting authorizing the issuance in principle

Pursuant to the delegation of authority mentioned in Section 4.6.1 above, the Management Board at its meeting held on March 24, 2014, after authorization by the Supervisory Board of the Company, which met the same day;

- approved the principle of a capital increase in cash for a maximum nominal amount of €427,350.40 per issuance, without preferential subscription rights, through a public offering and with no priority period, of a maximum of 4,273,504 new shares with a nominal value of €0.10 each, and this number may be increased to a maximum of 4,914,529 new shares resulting from a possible decision by the Management Board, on the day that the final terms of the Offering are set, to increase the number of new shares by a maximum of up to 15% with respect to the number initially set by exercising the Increase Option (see Section 5.2.5 of this Securities Note);
- set the indicative price range for the issuance of the New Shares at between €11.70 and €14.30 per share, it being understood that this price range may be modified under the conditions set forth in Section 5.3.2.3 of this Securities Note; and
- decided on the principle under which the amount of the capital increase in the first paragraph may be increased by up to 15% by issuing a maximum of 737,179 additional new shares pursuant to the Overallotment Option granted to the Joint Lead Managers and Joint Bookrunners, in the name and on behalf of the Underwriters (as that term is defined in Section 5.4 of this Securities Note), under

Resolution 26 of the Ordinary and Extraordinary Shareholders' Meeting of the Company on March 3, 2014 (see Section 5.2.6 of this Securities Note).

The final terms of these share capital increases, which include in particular the number and the issuance price of the New Shares, will be set by the Management Board of the Company at a meeting scheduled to be held on April 9, 2014, after the approval of the Supervisory Board is obtained.

4.7 Expected settlement-delivery date for the shares

According to the indicative timetable provided in Section 5.1.1 of this Securities Note, the expected date for the settlement-delivery of the New Shares is April 14, 2014.

4.8 Restrictions on the transferability of the Company's shares

No provision of the bylaws limits the transferability of the shares comprising the share capital of the Company.

A detailed description of the undertakings of the Company, and of some of its shareholders, is provided on Section 7.3 of this Securities Note.

4.9 French regulations relating to public offerings

As from the date on which its shares are admitted to trading on Euronext, the Company will be subject to the legal and regulatory provisions applicable in France with respect to mandatory public tender offers (*offres publiques obligatoires*), buyout offers (*offres publiques de retrait*) and squeeze-outs (*retrait obligatoire*).

4.9.1 Mandatory public tender offers

Article L. 433-3 of the French Monetary and Financial Code and Articles 234-1 *et seq.* of the AMF's General Regulations set forth the conditions governing the mandatory filing, which must follow certain guidelines in order for the AMF to declare it in compliance, of a project of tender offer targeting all of the share capital securities and other securities granting rights over the share capital or voting rights of a company, the shares of which are admitted to trading on a regulated market.

4.9.2 Public buyout offers and squeeze-out

Article L. 433-4 of the French Monetary and Financial Code and Articles 236-1 *et seq.* (buyout offers), 237-1 *et seq.* (squeeze-out following a public buyout offer), and 237-14 *et seq.* (squeeze-out following any public offer) of the AMF's General Regulations set forth the conditions for filing a public buyout offer and for implementing a procedure to squeeze out minority shareholders of a company which shares are admitted to trading on a regulated market.

4.10 Public tender offers initiated by third parties in respect of the share capital of the Company during the previous financial year and the current financial year

Since no security of the Company had been admitted to trading on a regulated market as of the Prospectus date, no public tender offers were initiated by third parties in respect of the share capital of the Company during either the previous financial year or the current financial year.

4.11 Withholding tax on dividends paid to non-French tax residents

Under current French legislation, and subject to the eventual application of international tax agreements, this section summarizes the French tax consequences that may apply to investors who are not residents of France and who receive dividends by virtue of the Company shares that they do not hold through an intermediary with a fixed base or stable establishment in France.

They are advised to consult their usual tax adviser about the taxation laws applicable in their particular case. Non-resident French tax payers must also comply with the applicable taxation laws in their country of

residence.

The dividends distributed by the Company are, in principle, subject to withholding tax, withheld at the source by the establishment paying the dividends, when the tax domicile or registered office of the effective beneficiary is not located in France. Subject to the following provisions, the withholding rate is (i) 21% when the beneficiary is a natural person domiciled in a Member State of the European Union or in a State that is a signatory to the European Economic Area Agreement that has concluded an administrative assistance agreement with France in respect of fraud prevention and combating tax evasion and (ii) 30% in all other cases (subject to the following).

This withholding at the source may be reduced or waived depending on the applicable international taxation agreements. Shareholders are also advised to inform themselves of the practical implications of international taxation agreements, such as the administrative doctrine (BOI-INT-DG-20-20-20-20-20120912) on "normal" or "simplified" procedures for having withholding tax reduced or waived.

Furthermore:

- provided they satisfy the criteria specified in the administrative doctrine (BOI-IS-CHAMP-10-50-10-40-20120912, no. 580 *et seq*.), non-profit entities based (i) in a Member State of the European Union or (ii) in a State that is a signatory to the European Economic Area Agreement that has concluded an administrative assistance agreement with France in respect of fraud prevention and combating tax evasion, can benefit from a withholding tax reduced to 15% ;
- subject to the conditions referred to in Article 119 *ter* of the French General Tax Code as interpreted by the administrative doctrine (BOI-RPPM-RCM-30-30-20-40-20120912), legal entities who hold at least 5% of the capital and voting rights of the Company may receive an exemption from withholding taxes if their place of effective management is located (i) in a Member State of the European Union or (ii) in a State that is a signatory to the European Economic Area Agreement that has concluded an administrative assistance agreement with France in respect of fraud prevention and combating tax evasion. The shareholders concerned are advised to consult their tax advisor to determine to what extent and under what conditions they may benefit from this exemption.

However, dividends distributed by the Company will be subject to 75% withholding tax, irrespective of the shareholder's tax residence (subject to any more favorable provisions of international agreements) if they are paid or deemed to be paid outside France in a non-cooperative State or territory as defined in Article 238-0 of the French General Tax Code. The list of non-cooperative States and territories is published by inter-ministerial decree and updated annually.

It is up to the shareholder concerned to consult their usual tax advisor to determine whether they may be impacted by the new legislation on non-cooperative States and territories and/or benefit from a withholding tax reduction or exemption.

The provisions described above may be amended by future French finance acts.

4.12 Special regime of the stock-saving plans ("PEA")

The Company's common shares are eligible assets for PEA purposes for shareholders domiciled in France.

Under certain conditions, the PEA gives entitlement:

- for the duration of the PEA, to exemption from income tax and social security contributions on the net capital gains generated by the investments made as part of the PEA, on condition that those capital gains are retained in the PEA, and
- when the PEA is closed (if closure intervenes more than five years after the opening date of the PEA) or upon a partial withdrawal (if more than eight years after the opening date of the PEA), to exemption from income tax on the net gain realized since the plan was opened. However, these gains remain subject to social security contributions including additional contributions, the CSG and the CRDS, at the overall tax rate of 15.5%.

Losses realized on the shares held in a PEA are, in principle, not tax deductible but can be set against any

gains realized under the same plan (special rules apply, however, in certain circumstances when closing a PEA). Investors are advised to consult their tax advisor on this issue.

Subject to the aforementioned exemptions, capital gains realized on the sale of investments made as part of a PEA are taxable (i) when the sale occurs within two years of its opening, at the rate of 22.5% (Article 200 A of the French General Tax Code) and (ii) when the sale occurs between two and five years from the opening of the PEA, at a rate of 19%, plus social security deductions described above, if any, at the overall rate of 15.5%.

The 2014 French Finance Act also created a new category of PEA called "PME-ETI", which enjoys the same tax benefits as the PEA. Eligible securities must in particular have been issued by a company that employs less than 5,000 people and has annual revenues not exceeding €1.5 billion or a balance sheet total not exceeding €2 billion. An implementing decree (No. 2014-283) specifying these conditions was published on March 5, 2014. The maximum payment is fixed at €75,000 (€150,000 for a couple). The "PME-ETI" PEA may be combined with an ordinary PEA, and each taxpayer may hold only one "PME-ETI" PEA.

The Company's shares are eligible for "PME-ETI" PEA.

5 TERMS AND CONDITIONS OF THE OFFERING

5.1 Terms and conditions of the offering, indicative timetable and subscription procedure

5.1.1 Terms and conditions of the Offering

The Offering (as defined below) will be made by way of an issuance of a maximum of 4,273,504 new shares, which may be increased to a maximum of 4,914,529 new shares in the event that the Increase Option is exercised in full, and a maximum of 5,651,708 new shares in the event that the Increase Option and the Overallotment Option are exercised in full, in each case on the basis of the lowest point of the indicative price range.

The distribution of the Shares Offered will be carried out in a global offering (the "**Offering**"), which will include:

- a public offering in France carried out in the form of an open price offering (*offre à prix ouvert*), intended mainly for natural persons (the "**Open Price Offering**" or the "**OPO**"),
- a global placement intended mainly for institutional investors (the "**Global Placement**"), which includes:
  - a placement in France, and
  - a private placement in certain countries, excluding the United States of America.

The distribution of shares to the public in France will take place in accordance with the provisions of Articles P1.2.1 *et seq.* of Book II of the Euronext Market Rules relative to the specific rules applicable to French regulated markets. The allocation of the Shares Offered between the Global Placement, on the one hand, and the OPO, on the other, will be carried out based on the nature and amount of the demand in compliance with the principles set forth under Article 315-35 of the AMF's General Regulations. If the level of demand expressed in the OPO allows for it, the number of shares allocated to satisfy the orders placed in the OPO will be at least equal to 10% of the number of the New Shares (as defined in Section 5.2.6 of this Securities Note). If the demand expressed in the OPO is less than 10% of the number of New Shares, the remaining balance of unallocated New Shares in the OPO will be offered in the Global Placement.

Depending on the size of the demand for the Offer, the initial amount of the Offering may be increased by 15% and so be increased to a maximum of €57.5 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 4,914,529 new shares, on the basis of the lowest point of the indicative price range (the "**Increase Option**"). The possible exercise of the Increase Option will be decided by the Management Board, in agreement with the Joint Lead Managers and Joint Bookrunners, who will determine, after obtaining the consent of the Supervisory Board, the final terms of the Offering, i.e., presumably on April 9, 2014.

The Company will grant the Joint Lead Managers and Joint Bookrunners, acting in the name and on behalf of the Underwriters (as that term is defined in Section 5.4 of this Securities Note), an Overallotment Option (as defined in paragraph 5.2.6 of this Securities Note) to subscribe for an additional amount representing up to 15% of the amount of the Offering after any exercise of the Increase Option, i.e. a maximum amount of €66.1 million, including the share premium, corresponding – for informational purposes only – to the issuance of a maximum of 5,651,708 new shares, on the basis of the lowest point of the indicative price range, in the event of the full exercise of the Increase Option. The Overallotment Option shall be exercisable from April 9 to May 9, 2014.

Indicative timetable

[INTENTIONALLY OMITTED]

March 26, 2014	Publication of the press release announcing the Offering
	Notice published by Euronext regarding the opening of the OPO.
	Opening of the OPO and of the Global Placement
April 8, 2014	Closing of the OPO at 5:00 p.m. (Paris time) for subscriptions made in person and at 8:00 p.m. (Paris time) for subscription made via the Internet.
April 9, 2014	Closing of the Global Placement at 12:00 p.m. (Paris time).
	Setting of the Offering Price and potential exercise of the Increase Option.
	Signing of the Underwriting Agreement.
	Publication of the press release indicating the Offering Price, the final number of New Shares and the results of the Offering.
	Notice published by Euronext regarding the results of the Offering.
	Beginning of the stabilization period, as the case may be.
April 10, 2014	Beginning of trading of Company shares in the form of undertakings to deliver shares (*promesses d'actions*) (until April 14, 2014 inclusive).
April 14, 2014	Settlement-delivery of the OPO and of the Global Placement.
April 15, 2014	Beginning of trading of the Company's shares on Euronext
May 9, 2014	Expiry date for the exercise of the Overallotment Option.
	End of the stabilization period, as the case may be.

5.1.2 Proceeds from the Offering

See Chapter 8 "Expenses related to the Offer" of this Securities Note.

5.1.3 Subscription period and process applicable to the Offering

5.1.3.1 Main characteristics of the Open Price Offering

Duration of the OPO

The OPO will begin on March 26, 2014 and end on April 8, 2013 at 5:00 p.m. (Paris time) for subscriptions made in person and at 8 p.m. (Paris time) for subscriptions made via the Internet, if that option is given to them by their financial intermediary. The closing date of the OPO is subject to change (please refer to Section 5.3.2 of this Securities Note).

Number of shares offered in the OPO

No less than 10% of the number of shares offered in the Offering prior to the exercise of the Overallotment Option will be offered in the OPO. Consequently, if the level of demand for the OPO allows for it, the number of shares allocated to satisfy the orders placed in the OPO will be at least equal to 10% of the number of New Shares.

The number of shares offered in the OPO could be increased or decreased in accordance with the terms and conditions detailed in Section 5.1.1 of this Securities Note.

Authorized persons, order reception and transmission

The persons authorized to issue orders in the OPO are natural persons who are either French nationals, residents of France, or citizens of one the States that ratified the agreement and protocol on the European Economic Area (*accord et protocole de l'Espace Économique européen*) (the Member States of the European Union, Iceland, Norway, and Liechtenstein, the "**EEA Member States**"), open-ended collective

investment funds (*fonds communs de placement*) or the French legal persons or entities incorporated in one of the EEA Member States that are not, in the meaning of Article L. 233-3 of the French commercial Code, under the control of entities or persons that are incorporated in or citizens of States other than the EEA Member States, as well as investment associations and clubs domiciled in France or in EEA Member States, and with respect to which the members are either French citizens or citizens of one of the EEA Member States, subject to the stipulations provided in Section 5.2.1 of this Securities Note. Any other persons or entities must inform themselves regarding local investment restrictions, as indicated in Section 5.2.1 of this Securities Note.

Any natural persons, legal persons, and open-ended collective investment fund (*fonds communs de placement*) that do not have accounts in France allowing for the purchase of shares in the OPO must, to this end, open this type of account with an authorized intermediary in order to effectively submit their orders.

The subscription order must be signed by the party responsible for submitting the order or his or her representative or, in the event that the account is managed under mandate, by the party mandated for such management. In this latter case, the manager must:

- either have a mandate setting specific provisions under which his or her clients undertook, in transactions where each investor is only authorized to submit one order, to refrain from submitting orders without having requested and obtained a written confirmation from the manager that he or she did not submit an order for the same securities while exercising his or her duties under the terms of the management mandate,
- or implement any other reasonable measure aiming to avoid multiple orders (for example, the manager informing the client that he or she has submitted an order on his or her behalf and that, consequently, the client cannot directly submit a similar order without first notifying the manager in writing, prior to the closing of the transaction, of his or her decision to submit such similar order, so that the manager can cancel the previously submitted order).

Types of orders that can be placed in the OPO

Persons wishing to participate in the OPO must submit their orders to an authorized financial intermediary in France no later than April 8, 2014 at 5:00 p.m. (Paris time) for subscriptions made in person and at 8:00 p.m. (Paris time) for subscriptions made online, provided their financial intermediary offers such option.

A orders

Pursuant to the terms of Article P 1.2.16 of Book II of the Euronext Market Rules on the provisions specifically applicable to French regulated markets, the orders will be broken down depending on the number of securities requested:

- fractions of A1 orders: between 10 shares and 250 shares (inclusive), and
- fractions of A2 orders: beyond 250 shares.

The notice of result of the OPO that will be published by Euronext will indicate any discounts applied to orders, with the understanding that the fractions of A1 orders will benefit from a preferential treatment compared to the fractions of A2 orders in the event that all of the orders cannot be satisfied in full ;

It should also be noted that:

- each orders must be for at least 10 shares;
- each party responsible for submitting the order can only place one order, it being understood that this order cannot be split up amongst several financial intermediaries and must be entrusted to one financial intermediary only,
- each member of a tax household may submit one order. Orders submitted by minors must be made by their legal representatives, and each of these orders will benefit from the advantages that are normally attached to them. Any reduction would be applied separately to each of the orders submitted by said members of the tax household,

- no order can be placed for a number of shares representing more than 20% of the number of shares offered in the OPO,
- orders may be subject to reduction, applied in accordance with the terms and conditions set forth below,
- in the event that the application of the reduction rate(s) does not lead to the allocation of a whole number of shares, this number will be rounded down to the nearest whole number,
- orders will be expressed in numbers of shares with no price indication and will be considered placed at the Offering Price, and
- whether or not a reduction takes place, orders are irrevocable, subject to the stipulations in Section 5.3.2 of this Securities Note.

The authorized financial intermediaries in France will send the orders received to Euronext in accordance with the timetable and the terms and conditions set forth in the notice announcing the opening of the OPO, which will be published by Euronext.

If the Company does not publish a press release announcing the final terms and conditions of the Global Placement and of the OPO, orders will be null and void.

Reduction of orders

Fractions of A1 orders have priority status over fractions of A2 orders. A reduction rate of up to 100% could be applied to fractions of A2 orders so as to allow for fractions of A1 orders to be met in full.

The reductions will be carried out proportionally within each class of order. If the application of the reduction terms and conditions results in a fractional number of shares, this number will be rounded down to the nearest whole number.

Revocation of orders

Subscription orders placed in the OPO are irrevocable even in the event of a reduction, subject to the legal provisions applicable in case a new indicative price range is set or in case the offering price is set outside the below mentioned indicative price range provided for below (see Section 5.3.2.3 of this Securities Note).

Results of the OPO

The results of the OPO will be stated in a press release from the Company and a Euronext notice whose distribution is planned for April 9, 2014, unless there is an early closing, in which case the distribution of the release and the notice should take place the day after the closing of the Offering.

This notice will indicate any reduction rate to be applied to the orders.

5.1.3.2 Main characteristics of the Global Placement

Duration of the Global Placement

The Global Placement will begin on March 26, 2014 and end on April 9, 2014 at 12:00 p.m. (Paris time). In the event that the closing date of the OPO is extended (see Section 5.3.2 of this Securities Note), the closing date of the Global Placement may also be extended.

The Global Placement can be closed early without prior notice (see Section 5.3.2 of this Securities Note).

Persons authorized to place orders in the Global Placement

The Global Placement will mainly target institutional investors in France and in foreign countries (excluding the United States of America).

Orders that can be placed in the Global Placement

Orders are expressed either in numbers of shares or in amounts requested. They may include price conditions.

Receipt and transmission of orders that can be placed in the Global Placement

In order to be taken into account, the orders placed in the Global Placement must be received by one of the Joint Lead Managers and Joint Bookrunners no later than April 9, 2014 at 12:00 p.m. (Paris time), provided an early closing does not take place.

The only orders to be taken into account in the allocation process will be those expressed in euros and equal to or greater than the Offering Price, which in the Global Placement will be set under the conditions set forth in Section 5.3.1 of this Securities Note.

Reduction of orders

The orders placed in the Global Placement may be subject to a total or partial reduction.

Revocation of orders

Any order placed in the Global Placement can be revoked up to April 9, 2014 at 12:00 p.m. (Paris time), by application to the Joint Lead Manager and Joint Bookrunner that received the order.

Results of the Global Placement

The results of the Global Placement will be announced through both a Company press release and a Euronext notice, which are expected to be published on April 9, 2014 provided there is no early closing, in which case the press release and notice should be published on the day after the closing of the Offering.

5.1.4 Revocation or suspension of the Offering

The Offering will be carried out provided that the Underwriting Agreement mentioned in Section 5.4.3 of this Securities Note is signed and is not terminated any later than on the settlement-delivery date of the New Shares and that the fund deposit certificate confirming the subscription of the New Shares is issued by the depository.

In the event the Underwriting Agreement is not signed, the initial public offering and the Offering will be retroactively cancelled. In the event the Underwriting Agreement is terminated in compliance with its terms and conditions, the Company's initial public offering, the Offering, and any trading for promises of shares that may have occurred up to and including the settlement-delivery date would be retroactively cancelled. In addition, the said trading in the form of undertakings to deliver shares (*promesses d'actions*) would need to be unwound with retroactive effect. More precisely:

- the OPO, the Global Placement, and all of the orders placed within them, would be cancelled with retroactive effect,
- all of the trading for promises of shares that took place up to and including the settlement-delivery date would be cancelled retroactively and will need to be unwound; should such cancellation take place, each investor would be personally liable for any lost profits and the resulting costs of any such cancellation; and
- neither the Existing Shares nor the Shares Offered would be admitted for trading on Euronext.

In the event of the failure to sign or the termination of the Underwriting Agreement or of the non-issuance of the fund deposit certificate by the depository, this information will be announced by a press release published by the Company and a notice published by Euronext. Pursuant to the terms of Section 6801/2 of Euronext's harmonized market rules, Euronext Paris cannot be held liable for any loss incurred by any person that should result from the withdrawal of the Offering by the Company and the resulting cancellation of the transactions.

If subscriptions do not reach a minimum of 75% of the initial capital increase planned, i.e. a minimum of €37.5 million (representing a maximum of 3,205,128 New Shares on the basis of the lowest point of the indicative price range of €11.70), the Offering will be cancelled and the subscription orders will be null and void.

5.1.5 Reduction of orders

Please refer to Section 5.1.3 of this Securities Note for a description of the reduction of orders placed in the Offering.

5.1.6 Minimum or maximum number of shares for which an order can be placed

Please refer to Section 5.1.3 of this Securities Note for details on the minimum or maximum number of shares for which orders can be placed in the OPO.

There is no minimum or maximum amount applicable to orders placed in the Global Placement.

5.1.7 Revocation of orders

Please refer to Sections 5.1.3.1 and 5.1.3.2 of this Securities Note for a description of the revocation of orders placed in the OPO and the Global Placement.

5.1.8 Payment of funds and terms and conditions of delivery of the Shares Offered

The price of the New Shares subscribed (see Section 5.3.1.1 of this Securities Note) in the Offering must be paid for in cash by the parties responsible for submitting the orders no later than on the settlement-delivery date of the Offering, i.e. on April 14, 2014 according to the indicative timetable.

The shares will be registered in the account of the parties responsible for submitting the orders as soon as possible after the date on which Euronext publishes the notice announcing the results of the Offering i.e., according to the indicative timetable, as from April 9, 2014, and no later than on the settlement-delivery date i.e., according to the indicative timetable, on April 14, 2014.

The transfer of funds to the Company corresponding to the issuance of the Additional New Shares in the context of the Overallotment Option is expected to take place no later than on the third business day following the deadline for exercising the Overallotment Option.

5.1.9 Publication of the results of the Offering

The results and the final terms and conditions of the Offering will be announced through both a Company press release and a Euronext notice, which are expected to be published on April 9, 2014, provided there is no early closing (it being understood, however, that the duration of the OPO cannot be shorter than three trading days – see Section 5.3.2 of this Securities Note), in which case the press release and notice should be published the day after the closing of the Offering.

5.1.10 Preferential subscription rights

The capital increase achieved in the Offering will be made without preferential subscription rights.

5.2 Plan of distribution and allocation of securities

5.2.1 Categories of potential investors targeted – Countries in which the Offering will be made – Restrictions applicable to the Offering

5.2.1.1 Categories of potential investors targeted and countries in which the Offering will be made

The Offering includes:

- a global placement intended mainly for institutional investors, which includes:
  - a placement in France, and
  - a private placement in certain countries, excluding notably the United States of America; and
- a public offering in France carried out in the form of an OPO, intended mainly for natural persons.

5.2.1.2 Restrictions applicable to the Offering

The distribution of the *Base Document*, of this Securities Note, of the Prospectus summary, or of any other document or information relating to the transactions planned under this Securities Note or to the offering, sale or subscription of the Company's shares, may be subject to specific regulations in certain countries, including the United States of America. Any persons in possession of the aforementioned documents must inform themselves regarding any potential restrictions imposed under local legislation and comply with them. The authorized banks and brokers (*intermédiaires habilités*) cannot accept any orders from clients with an address in a country where such restrictions exist, and corresponding orders will be deemed null and void. Any person (including any trustee or nominee) who receives the *Base Document*, this Securities Notice, the Prospectus, its summary, or any other document or information relating to the Offering, may only distribute it or facilitate its distribution in such countries provided such person is acting in compliance with the laws and regulations applicable in said countries. Any person who, for whatever reason, distributes or facilitates the distribution of the aforementioned documents in such countries, must draw the recipient's attention to the stipulations set forth in this section.

This Securities Note, the *Base Document*, the Prospectus, its summary, and the other documents relating to the transactions foreseen in this Securities Note do not constitute an offer to sell or a solicitation to subscribe securities in any country in which such an offer or solicitation would be illegal. Neither this Securities Note, the *Base Document*, nor the Prospectus have been registered or approved outside of France.

The Underwriters will sell the shares in compliance with the laws and regulations in force in the countries in which they will carry out such sale.

5.2.1.2.1 Restrictions regarding the United States of America

The Company's shares have not and will not be registered under the US Securities Act of 1933 (the "**Securities Act**"), nor with financial regulatory authorities of any State of the United States of America. Consequently, the Company's shares may not be offered in, sold in or otherwise transferred in any way in the United States of America, or for the account or on behalf of *US persons* except after registration or pursuant to operations exempted from registration under the Securities Act.

Neither this Securities Note, the *Base Document*, the Prospectus, its summary nor any other document generated in connection with this Offering may be distributed in the United States of America.

5.2.1.2.2 Restrictions regarding the Member States of the European Economic Area (other than France)

With respect to the Member States of the European Economic Area other than France (the "**Member States**") in which the Prospectus Directive has been implemented, no action was or will be taken to allow a public offering of the Company's shares that would require the publication of a prospectus in any of the Member States. As a result, the Company's shares can be offered in Member States, but only:

- to qualified investors, as defined by the Prospectus Directive,
- to fewer than 100 or, if the Member State concerned has implemented the relevant provision of the Amending Prospectus Directive, to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Amending Prospectus Directive) per Member State; or
- under circumstances that fall within the scope of application of Article 3(2) of the Prospectus Directive.

For the purposes of this section, (i) the expression an "offering of shares to the public" in a given Member State shall be understood as any communication sent to persons, in any form and by any means whatsoever, offering sufficient information on the conditions of the Offering and on the securities to be offered, so as to enable an investor to decide whether to purchase or subscribe such securities, subject to any changes applied to such definition in the Member State concerned, (ii) the expression "Prospectus Directive" is understood as Directive 2003/71/EC dated November 4, 2003, as implemented in the Member State (as amended, including under the Amending Prospectus Directive, insofar as it was implemented by each Member State), and (iii)

the expression "Amending Prospectus Directive" refers to Directive 2010/73/EU of European Union Parliament and Council dated November 24, 2010.

These selling restrictions applicable to Member States are independent from any other selling restrictions applicable in the Member States that have implemented the Prospectus Directive.

5.2.1.2.3 Restrictions regarding the United Kingdom

The Prospectus is distributed and intended solely for persons (i) residing or established outside of the United Kingdom, (ii) who are "investment professionals," (persons with professional investment experience) in accordance with the terms of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "**FSMA**") Order 2005 (the "**Order**"), (iii) who are "high net worth entities" or any other persons included in the scope of application of Article 49(2) (a) to (d) of the Order ("high net worth companies", "unincorporated associations", etc.) or (iv) persons to whom an invitation or a solicitation to commit to an investment activity (as defined by Article 21 of the FSMA) can be legally sent or transmitted (collectively, "**Qualified Persons**"). Any invitation, offer, or agreement to purchase shares of the Company can only be made or entered into with Qualified Persons. The shares of the Company described in this Prospectus cannot be offered or issued for the benefit of persons located in the United Kingdom other than Qualified Persons. No person other than a Qualified Person can either act or use the information in the Prospectus or any of its provisions. The persons in charge of the distribution of the Prospectus must comply with the legal conditions applicable to its distribution.

5.2.1.2.4 Restrictions regarding Australia, Canada and Japan

The Shares Offered may not be offered or sold in Australia, Canada or Japan.

5.2.2 Intent of the Company's major shareholders or members of its administrative, management or supervisory bodies, or of any other persons or entities planning to submit a subscription order for more than 5% of the New Shares (excluding exercise of the Increase Option and Overallotment Option)

Several Company shareholders have committed to place orders for a total amount of approximately €13.7 million, i.e. 27% of the gross proceeds of the Offering (excluding the Increase Option and Overallotment Option), at the Offering Price, as it shall be fixed by the Management Board of the Company at a meeting to be held on April 9, 2014, after obtaining the consent of the Supervisory Board.

These orders are intended to be served first and in full, subject however to:

- a possible reduction in compliance with usual allocation principles (mainly in the event that the subscriptions received during the Offering should be much higher than the number of Shares Offered), such reduction being then applied to each of said shareholders in the same proportions; and
- regulatory constraints linked to the status of investment funds eligible for the applicable tax reduction (such as FCPIs), in particular in terms of maximum investment caps in the Company, which is common to all such funds, and is set at €2.5 million.

The names of the shareholders who have committed and the amount of their respective commitments are listed in the table below.

Name of shareholder	Amount of commitment (in euros)
Auriga Partners	500,000
EDRIP (including 123Venture)	1,275,800
Bpifrance Investissement (ex CDC Enterprises)	1,021,590
Bpifrance Participations (ex FSI)	7,027,510
Total concert Bpifrance	8,049,100

NBGI Private Equity	416,700
Mérieux Participations	535,660
Omnes Capital	1,190,490
Wellington Partners Venture Capital	250,000
Kuwait Life Sciences Company KSCC	750,000
Alto	698,430

No other person intends, to the knowledge of the Company, to place an order to subscribe for more than 5% of the New Shares.

5.2.3 Pre-allotment Information

This information can be found in Sections 5.1.1 and 5.1.3 of this Securities Note.

5.2.4 Notice to subscribers

Investors placing subscription orders in the OPO will be notified of their allocations by their financial intermediary.

Investors placing subscription orders in the Global Placement will be notified of their allocation by the Joint Lead Managers and Joint Bookrunners.

5.2.5 Increase Option

Depending on demand, the Company may, in agreement with the Joint Lead Managers and Joint Bookrunners, decide to increase the initial amount of the Offering by a maximum of 15%, i.e. a maximum amount of €57.5 million, including the share premium, corresponding – for informational purposes only – to a maximum of 4,914,529 new shares, on the basis of the lowest point of the indicative price range (as such term is defined in Section 5.3.1 of this Securities Note).

The decision to exercise the Increase Option shall be taken at the time when the Offering Price is set by the Management Board, after approval by the Supervisory Board, which is scheduled for April 9, 2014 and will be mentioned in the press release of the Company and in the Euronext notice announcing the results of the Offering.

5.2.6 Overallotment Option

To cover any overallotments, the Company will grant the Joint Lead Managers and Joint Bookrunners, in the name and on behalf of the Underwriters (as that term is defined in Section 5.4.3 of this Securities Note) an overallotment option (the "**Overallotment Option**") allowing to subscribe a number of shares representing a maximum amount of €8.6 million, corresponding – for informational purposes only – to the issuance of a maximum of 737,179 additional new shares, on the basis of the lowest point of the indicative price range, within the limit of 15% of the number of New Shares, after any exercise of the Increase Option (the "**Additional New Shares**") at the Offering Price (as the term is defined in Section 5.3.1 of this Securities Note).

The Overallotment Option may be exercised only once, at any time, in whole or in part, during a period of thirty calendar days from the date of fixing the Offering Price, i.e. for indicative purposes only no later than May 9, 2014 (inclusive).

If the Overallotment Option is exercised, the information relating to such exercise and the number of Additional New Shares to be issued would be made public in a Company press release.

5.3 Setting the Price

5.3.1 Method for setting the price

5.3.1.1 Price of the Shares Offered

The price of the shares offered in the Open Price Offering will be equal to the price of the shares offered in the Global Placement (the "**Offering Price**").

It is expected that the Offering Price will be fixed on April 9, 2014 by the Management Board of the Company after approval by the Supervisory Board, with the understanding that this date could be postponed or advanced as described in Section 5.3.2 of this Securities Note.

The Offering Price will be set based on the number of offered shares in the Global Placement as compared with investor demand, in accordance with a technique known as "bookbuilding" (*construction du livre d'ordres*), as developed under common professional practice.

This comparison of supply and demand will be made based on the following market criteria:

- the selected investors' ability to allow for an orderly development of the secondary market,
- order in which investors' requests were received,
- quantity requested, and
- price sensitivity of the requests submitted by investors.

The Offering Price could be within a range of €11.70 to €14.30 per share. This range can be adjusted at any time until the date on which the Offering is expected to close (inclusive), under the conditions set forth in Section 5.3.2 of this Securities Note. This information is provided for informational purposes only and does not in any way predict the Offering Price, which could be set outside this range under the conditions described in Section 5.3.2 of this Securities Note.

5.3.1.2 Criteria for assessing the price range

The Offering Price could be within a range of €11.70 to €14.30 per share. This range was set by the Management Board at its meeting of March 24, 2014, after authorization by the Company's Supervisory Board which met that same day. The range was set in light of the prevailing market conditions on the day of the decision.

Market multiples

The market multiples are presented below for purely informational purposes. This information does not in any way predict the Offering Price. The Offering Price adopted will be determined by the procedure described in Section 5.3.1.1 of this Securities Note.

The presentation of market multiples has the general purpose of comparing the multiples of one company with those of listed companies in its industry sector that have business activities, markets, and sizes similar to those of the company in question.

The market multiples for sales revenue ("SR"), earnings before interest, taxes, depreciation and amortization ("EBITDA") and earnings before interest and taxes ("EBIT") of players in the medical technology sector are presented in the table below for purely informational purposes.

These players are divided into two sample groups:

- **established medical-imaging companies** which are not very similar to SSI with respect to market capitalization, phase of development or product portfolio diversification; and
- **medical technology companies recently listed in France** which are more comparable to SSI in terms of market capitalization and stage of development.

It should, however, be noted that the sample companies have profiles that differ from those of the Company.

Description of the two groups of samples companies

Established medical-imaging companies

– **Analogic**: Analogic is an American company and world leader in advanced imaging systems and in technologies permitting computerization of MRIs, digital mammography, ultrasound and tomography.

– **Hologic**: Hologic, an American company, is a world leader in the designing, manufacture, and commercialization of medical-imaging and diagnostic systems in the field of women's health. Hologic operates in four sectors: breast care, diagnostics, gynecological surgery and skeletal care.

- **Mindray**: Mindray, a Chinese company, is a world leader in the development, manufacturing and commercialization of medical equipment. Mindray supplies a wide range of products in three sectors: life-support and patient-monitoring systems, in vitro diagnostics, and medical-imaging systems.

Medical technology companies recently listed in France

- **Carmat**: Carmat, a French company, is specialized in the development of an artificial, orthopic and biocompatible heart, totally implantable orthotopically, based on a power supply system.

- **EOS Imaging**: EOS Imaging, a French group, designs, develops, and commercializes "EOS", a patented revolutionary medical-imaging device which targets the main osteopathic-joint pathologies (hip, knee, back) and their related orthopedic surgeries.

- **Mauna Kea**: Mauna Kea Technologies, a French company, is specialized in medical devices and a leader in the area of optic biopsy and endomicroscopy. The company designs, develops, and commercializes innovative real-time visualization and detection tools for cellular anomalies during standard endoscopic, gastro-intestinal, and pulmonary acts.

- **Stentys**: Stentys, a French company, develops and commercializes innovative treatment solutions for patients with acute myocardial infarctions (heart attacks) who present complex coronary pathologies. Its self-expanding stents are designed to adapt to vessels of uneven or varying diameter so as to avoid the fitting problems associated with conventional stents.

The information presented below has been prepared on the basis of publically available documents. In particular, the historical and forecast information regarding the samples companies has been extracted from annual or half-year financial statements and from databases. As a result, this information has not been verified independently.

Company	Curr.	Market capitalization	EV	EV/SR			EV/EBITDA			EV/EBIT		
				2014e	2015e	2016e	2014e	2015e	2016e	2014e	2015e	2016e
Established Medtech companies												
Analogic	m€	806	733	1.64x	1.48x	1.35x	9.7x	8.7x	8.0x	11.7x	9.9x	8.6x
Hologic	m€	4,324	7,088	3.94x	3.82x	3.68x	11.3x	10.7x	10.3x	12.9x	13.2x	13.1x
Mindray	m€	2,961	2,481	2.12x	1.85x	n.a.	9.2x	8.3x	n.a.	11.8x	10.2x	n.a.
Average				**2.56x**	**2.39x**	**2.52x**	**10.1x**	**9.2x**	**9.1x**	**12.1x**	**11.1x**	**10.9x**
Médian				**2.12x**	**1.85x**	**2.52x**	**9.7x**	**8.7x**	**9.1x**	**11.8x**	**10.2x**	**10.9x**
Medtech companies in seed phase												
Carmat	m€	398	382	n.a.	26.31x	17.19x	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EOS Imaging	m€	146	128	4.08x	2.70x	1.86x	n.m.	n.m.	16.0x	n.m.	n.m.	21.4x
Mauna Kea Technologies	m€	175	148	9.49x	6.32x	4.61x	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Stentys	m€	120	88	16.12x	8.80x	4.31x	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average				**9.90x**	**11.03x**	**6.99x**	**n.m**	**n.m**	**16.0x**	**n.m**	**n.m**	**21.4x**
Médian				**9.49x**	**7.56x**	**4.46x**	**n.m**	**n.m**	**16.0x**	**n.m**	**n.m**	**21.4x**
Global average				**6.23x**	**7.33x**	**5.50x**	**10.1x**	**9.2x**	**11.4x**	**12.1x**	**11.1x**	**14.4x**
Global median				**4.01x**	**3.82x**	**4.00x**	**9.7x**	**8.7x**	**10.3x**	**11.8x**	**10.2x**	**13.1x**

Company	End of calendar year.	Sales revenue growth			EBITDA margin			EBIT margin		
		2014e	2015e	2016e	2014e	2015e	2016e	2014e	2015e	2016e
Established Medtech companies										
Analogic	31-Dec	8.9%	10.3%	9.6%	16.9%	17.0%	17.0%	14.0%	15.1%	15.7%
Hologic	31-Dec	(0.0%)	3.0%	3.8%	34.9%	35.6%	35.8%	30.6%	29.0%	28.0%
Mindray	31-Dec	15.0%	14.5%	n.a.	22.9%	22.4%	n.a.	17.9%	18.1%	n.a.
Average		**8.0%**	**9.3%**	**6.7%**	**24.9%**	**25.0%**	**26.4%**	**20.8%**	**20.7%**	**21.9%**
Médian		**8.9%**	**10.3%**	**6.7%**	**22.9%**	**22.4%**	**26.4%**	**17.9%**	**18.1%**	**21.9%**
Medtech companies in seed phase										
Carmat	31-Dec	n.m.	n.m.	53.1%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EOS Imaging	31-Dec	95.8%	51.2%	45.1%	n.m.	n.m.	11.6%	n.m.	n.m.	75.0%
Mauna Kea Technologies	31-Dec	49.2%	50.2%	37.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Stentys	31-Dec	60.6%	83.4%	104.1%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average		**68.5%**	**61.6%**	**59.8%**	**nm**	**nm**	**11.6%**	**nm**	**nm**	**75.0%**
Médian		**60.6%**	**51.2%**	**49.1%**	**nm**	**nm**	**11.6%**	**nm**	**nm**	**75.0%**
Global average		**38.2%**	**35.4%**	**42.1%**	**24.9%**	**25.0%**	**21.5%**	**20.8%**	**20.7%**	**39.6%**
Global median		**32.1%**	**32.3%**	**41.1%**	**22.9%**	**22.4%**	**17.0%**	**17.9%**	**18.1%**	**28.0%**

Source: The Company, brokers' reports, Datastream
Note: (1) Market capitalization based on an average of 1 month as of 21 March 2014 on the basis of a number of diluted shares (2) The adjustments to the Enterprise Value ("EV") include net financial debt, the minority interests, debt provisions (such as pension provisions) and financial assets (3) Financial aggregates calendarized as of 12/31 (4) Multiples are considered as not pertinent if the financial aggregates are negative or close to zero

For informational purposes, on the basis of a number of 11,337,376 shares in circulation as at the Prospectus date, of a number of 4,273,504 shares subscribed in the Offering (corresponding to 100% of the shares offered in the Offering without exercise of the Increase Option and of the Overallotment Option, and on a non-diluted basis) and of a price equal to the lowest point of the indicative price range, i.e. €11.70, the Company's market capitalization would be approximately €182.6 million.

Discounted cash flow

The discounted cash flow method measures the Company's intrinsic value by taking into account its medium-term growth prospects. The results obtained with this method by the Company are consistent with the adopted indicative price range.

5.3.2 Procedure for publishing the Offering Price and modifications to the terms and conditions of the Offering

5.3.2.1 Date on which the Offering Price is set

The Offering Price is expected to be set on April 9, 2014, it being understood that this date could be (i) postponed in the event that market conditions and the results of the bookbuilding process (*construction du livre d'ordres*) do not allow for the Offering Price to be set under acceptable conditions or (ii) moved forward if the closing date of the Offering is anticipated (see Section 5.3.2.4 of this Securities Note).

5.3.2.2 Publication of the Offering Price and of the number of New Shares

The Offering Price and the final number of New Shares will be announced to the public by way of both a press release published by the Company and a notice published by Euronext on April 9, 2014, based on the indicative timetable, provided the Offering Price is not set earlier, in which case the publication of the press release and of the notice should occur on the day the Offering Price is set.

5.3.2.3 Adjusting the range, setting the Offering Price outside the range, and modification of the number of New Shares

Modifications triggering the right to revoke orders placed in the OPO

In the event that the highest point in the price range is increased, or in the event that the Offering Price is set above the (initial or any modified) highest point in the price range, the following procedure will apply:

– Publication of modifications: the new terms and conditions of the Offering will be announced to the public by way of both a press release published by the Company and a notice published by Euronext. The aforementioned Company press release and Euronext notice will indicate the new

price range and any new timetable, as well as the new closing date of the OPO, the expected new date to set the Offering Price, and the new settlement-delivery date.

- Closing date of the OPO: the closing date of the OPO will be set such that at least two trading days will elapse between the date on which the aforementioned press release is published and the new closing date of the OPO.

- Right to revoke orders placed in the OPO: Orders placed in the OPO prior to the publication of the aforementioned press release will remain valid unless they are explicitly revoked prior to the new closing date of the OPO (inclusive). New irrevocable orders may be placed until the new closing date of the OPO (inclusive) (however, these orders may be expressly revoked prior to the new closing date of the OPO (inclusive) in the event that the date on which the Offering Price is to be set is once again postponed and/or in the event of a new change in the terms and conditions of the Offering).

Modifications not triggering the right to revoke orders placed in the OPO

- The Offering Price may be freely set below the lowest point of the indicative price range, or the price range may be freely set lower. The Offering Price or the new indicative price range would then be announced to the public under the conditions set forth in Section 5.3.2.2 of this Securities Note, provided that there is no significant impact on the other characteristics of the Offering.

  Consequently, if setting the Offering Price below the lowest point in the indicative price range or if lowering the price range does not have any significant impact on the other characteristics of the Offering, the Offering Price will be announced to the public by way of both a press release published by the Company and a notice published by Euronext provided for in Section 5.3.2.2 of this Securities Note, the publication of which is expected to take place on April 9, 2014, according to the indicative timetable, provided that the Offering Price is not set earlier, in which case the publication of the press release and notice should take place on the day on which the Offering Price is set.

  However, if setting the Offering Price below the lowest point of the indicative price range or if lowering the price range had a significant impact on the other characteristics of the Offering, the provisions of Section 5.3.2.5 below would apply.

- The number of New Shares could also be modified if such modification does not have a significant impact on the other characteristics of the Offering. In the opposite case, the provisions of Section 5.3.2.5 below would apply.

5.3.2.4 Early closing or extension of the Offering

The closing dates of the Global Placement and the OPO could be set earlier (provided the OPO does not last any less than three trading days) or extended under the following conditions:

- If the closing date is set earlier, the new closing date will be made public via a press release published by the Company and a notice published by Euronext, announcing this change no later than the day before the new closing date,

- If the closing date is extended, the new closing date will be made public via a press release published by the Company and a notice published by Euronext, announcing this change no later than the day before the initial closing date. In this case, orders placed in the Open Price Offering before the publication of the aforementioned Company Press Release and Euronext notice, will remain valid unless they were explicitly revoked prior to the new closing date of the OPO (inclusive).

5.3.2.5 Material modifications to the terms and conditions of the Offering

In the event of a material modification to the terms and conditions initially set for the Offering that is not covered by this Securities Note, an addendum to the Prospectus will be submitted to the AMF for approval. Orders placed in the OPO and the Global Placement will be considered null and void if the AMF fails to

approve this addendum to the Prospectus. Orders placed in the OPO and the Global Placement prior to the release of the addendum to the Prospectus, as approved by the AMF, can be revoked during at least two trading days following its release (see Section 5.3.2.3 of this Securities Note for a description of the cases in which Section 5.3.2.5 would apply).

5.3.3 Restrictions on or cancellation of the preferential subscription right

The New Shares and Additional New Shares are issued under Resolutions 23 and 26 of the Company's Ordinary and Extraordinary Shareholders' Meeting as of March 3, 2014 which authorize a capital increase without preferential subscription rights via a public offering (see Section 4.6.1 of this Securities Note).

5.3.4 Price disparity

No operation has affected the capital over the last twelve months, except for:

- capital increases via the issuance of a total of 1,436,056 Class D preferred shares with warrants attached (the "**ABSA**") carried out between March 27 and May 13, 2013, on the basis of a price per ABSA of €10 (i.e. a discount of 23.07% with respect to the median point of the indicative price range).
- capital increases, in December 2013 via the issuance of (i) 4,125 common shares at par value (i.e. €0.1) on exercise of $BSA_{09\text{-}2010}$ and (ii) 5,000 common shares at a unit price of €5.84 shares on exercise of $BCE_{03\text{-}2006}$; and
- capital increases in September and December 2013 resulting from the final vesting of 48,435 free shares granted to officers and employees of the Company.

See also Section 21.4 of the *Base Document* for a description of warrants, bonds warrants and options issued or granted in 2013.

5.4 Placement and underwriting

5.4.1 Names and addresses of the financial institutions responsible for the initial public offering

The Global Coordinators, Joint Lead Managers and Joint Bookrunners are:

BNP PARIBAS
16, Boulevard des Italiens
75009 Paris

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING
29, boulevard Haussmann
75009 Paris

The Co-Lead Managers are:

GILBERT DUPONT
50, rue d'Anjou
75008 Paris

ODDO & Cie
12, boulevard de la Madeleine
75009 Paris
France

5.4.2 Name and address of the institution responsible for servicing the securities and for providing financial and depository services

BNP Paribas Securities Services (Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin) shall be in charge of depository services for the Company (managing the shareholders' registry for registered shareholders (*actionnaires nominatifs*) and providing dividend payments). BNP Paribas Securities Services shall issue the fund deposit certificate in connection with this share capital increase.

5.4.3 Underwriting

The Offer will be subject to an underwriting agreement (the "**Underwriting Agreement**") between the Company and BNP Paribas and Société Générale as Global Coordinators, Joint Lead Managers and Joint Bookrunners (the "**Joint Lead Managers and Joint Bookrunners**") and Gilbert Dupont and Oddo & Cie as co-leaders (the "**Co-Lead Managers**" and together with the Joint Lead Managers and Joint Bookrunners, the "**Underwriters**")**.**

The Underwriters, acting severally and not jointly, will each commit to procure subscribers of or, failing that, to subscribe up to a maximum number of New Shares at the Offering Price as of the settlement-delivery date.

This underwriting does not constitute a firm underwriting (*garantie de bonne fin*) within the meaning of Article L. 225-145 of the French Commercial Code.

The signing of the Underwriting Agreement is likely to occur after the fixing of the Offering Price, i.e., according to the indicative timetable, April 9, 2014.

The Underwriting Agreement may be terminated by the Joint Lead Managers and Joint Bookrunners, acting on their own behalf and on behalf of the Co-Lead Managers, at any time up to (and including) the settlement-delivery date of the Offering, expected to be April 14, 2014, under certain conditions and in certain circumstances that could affect the success of the Offering, in particular any inaccuracies or breach of representations and warranties or one of the undertakings of the Company, if one of the conditions has not been satisfied in case of a material adverse change in the condition of the Company or the Group or the occurrence of certain circumstances affecting, in particular, France, the United States or the United Kingdom (including suspension or limitation of trading on Euronext, the NASDAQ, New York Stock Exchange or the London Stock Exchange, a material adverse change in the financial markets, interruption of banking activities, acts of terrorism, a declaration of war or any national or international crisis), provided that the Joint Lead Managers and Joint Bookrunners acting on their own behalf and on behalf of the Co-Lead Managers, are in the opinion that these circumstances render the Offering impracticable or seriously compromise it.

In the event that the Underwriting Agreement is not signed, the initial public offering and the Offering would be retroactively cancelled. In the event that the Underwriting Agreement is terminated in accordance with its terms and conditions, the Company's initial public offer, the Offering, and any trading in the form of undertakings to deliver shares (*promesses d'actions*) that may have occurred up until the settlement-delivery date (inclusive) would be retroactively cancelled. In addition, the said trading in promises of shares would need to be unwound with retroactive effect. More precisely:

- the OPO and the Global Placement, as well as all the orders placed within them, would be retroactively null and void,
- any trading in Company in the form of undertakings to deliver shares (*promesses d'actions*) that may have occurred up to and including the settlement-delivery date would be cancelled retroactively and each investor would be personally liable for any lost profits and for the resulting costs of such cancellations.
- neither the Existing Shares nor the New Shares would be admitted for trading on Euronext.

If the Underwriting Agreement is not signed or is terminated, this information will be made public via a press release published by the Company and a notice published by Euronext. Pursuant to the terms of Section 6801/2 of Euronext's harmonized market rules, Euronext Paris cannot be held liable for any loss

incurred by any person that should result from the withdrawal of the Offering by the Company and the resulting cancellation of the transactions.

5.4.4 Lock-up undertakings

This information can be found in Section 7.3 of this Securities Notice.

5.4.5 Signature date of the Underwriting Agreement and settlement-delivery date for the New Shares

According to the indicative timetable, the Underwriting Agreement is likely to be signed on the day on which the Offering Price is set, i.e. on April 9, 2014 and the settlement-delivery date of the New Shares on April 14, 2014.

6 ADMISSION TO TRADING AND TRADING TERMS AND CONDITIONS

6.1 Admission to trading

The admission of all shares comprising the share capital of the Company at the date of the Prospectus, the New Shares and the Additional New Shares if the Overallotment Option is exercised, is requested on Compartment B of Euronext Paris.

The conditions under which all the shares are to be traded will be set in a Euronext notice to be published no later than the first trading day of the shares, i.e. on April 9, 2014, according to the indicative timetable.

Starting on April 10, 2014 and until the date of settlement-delivery expected on April 14, 2014 (inclusive), trading of these shares will take place within the terms of Article L. 228-10 of the French Commercial Code, i.e. in the form of undertakings to deliver shares (*promesses d'actions*) on a single line listing entitled "SuperSonic Imagine – promesses" and be conditional upon the issuance of the depositary certificate relating to the issuance of the New Shares. Starting April 15, 2014, the Company's shares shall be traded on a listing line entitled "SuperSonic Imagine".

The Company has not filed any other request for admission to trading on a regulated marked.

6.2 Place of listing

As of the Prospectus date, the shares of the Company were not admitted to trading on any regulated or unregulated market.

6.3 Simultaneous share offerings

None.

6.4 Liquidity agreement

No liquidity contract relating to the Company shares has been entered into as of the date of the Prospectus.

6.5 Stabilization

Under the terms of the Underwriting Agreement referred to in Section 5.4.3 of this Securities Note, Société Générale, (or any other entity acting on its behalf), acting in its capacity as stabilizing agent in the name and on behalf of the Underwriters (the "**Stabilizing Agent**"), may (without being obligated to do so) carry out stabilization transactions in compliance with applicable legal and regulatory provisions, in particular those set forth in Regulation 2273/2003 of the European Commission (EC) dated December 22, 2003, detailing the terms and conditions of application of Directive 2003/06/EC of the European Parliament and Council dated January 28, 2003 on insider trading and market manipulations (the "**European Regulation**"). There is no assurance that such transactions will be carried out and, in the event that they are, the Stabilizing Agent may discontinue them at any time with no advance notice.

The purpose of stabilization transactions is to stabilize or support the market price of the shares. They can potentially affect the market price of the shares and can lead to a market price that is higher than that which would have applied in the absence of stabilization activity. If they are carried out, such interventions can be made at any time during a period of thirty calendar days starting from the date on which the Offering Price is set, i.e., according to the indicative timetable, until May 9, 2014 (inclusive).

The Stabilizing Agent will be responsible for informing the relevant financial markets authorities and the public in accordance with Article 9 of the European Regulation and Article 631-10 of the AMF's General Regulations.

The Joint Lead Managers and Joint Bookrunners, acting in the name and on behalf of Underwriters, will be able to effect overallotments in the Offering, up to the number of shares covered under the Overallotment Option increased, as the case may be, by a number of shares representing no more than 5% of the total size of the Offering (excluding exercise of the Overallotment Option), in accordance with Article 11 of the European Regulation. In accordance with Article 10.1 of the European Regulation, stabilization transactions cannot be carried out at a price higher than the Offering Price.

7 SALES BY HOLDERS OF SECURITIES

7.1 Persons or entities wanting to sell share capital securities or securities granting access to the share capital of the Company

None.

7.2 Amount and class of the securities to be sold by the holders of securities

None.

7.3 Abstention and lock-up undertakings made with respect to the securities

Abstention undertaking

Under the Underwriting Agreement, the Company will undertake not to issue, offer or sell, or to make a promise to transfer, in a direct or indirect form (such as operations on derivatives with underlying shares), shares or securities giving the right to conversion, exchange, redemption, presentation of a warrant or otherwise in the allocation of securities issued or to be issued representing a portion of the share capital of the Company, or to publicly formulate the intention to carry out one or more of the transactions listed above in this paragraph, on or after the date of signature of the Underwriting Agreement up to the expiration of a period of 180 days after the date of settlement-delivery of the shares issued in the Offering, except with the prior written consent of the Joint Lead Managers and Joint Bookrunners, acting on their behalf and in the name and on behalf of the Co-Lead Managers notified to the Company; with the understanding that (i) the shares issued under the Offering, (ii) any transaction under a share buyback program in accordance with legal and regulatory requirements and with market rules, (iii) securities that may be issued, offered or sold to employees or officers of the Company and its affiliates (free shares, stock options or warrants) under future plans authorized at the date of signing of the Underwriting Agreement, and (iv) the Company's securities issued in connection with a merger or acquisition of securities or assets of another entity, provided that the recipient of such securities agrees to take on this commitment for the remainder of this commitment and provided that the total number of securities of the Company issued in this context does not exceed 5% of the capital, are excluded from the scope of this lock-up undertaking.

Lock-up undertaking made by the Company's main shareholders

Each of the main shareholders of the Company (collectively holding more than 96% of the capital prior to the transaction) has promised the Underwriters not, without the prior consent of the Joint Lead Managers and Joint Bookrunners acting in their name and in the name and on behalf of the Co-Lead Managers, directly or indirectly, to offer, pledge, lend, transfer, assign or pledge to sell 100% of the shares of the Company or securities giving the right, immediately or in the future, to the shares of the Company they hold on the date of settlement-delivery of the Offering, or enter into any contract or transaction with an equivalent economic effect, or make public the intention to carry out one or more of the activities listed above in this paragraph, until the expiration of a period of 180 days following the date of settlement-delivery of the shares of the Company, with the understanding that (a) any transaction involving the Company's shares in a public offer for the shares of the Company and (b) any transaction involving any Company's shares subscribed in the Offering or acquired on the market after the first listing of shares of the Company, are excluded from these lock-up undertakings.

Lock-up undertaking made by the Company's main directors

The key managers of the Company holding shares (including free shares) and/or founders warrants (*bons de souscription de parts de créateurs d'entreprises*), and warrants and options for shares, promise the Underwriters not, without the prior consent of the Joint Lead Managers and Joint Bookrunners acting on their behalf and in the name and on behalf of the Co-Lead Managers, directly or indirectly, to offer, pledge, lend, transfer, assign or promise to sell shares of the Company or securities giving the right to the conversion, exchange, redemption, presentation of a warrant or otherwise to the allocation of securities issued or to be issued in representation of a share of the capital of the Company, or to enter into any contract

or transaction with an equivalent economic effect, or to publicly formulate the intention to conduct one or more of the activities listed above in this paragraph, until the expiration of a period of 360 days following the date of settlement-delivery of the shares of the Company for 100% of the shares they hold on the date of settlement-delivery of the Offering (including the shares giving the right to subscribe founders warrants (*bons de souscription de parts de créateurs d'entreprise*) and the warrants and options for shares they hold), with the understanding that (a) any transaction involving the Company's shares in a public offer for the shares of the Company and (b) any transaction involving any Company's shares subscribed in the Offering or acquired on the market after the first listing of shares of the Company, are excluded from these lock-up undertakings.

This lock-up undertaking has been endorsed in particular by Messrs. Jacques Souquet, Claude Cohen-Bacrie, Gordon Waldron, Bradley Garrett, Kurt Kelln and Hans Barella.

8 EXPENSES INCURRED IN CONNECTION WITH THE OFFERING

The gross proceeds from the issuance are approximately €50 million, which can be increased to approximately €57.5 million in the event that the Increase Option is exercised in full, and to approximately €66.1 million in the event that the Increase Option and the Overallotment Option are exercised in full.

The net proceeds from the issuance are approximately €46.1 million, which can be increased to approximately €52.8 million in the event that the Increase Option is exercised in full, and to approximately €60.9 million in the event that the Increase Option and the Overallotment Option are exercised in full.

The estimated aggregate compensation to be paid to financial intermediaries is approximately €3 million (in the event that neither the Increase Option nor the Overallotment Option is exercised) and approximately €4.3 million (in the event that the Increase Option and Overallotment Option are exercised in full).

9 DILUTION

9.1 Impact of the issuance of new shares on shareholders' equity

On the basis of the consolidated shareholders' equity and of the total number of shares comprising the share capital as of December 31, 2013 (the share capital being unchanged since that date), the shareholders' equity per share, before and after the capital increase will be as follows, assuming:

- the issuance of 4,273,504 New Shares (excluding exercise of the Increase Option and the Overallotment Option)
- the issuance of 4,914,529 New Shares (in the event that the Increase Option and Overallotment Option are exercised in full).
- the issuance of 5,651,708 Shares Offered (in the event that the Increase Option and Overallotment Option are exercised.)
- an issuance price of €11.70 per share (i.e., the lowest point of the indicative price range), and
- the legal, accounting and administrative fees and the compensation of the financial intermediaries to be recorded as a deduction from the share premium, without tax effect.

	Share of shareholder's equity as of December 31, 2013	
(in euros per share)	Non-diluted basis	Diluted basis[(1)]
Before issuance of the New Shares	1.04	1.34
After issuance of New Shares (excluding exercise of the Increase Option and Overallotment Option)	3.71	3.69
After issuance of New Shares and full exercise of the Increase Option (excluding exercise of the Overallotment Option)	3.97	3.94
After issuance of New Shares and Additional New Shares (with full exercise of the Increase Option and the Overallotment Option)	4.28	4.21

(1) taking into account the free shares granted but not vested and assuming the exercise of all warrants (excluding BSA D-2013-T2, which the Company does not intend to call by the day of the first listing of the Company's shares, at which time they will automatically lapse by law), stock options and founders' warrants(bons de souscription de parts de créateurs d'entreprise) ("**Options**"), with the understanding that the conditions for the exercise of the Options will not be changed after the completion of the Offering (see Section 21.1.4 of the *Base Document* for more details).

9.2 Amount and percentage of dilution due to the issuance of the new shares

The effect of the Offering on the share in the capital of the Company of a shareholder who holds at the date of this Prospectus 1% of the share capital of the Company and does not subscribe to the Offering (calculated on the basis the number of shares comprising the share capital of the Company as of March 24, 2014) would be as follows, assuming:

- an issuance price of €11.70 per share (i.e. the lowest point of the indicative price range),
- the issuance of 4,273,504 New Shares (excluding exercise of the Increase Option and the Overallotment Option),
- the issuance of 4,914,529 New Shares (in the event that the Increase Option is exercised but excluding exercise of the Overallotment Option), and
- the issuance of 5,651,708 Shares Offered (in the event that the Increase Option and Overallotment Option are exercised).

	Share of capital in %	
(in %)	Non-diluted basis	Diluted basis[1]
Before issuance of the New Shares	1.00	0.88
After issuance of the New Shares (excluding exercise of the Increase Option and the Overallotment Option)	0.73	0.66
After issuance of the New Shares (excluding exercise of the Overallotment Option)	0.70	0.64
After issuance of the New Shares and Additional New Shares (with full exercise of the Increase Option and Overallotment Option)	0.67	0.61

(1) taking into account the free shares granted but not vested and assuming the exercise of all warrants (excluding BSA D-2013-T2, which the Company does not intend to call by the day of the first listing of the Company's shares, at which time they will automatically lapse by law), with the understanding that the conditions for the exercise of the Options will not be changed after the completion of the Offering (see Section 21.1.4 of the *Base Document* for more details).

9.3 Distribution of the share capital and voting rights

	Ownership before Offering		**Ownership after Offering[1]**		**Ownership after Offering[2]**	
Shareholders	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**
Management Board	188,540	1.66%	188,540	1.21%	188,540	1.11%
Auriga Partners [3]	1,590,460	14.03%	1,633,195	10.46%	1,633,195	9.61%
Omnes Capital [4]	1,602,419	14.13%	1,704,170	10.92%	1,704,170	10.03%
Bpifrance Investissement (ex CDC Entreprises)[5]	1,375,089	12.13%	1,462,404	9.37%	1,462,404	8.61%
Bpifrance Participations (ex FSI)	702,751	6.20%	1,303,392	8.35%	1,303,392	7.67%
Total Bpifrance	***2,077,840***	***18.33%***	***2,765,796***	***17.72%***	***2,765,796***	**16.28%**
NBGI Private Equity [6]	1,244,620	10.98%	1,280,235	8.20%	1,280,235	7.54%
EDRIP (of which 123Venture)[7]	1,717,260	15.15%	1,826,302	11.70%	1,826,302	10.75%
Wellington Partners Venture Capital[8]	674,060	5.95%	695,427	4.45%	695,427	4.09%
IRDI	78,270	0.69%	78,270	0.50%	78,270	0.46°%
iXO Private Equity[9]	363,548	3.21%	363,548	2.33%	363,548	2.14°%
Mérieux Participations	721,006	6.36%	766,788	4.91%	766,788	4.51%
Kuwait Life Science Company (KLSC)	75,000	0.66%	139,102	0.89%	139,102	0.82%
Société générale Innovation 2011 (FCPI)	23,135	0.20%	23,135	0.15%	23,135	0.14%
Alto	46,708	0.41%	106,402	0.68%	106,402	0.63%
Norgine BV	-	0.00%	-	0.00%	-	-

	Ownership before Offering		Ownership after Offering[1]		Ownership after Offering[2]	
Shareholders	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**
Financial Investors (investment funds)	**10,214,326**	**90.09%**	**11,382,370**	**72.91%**	**11,382,370**	**67.00%**
France Innovation Scientifique et Transfert (FIST) [10]	84,770	0.75%	84,770	0.54%	84,770	0.50%
Canon Inc	566,910	5.00%	566,910	3.63%	566,910	3.34%
Other Institutional Investors	**651,680**	**5.75%**	**651,680**	**4.17%**	**651,680**	**3.8%**
Others (founders, consultants, members of the Supervisory Board	185,020	1.63%	185,020	1.19%	185,020	1.1%
Management and employees	97,810	0.86%	97,810	0.63%	97,810	0.6%
Floating	**-**	**0.00%**	**3,105,460**	**19.89%**	**4,483,664**	**26.39%**
TOTAL	**11,337,376**	**100%**	**15,610,880**	**100%**	**16,989,084**	**100%**

(1) Excluding exercise of the Increase Option and the Overallotment Option, on the basis of the lowest point of the indicative price range and assuming orders served in full.
(2) After full exercise of the Increase Option and the Overallotment Option, on the basis of the lowest point of the indicative price range and assuming orders served in full.
(3) Participation held through one fund (French *fonds commun de placement à risque*).
(4) Participation held through 13 funds (French *fonds communs de placement dans l'innovation*) and one venture capital firm.
(5) Participation held through three funds (French *fonds communs de placement à risque*).
(6) Participation held through two funds (limited partnerships) of British nationality.
(7) Participation held through four funds (French *fonds communs de placement dans l'innovation*) and one fund (French *fonds commun de placement à risques*.)
(8) Participation held through two funds (limited partnerships) of British nationality.
(9) Participation held through five local investment funds (French *fonds d'investissement de proximité*).
(10) FIST is a subsidiary of CNRS and OSEO Innovation.

	Ownership before Offering		Ownership after Offering[1]		Ownership after Offering[2]	
Shareholders	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**
Management Board	188,540	1.66%	188,540	1.27%	188,540	1.18%
Auriga Partners [3]	1,590,460	14.03%	1,625,425	10.96%	1,625,425	10.18%
Omnes Capital [4]	1,602,419	14.13%	1,685,670	11.36%	1,685,670	10.56%
Bpifrance Investissement (ex CDC Entreprises)[5]	1,375,089	12.13%	1,446,528	9.75%	1,446,528	9.06%
Bpifrance Participations (ex FSI)	702,751	6.20%	1,194,185	8.05%	1,194,185	7.48%
Total Bpifrance	***2,077,840***	***18.33%***	***2,640,713***	***17.80%***	***2,640,713***	**16.54%**
NBGI Private Equity [6]	1,244,620	10.98%	1,273,759	8.59%	1,273,759	7.98%
EDRIP (of which 123Venture)[7]	1,717,260	15.15%	1,806,476	12.18 %	1,806,476	11.32%
Wellington Partners Venture Capital[8]	674,060	5.95%	691,542	4.66%	691,542	4.33%
IRDI	78,270	0.69%	78,270	0.53%	78,270	0.49°%

	Ownership before Offering		Ownership after Offering[1]		Ownership after Offering[2]	
Shareholders	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**	**Number of shares**	**% capital and voting rights**
iXO Private Equity[9]	363,548	3.21%	363,548	2.45%	363,548	2.28°%
Mérieux Participations	721,006	6.36%	758,464	5.11%	758,464	4.75%
Kuwait Life Science Company (KLSC)	75,000	0.66%	127,447	0.86%	127,447	0.80%
Société générale Innovation 2011 (FCPI)	23,135	0.20%	23,135	0.16%	23,135	0.14%
Alto	46,708	0.41%	95,549	0.64%	95,549	0.60%
Norgine BV	-	0.00%	-	0.00%	-	-
Financial Investors (investment funds)	**10,214,326**	**90.09%**	**11,169,998**	**75.30%**	**11,169,998**	**69.98%**
France Innovation Scientifique et Transfert (FIST) [10]	84,770	0.75%	84,770	0.57%	84,770	0.53%
Canon Inc	566,910	5.00%	566,910	3.82%	566,910	3.55%
Other Institutional Investors	**651,680**	**5.75%**	**651,680**	**4.39%**	**651,680**	**4.1%**
Others (founders, consultants, members of the Supervisory Board	185,020	1.63%	185,020	1.25%	185,020	1.2%
Management and employees	97,810	0.86%	97,810	0.66%	97,810	0.6%
Floating	**-**	**0.00%**	**2,540,831**	**17.13%**	**3,668,452**	**22.98%**
TOTAL	**11,337,376**	**100%**	**14,833,879**	**100%**	**15,961,500**	**100%**

(1) Excluding exercise of the Increase Option and the Overallotment Option, on the basis of the highest point of the indicative price range and assuming orders served in full.
(2) After full exercise of the Increase Option and the Overallotment Option, on the basis of the highest point of the indicative price range and assuming orders served in full.
(3) Participation held through one fund (French *fonds commun de placement à risque*).
(4) Participation held through 13 funds (French *fonds communs de placement dans l'innovation*) and one venture capital firm.
(5) Participation held through three funds (French *fonds communs de placement à risque*).
(6) Participation held through two funds (limited partnerships) of British nationality.
(7) Participation held through four funds (French *fonds communs de placement dans l'innovation*) and one fund (French *fonds commun de placement à risques*.)
(8) Participation held through two funds (limited partnerships) of British nationality.
(9) Participation held through five local investment funds (French *fonds d'investissement de proximité*).
(10) FIST is a subsidiary of CNRS and OSEO Innovation.

10 ADDITIONAL INFORMATION

10.1 Advisors connected to the offering

Not applicable.

10.2 Other information verified by the Statutory Auditors

Not applicable.

10.3 Expert report

Not applicable.

10.4 Third-party information contained in this Prospectus

Not applicable.

11 UPDATED INFORMATION ABOUT THE COMPANY

On March 17, 2014, the Company received notice of a tax inspection from the tax authorities relating to the financial years ending December 31, 2011 and 2012. As of the Prospectus date, the Company has not been notified any tax reassessment.

ANNEX B
ENGLISH TRANSLATION OF THE REGISTRATION DOCUMENT (*DOCUMENT DE BASE*)

French *société anonyme* with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de Surveillance*), with a share capital of €1,133,737.60

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

13857 Aix-en-Provence Cedex 3 - FRANCE

Registration no.: 481 581 890 RCS Aix-en-Provence

DISCLAIMER

The English version of the *document de base* is a free translation of the official *document de base* prepared in France and registered with the *Autorité des marchés financiers* on March 6, 2014 under number I. 14-006. Certain sections have been intentionally omitted.

All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original version of the *document de base* in French takes precedence over this translation.

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

TABLE OF CONTENTS

Important Notice

Throughout this base 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 base document is included in Chapter 26.

Warning

Information on the market and competition

This base 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 base 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 base 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 base document is solely valid on the date of this base document. The Group operates in a constantly changing competitive environment. It is therefore impossible for the Group to anticipate all risks, uncertainties or other factors liable to affect its activities, or their potential impact on its activities or the extent to which the occurrence of a risk or combination thereof could affect the results mentioned in any prospective information. It is recalled that none of this prospective information provides any guarantee of actual results.

Risk factors

Investors are prompted to carefully read the risk factors described in Chapter 4 "*Risk Factors*" of this base 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 base document, may also have a material adverse effect.

1. PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THIS BASE DOCUMENT

Jacques Souquet, 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 base document is, to my knowledge, in accordance with the facts and contains no omissions likely to affect its significance.

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

Aix-en-Provence, 6 March 2014.

Jacques Souquet
Chairman of the Management Board

1.3 PERSON RESPONSIBLE FOR THE FINANCIAL DATA

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

2. STATUTORY AUDITORS

2.1 STATUTORY AUDITORS

ERNST & YOUNG ET AUTRES
Represented by Franck Sebag
1/2 Place des Saisons, 92400 Courbevoie - Paris La Défense 1 - France

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

ARES X·PERT AUDIT
Represented by Laurent Peyre
26, Boulevard Saint Roch,
BP 278,
84011 Avignon Cedex 1 FRANCE

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

2.2 DEPUTY STATUTORY AUDITORS

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

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

Philippe RUIU
26, Boulevard Saint Roch,
84000 Avignon.

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

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

3. SELECTED KEY FINANCIAL INFORMATION

The key financial information presented below is extracted from the Group's consolidated financial statements for the financial years ended 31 December 2013, 2012 and 2011, prepared in accordance with IFRS standards as adopted by the European Union, and presented in Chapter 20.

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 base document.

- ***Condensed Consolidated Income Statement***

Consolidated data IFRS (€K)	FY 2013 12 months audited	FY 2012 12 months audited	FY 2011 12 months audited
Revenues	**16,961**	**14,097**	**9,782**
- Cost of sales	(10,723)	(10,140)	(6,693)
Gross margin	**6,238**	**3,957**	**3,089**
Operating income (loss)	**(11,723)**	**(11,283)**	**(9,749)**
Financial income (loss)	**(168)**	**32**	**613**
Net income (loss)	**(11,967)**	**(11,251)**	**(9,136)**

- ***Condensed Consolidated Balance Sheet***

Consolidated data IFRS (€K)	FY 2013 12 months audited	FY 2012 12 months audited	FY 2011 12 months audited
Non-current assets	**6,879**	**6,761**	**4,801**
Of which intangible assets	*5,385*	*5,014*	*3,420*
Of which tangible assets	*1,210*	*1,227*	*1,110*
Of which non-current financial assets	*284*	*520*	*271*
Current assets	**19,545**	**15,082**	**23,608**
Of which cash and cash equivalents	*6,437*	*4,251*	*12,488*
TOTAL ASSETS	**26,424**	**21,843**	**28,409**
Shareholders' equity	**11,788**	**9,644**	**20,263**
Non-current liabilities	**6,580**	**2,837**	**1,876**
Of which long-term debt	*5,488*	*711*	*736*
Of which provisions & other non-current liabilities	*744*	*1,868*	*976*
Current liabilities	**8,056**	**9,362**	**6,271**
Of which short-term debt	*1,189*	*1,139*	*300*
Of which provisions and other current liabilities	*3,944*	*3,328*	*2,173*
TOTAL LIABILITIES	**26,424**	**21,843**	**28,409**

- ***Simplified consolidated cash flow***

Consolidated data IFRS (€K)	FY 2013 12 months audited	FY 2012 12 months audited	FY 2011 12 months audited
Cash flows provided from / (used in) operating activities, before change in WCR	*(9,934)*	*(9,829)*	*(8,751)*
Cash flows provided from / (used in) operating activities	**(14,154)**	**(6,111)**	**(10,115)**
Cash flows provided from / (used in) investing activities	**(2,684)**	**(3,271)**	**(1,732)**
Cash flows provided from / (used in) financing activities	**19,070**	**1,165**	**9,750**
Change in cash and cash equivalents over the period	**2,232**	**(8,217)**	**(2,097)**

4. RISK FACTORS

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

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

4.1 RISKS RELATING 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 6.1.1 of this base document).

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

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

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

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

The Group is competing with large size players.

The medical ultrasound imaging market is characterized by a strong concentration around large-size players with considerable financial means. Five of these (General Electric Healthcare, Philips Healthcare, Toshiba Medical Systems, Hitachi Aloka Medical and Siemens Healthcare) held a combined 77% of the market in 2012 (See Section 6.3.3 of this base document).

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

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

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

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

4.2 RISKS RELATED TO THE GROUP'S BUSINESS

4.2.1 Risks related to the Group's commercial deployment

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

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

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

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

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

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

The Group's ability to increase recognition of its brand among health professionals will depend mainly on clinical evidence demonstrating its diagnostic superiority. This will occur in particular through the

conduct and results of future clinical studies, which are inherently uncertain. While the conduct of clinical studies is not a regulatory requirement in the present case, the Group promotes and coordinates the conduct of such studies by its customers worldwide, as their results support its commercial development.

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

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

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

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

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

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

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

The Group's commercial deployment rests on direct and/or indirect sales forces, depending on the geographical region (for further details, refer to Section 6.7.2 "Direct and Indirect Distribution" of this base 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, Japan, India, Brazil, 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 2013, the indirect sales network included 64 distributors (including 18 in China, all on a probationary period) and had 12 sub-distributors working for the Indian distributor (for further details, refer to Section 6.7.2.2 of this base 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 the 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 base 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.

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.

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;
- 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 in 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 base 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 Group's business partly depends on technologies belonging to third parties.

The Group has five licenses for third-party technologies, including two directly involving shear-wave elastography over Aixplorer®, i.e., the licenses granted by Mr. Armen Sarvazyan. Another protects the company against the market introduction of a platform-built software through the company Verasonics (see paragraph above) and three other platforms: one used in the context of research work that has not been undertaken as yet, granted by the SEISME company; the second, unused to date, granted by the company LRT (*Le Retournement Temporel*) but forms part of the Company's defense strategy to prevent competitors accessing these technologies; and the third, unused to date, granted by the CNRS on focused ultrasound therapy applications. The main terms and conditions of which, 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 base 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.

In addition, at the initiative of a major industrial player in the sector suggesting that the Company could use some of its patents and offering the Company a worldwide non-exclusive license on the whole of its patent portfolio in the field of equipment and medical ultrasound imaging methods in return for an initial payment and/or royalties, the Company is currently negotiating such a license with that manufacturer. Although the Company is confident in its ability to reach an agreement because this is normal licensing activity for this manufacturer, it cannot, at this stage, provide details of the outcome of these negotiations or even exclude litigation risk. The inability of the Company to enter into an agreement with the manufacturer in question or the terms of this agreement (in particular the

duration of the agreement and the amount of the initial payment and/or royalties that the Company may have to pay) could have a material adverse effect on the Group's financial position and results.

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 markets 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.

On the date of registration of this base document, the Group has no pending claim against any third-party patents, and none of the Group's patents are being contested. 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.

Certain components considered as critical by the Company, such as transducers (probes) made by the French company Vermon, the power supply made by the US company SL Power Supply and the control panels manufactured by the US company Esterline, are single-source components, mainly due to their joint development with the Company so that these components could be adapted precisely to Aixplorer®. The Company is making every effort to find other sources for these critical components. The Company believes that a second supply source will be secured for probes in 2014.

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

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

Moreover, the manufacturing of the Group's products is particularly complex and demanding, notably because of applicable regulations and the specifications imposed by the Group. All of the processes used for the manufacturing of the Group's equipment and consumables have been patented by the Group, and are therefore covered by the certificates obtained by the Group for CE mark and Food and Drug Administration (FDA) approval.

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

The Group also subcontracts the assembly of its products to Plexus, a specialized supplier with wide experience in assembly of comparable products. This supplier, who holds the FDA GMP (Good Manufacturing Practice) label, is an important player in the sector and has two large key multinational companies from the imaging sector among its clients. Until late December 2013, the equipment was manufactured on the European site of the supplier, who also has installations in the United States and

in Asia. Since the transfer of manufacturing (tools, equipment, know-how and training) underway since July 2013 was completed in January 2014, it is expected that production will be relocated effectively within that supplier's facilities in Malaysia from April 2014. Despite the efforts undertaken by the Company and its service provider during the first quarter of 2014 to ensure the compliance and quality of the equipment produced (assembly and testing) at this new site, during the transition period, this relocation could result in some malfunctions or delays in the production chain and a lengthening of the supply times beyond this period, despite the efforts made by the Group during the past financial year to ensure the successful completion of this transfer, which is now considered finished (necessary tools and equipment, knowledge transfer, training of local staff, and approval of finished products).

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.

4.2.4 Risks related to the Group's customers

The 773 systems sold as of 31 December 2013 were marketed with a portfolio of customers composed of both healthcare institutions (hospitals and clinics) and medical imaging centers, and of independent practitioners and distributors.

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

As for distributors, during the selection process, the Group checks the solidity of their financial position and makes sure that they comply with local regulations for the distribution of medical devices. The main of them at present is Hologic Inc. in the United States. 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. A new distributor has since replaced it in the rights and obligations on which the former distributer defaulted but with an installment plan for the payment obligations originally undertaken by its predecessor.

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, if most of the distribution agreements enable the Company to unilaterally terminate the contract in the event of a change in the Distributor's control, it is to be noted that the Hologic contract, first signed in November 2010 and renewed until November 2014, also provides such a right in favor of Hologic in the event of a change of control in the Company. The main clauses of the license contract are summarized in Chapter 22 of this base document.

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

4.2.5 Risks related to product liability claims

Besides legal guarantees, the Group could be exposed to liability claims during the clinical practice or commercial operation of its products, in particular product liability claims. Criminal charges or legal proceedings could be lodged against the Group by users (patients, practitioners, researchers, and other healthcare or research professionals), regulatory authorities, distributors, or any other third parties using or marketing its products.

To date, no such claims or legal actions have been lodged against the Group on this ground, which has subscribed liability insurance policies providing for the following cover limits:

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

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

4.2.6 Risks related to the product warranty given by the Group

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

Although the Company believes that the risks of implementing this contractual guarantee are reasonably provisioned (see Notes 3.17 b and 19 in the annex to the consolidated financial statements prepared under IFRS in Chapter 20.1 of this base 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 base document). While the price of these contracts has been set so as to ensure a satisfactory operating margin for the Group, the occurrence of frequent hardware failures or the defectiveness of a critical component across a significant portion of the installed base would have a material adverse effect on the Group's activities, results, financial position, development and prospects.

4.3 RISKS RELATED TO THE GROUP'S ORGANIZATIONAL STRUCTURE

4.3.1 Risks of dependence on key people

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

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

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

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

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

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

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

4.3.2 Risks related to the management of the Group's internal growth

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

To this effect, the Group will particularly need to:

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

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

4.4 FINANCIAL RISKS

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

4.4.1 History of losses - Specific risks related to forecast losses

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

At 31 December 2013, consolidated net losses accumulated since the Group was incorporated (the sum of consolidated net losses recognized for the financial years ended 31 December 2009 to 2013 and the negative retained earnings as of 1 January 2009) amounted to €71.9 million, including a loss of €12.0 million for the financial year ended 31 December 2013.

Cumulative operational losses by the Group over the last three financial years ended 31 December 2011, 2012 and 2013 amounted to €32.8 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,

being recalled, 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 base document).

4.4.2 Liquidity risk - Future need for additional capital and financing

Since its incorporation, the Company has financed its growth by increasing its equity through successive capital increases (the latest of which was conducted in March/April 2013 for an amount of €14.4 million, which is fully paid-up, and an additional amount of €13.7 million callable at the initiative of the Company through the exercise of share purchase warrants), public funding for innovation in the form of repayable advances and public subsidies and repayment of Research Tax Credit loans. In December 2013, the Company also issued the bonds described in Section 21.1.4.5 of this base document and had access to two short-term financings (Dailly and factoring).

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

The Company has undertaken a specific review of its liquidity risk and deems itself capable of meeting its future commitments. Refer to the table appearing in Section 10.5 of this base 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 implement additional funding or that it might experience a noticeable increase thereof. Moreover, if the necessary funds were not to be available, the Group may have to limit its production or its development on 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 contribute to the financing of its activities, the Group has opted for Research Tax Credit (*crédit d'impôt recherche* or CIR), whereby the French state grants a tax credit to companies who invest significant amounts in research and development. The research expenses eligible for CIR notably include wages and emoluments, the depreciation of research equipment, the cost of services outsourced to approved research bodies (public or private) and intellectual property costs.

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

As of 31 December 2013, the receivable relating to Research Tax Credit for which the Company had requested reimbursement amounted to €1.739 million. On the same date, the total amount of CIR receivable repayments obtained by the Company amounted to €9.874 million (see details in Section 10.1.2 of this base document).

The last tax inspection the Company experienced focused on financial years 2007 and 2008, and, in respect of VAT only, with respect to fiscal year 2009. Although included in the scope of taxes inspected, no adjustment proposal was given for the CIR. No inspection of this type has occurred since then.

4.4.4 Risks related to the use of public grants and advances

As of 31 December 2013, the grants and advances obtained by Group were as follows:

At 31 December 2013 (€K)	Amount granted	Amount used	Amount repaid	Amount to be used
Repayable OSEO advances	4,781	1,975	(695)	2806
Grants	6,800	4,626	N/A	2,174
Total aid	**11,581**	**6,601**	**(695)**	**4,980**

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 still to be received includes €1.063 million in grants and a €2.176 million OSEO repayable advance for the ICARE development project presented in Section 10.1.2.4 of this base 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. Refer to Note 35 d of the notes to the consolidated financial statements contained in Chapter 20.1 of this base 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 base document, in which descriptions of the repayable advances and grants obtained by the Company are listed.

4.4.5 Foreign exchange risk

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

The operating results and assets of the US, Chinese and British entities, 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 libeled in EUR excluding sales in China, sales of the Company's US subsidiary and sales to Hologic, which are libeled in USD. Dollar sales represented 36% of total Group sales in 2013.

The Group's exposure to fluctuations in EUR/USD exchange rates is limited by the use of part of the sums collected in USD for the payment of suppliers in USD.

In the event of a variation of this ratio of +5%, the Group believes that, for the financial year ended 31 December 2013, the impact in absolute terms on its operating profit would have been a profit of about €100,000 (less than 1% of consolidated net income).

As part of the scheduled relocation of production to Asia beginning in April 2014, services provided by Plexus will now be invoiced in dollars.

Despite a consistent correlation between these dollar purchases and sales in the United States and China, it cannot be excluded that the Group will in the medium or long term find itself in a net short position in USD with a more or less strong exposure in that currency based on purchases from that subcontractor. 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 date of registration of this base document, exposure to interest rate risk relates to both the investment of cash in cash equivalents composed exclusively of money market funds (*SICAV monétaires*, €4.5 million as of 31 December 2013) and bond debt of a nominal amount of €5.0 million subscribed at a fixed rate in December 2013; the Group has not taken out any bank debt.

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

Credit risk and cash management risk

The Group manages its available cash in a prudent way. The cash and cash equivalents include liquidities and the current financial instruments held by the Group. As these are mainly comprised of money market funds (SICAV) as of 31 December 2013, 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 Group's five largest customers (including distributors) together accounted for 42%, 43% and 49% of its consolidated revenues for the years 2013, 2012 and 2011 respectively, while the contribution of

the largest of these for the same years was 14%, 17% and 26%, with the understanding that this was a different customer for 2013 and 2012 and the same customer for 2012 and 2011, each time being a distributor. In order to assess in a meaningful way the potential risk associated with contributions from major customers, it should be outlined that four of the five largest contributors for the financial year ended 31 December 2013 are distributors having generated their own revenue from several end customers (concerning dependency with respect to distributors, see Section 4.2.1 "Risks related to the Group's commercial deployment" above). The Company has set up policies that enable it to ensure that its customers have an appropriate credit rating. Until the end of 2012, the Company was only marginally facing solvency problems on the part of its customers. In early 2013, it has however been confronting the financial difficulties of its Brazilian distributor, thus preventing the distributor from honoring its debts. The Company signed an agreement with a new distributor in late 2013. This exclusive agreement for the Brazilian market includes a repayment of the debt of the former distributor comprising an initial payment, followed by 16 equal monthly installments. The first installment was made in December, in accordance with the agreement entered into, and received in January 2014.

In December 2013, the Company also entered into a factoring contract for both receivables in France or in export (for those covered by COFACE insurance), thus enabling it to optimize the management of its customers' receivables. As of 31 December 2013, funding of €329,000 was provided within this frame. To cover the period of implementation of this contract, a Dailly contract was also signed in December 2013 for a maximum amount of €500,000, which was fully used as of 31 December 2013 and since then reimbursed.

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 will be supplemented before 16 June 2014 by either (i) a commitment by the Company to maintain at any time in its bank accounts a credit balance equal to at least €2 million, or (ii) a pledge on all of its industrial property rights without distinction (i.e., all the rights described in Chapter 11 of this base document). The pledge granted to date does not force the Company to freeze any funds should no event of default occur.

4.4.7 Risk of dilution

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

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

The full exercise of all instruments giving access to capital issued and not void and the vesting of all free shares granted or being currently in their acquisition process on the date of registration of this base documentwould allow the subscription of 1,575,415 new shares while generating a dilution equal to 12.20% based on share capital and voting rights fully diluted (for more details, see Section 21.1.4.6 of this base document), excluding:

- existing Ratchet warrants (*BSA Ratchet*) becoming null and void on the day of the first listing of the Company's shares on the Euronext regulated market in Paris, and
- the D-2013-T2 warrant plan (*plan de BSA D-2013-T2*), which the Company does not intend to call before the day of the first listing of the Company's shares on the Euronext regulated market in Paris, date on which they will be automatically void.

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

4.5 LEGAL RISKS

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

4.5.1 Risks related to the regulations applicable to the medical devices developed by the Group and its possible change

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

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

While the Group takes into consideration, within the scope of its business, the potential changes in legal requirements, standards and regulations applicable in the countries in which the Group markets or intends to market its products, new regulatory constraints could prevent the marketing of the Group's products in the event of a withdrawal, suspension or non-renewal of the market approval or slow it down, notably by making their production or development more complex and more costly.

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

4.5.2 Risks related to authorizations already obtained or procedures underway

4.5.2.1 Risks related to the regulatory environment in Europe – CE mark

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

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

While the current products have already been granted the CE mark, the products under development will need to undergo the same regulatory procedures and their marketing could be delayed if their CE certifications is 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 3 years and the CE mark is valid for 5 years. For the Company, the renewal of these two certifications will be due in 2014.

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 premarket notification procedure and to the quality system requirements laid down in 21 CFR820. These products are medical devices that present a moderate potential risk (FDA class II), for which it is possible to demonstrate substantial equivalence with a medical device already approved on the US market. The Company can thus use the so-called "510(k)" procedure to submit an application to the FDA. After approval of the application, the medical device is registered in a database kept up-to-date by the FDA.

The Company has already obtained several FDA approvals for its existing products, which cover the qualitative assessment and viewing of tissue stiffness.

The information concerning the US regulations applicable to SuperSonic Imagine systems is detailed in Section 6.6.1.2 "US Regulations" of this base document.

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 6.6.1 "Market Approval in 59 Countries" of this base document).

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

4.5.2.4 Risks related to malfunctions in manufacturing processes (such as product traceability, etc.)

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

- product design;
- pre-clinical tests and clinical trials of the products;
- product manufacturing, quality control and quality insurance;
- product labeling, including user instructions;
- product storage;
- product identification and traceability;
- data preservation procedures; and
- post-market surveillance and reporting of incidents linked to the use of the products.

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

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

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

4.5.3 Environmental risks

The Group's activities come under certain environmental regulations concerning hazardous substances and special waste. Until January 2014, the Group's business was outside the scope of the RoHS Directive (Restriction of the Use of certain hazardous substances in electrical and electronic equipment) (2002/95/EC) limiting the use of substances that are harmful to human health and the environment in electrical and electronic equipment. The RoHS Directive was amended and abrogated by Directive 2011/65/EU and now includes medical devices in its scope. In contrast, Directive 2011/65/EU contains special provisions for the application of the Directive in time. These provisions

are applicable to ultrasonic transducers of the type used by the Company. The inclusion of medical devices in the scope of Directive 2011/65/EU should not have any impact on the Group before 22 July 2019 for products sold before 22 July 2014 and starting 22 July 2014 for products sold after that date. In addition, the Group already ensures that its suppliers and subcontractors comply with the provisions of Directive 2011/65/EU insofar as this requirement does not affect the essential safety performance of its products. In this context, the contracts and specifications signed with subcontractors mention the requirement of compliance with the RoHS Directive.

REACH (Registration, Evaluation, Authorization and restriction of Chemicals) is a European Regulation (EC No. 1907/2006) on the evaluation and authorization of chemical substances, and restrictions applicable to such substances (as such or in mixtures and articles). Its objective is to improve knowledge of the uses and risks of the chemicals made or imported into the European Union and ensure the management of the risks linked to their use. To meet its REACH obligations, the Group verifies that the substances contained in products placed on the market are registered if necessary and closely monitors the candidate list of so-called SVHCs (Substances of Very High Concern), which is updated regularly by the European Chemicals Agency (ECHA), along with the list of restrictions on the 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/EC) requires manufacturers to organize and finance the collection, treatment and recycling of their products at the end of their life cycle. Under this Directive, all wastes from the Group's equipment and products together are reprocessed by a third-party company specializing in this field.

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

4.6 INSURANCE AND RISK COVERAGE

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

Insurance policy	Insurer	Risks covered	Amount of coverage	Expiration
Liability of corporate officers	CHUBB Insurance Company of Europe	Complete coverage	€8 M	31/12/2014 Renewable annually by tacit agreement
		"Court appearance costs" rider	€1 M	
		"Employee spouse or partner" rider	€1 M	
Aix-en-Provence offices and inventory 1,700m²	ALBINGIA	Including: Fire Water damage Theft Additional operating expenses	€2,014,298 €201,430 €106,016 €100,000	15/03/2014 Renewable annually by tacit agreement
Operation and product liability Movable property, equipment work or services performed and/or billed by the policyholder	CHUBB Insurance Company of Europe	Operating liability: all claims (including physical injury) together	€8 M	31/12/2014 Renewable annually by tacit agreement
		Product liability: physical injury, material and consequential damage)	€7 M	
		Legal Defense - Legal Action	€20,000.00	
		Key-persons covering Messrs. Souquet, Cohen-Bacrie and Waldron	€450,000 per event (€150,000 per person) with no deduction	

The amounts paid by the Group for all its insurance policies for the financial years ended 31 December 2013, 2012 and 2011 respectively amounted to €131,000, €107,000 and €98,000.

4.7 LEGAL AND ARBITRATION PROCEEDINGS

With the exception of the procedure described in Chapter 20.8 during the 12 months preceding the date of registration of this base 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 base document.

5. INFORMATION ABOUT THE COMPANY

5.1 COMPANY HISTORY AND DEVELOPMENT

5.1.1 Company's registered name and trade name

The name of the Company is: SuperSonic Imagine.

5.1.2 Company registration details

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

5.1.3 Date of incorporation and term

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

5.1.4 Company's registered office and legal form; legislation governing its activities

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

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

The Company's details are the following:
Telephone: + 33 (0)4 42 99 24 24
Fax: +33 (0)4 42 52 59 21
Email: contact@supersonicimagine.com
Website: www.supersonicimagine.com

5.1.5 Significant events in the development of the Group's activities

2005

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

August Capital increase of €300 K 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, 3 universities (Aix-en-Provence, Marseille and Avignon), the CEA, the CNRS and OSEO;

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

2006

March — 1st round of fund raising of €10.0 M from a pool of investment funds: Omnes Capital (formerly Crédit Agricole Private Equity), Auriga Ventures II, NBGI Ventures and BioAm;

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

2007

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

June — Grant of €1.3 M obtained from OSEO to finance a €2.7 M prototype development program for clinical research in brain therapy using IRM-compatible HIFU (High Intensity Focused Ultrasound);

Year-end: availability of first manufactured prototypes in breast imaging;

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

2008

March — Opening of a marketing subsidiary in the UK;

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

Bond issue of €4.0 M subscribed by the first-round investors. These bonds will be converted into shares of the same category as those issued in the second round of financing in October 2008;

Opening of a marketing subsidiary in Germany (Munich);

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

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

2nd round of fund raising totaling €26.1 M 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 M, including €4.1 M for conversion of bonds issued in April 2008 (with €0.1 M accrued interest);
CNRS enters in share capital of the Company with a €0.5 M contribution via the company France Innovation Scientifique et Transfert (FIST) following the transfer of patents to SuperSonic Imagine;

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

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

First orders for the Aixplorer® ultrasound system;

2009

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

April/June Payment received with respect to the second tranche of the 2nd round of fund raising, i.e. €7.3 M, including €3.3 M in April and €4.0 M in June;

May OSEO funding of €7.3 M obtained (including €5.9 M for the Company, with €3 M in refundable grants and €2.8 M in subsidies) as part of the ICARE collaborative project (€17.2 M) 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 M;
Exclusive distribution agreement in Japan with Canon MJ;

2010

January Aixplorer® system sold to the radiology department of the Georges Pompidou European Hospital (Paris) for the early detection of breast cancer and characterization of breast lesions;

February Regulatory approval to market Aixplorer® in Japan;

March Presentation to the European Congress of Radiology (ECR) of the preliminary results of the clinical study on the technological benefit of ShearWaveTM Elastography in the diagnosis of breast lesions;

May Sale of 11 Aixplorer® systems to radiology centers in France;

July Regulatory approval to market Aixplorer® in China and Russia;

September 3rd round of fund raising amounting to €34.6 M with the arrival of new investors (Mérieux Participations, Canon and Innobio). Payment with respect to the first tranche of €23.0 M received immediately;

October Launch of the prostate diagnosis application.

Presentation at the Journées Françaises de Radiologie of the results of the clinical study on the breast, conducted by the sub-group in France on 321 patients covering 336 lesions;

November Broadening of the range of Aixplorer® probes to 6 applications: breast (and 3D breast), abdomen, prostate, thyroid, gynecology and musculotendinous;

Exclusive distribution agreement (in the field of breast imaging) signed with Hologic Inc. in the United States of America;

Public tender won in Russia against one of the major players in the market: 26 Aixplorer® systems dedicated to the liver (detection of cirrhosis);

2011

July Opening of a subsidiary in Hong Kong to support distributors in Asia;

October Launch at the Journées Françaises de Radiologie of UltraFast™ Doppler for vascular imaging combining color flow imaging and flow quantification through spectral analysis;

December Release of the 2nd tranche of the 3rd round of fund raising of €10.0 M;

2012

February Publication of the results of the multi-center breast study, in the *Radiology* and *European Radiology* Journals;

March Presentation of final results of the multi-center study on the breast on 1 March in Vienna at the European College of Radiology Congress.

First sale in India;

May Release of the balance from the 3rd round of fund raising of €1.6 M, 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 M, marking the entry of new investors including Bpifrance Participations (formerly FSI). An initial tranche was released in March and April for €14.1 M, including €7 M subscribed by Bpifrance Participations;

May	Release of part of the 2nd tranche of the 4th round of fund raising for €0.3 M;
June	Launch of the Aixplorer® V7 platform, which offers the option to connect four transducers (probes) simultaneously on the product instead of two, as before;
July	Registration of representative office in Beijing;
September	FDA approval to quantify tissue stiffness directly on the color image representing the tissue stiffness. This measurement can be done in kPa and is available on all transducers (probes) for the Aixplorer® product and all clinical shear-wave elastography applications;
November	Launch of V8 platform with the Obstetrics application, which makes possible fetal image measurements to evaluate all aspects of growth; Signing by Hologic 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 M with a mturity of five years.

5.2 INVESTMENTS

5.2.1 Major investments over the last three financial years

The investments for such period break down as follows:

Investments (consolidated) IFRS (€K)	FY 2013 12 months audited	FY 2012 12 months audited	FY 2011 12 months audited
Intangible assets	2,463	2,887	1,209
Tangible assets	1,060	787	520
Receipt of research tax credit allocated to capitalized R&D expenses	(806)	(448)	
Receipt/ Disbursement of financial assets	(33)	45	3
TOTAL	**2,684**	**3,271**	**1,732**

The largest cost item is related to intangible assets, which themselves consist mainly of R&D costs activated following the launch of Aixplorer® versions V3 and V8 allowing to enhance the clinical applications as follows:

- ✓ V3: curved probe and liver imaging software;
- ✓ V4: endocardial probe and gynecological and prostate imaging software;
- ✓ V5: low-frequency linear probe and vascular imaging software;
- ✓ V6: micro-convex probe and advanced vascular system imaging software;
- ✓ V7: new interface with four probes instead of two;
- ✓ V8: software dedicated to obstetrics.

In terms of presentation, in accordance with IAS 20, it was decided to make distinct on two separate lines the gross costs consisting primarily of personnel costs and external services, which are mostly disbursed that year, and the share of the RTC ("CIR") that is collected in the course of the following year.

The tangible assets mainly consist of R&D equipment.

Movements in financial assets relate only to security deposits paid.

5.2.2 Main investments underway

With the exception of intangible assets relating to the capitalization of R&D expenses that will only be determined for the closing of the interim financial statements on 30 June 2014, the amount of other investment over the first two months of 2014 is of the same magnitude as that for each year of the period presented in Section 5.2.1 above.

5.2.3 Main investments planned

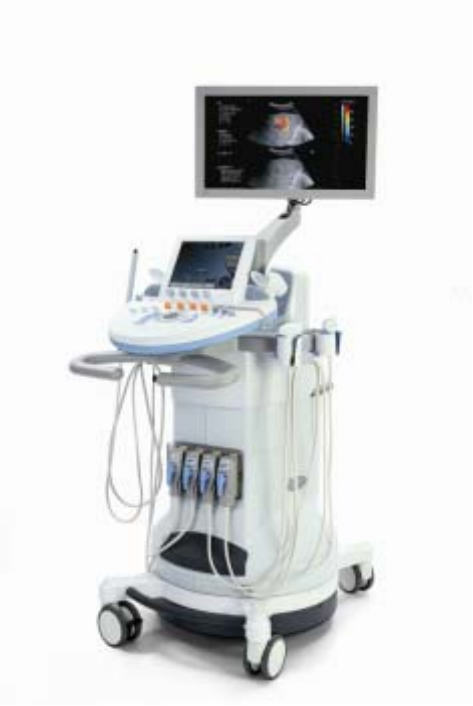
For the moment, the Group has no plans for significant investments over the upcoming years. No firm commitments have been made by the Company's management for such investments. The development of the second-generation platform will consist mainly of the compensation of teams in the R&D division and some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

6. OVERVIEW OF THE GROUP'S ACTIVITIES

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

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

The breakthrough technology developed by SuperSonic Imagine makes it possible to acquire images at very high speeds, similar to what is called slow-motion in cinema. Slow-motion makes it possible to view rapid movements not visible to the naked eye. This technology suitable for ultrasound imaging also allows one to view imperceptible movements at the conventional speeds of a traditional ultrasound, generally 30 to 50 frames per second. Aixplorer® has revolutionary ultra-rapid imaging technology capable of acquiring data at a speed of up to 20,000 Hz (20,000 images per second), i.e., 200 times faster than a traditional ultrasound scanner. To date, this performance is unmatched and is protected by 28 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 in a multicenter study (17 sites worldwide) on the breast to verify the possibility of early detection of cancer. A study was also conducted on the prostate and showed that the technology enabled better detection of suspicious lesions. Finally, on the liver, the Aixplorer® product demonstrated the ability to assess the degree of fibrosis, which constitutes an important characteristic in the evaluation of the hepatitis B and/or C.

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

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

Ultra-fast acquisition has also revolutionized existing ultrasound modes such as Doppler. The Aixplorer Ultrafast Doppler makes it possible **in one acquisition** to visualize the Doppler color film and quantify simultaneously and at any point on the image the value of the blood flow saving considerable amounts of time and therefore reducing the cost of the examination. Moreover, the temporal resolution of this film (over 100 frames per second) makes it possible to view flow dynamics that were previously invisible on conventional ultrasound.

As of December 31, 2013, the Group had no manufacturing capacity of its own and fully subcontracted the manufacturing to Scotland. Manufacturing will be transferred to Asia from April 2014, the transfer terms to the Malaysian site with the current service provider having already been agreed at this date.

With marketing undertaken since 2009 by both a direct sales force mainly in France, in the United States and a distributor network for the other markets, as of December 31, 2013 the Group had an installed base of 773 Aixplorer® ultrasound systems, which were deployed in less than five years, in more than 50 countries, with combined revenues of more than €50 M. This installed base has more than doubled over the past two years.

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

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

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

- capture approximately 7% market share of the global ultrasound imaging market within 10 years, a market worth US$ 5.8 billion in 2012 that should achieve 5% average annual growth through 2017 (source: *InMedica 2013 study*);

- achieve a medium-term gross margin of approximately 60% along with other players in the sector and an EBITDA margin of approximately 20% of revenues; and

- reach break-even in terms of EBITDA within five years from the Company's initial public offering (IPO).

6.1 GENERAL OVERVIEW

6.1.1 Introduction

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

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

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

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

Ultrasound has undergone the following advances:

- the first analog generation in the 70s;
- the second digital generation 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.

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.**

6.1.2 SuperSonic Imagine's decisive competitive advantage: a considerable contribution to the traditional ultrasound market

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

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

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

- **the ability to acquire ultrasound imaging data at very high frame rates**: UltraFast™ technology captures more than 20,000 images per second compared to 500 images per second for the fastest conventional ultrasound. This performance makes it possible to display fast transient tissue movements or rapid changes in blood flow that cannot be captured by conventional ultrasound imaging;
- **the ability of Aixplorer® to provide a significantly higher image quality**, increasing diagnosis confidence while also offering a degree of user-friendliness that is far more comfortable for the physician;
- the use of a new type of wave: shear waves. Measuring the speed of the shear wave, or **ShearWave™ Elastography, makes it possible to measure the stiffness of the tissue**. This measurement provides radiologists with unprecedented information about the pathophysiology of an organ, which improves the effectiveness of their diagnoses. The Company believes its ShearWave™ Elastography technology is unique because it allows it 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 considerable amount of time and significantly reduces examination time. For example, for the evaluation of renal transplants, the examination lasts around 45 minutes with a conventional ultrasound. With Aixplorer®, the same examination lasts 15 minutes. This comparison was made by Dr. Tchelepi at Wake Forest (USA).

[1] *Deutsche Bank estimates (2010)*

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

6.1.3 Numerous advantages

- **A sizable and growing global market**

The global market for ultrasound medical imaging was estimated at US$ 5.8 billion in 2012 (Source InMedica) and at US$ 7.3 billion in 2017, representing a projected average annual growth of 5.0%. By 2016, SuperSonic Imagine will position itself within the Premium and High-end segments of the radiology market (multiple organs). The total radiology market is estimated at about US$ 2.0 billion in 2012 and the Premium and High-end segments market is estimated at US$ 2.6 billion in 2012 (and US$ 3.4 billion in 2017).

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

SuperSonic Imagine, through its revolutionary Aixplorer® ultrasound, should help to redefine the contours of the current market for ultrasound imaging. The new proposed methods make it possible to improve the performance of conventional imaging to help improve radiologists' diagnostics: optimized pathology specification*, perfect reproducibility for effective monitoring of the patient over time, possible detection of diseases heretofore unseen.

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

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

The technological contribution of Aixplorer® is backed by strong clinical validation based notably on the results of a wide-ranging program of studies, including a major international multi-center study in the field of breast cancer (17 sites, 1,800 patients), the results of which were published in the prestigious scientific journals *Radiology* and *European Radiology* in February 2012. Numerous other studies in various fields of medical application (liver, thyroid, prostate, etc.) have been conducted in France and internationally. To date, there are more than 140 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 function 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. The Company also has a scientific advisory board, established since the onset, consisting of nine internationally renowned figures, including several opinion leaders in the fields of ultrasound and radiology. This recognition is reflected in a very significant number of scientific publications and oral presentations relating to clinical studies involving Aixplorer®.

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

Regulatory authorizations covering the main markets: as a medical device, Aixplorer® received the CE mark in March 2009 and a 510 (k) clearance with the FDA in August 2009. SuperSonic Imagine can now market its products in 59 countries (50 approvals obtained and 9 countries where no authorization is required), and two other approvals were in the process of being obtained.

An unrivaled quality/price ratio: positioned in the Premium/High-end range segments, Aixplorer® provides superior functionalities and performance than the competing products, all at a comparable list price, giving it a unique competitive positioning. SuperSonic Imagine thus won its first tender contracts as soon as Aixplorer® was launched commercially in 2009, for some ten hospitals in France, including Grenoble University Hospital and the Institut Bergonié in Bordeaux. The Company has also won several tenders abroad, including an order for 19 Aixplorers® by the prestigious Hollywood Memorial Hospital in Florida against the major market actors.

A worldwide distribution network, both direct and indirect: the Company currently has a direct sales force of 10 employees who primarily cover France and the United States and a network of 64 distributors that use the link with the 12 sub-distributors of the Indian partner, which covers 70 countries whose priority geographical regions are the United States, Brazil and India, plus a representative office opened in Beijing in 2013 that a year later leads to a network of nearly 18 distributors.

In the USA, the Group has been represented since 2010 by a leading partner, namely Hologic, which is number one on the US mammography market[2];

An international installed base of 773 systems: as of 31 December 2013, the Company has an installed base of 773 Aixplorers®, which has more than doubled in the past two years. Regular enrichment of the range of applications should make it possible to capitalize on the existing customer portfolio and develop a portion of recurring revenue based on the sale of maintenance contracts.

Outsourced production to have the capacity to respond to commercial ambitions: since the second half of 2012, the Company has been outsourcing the entire assembly of its standard equipment to a top-ranking service provider (with the Company retaining final configuration and testing) so that it can have a production capacity that can permanently keep pace with the rise of commercial deployment. Starting in April 2014, the entire manufacturing process will be relocated from Scotland to the Malaysian partner site, which is equipped with the most advanced technologies to optimize production costs.

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

In just four years, in a global market concentrated around a few large players, the company has managed to market an innovative ultrasound device and open a new era in ultrasound imaging. This challenge was met thanks to an extremely experienced, international and multidisciplinary management team, which currently oversees a team of almost 126 very highly qualified employees of various nationalities. The 35-strong R&D team has combined experience of more than 250 years in the ultrasound field, and its demand for clinical relevance has made possible a strategy of strong differentiation in the world of medical imaging. In addition, a real ecosystem of innovation has been put in place to allow a rapid and efficient transition from research to development, thanks to close collaboration with the best experts in the field, such as Mathias Fink, Director of the Laboratoire Ondes et Acoustique (Langevin Institute) at the École Supérieure de Physique et Chimie Industrielles in Paris. Numerous prizes have been awarded for this expertise, which is among the best in the world.

[2] Source: Hologic website

6.1.4 An ambitious development strategy for imposing its added value among the leading players of the high-end market

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

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

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

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

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

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

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

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

6.2 SUPERSONIC IMAGINE OPENS A NEW ERA FOR ULTRASOUND IMAGING

6.2.1 Ultrasound imaging Systems and their limitations

6.2.1.1 Traditional ultrasound imaging and its history

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

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

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

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

An ultrasound scanner comprises the following elements:

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

➢ **Functioning**

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

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

Traditional ultrasound imaging is performed by means of sequential insonifications with a beam of waves focused in the environment. Each focused beam allows an image line to be reconstructed. A two-dimensional (2D) image is made by a hundred or so of these lines (64 to 512). An overview of the sequence is shown in Figure 1. The image rate of the mode is determined by the time needed to emit, receive and process the sound of the echoes from the environment and to repeat this process on all the lines of the image. Traditionally, the architecture of ultrasound scanners was designed to process one line at a time by following this model. Although this is acceptable for most applications, it imposes constraints for applications that need high image rates, such as echocardiography or 4D imaging.

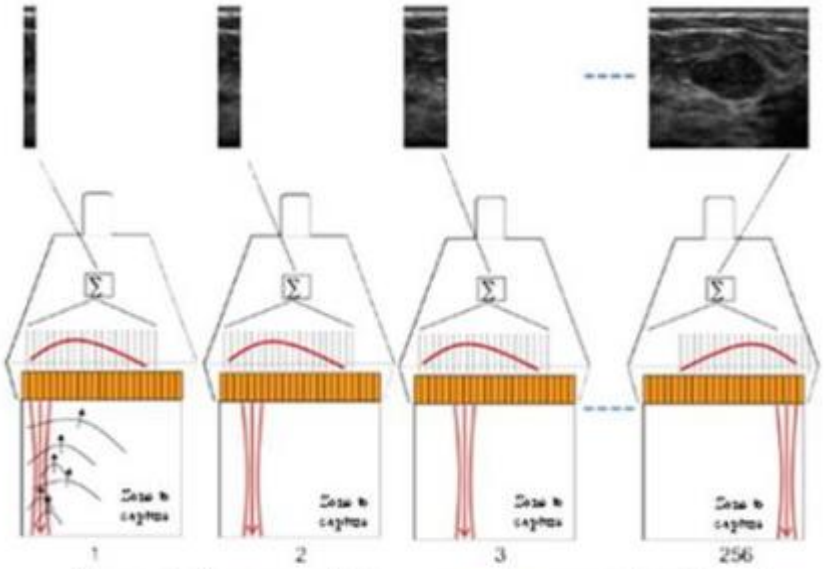


Figure 1: Image acquisition process in conventional imaging

- **Its history**

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

- the analog era: until the 1970s the only imaging mode offered by analog ultrasound was B-Mode (two-dimensional in black and white) in real-time. Within a medical imaging market worth US$ 12 billion, ultrasound imaging represented around 15%[3].

- the digital era: from the 1980s until the first decade of the new millennium, the digital revolution reached the field of ultrasound. The incorporation of digital circuit boards inside the devices has allowed significant improvement of their performance, offering new imaging modes such as Doppler, contrast imaging and finally elastography. Within a medical imaging market worth US$ 16 billion, ultrasound imaging represented around 20%[4].

[3] Deutsche Bank estimates
[4] Deutsche Bank estimates

Since 2010, the third era is the **software** era, thanks to SuperSonic Imagine ultrasound, Aixplorer®, which thus stimulates innovation with its entirely software-based architecture as well as the potential for new imaging methods that its flexibility allows it to implement. While ultrasound was experiencing a slowdown in its scalability due to fixed hardware architecture, Aixplorer®, thanks to its software platform, makes it possible to overcome the technical constraints of acquisition speed and image processing facing traditional ultrasound devices, as summarized below. The technological breakthroughs integrated into Aixplorer® thus expand the possibilities for development of ultrasound options and applications (see Chapter 6.2.3 below).

In a medical imaging market of US$ 21 billion, ultrasound imaging accounted in 2010 for a market share of about 25%[5], and there has been strong growth in recent years due to significant innovations, especially in cardiac imaging. Because of these new imaging modes, SuperSonic Imagine ultrasound is currently a direct competitor with some other modalities such as MRI and has a potential for further market growth.

6.2.1.2 The current limitations of conventional elastography

The different modes of conventional ultrasound imaging are as follows:

- ✓ **B-mode and its limits**

B-mode imaging, which offers information relating to the anatomy of an organ, improved very significantly with the advent of digital systems in the 1980s. These systems allowed greater flexibility of insonification and signal processing methods, which led to considerable improvements in terms of image quality, and developed the ability of B-Mode ultrasound imaging to characterize the imaged tissue and establish a diagnosis. Thus, for the breast, the ultrasound imaging historically used for guiding the biopsy became a method capable of differentiating solid and liquid lesions, and then more recently of classifying solid lesions according to the BI-RADS classification system developed by the American College of Radiology (ACR).

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

- ✓ **Doppler and its limits**

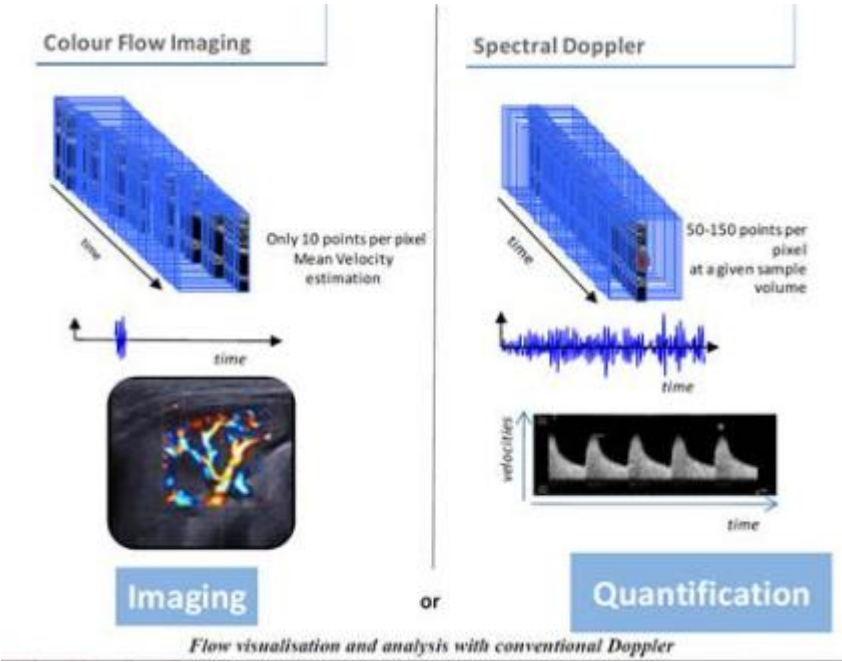
Doppler is an ultrasound signal processing technique that makes it possible to evaluate the flow-rate of the blood in the arteries and veins, thus providing information about the conditions of its flow and the proper irrigation of the organs. Incorporated into an ultrasound device in two forms, color Doppler and spectral Doppler, in both cases the system issues a series of ultrasound waves, which are propagated in the vessels and returned in the form of an echo caused by reflection off the red blood cells. This signal is analyzed and transformed into a sound, a curve or a color reflecting the blood circulation speeds. Conventional Doppler analysis therefore gives rise to two different types of ultrasound modes:

- color Doppler provides, at a low rate, a two-dimensional color-coded image of the blood flow and makes it possible to identify the flow of an area of interest within the space concerned. Thus, the areas in which this flow reaches high values at certain points of the cardiac cycle may reveal a risk of stenosis. However, this mode does not allow detailed quantitative analysis of the flows at one point;
- pulsed spectral Doppler makes it possible to quantify and measure the flow in the area of interest identified by color Doppler. This quantification is carried out on an area that is extremely small,

[5] Deutsche Bank estimates

since it is dictated by the insonification width of a single line along which an ultrasound beam is transmitted at a very high frequency of repetition.

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



Flow visualisation and analysis with conventional Doppler

✓ **Contrast Enhanced Ultrasound Imaging (CEUS)**

This is an imaging mode that makes it possible to reveal macro- and microvascular blood flow beyond the limits of traditional Doppler modes using a higher level of contrast. This mode uses an intravenous injection of ultrasound contrast agents. These agents are generally micro-bubbles (under 20 µm in diameter). When the ultrasound energy comes into contact with these bubbles, they resonate and return a signal to the probe at twice the frequency emitted by the same probe. The advantage of this technique is the improved signal-to-noise ratio, which makes possible the viewing of blood flows regardless of their speed, even at a very low-speed. For the moment, Aixplorer® has been optimized for two contrast agents available on the market: SonoVue from Bracco and Sonazoid from GE/Amersham.

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

6.2.2 Existing elastography systems and their limitations

➢ **Ideas on tissue elasticity**

The stiffness (elasticity) of human tissue is generally measured by a physical value known as Young's modulus, expressed in units of pressure (pascals or kilopascals: kPa). If an external pressure is applied uniformly to the surface of a solid, it produces a deformation. This deformation is smaller for a hard material than for a soft one, hence the idea of measuring elasticity by measuring the deformation when pressure is applied. Although the density of human tissue remains practically constant, similar to that of water, i.e. 1,000 kg/m3, its elasticity varies considerably. The elasticity imaging thus offers a much larger dynamic than B-mode imaging. Furthermore, this variation is particularly significant in relation to the pathological state of the tissues because, for example, some lesions are significantly harder than the surrounding tissue.

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 type of imaging, known as "elastography", was developed in ultrasound imaging at the beginning of the 2000s. It uses ultrasonic waves to estimate the differences in stiffness between tissues and provide an image of their elasticity - information previously obtained by palpation. The main objectives of elastography are to refine diagnosis and to improve the specificity of an ultrasound scan.

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

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

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

These techniques are, for the most part, limited to an estimate of the distortion when pressure is applied to the tissue and allow contrast imaging of stiffness, but this estimate remains a poorly reproducible and qualitative evaluation due to the manual intervention for the application of the deformation.

➢ **The limitations of current elastography techniques**

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

- **Static elastography**: a uniform compression is applied by the operator to the surface of the body to produce a deformation of the tissues. The calculations are carried out by the device, which displays the deformation induced in the plane of observation. The value of Young's modulus cannot be deduced, since the value of the constraint within the tissue itself is not known. Consequently, static elastography is not a quantitative imaging mode. Its clinical relevance has been abundantly studied. Although promising results were recorded, the users pointed out numerous snags such as the absence of quantitative data, low reproducibility, and inter-operator variability.

- **Dynamic elastography**: the tissue is continuously subjected to a monochromatic vibration. Stationary induced mechanical waves are used to determine tissue elasticity. Dynamic elastography is well suited to MRI because the vibrations to be analyzed do not change over time and must be processed in volume. Although quantitative, it suffers from the traditional drawbacks of MRI imaging, which remains expensive and difficult to access, and does not provide real-time imaging.

The main players in the market use static elastography for their high-end ultrasound scanners, which do not offer quantitative evaluations. In addition, two devices (Fibroscan™ from the company Echosens and Q touch mode on the Siemens S2000/S3000 ultrasound) now offer a technology inspired by elastography through shear waves but with certain limitations since measurement can be done only in an area limited to a few millimeters within the tissue. Moreover, these measures are not in real time and reproducibility is low. Finally, the Fibroscan™ is not an imaging tool.

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

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

6.2.3 SuperSonic Imagine brings technological breakthroughs that turn the world of ultrasound imaging upside-down

With its Aixplorer® product, SuperSonic Imagine is changing the rules of the game for ultrasound imaging.

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

Whereas the traditional architectures incorporated up to 15 to 20 circuit boards for processing multiple successive bursts of waves (from 128 to 256) in order then to reconstruct an image (see Section 6.2.1.1 and the diagram below), the architecture designed by the Company comprises just one NVIDIA graphic card (video game graphics processor), as well as a very fast bus (PCI Express technology) capable of transferring enormous volumes of data to these computers, driven entirely by a proprietary software developed under Linux, named "SonicSoftware". The image processing capacity is multiplied by a ratio of 1 to 200, allowing an ultrasound image to be reconstituted from a single burst of waves. The Company will also be able to take advantage of future rapid advances in the video game industry.

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

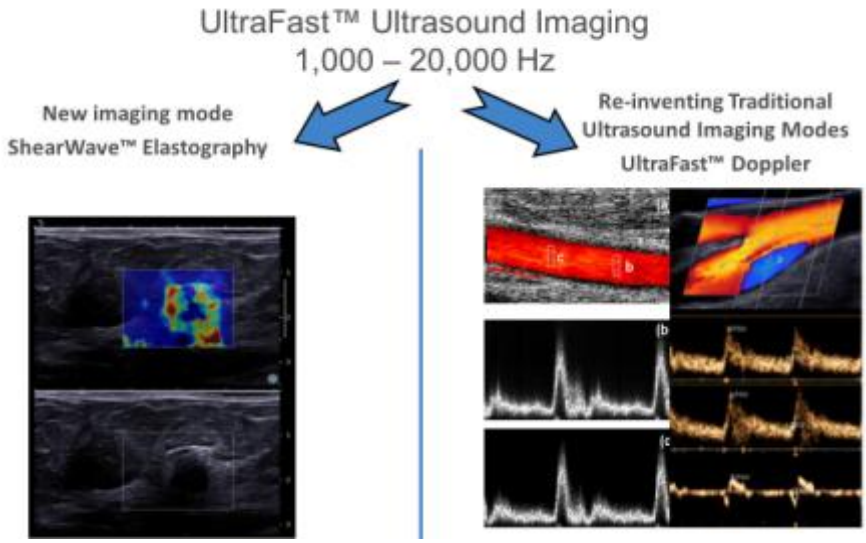
- **UltraFast™ Imaging**: a patented technological breakthrough that allows Aixplorer® to acquire data at speeds up to 20,000 Hz (20,000 images/second), about 200 times faster than a traditional ultrasound, providing increased conventional imaging performance modes (B-mode, contrast) and an innovative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

- **MultiWave™ Technology**, which combines a B-Mode ultrasound wave and a shear wave for better tissue characterization:

    - **an ultrasound wave for exceptional image quality in B-mode**. This first type of wave is the traditional ultrasound wave. With Aixplorer®, SonicSoftware provides a high-quality image in B-Mode even when using other modes simultaneously, such as color Doppler or power Doppler;

    - **a shear wave (ShearWave™).** This second type of wave, which is completely new, is made possible by SonicSoftware. The shear wave provides important information about the properties of the tissues. To capture the motion of a shear wave, acquisition speed must be at least 5000 Hz, which enables UltraFast™ imaging, in contrast to the 100 Hz by conventional ultrasound. Accordingly, Aixplorer® can quantify the speed of the shear wave and deduce an accurate value of the elasticity of the tissue expressed in kilo Pascals. This new imaging mode is called real-time ShearWave™ Elastography.

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



6.2.3.1 ShearWave™ Elastography

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

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

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

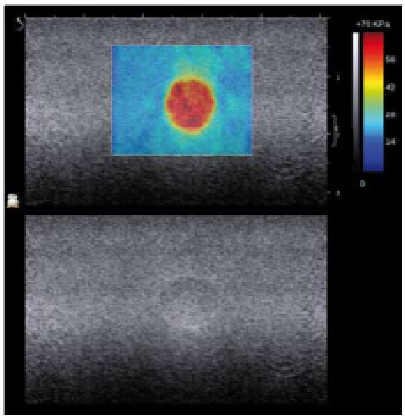


Figure 1: SWE mode on a phantom with a harder inclusion

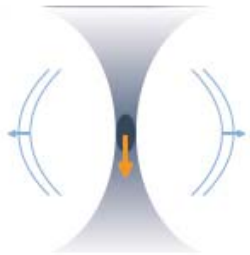
The elasticity image, which is color-coded, is superimposed on the B-Mode image. By default, blue colors indicate a softer tissue and reds a harder tissue, although the color coding can be modified by the user. The image resolution is around 1 mm. The imaging frame rate is optimized to meet acoustic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

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

➢ Generation of the shear wave

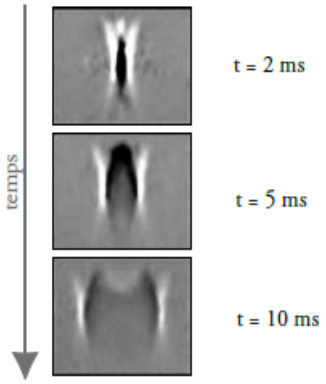
There are several ways of generating shear waves in the body. The beating of the heart is a natural source of such waves, but the induced vibration remains confined to the area immediately surrounding the heart. External vibrators can also be used (as in MRI Elastography), but this solution is ill-suited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

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



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

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



➢ A supersonic vibration

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

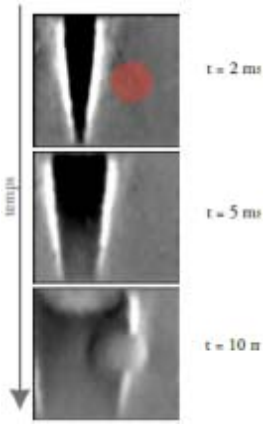
For a given local acoustic power, SonicTouch™ enables an increase in the efficiency of shear wave generation by a factor of 4 to 8. However, it is clearly impossible for current radiology systems, limited to frame rates of 50 to 60 images per second, to capture the generated shear wave, which will have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

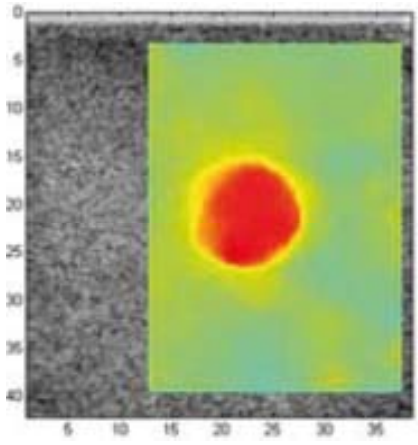
Radiation force created by SonicTouch™. The shear wave is amplified along a Mach cone (yellow). The distance traveled is increased, thus minimizing acoustic energy used.

- **UltraFast™ Imaging**

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

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





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

With or without multi-line capacity, the current traditional ultrasound scanners have a series architecture, with the images being reconstructed sequentially from several wave transmissions. Ultra-fast imaging is a radically different approach: an ultra-fast imaging system is capable of processing in parallel, rather than in series, as many lines as necessary, and can calculate a complete image on the

basis of a single transmit pulse, irrespective of the size of the image or other parameters. In this type of system, the image rate is not limited by the number of reconstructed lines. Ultra-fast imaging therefore allows a significant increase in the maximum image rate of an ultrasound scanner.

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

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

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

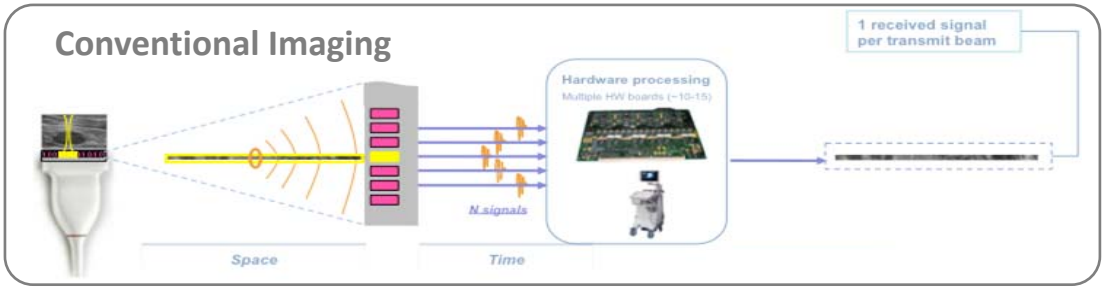
This was made possible with the fully software-based platform developed by the Group, whose design required the following two technological barriers to be overcome:

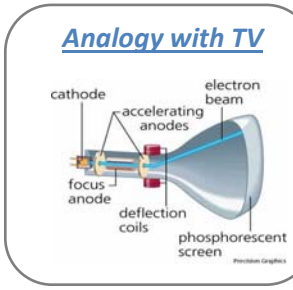
- the rate of transfer from the acquisition module to the processor must be several Gigabytes per second. The radio frequency (RF) signals are transmitted directly to the central unit (CU), and the transfer rate for producing the image in real time must be very high;

- the processor must be sufficiently powerful to form the beam in real time. For example, an image in B-Mode requires 1-2 billion operations per second (multiplications and additions).

By comparison, televisions in the 1960s used a beam scanning the horizontal lines of an image, one after the other, on a fluorescent screen to make an image. This method involved relatively slow speeds of the order of several tens of hertz (images per second). Today's televisions use flat screens, which are screens of several thousand pixels on which the brightness information and color is refreshed at much higher rates, up to several hundred Hertz (images per second).

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





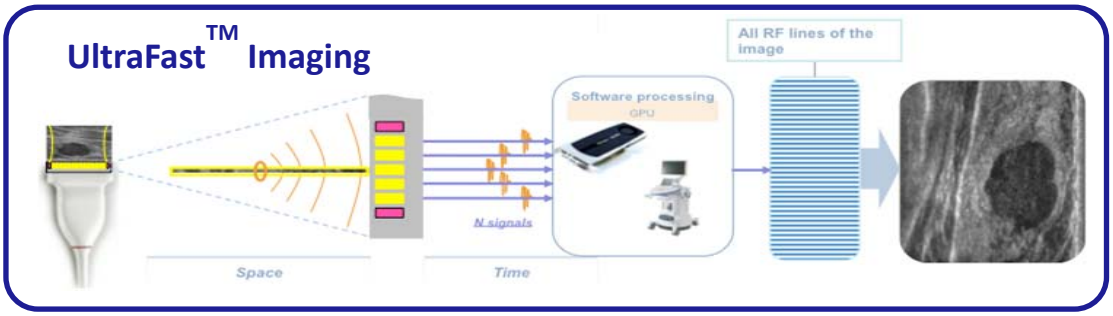
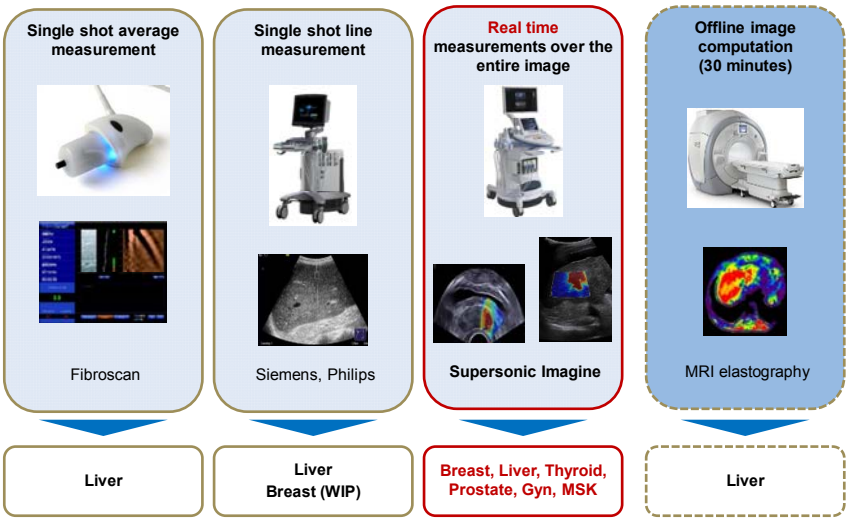


Diagram comparing ultrasound and television imaging.

The table below summarizes the main characteristics of the Aixplorer® imaging mode compared to other techniques currently on the market for qualitative or quantitative evaluation of elasticity.



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

- provide a quantitative real-time image of tissue stiffness that is independent of the user's knowledge and is reproducible.
- be approved by the FDA to date, in order to quantify tissue stiffness directly on the color image and for all probes and all applications.

6.2.3.2 UltraFast™ Doppler goes beyond the limits of conventional Doppler modes

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

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

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

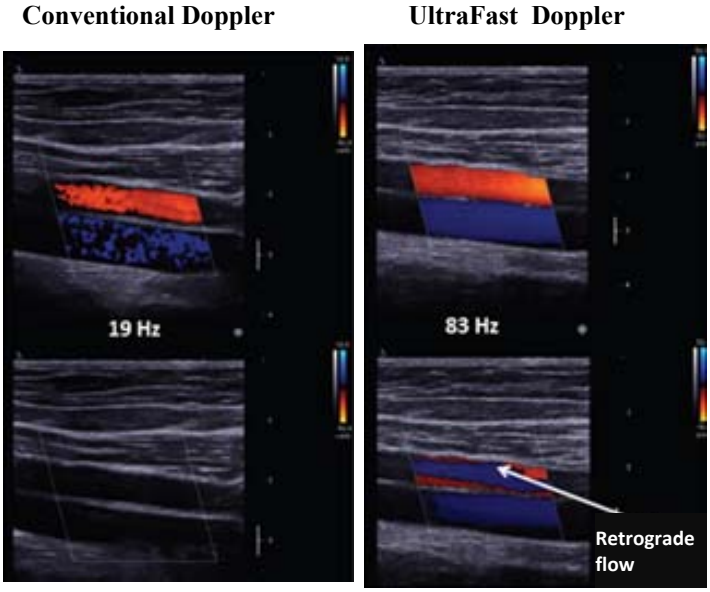
Thanks to its high-sensitivity/high image rate ratio, the Doppler UltraFast™ simultaneously allows:

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

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

- **Improved color imaging**

The image below shows the contribution of Doppler Ultrafast™ to the practitioner in terms of image sharpness and precision of areas to identify:

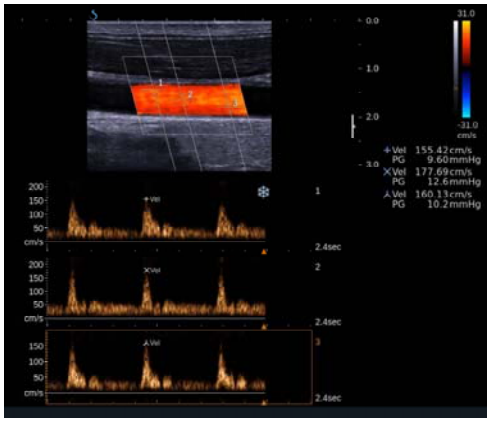


The Doppler UltraFast™ acquisition provides the user with many advantages in comparison to color Doppler acquisition:

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

- **Quantification of flows at all points**

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



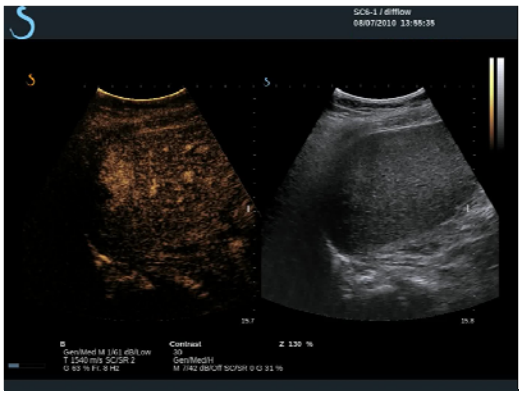
Simultaneous analysis of three sample volumes under Doppler UltraFast™

6.2.3.2.1 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.

The image opposite illustrates a liver lesion ablation (black area of the grey image). The image obtained with a contrast agent (sepia color on the left) shows a brighter area indicating recurrence activity, and will be helpful for guiding a new radiofrequency (RF) ablation and for selecting the needle size.



6.3 THE MARKET AND ITS PLAYERS

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

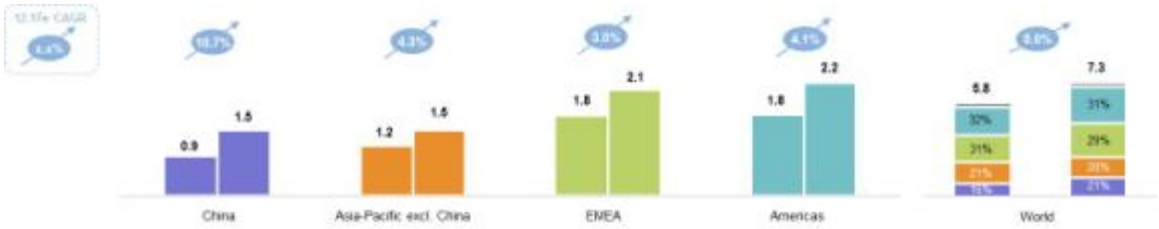
Valued at US$ 5.8 billion in 2012, the market for ultrasound equipment is expected to reach US $ 7.3 billion in 2017[6], i.e. an annual increase of 5.0% (the Company believes that this cumulative annual 5% growth rate should continue over the next ten years). This market is characterized by a concentration around ten or so players, including several heavy hitters in the worldwide industry such as General Electric, Philips, Siemens, Toshiba and Hitachi.

6.3.1 Within the significantly expanding ultrasound market, Aixplorer® is now serving the Premium/High-end radiology market

6.3.1.1 A growing ultrasound market

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

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



(source: IHS Inc. - 2013 InMedica study)

The geographical distribution of the ultrasound imaging market is relatively even between the three main geographical regions of Europe, the USA and Asia-Pacific, which together represent 89% of the total market at US$ 4.8 billion in 2012. In this market, EMEA accounts for US$ 1.8 billion, the USA US$ 1.4 billion and Asia-Pacific US$ 2.1 billion, of which China accounts for US$ 0.9 billion. In Europe in 2012, the German ultrasound imaging market was US$ 301 million, the Italian market US$ 201 million, the French market US$ 212 million, the British market US$ 110 million and the Russian market US$ 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 US$ 1.5 billion in 2017 compared with US$ 909 million in 2012, according to the same study.

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

6.3.1.2 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 US$ 5.8 billion in 2012, radiology accounted for US$ 1.9 billion (32%), cardiology for US$ 1.1 billion (19%), and gynecology for US$ 0.9 billion (16%).

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

(source: IHS Inc. - 2013 InMedica study)

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

6.3.1.3 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 US$ 120,000;
- High-end: between US$ 60,000 and US$ 120,000;
- Mid-range: between US$ 30,000 and US$ 60,000;
- Low-end: up to US$ 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 (US$ 1.0 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 US$ 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 US$ 2.6 billion in 2012 out of a total market of US$ 5.8 billion. They should reach US$ 3.4 billion altogether in 2017, an increase of more than 5% per year.

6.3.1.4 An addressable market of US$ 3.7 billion in 2017

The development strategy of the Company primarily seeks to:

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

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

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

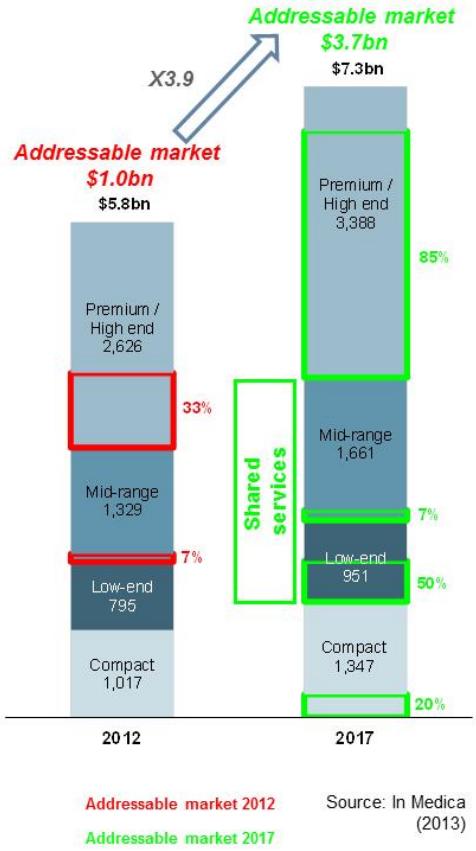
By 2016, SuperSonic Imagine will position itself on the radiology market and the Premium and High-end segments. These segments have the advantage of being very receptive to innovations, which makes it possible to maintain high prices and good margins. This positioning requires not only performance with regard to traditional imaging, but also innovations that deliver convincing clinical results. The Company believes that the market addressed in 2012 by Aixplorer®, that is to say, ultrasound radiology and part of the gynecology and vascular segments, is a market of approximately US$ 1.0 billion (approximately 33% of the Premium and High-end segment and 7% of Mid-range).

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

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

- 85% of the Premium and High-end range segment;
- 7% of the Mid-range segment;

- 50% of the Low-end segment;
- 20% of the "mobile" segment.



6.3.2 A promising environment in the main countries targeted by Aixplorer®

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

6.3.2.1 France and Europe

The economic difficulties in Europe are producing substantial differences in growth rates on the ultrasound medical imaging market. Accordingly, the German market increased by 6% while the French market has shown an increase of only 3% since the 2008 crisis[7]. Ultrasound medical imaging is regarded in Europe as less complex, less invasive, more economically advantageous and less dangerous (no ionizing radiation) than the alternative solutions. The use of ultrasound medical imaging has been particularly favored by the development of high-end devices offering imaging modes such as contrast-enhanced ultrasound (CEUS). CEUS should continue to experience stable growth.

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

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

[7] Source: Easton Associates

6.3.2.2 USA

The U.S. ultrasound medical imaging market enjoys a high annual growth rate (between 5% and 10%). It is expected to reach US$1.9 billion by 2015[8]. This market has specific characteristics that will be advantageous to Aixplorer®. In a time of budget cuts, US physicians, who are accustomed to using expensive technologies such as MRIs and scanners could turn to ultrasound, which offers high-performance alternative solutions at lower prices.

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

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

Ultrasound examinations are reimbursed at different rates in the USA according to the particular nature of the examination, the site (hospital or practice) and the patient's insurance. The average refund for an ultrasound examination varies between US$ 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.

6.3.2.3 China

In China, ultrasound has a privileged place in the medical imaging arsenal and is mainly used for screening breast cancer. The Chinese healthcare system is dominated by public hospitals, partially funded and controlled by the government. Out of the over 20,000 public hospitals, around one fifth of them are regarded as high-level and purchase high-end ultrasound devices. The ultrasound device market is showing annual growth of around 15-20%[9] from 2011 to 2017. Ultrasound devices are commonly used for screenings. The majority of patients are given an ultrasound examination before going for a CT or MRI scan. Only specialized ultrasound practitioners are qualified to make a diagnosis by ultrasound. As a result, other specialists send them their patients.

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

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

[8] Source: Easton Associates
[9] Source: Easton Associates (29 November 2011)

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.

6.3.3 The key players in the ultrasound imaging and elastography market

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

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

2012 ranking	Company	Market share	Revenues (US$ million)
1	GE Healthcare	27.20%	1.57
2	Philips Healthcare	19.70%	1.14
3	Toshiba Medical Systems	12.70%	0.73
4	Hitachi-Aloka Med cal	9.30%	0.54
5	Siemens Healthcare	8.30%	0.48
6	Esaote SpA Others	5.20%	0.30
	Others	17.60%	1.02
	TOTAL	**100%**	**5.78**

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

The Dutch company Philips Healthcare offers high-tech medical equipment and services such as medical imaging, diagnostics and monitoring, healthcare computerization and a range of services for health professionals. Philips Healthcare employs around 35,000 people across the world.

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

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

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

The Italian company Esaote SpA has 1,350 employees, of whom 40% work abroad. The company, which has a presence in 60 countries thanks to a large distribution network, specializes in the

ultrasound market. Its R&D division employs around 270 people, representing 20% of the total workforce. Its products are competitive in the entry-level compact segment: in 2010, Esaote was the world's second-highest seller in the "Compact 6-12 kg" segment (source: InMedica). In 2007, the Italian Esaote Group acquired the French medical diagnostic equipment company Kontron Medical. In 2009, Esaote was acquired by the investor consortium led by Ares Life Sciences.

6.3.4 A market built through consolidation

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

- **First phase: 1998 to 2001**

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

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

- **Second phase: 2010/2013 characterized by the entry of Asian players onto the market**

Five major operations occurred during this period:

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

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

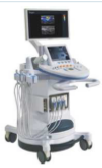
6.3.5 Competitive positioning in the Premium and High-end range

The Premium and High-end (trolley) segment targeted primarily by the Group is dominated by four major players in the ultrasound market, namely: (*source: InMedica 2013 - 2012 revenue*):

1 - Philips Healthcare: US$ 724 million;
2 - GE Healthcare: US$ 638 million;
3 - Toshiba Medical System: US$ 453 million;
4 - Siemens Healthcare: US$ 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**

6.4 AIXPLORER®: THE PRODUCT, ITS APPLICATIONS

6.4.1 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 6.2.3 above):
  - ShearWave™ Elastography™;
  - UltraFast™ Doppler, which goes beyond the limitations of traditional Doppler modes.

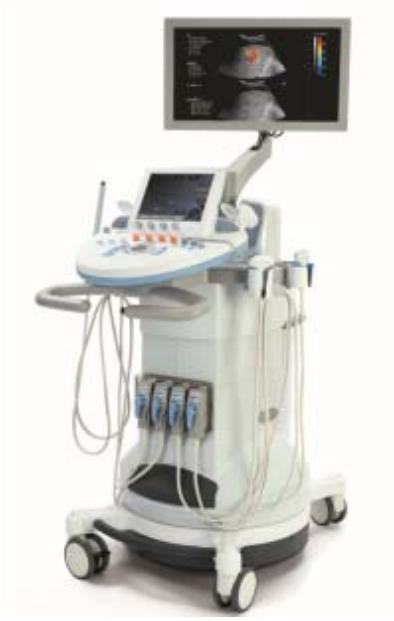
An ergonomic design with intuitive user interface allows for improved characterization of focal lesions and diffuse pathologies for several organs and the ability to track results over time to assess disease progression and the efficacy of the therapy undertaken.

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

➢ **The Aixplorer® system**

The Aixplorer® comprises three elements:

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



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

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

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

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

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

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

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

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

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

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

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

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

In four years, the R&D teams have gradually expanded the range of probes available on Aixplorer® and are currently offering six probes that cover many medical applications using the associated application software layers as explained above (see table in Section 6.4.2 of this document).

With optimal sensitivity and excellent comfort for the operator, Aixplorer's SuperTransducer family makes it possible to obtain very high-quality images for all patients, including those most difficult to

diagnose. It uses a revolutionary technology, providing both great sensitivity and a wide frequency range. It thus offers excellent clinical performance, in terms both of penetration for deep exploration and of spatial resolution and contrast.

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

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

- ✓ In 2009 and 2010, the introduction of the curved probe has also opened a new market for Aixplorer® in hepatology/gastroenterology, which hitherto has been unexplored by ultrasound.
- ✓ In 2011, the SL10-2 probe opened the vascular market up to Aixplorer®.
- ✓ In 2012, a new probe – the Super Micro ConvexTM SMC 12-3 – opened the pediatrics and musculoskeletal (musculotendinous) system markets to Aixplorer®.
- ✓ In 2013, Aixplorer® integrated four probe connectors (instead of two), thus adapting the product to the general radiology market, in which practitioners keep several probes connected to the unit at all times.

That same year, the addition of the obstetric modality helped to remove the barriers to entry for a portion of the general radiology market in some parts of the world where obstetrical examination is part of general imaging tests (such as the USA).

6.4.2 Aixplorer®: its applications

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

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

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

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

Evolution of the range of probes

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

6.4.3 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 2019. 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 2020, two new ultrasound scanners from this new platform should be able to be launched for new market segments (see Chapter 12 of this base document). Other developments will still be required to have a new system that, in its most complete modular configuration, will be equivalent to the current Aixplorer®.

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

intended or geographical regions according to the time required to obtain regulatory approvals for the marketing of the new platform.

This is irrelevant to the application probes, which remain operational regardless of the platform to which they will be connected.
Starting in 2020, the current platform may thus be considered obsolete, but it should still be remembered that its obsolescence was planned by the Company, not suffered. Then, as is currently the case, the new versions will be comprised of software for the most part.

6.5 PROMISING CLINICAL VALIDATION IN VARIOUS APPLICATIONS

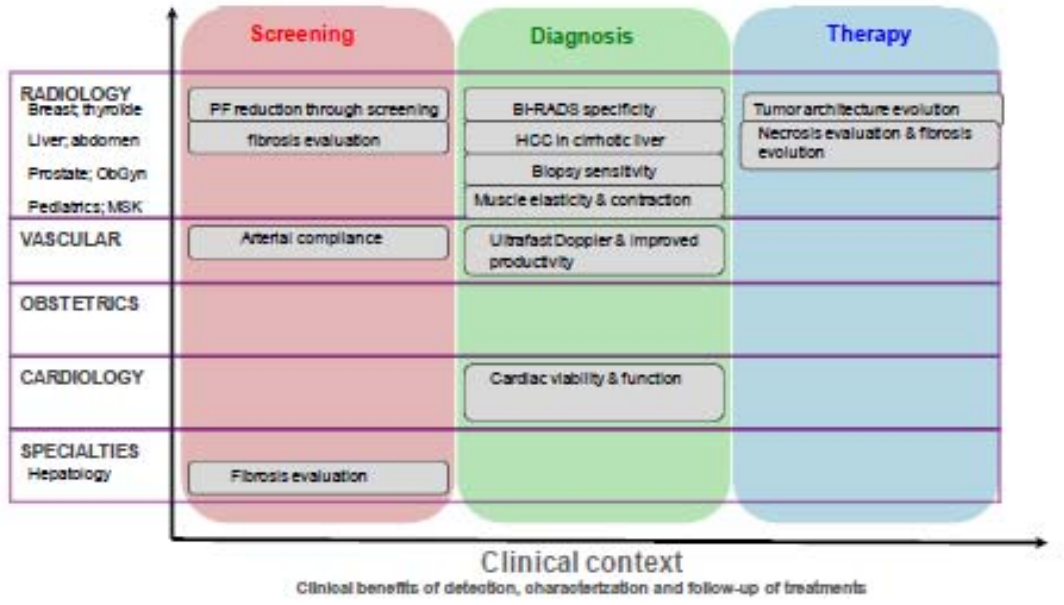
6.5.1 Aixplorer®: a strong clinical positioning

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

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

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

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



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

6.5.2 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 140 scientific publications. SuperSonic Imagine has conducted a major clinical study on the breast. Healthcare professionals and researchers are conducting studies in other areas of application, with the Company facilitating communication and acting as coordinator between teams interested in the same topics.

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

6.5.3 An initial application dedicated to breast imaging: a significant improvement in diagnosis

6.5.3.1 Still too many unnecessary biopsies performed during diagnosis

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

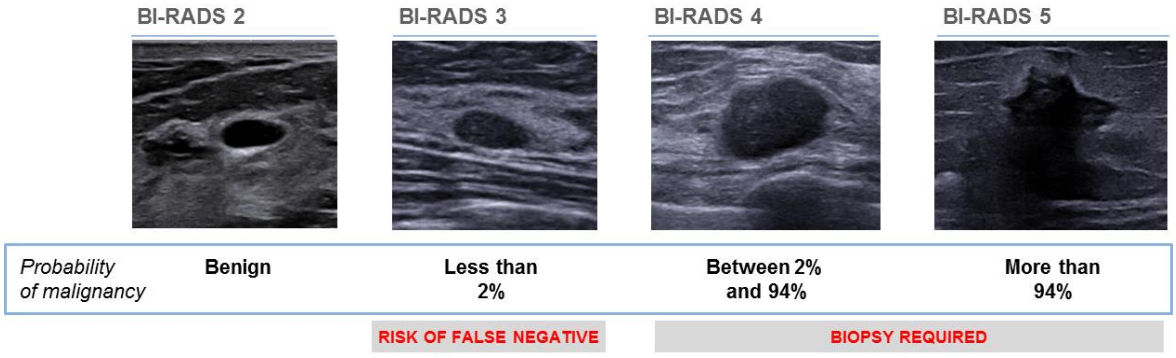
Thanks to its excellent sensitivity (around 80% for the specific breast application - see the results of the multi-site study described in Section 6.5.3.2. below), its reproducibility and the standardization of this examination, mammography is the reference examination for the screening of breast cancers.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

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

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

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

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



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

6.5.3.2 Improved specificity with Elastography ShearWave™

- **A major multicenter study**

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

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

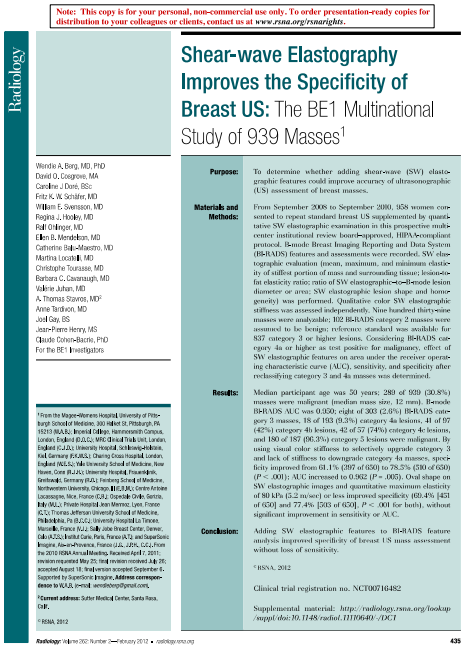
The study had two objectives:

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

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

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

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



Radiology

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

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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 0.930; 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% (397 of 650) to 78.2% (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 (2.2 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.

[1] RSNA, 2012

Clinical trial registration no. NCT00716482

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

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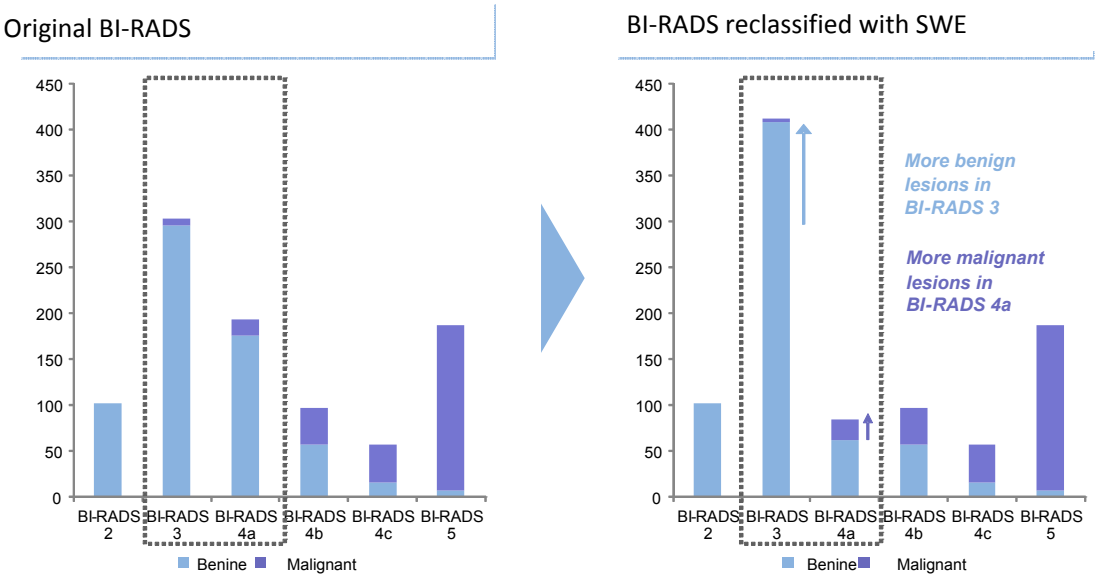
- **A significant improvement in the BI-RADS classification of breast lesions thanks to the better specificity of ShearWave™ Elastography**

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

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

In a more general manner, on a larger sample of the population, better classification of lesions between BI-RADS 3 and BI-RADS 4a reduced the false positives from 253 to 140 (result from a multicenter clinical study led by the Company involving 1,800 patients).



**Using ShearWave™ Elastography Color-Coding (aggressive)*

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

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

- qualitative results: in 88% of cases, the 3 repeated recordings using ShearWave™ Elastography were described by the physicians as being of similar appearance;
- quantitative results[10]: the ICC* scores (Intraclass Coefficient Correlation - guidelines by Landis & Koch) of measurements performed using ShearWave™ Elastography ranged between 0.84 and 0.95, which is recognized as being close to a perfect score.

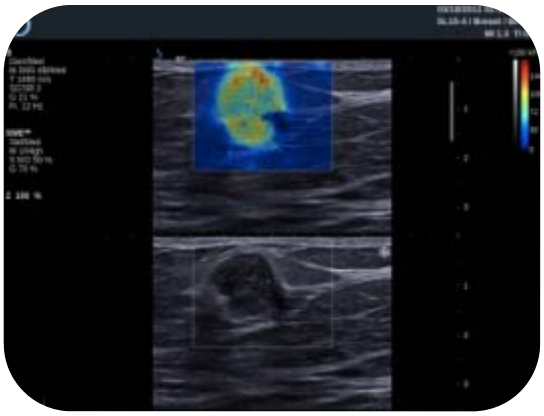
The reproducibility of the imaging modalities provides the physician with a reliable and accurate evaluation of the lesion during the procedure and also over time. Responsibility is a key element in report standardization, follow-up and monitoring of therapy.

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

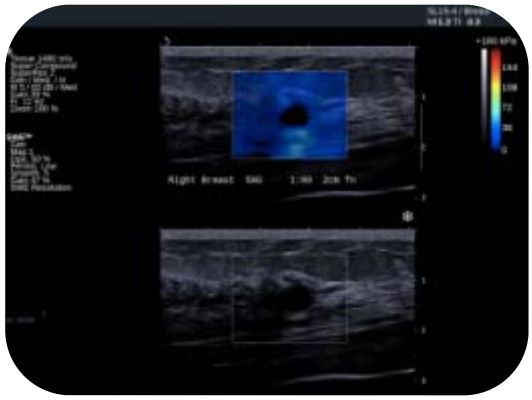
Using the maximum value of SWE elasticity in kiloPascals, the specificity of ultrasound imaging was increased by 26%, without any loss of sensitivity, and the PPV (Positive Predictive Value) of biopsies in the BI-RADS 4a category (category 4, corresponding to a probability of malignancy ranging from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

Example of images obtained with ShearWave™ technology

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



Mucinous carcinoma



Simple breast cyst

6.5.3.3 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.

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

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

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

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

6.5.3.4 BIRADS 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*]):

"Elasticity can be used as a descriptive characteristic for mass and surrounding tissue, in addition to their most important morphological characteristics. This characteristic can be achieved either by manual compression of the mass (static elastography) or by ultrasonic energy delivered within the mass (shear waves). The cancers and their surrounding tissues are generally hard, whereas benign lesions are usually soft; however, as with all other ultrasound criteria, there is an overlap zone. […] The FDA has recently approved meters per second and kilopascals as units of measurement for lesion hardness for shear wave methods. The descriptors applicable to all methods and all available systems are soft, medium, and hard."

The integration of elastography into the BI-RADS classification is a significant step forward in the recognition of a distinguishing element of Aixplorer®.

6.5.4 Application dedicated to breast imaging: prospects for the screening and therapy sectors

6.5.4.1 Prospects for breast cancer screening

Today, ultrasound imaging is attracting interest from many quarters beyond the diagnostic realm, since some studies show that this technique could detect a non-negligible number of lesions that are, moreover, among the most aggressive (29% more cancers were detected when ultrasound imaging was used systematically in addition to mammography for women with dense breasts in the ACRIN 6666 study in which mammography proved to be insufficient).
These women with dense breasts are young patients or those receiving hormone therapy for treatment of the menopause. Additionally, dense breasts are a natural feature of certain populations such as Asian women. Alternatives to screening with mammography alone are therefore being studied, particularly in Japan (J-START study by Dr. Ohuchi et al.) to evaluate the benefits of ultrasound imaging as a complement to mammography for reducing mortality in the context of screening.

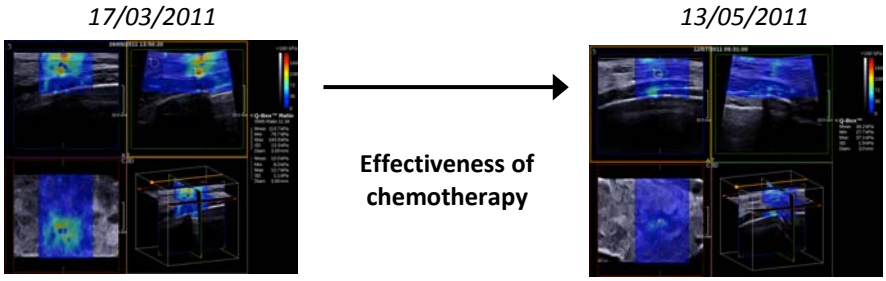
That being said, this detection of additional cancers comes at the price of numerous false alarms, since ultrasound imaging also detects many benign lesions during screening. This lack of specificity is particularly troublesome since it raises the question of the medico-economic legitimacy of ultrasound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

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

6.5.4.2 Aixplorer® 3D elastography: a diagnostic tool that shows potential for therapeutic monitoring of lesions

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

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



6.5.5 Liver imaging: precise diagnosis of lesions and chronic diffuse diseases

6.5.5.1 Biopsies are currently the only definitive diagnostic technique, despite a real risk of complications

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

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

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

The diagnosis of diffuse and focal hepatic disorders represents a particularly important market (see Chapter 6.3 of this base document), with specific medical needs that remain unanswered for the diffuse diseases. For example, hepatitis C affects 270 to 300 million people around the world, and hepatitis B some two billion. These hepatic tissue infections develop into fibrosis, then cirrhosis, with the ultimate complication being the onset of cancer site, portal hypertension or liver failure, which each lead to death of the patient in the absence of treatment. Today, the survival rate at five years after diagnosis of

chronic disease is surprisingly low, at only 50%, despite improvements in therapeutic management. If the fibrotic process is not diagnosed sufficiently early and if suitable management is not begun very soon, its development into cirrhosis becomes unstoppable and will result in a liver transplant, at best.

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

6.5.5.2 Aixplorer®: a non-invasive evaluation of hepatic fibrosis

Several clinical assessments measuring the contribution of ShearWave™ Elastography in the assessment and diagnosis of chronic liver disease are in progress and are subject to clinical collaborations. Several scientific publications have been produced, which showed a clear benefit to the use of Aixplorer® and ShearWave™ to assess the degree of hepatic fibrosis.
The first collaboration with the Institut Langevin, the Hepatology Unit of the Hôpital Cochin in Paris and an INSERM unit (June 2011) showed for 113 patients with hepatitis C that the SuperSonic Imagine system was a rapid, simple, reproducible and reliable method for **non-invasive** assessment of hepatic fibrosis. By mapping the elasticity of the liver over an extensive and deep area, this method, in contrast to FibroScan® or other non-invasive techniques, made it possible to avoid bias due to the heterogeneity of the fibrosis.

At the end of 2012 and of 2013, two teams published the results of their work, which consisted of evaluating the performance of SWE™ in the diagnosis of hepatic fibrosis in patients carrying the hepatitis C (Ferraioli et al., Hepatology 2012) and hepatitis B virus (Leung et al, Radiology 2013). These two independent publications demonstrated that the measurement of liver tissue elasticity with ShearWave™ Elastography made it possible to distinguish more accurately than with other techniques (FibroScan®) stages of significant, severe fibrosis and cirrhosis, thus having the potential to prevent liver biopsy being performed in some cases.

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

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

An effort international in scope to collect clinical information is currently underway with Aixplorer® and ShearWave™ Elastography users that should see its first results during 2014 and shed light on the interactions between various clinical factors, techniques and practices, measures of hepatic stiffness and the degree of hepatic fibrosis. This work will be coordinated by Dr. Mireen Friedrich-Rust, internist sonographer and gastroenterologist at the University Hospital of Frankfurt, Germany.

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

6.5.5.3 Contribution made by Aixplorer® in diagnosis and therapy

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

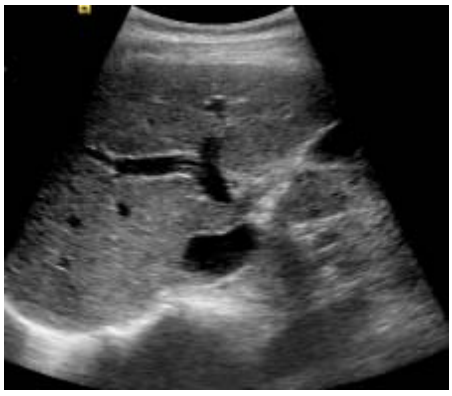
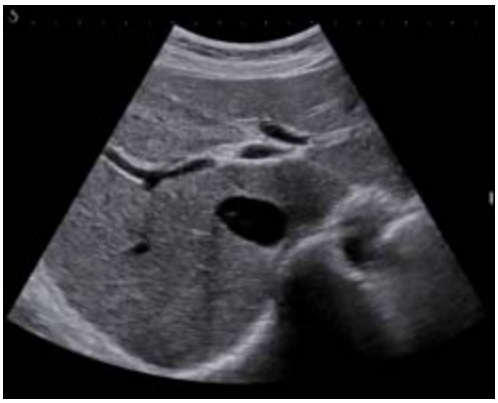
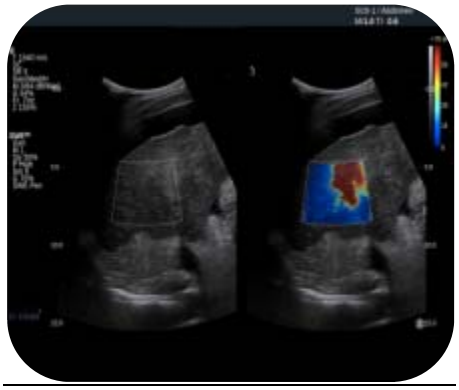


Image taken with conventional equipment



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

Screening and evaluation of liver fibrosis F4 (cirrhosis)



Diagnosis of hepatocellular carcinoma cell

6.5.6 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, presents the results of a study, which aimed to evaluate ShearWave™ Elastography in the detection of prostate cancer. Fifty-three patients participated in this study. These preliminary results concluded that ShearWave™ Elastography provides very high sensitivity (97%) and specificity (70%), which enables the detection and diagnosis of these cancers. According to this study, patients with abnormal blood levels of PSA*, for whom a biopsy is indicated, could avoid this biopsy thanks to non-suspicious results being obtained in a ShearWave™ Elastography scan. This could significantly reduce the proportion of negative biopsies in these patients.

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

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

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

Dr. Jochen Walz is a surgeon of German origin and is currently working at the Center for the Fight Against Cancer in Marseille, which is located in the Institut Paoli Calmettes. For the past few months, he has been evaluating ShearWave™ Elastography as part of the diagnosis and detection of prostate cancer and reported an experience similar to Prof. Correas and Dr. Barr. After being surprised by the ease of handling of Aixplorer® and SWE™ technology, all the more so for a non-radiologist, he witnessed the accuracy, reproducibility and high diagnostic value of the measurements made by ShearWave™ Elastography.

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

6.5.7 The other applications and the future of clinical innovation as seen by SuperSonic Imagine

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

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

The diagram below summarizes the current clinical applications of Aixplorer® as an imaging tool to aid with diagnosis (in purple). Four development programs carried out in partnership could add cardiac imaging to this list by 2018 (transposing the innovations prompted by radiology needs to the domain of cardiology). Finally, "niche" applications could arise from high-frequency applications such as dermatology or ophthalmology.

The technological and clinical expertise of SuperSonic Imagine is redefining the shape of the ultrasound imaging market. Demonstration of clinical benefits is an asset for meeting the requirements of the premium/high-end market while allowing the creation of new target markets such as hepatology or gastroenterology liver. Indeed, in these clinical specialties markets, a high level of scientific evidence is expected to meet the diagnostic needs of specialists without requiring the expertise of image interpretation by the radiologist. Only such clinical evidence supports the adoption of innovative technology by specialists.

The example of the "liver" clinical application is interesting on this point. In industrialized countries, the increasing number of carriers of hepatitis C has resulted in an urgent need for an alternative to ultrasound-guided biopsy to evaluate in a **non-invasive** manner the degree of liver fibrosis. With equipment easily usable by hepatologists, the recent adoption of FibroScan® allows them to keep hold of their patients without depending on radiologists to perform ultrasound-guided biopsies. However, for monitoring fibrosis patients, only radiologists can still perform a complete ultrasound examination, for a prognosis of cirrhosis complications or even a diagnosis of hepatocellular carcinoma.

As a result, SuperSonic Imagine's ultrasound imaging, thanks to shear wave elastography, enables radiologists to retrieve diagnostic information fibrosis even during the ultrasound examination and allows hepatologists to appropriate ultrasound imaging to provide a simple and robust alternative to the FibroScan®. This becomes even more evident in Asia, where the prevalence of hepatitis B continues to grow.

6.5.8 Examples of scientific publications and oral presentations about the clinical studies

A complete list of the scientific publications and oral presentations about the clinical studies is available in Chapter 27 of this base document, distributed by field of application.

The principal items include:

1. SuperSonic Shear Imaging: A New Technique for Soft Tissue Elasticity Mapping. Bercoff J. et al., IEEE Transactions on Ultrasonics, Ferroelectrics, and Frequency Control, Vol. 51, No. 4, April 2004.
2. Ultrafast Compound Doppler Imaging: Providing Full Blood Flow Characterization. Bercoff J. et al. IEEE Transactions on Ultrasonics, Ferroelectrics, and Frequency Control, Vol. 58, No 1, January 2011.
3. ShearWave Elastography Improves the Specificity of Breast US: The BE1 Multinational Study of 939 Masses. Berg WA et al., Radiology 2012; 262: 435-449
4. Shear wave elastography for breast masses is highly reproducible. Cosgrove DO et al., Eur Radiol. 2012 May;22(5):1023-32.
5. Can shear-wave elastography predict response to neoadjuvant chemotherapy in women with invasive breast cancer? Evans A et al., Br J Cancer. 2013 Nov 26;109(11):2798-802.
6. A threshold value in Shear Wave elastography to rule out malignant thyroid nodules: a reality? Veyrieres JB et al., Eur J Radiol. 2012 Dec;81(12):3965-72.
7. Shear wave elastography for differentiation of benign and malignant thyroid nodules: a meta-analysis. Zhang B et al., J Ultrasound Med. 2013 Dec;32(12):2163-9.
8. Comparison of diagnostic value of conventional ultrasonography and shear wave elastography in the prediction of thyroid lesions malignancy. Szczepanek-Parulska E et al., PLoS One. 2013 Nov 29;8(11):e81532.
9. Accuracy of real-time shear wave elastography for assessing liver fibrosis in chronic hepatitis C: a pilot study. Ferraioli G et al., Hepatology. 2012 Dec;56(6):2125-33.

10. Quantitative Elastography of Liver Fibrosis and Spleen Stiffness in Chronic Hepatitis B Carriers: Comparison of Shear-Wave Elastography and Transient Elastography with Liver Biopsy Correlation. Leung VY et al., Radiology. 2013 Dec;269(3):910-8.
11. Evaluation of shearwave elastography for the characterization of focal liver lesions on ultrasound. Guibal A et al., Eur Radiol. 2013 Apr;23(4):1138-49.
12. Shear wave ultrasound elastography of the prostate: initial results. Barr RG et al., Ultrasound Q. 2012 Mar;28(1):13-20.
13. Ultrasound elastography of the prostate: State of the art. Correas JM et al., Diagn Interv Imaging. 2013 May;94(5):551-60.
14. Transrectal quantitative shear wave elastography in the detection and characterization of prostate cancer. Ahmad S et al., Surg Endosc. 2013 Sep;27(9):3280-7.
15. Biomechanical properties of the calcaneal tendon in vivo assessed by transient shear wave elastography. Aubry S et al., Skeletal Radiol. 2013 Aug;42(8):1143-50.
16. Shear wave elastographic characterization of normal and torn achilles tendons: a pilot study. Chen XM et al., J Ultrasound Med. 2013 Mar;32(3):449-55.
17. Arterial wall elasticity: State of the art and future prospects. Messas E et al., Diagn Interv Imaging. 2013 May;94(5):561-9.

6.6 RAPID COMMERCIAL GROWTH

6.6.1 Marketing authorization in 59 countries

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

The table below presents details of:

- the 50 authorizations obtained so far;
- the 9 countries for which no authorization is required:
- the 2 applications that are currently under review.

	Year obtained	Aixplorer	Probes (6 in total) and biopsy guides
Autorization obtained (50 countries)			
- Europe (CE marking), 28 countries identified	2009	✓	✓
- Colombia	2010	✓	✓
- Croatia	2009	✓	✓
- Israel (on the basis of CE marking + FDA approval)	2010	✓	✓
- Russia	2010	✓	✓
- Saudi Arabia [5]	2010	✓	✓
- Serbia	2010	✓	✓
- South Korea [5]	2010	✓	5 probes/6, guide OK
- Switzerland (on the basis of CE marking)	2009	✓	✓
- Taiwan	2010	✓	5 probes/6, guide OK
- Thailand (on the basis of CE marking + FDA approval)	2009	✓	✓
- Peru [5]	2012	✓	✓
- United States [1]	2009	✓	✓
- China [1]	2010	✓	2 probes/6, guide OK
- Brazil [2]	2012	✓	4 probes/6, guide OK
- Canada [5]	2010	✓	4 probes/6, guide OK
- Australia	2009	✓	2 probes/6
- New Zealand	2009	✓	✓
- Japan [3] [5]	2010	✓	5 probes/6, 2 guides/3 (3)
- Belarus	2011	✓	2 probes/6, guide OK
- Mexico [2] [6]	2012	✓	2 probes/6, guide OK
- Singapore [2] [6]	2012	✓	5 probes/6, guide OK
'- Ukraine	2012	✓	✓

No authorization required (9 countries)
- Ecuador, Hong Kong, India, Lebanon, Malaysia, Turkey, Philippines, Venezuela and Pakistan [4]

	Expected date	Aixplorer	Probes (6 in total) and biopsy guides
Authorization in progress (2 countries)			
- Argentina	2014	✓	6 probes/6, guide OK
- Egypt	2014	✓	6 probes/6, guide OK

(1) United States: Marketed without tools for quantification and contrast; China: excluding Contrast, PWV, Panoramic, Neonatal Cephalic,
(2) Excluding PWV, Panoramic, Neonatal cephalic
(3) The biopsy guides for SL15-4 and SC6-1 are authorized. However, the biopsy guide for SE12-3 is not authorized.
(4) Only invasive DMs need authorizations
(5) Excluding Obstetrics
(6) Excluding Contrast

6.6.1.1 European regulations

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

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

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

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

6.6.1.2 U.S. regulations

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

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

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

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

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

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

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

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

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

6.6.1.3 Other main regulations

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

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

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

- **Other specific procedures**

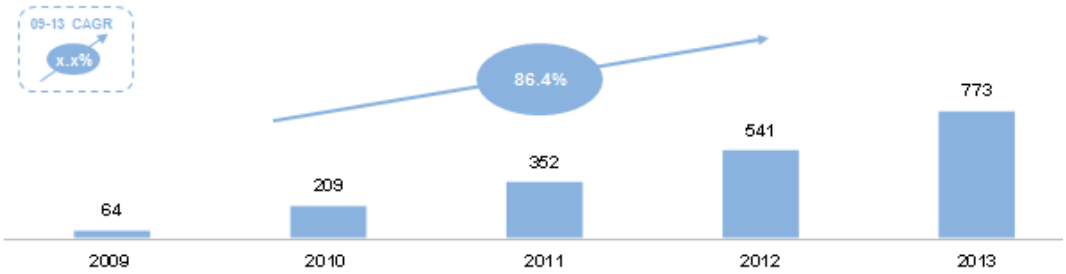
In other countries, the procedures for obtaining a marketing authorization are more complicated and require submission of an application file to the local competent authorities. This submission has to demonstrate conformity with local regulations and contains the detailed and validated technical specifications for the product, evidence of its conformity with international standards and the corresponding local standards, evidence of risk analysis, the user manual and labeling for the product and also the clinical validation.

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

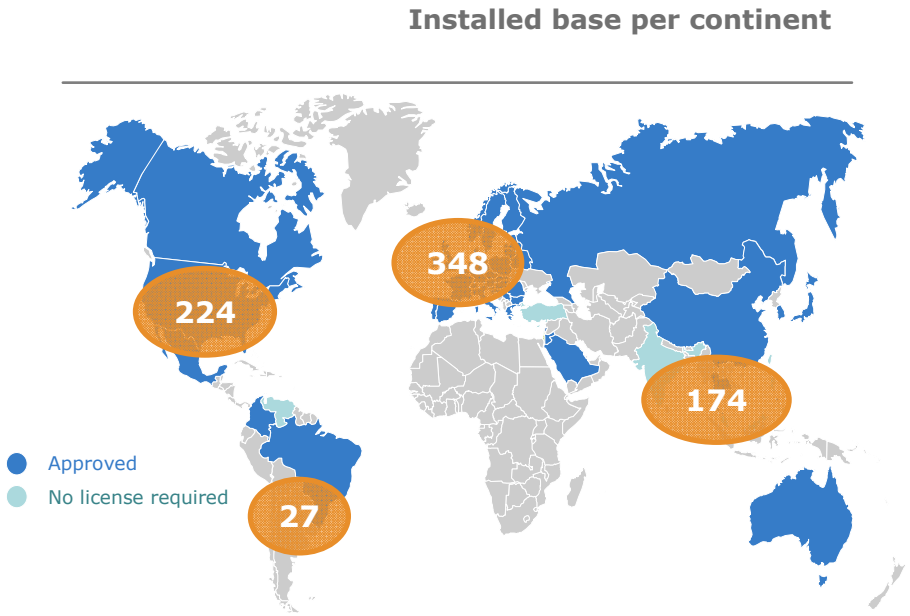
6.6.2 A current installed base of more than 773 units worldwide

With CE marking obtained in March 2009 and FDA agreement "510 (k)" in August 2009, 773 Aixplorer® devices had been sold as of 31 December 2013, in under five years, through a commercial organization that covers the major countries in the world described in Section 6.8.2 below.

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



By geographical area, the installed base of 773 units is distributed as of 31 December 2013:

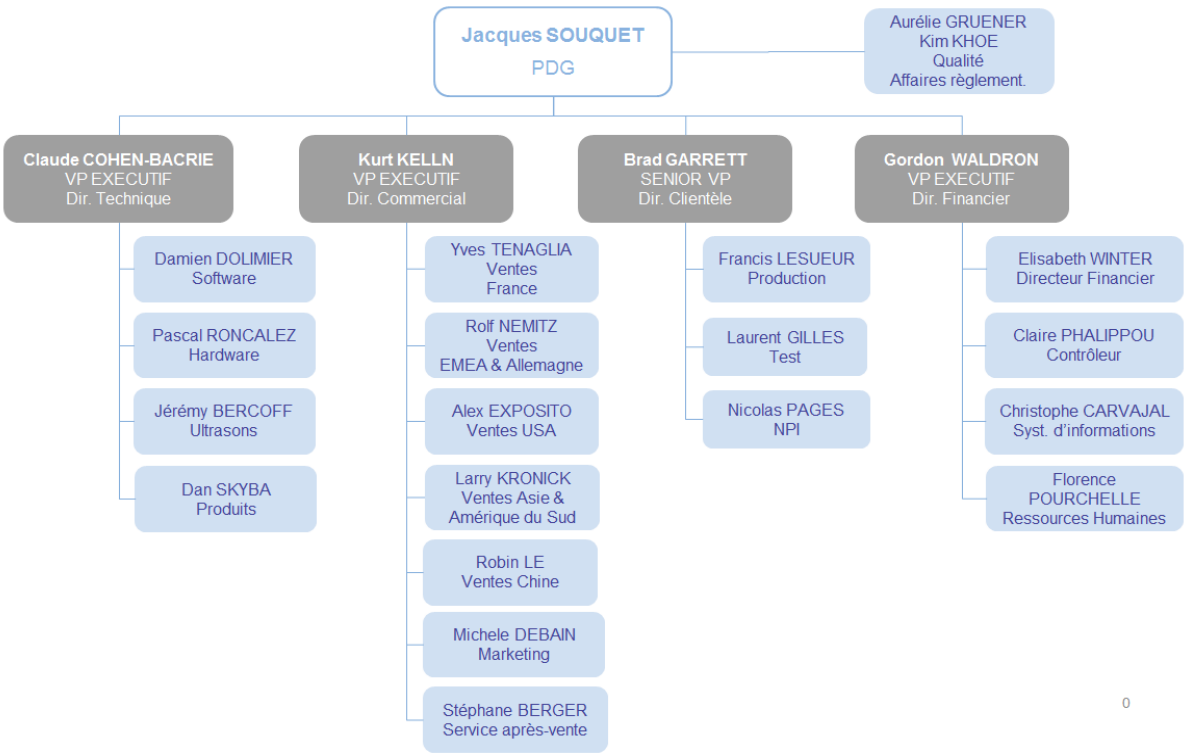


As of the same date, the client portfolio included many prestigious names such as:

- In Europe:
  - France: Georges Pompidou European Hospital, Grenoble University Hospital Centre, Timone Hospital in Marseilles, La Pitié Salpêtrière Hospital in Paris, Tours University Hospital Centre, Lacassagne Centre for the Fight Against Cancer in Nice;
  - Germany: Kiel Hospital, Greifswald Hospital, USKH in Kiel;
  - United Kingdom: Dundee Hospital;
  - Russia: 26 systems on sites specializing in the evaluation of hepatic fibrosis.
- United States: University of South California in Los Angeles, Mayo Clinic, Thomas Jefferson University in Philadelphia, Northwestern Hospital in Chicago and UPMC in Pittsburgh and Hollywood Memorial Hospital in Florida.

- In Asia: Showa University in Tokyo (Japan), Samsung Hospital in Seoul (Korea), 301 Hospital in Beijing (China), Chang Gung Memorial Hospital in Taipei (Taiwan), Prince of Wales Hospital (Hong Kong), Siriraj Hospital in Bangkok (Thailand), AIIMS in New Delhi (India), Singapore General Hospital (Singapore), The Alfred Hospital in Melbourne (Australia).

6.7 INTERNATIONAL MANAGEMENT FOCUSED 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 of physicians and scientists from around the world, which meets several times a year. SuperSonic Imagine submits ideas to this committee of experts, who play a part in technological and clinical assessment.

6.7.1 Technical Department: an advanced Research & Development division

The Company grew out of the will of a high-level multidisciplinary team to develop a new-generation ultrasonic medical imaging system and it brought together a strong engineering team appointed to the R&D department, which had 35 staff members as of 31 December 2013.

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

➢ **The "Ultrasound" division**

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

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

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

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

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

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

- **The "Hardware" division**

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

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

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

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

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

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

- **> The "Software" division**

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

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

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

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

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

6.7.2 Direct and indirect distribution

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

6.7.2.1 A direct approach in France, the United States and Germany

Priority markets such as France and the United States are covered by a direct sales force, as is the case in Germany. In the United States and Germany, this first approach is conducted through an indirect sales force on separate targets. In the United States, the breast ultrasound imaging market has been entrusted to Hologic Inc., with the Company retaining exclusive rights in other markets, and in Germany it has been entrusted to Medicor, a distributor for Hologic Inc.

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

As of 31 December 2013, the Group's sales force has 41 employees, including 3 with consultant status. The breakdown by region and function is stated in Section 6.7.2.4 below.

6.7.2.2 An indirect approach comprised of a network of distributors

When it first entered the international market, the Company very rapidly wanted to benefit from switching to a distribution network, which enabled its presence to be apparent with respect to target countries that are likely to be the fastest to adopt this equipment in the Premium/High-end segments.

The Group has chosen to be particularly active in the main countries of the European Union, Middle East and East Asia as well as Latin America and Russia, through structures for representation and sales which meet the following criteria: knowledge of the market, commercial presence, being known to opinion leaders, ability to provide after-sales service. Since being initially approached through a single distributor, since 2013 the enormous commercial potential of China has been treated with a special approach described in Section 6.7.2.3 below, and the Company also terminated the exclusive distribution agreement in April 2013 (see Section 20.8 of this base document).

With the support of regional managers and clinical application specialists, this network of 64 distributors (including 18 in China, all probationary) who benefit from the network of the Indian partner's 12 sub-distributors, as detailed below, can cover countries with high "medical" development or a high potential for renewal on Premium and High-end segments that have public or private centers with a high financial "capacity" and sometimes specialize in research and do not want to be left out of technological developments, etc.

Northern/Eastern Europe

Country of incorporation	Start date
Austria	1-Oct-08
Czech Republiic, Slovakia	1-Oct-08
Russia, Ukraine*, Belarus	1-Jan-10
Germany	1-Jan-10
Poland	1-Dec-08
Croatia, Serbia, Slovenia, Kosovo*, Montenegro*, Bosnia and Herzegovina*,	29-Jan-09
Finland	1-Jan-10
Sweden	1-Jul-10
Belgium, Netherlands, Luxembourg	1-Dec-08
Romania	1-Jan-13

Southern Europe and Middle East

Country of incorporation	Start date
Switzerland	14-Sep-09
Saudi Arabia	1-Aug-09
Spain, Portugal	1-Dec-09
Greece, Cyprus, Albania	1-Jan-13
Israel and West Bank*	1-Feb-11
Algeria	10-Jun-13
Lebanon, Qatar, Jordan, Syria, Kuwait	8-Sep-11
Turkey	1-Jan-13
Kuwait	20-Nov-13
Pakistan	1-Nov-13

**: Countries in which marketing authorization has not yet been obtained*

Americas (North and South America)

Country of incorporation	Start date
USA	1-Nov-10

USA	15-Sep-11
USA	28-Nov-12
Canada	1-Dec-12
Colombia	7-May-10
Venezuela	10-Dec-11
Ecuador	15-Dec-11
El Salvador*	28-May-11
Mexico*	15-Apr-09
Argentina *(authorization in progress)*	6-Sep-13
Peru	17-Sep-12
Brazil	3-Dec-13

Asia / Pacific and Others

Country of incorporation	Start date
Taiwan	9-Dec-08
South Korea	17-Apr-12
Malaysia	25-Feb-09
Vietnam*	1-Nov-09
Thailand	1-Feb-09
Singapore*	15-Jul-09
Japan	12-Nov-09
Hong Kong, Macao*	1-Apr-09
Pakistan	23-Jul-13
New Zealand	5-Jun-12
Australia	12-Jun-13
Réunion, Mayotte	1-May-13
New Caledonia, Wallis and Futuna French Polynesia and Vanuatu	1-Feb-13
India (where the local distributor has the benefit of **a team of 12 sub-distributors**)	1-Dec-12

Among these, the contract with Hologic, signed in November 2010 for an initial term of two years and renewed until November 2014, is considered important in the light of the Company's commercial ambitions in the United States. Hologic Inc. is a US NASDAQ-listed company and major player in the development, manufacture and marketing of advanced diagnostics, medical imaging and surgery products specializing in women's health. Hologic Inc. holds a 50% market share in the US women's health market[11], but also is the leading seller of medical devices in the U.S. Accordingly, a sales team of 38 employees and 5 CAS (Clinical Applications Specialists) has been dedicated to the partnership by Hologic, to which the Group has granted exclusivity for the breast ultrasound market in the United States, where Hologic has a strong presence through its "Women's Health" department, in order to create a high level of synergy for its installed mammography equipment base.

[11] JP Morgan estimate (2010).

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

In general, the selected partners must:

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

Even though it initially promoted exclusive distribution, the Group is entering a new phase in which sharing of territories may be allowed. In return for the exclusivity that has been granted until now, most distribution contracts from the Group require a defined minimum number of annual sales over the initial period. If this is not achieved, the Company is free to renegotiate the contract and the exclusivity that was granted. Even though most of the contracts enable the Company to end the contract in case control of the distributor changes, the Hologic contract also covers breaking the contract to the benefit of the partner if the Company changes control (40% voting rights).

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

6.7.2.3 A specific approach in China through a representative office in Beijing

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

As of 31 December 2013, the dedicated sales force for China included:

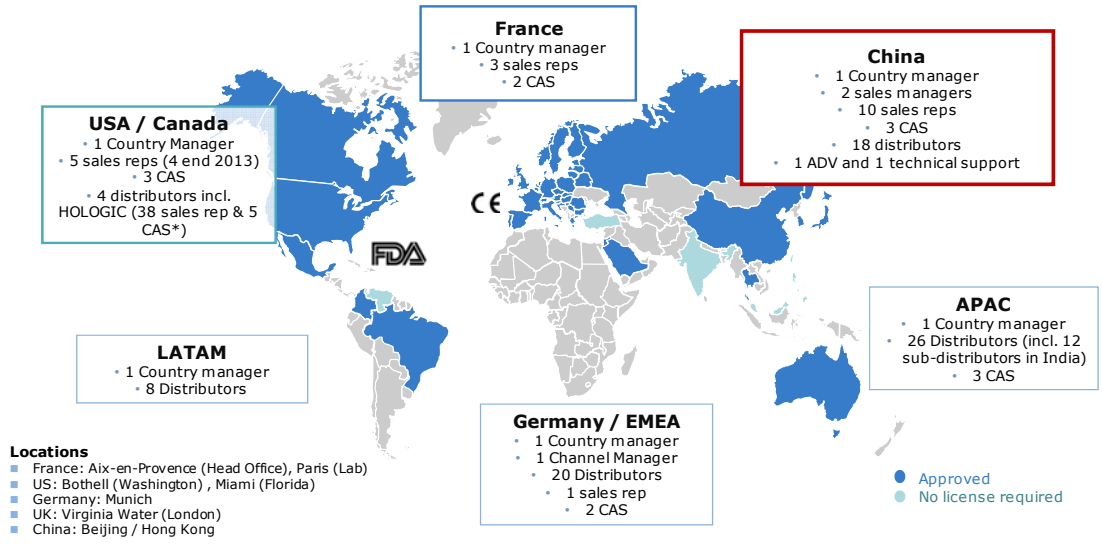
- 1 country manager
- 2 sales managers
- 10 sales representatives in charge of prospecting
- 3 clinical applications specialists
- 18 distributors, all of which were in a probationary period as of that date, then definitively signed since the end of February 2014

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

The performance of the office was extremely fast, thus validating the choice of this business strategy. At the end of 2013, the installed base in China is 62 Aixplorer® devices, of which 38 were sold in 2013 versus only 11 in 2012. The strengthening of this network is one of the priorities of the Group's strategy.

6.7.2.4 The current sales network

At 31 December 2013, the global sales network covers 70 countries (including French overseas departments and territories) and is divided into six geographical areas as follows:



(*) CAS: Clinical Application Specialists.
(**)In a probationary period at the end of December 2013, all contracts are final since late February 2014.
The evolution of consolidated revenue by sales channel is shown in Section 9.2.1.1.

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

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

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

6.7.2.5 After-sales

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

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

In the United States the distributor Hologic (the exclusive distributor for women's healthcare) itself provides after-sales service to its customers, while service to direct sales is provided by the Group as in France, where it can be done in part by subcontractors.

6.7.3 Targeted marketing

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

6.7.3.1 Product management

The product managers are positioned between the users, the scientists and the internal R&D teams. They can intervene upstream, prior to the creation of a product (or a new application) and downstream, building on the feedback from users of the Aixplorer® system. The product manager has contact "in the field" and works with the clinical sites in order to obtain clinical benefits. This division is responsible for defining specifications and the priority of development of new features to be incorporated into the product. It then ensures the setting up of clinical evaluations to test the product prior to it being placed on the market. The division's "product management" is active at the global level.

6.7.3.2 Operational marketing

With three employees dedicated to training and four to marketing (one person part-time), 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**

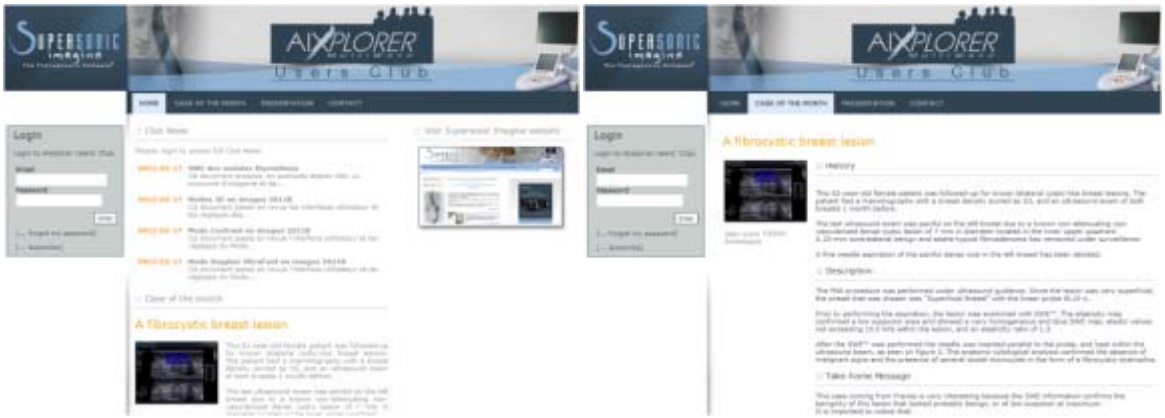
This division implements and organizes training for sales representatives and distributors across the world.

- **Training of sales representatives and distributors**

One-week training sessions are organized for sales representatives and distributors joining the Group, so as to teach them about the Aixplorer® system, its applications and the clinical results obtained. A specific presentation is produced for each product release and for new applications, and this is the subject either of a seminar presented as an online conference or of a training session, depending on its level of importance. This training takes place at various sites: in France, at the Company's European headquarters, in Asia and in the United States.

- **The Users' Club**

A web site created in 2011 is dedicated to all users within a users' club. 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**

A project is under way to establish a training site for core clients. The first implementations are planned to be for the Georges Pompidou European Hospital and the Necker Hospital. The aim is to provide training sessions for all physicians who have access to Aixplorer® at their hospital.

➢ **Marketing communication**

The objective of marketing communication is to increase the visibility of Aixplorer® ultrasound imaging and its numerous applications. More specifically, the team is concerned with developing messages and publishing them in the form of supporting materials for marketing and communication. The following are the principal routes of communication:
- congresses and trade shows;
- advertising;
- press relations;
- brochures and white papers;
- e-mail campaigns;
- website;
- videos (YouTube, Vimeo);
YouTube: http://www.youtube.com/user/SuperSonicImagine
Vimeo: https://vimeo.com/channels/supersonicimagine

E -mail campaigns

The marketing department has recently been targeting the interests of potential customers through a database. In 2012, more than 80,000 e-mails were sent to customers with a rate of e-mails seen of 9%. In 2013, more than 140,000 e-mails were sent with a rate of e-mails seen of 13%.

Brochures by type of product application: breast sample

Example of an e-mail campaign

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

The Company is present at international conventions, which correspond to its priority targets: general radiology, the breast, liver diseases/gastroenterology (these specialists often work in partnership with radiologists), laboratories specializing in the vascular field. Since 2011, SuperSonic Imagine has participated in forty international conventions per year.

The most representative annual conventions for radiology are:

- *European Congress of Radiology (ECR);*
- *Les Journées Françaises de Radiologie (JFR) where the Company presented Aixplorer® for the first time in 2008 to radiologists*;
- *Annual Congress of the Radiology Society of North America (RSNA);*
- *Japanese Society of Ultrasound in Medicine (JSUM supported by the distributor Canon);*
- *European Federation of Societies for Ultrasound in Medicine and Biology Ultrasound (Euroson);*
- *World Federation for Ultrasound in Medicine and Biology (WFUMB). Every two years.*

The Company also participates in two specialized conventions on liver disease (fibrosis and tumors): the EASL congress (European Association for the Study of the Liver) and the AASLD congress (American Association for the Study of the Liver). It also participates in two specialized gastroenterology conventions, ESCAR (European Society of Gastrointestinal and Abdominal Radiology) and UEGW (United European Gastroenterology Week).

American Institute of Ultrasound in Medicine (AIUM) Convention

Presentation on innovations in the fight against cancer and fibrosis in Austria

Prior to these conventions, the Society encourages practitioners to submit scientific communication projects to a selection committee, which contain the results of studies to be presented to their peers.

Increasingly, excerpts from the work of specialists concerning the use of Aixplorer® applications are being presented at these conventions.

During conventions, the Company routinely organizes a symposium at which it invites practitioners to present the results of their experience with Aixplorer®.

- **Local conventions**

Journées Francophones d'Hépato-gastroentérologie et d'Oncologie Digestive (JFHOD) in Paris

The Marketing Department provides support to sales managers with respect to local marketing and the organization of marketing activities in the field. In France, the managers take part in approximately ten local conventions per year. Distributors in other countries can also ask the Company for supporting documents and for help with the organization of a stand. In some cases, they can request financial assistance from the Company in order to invite practitioners to participate in workshops.

In 2011, the Company attended 11 conventions in France, 13 in USA, 21 in Germany and other European countries and 6 large conventions managed directly by the Marketing Department.

In 2012, the Company participated in 11 conventions in France, 9 in USA, 22 in Germany and other European countries and 7 large conferences managed directly by the Marketing Department.

In 2013, the Company participated in 13 conventions in France, 7 in the USA, 14 in Germany and other European countries and 7 large conventions managed directly by the Marketing Department.

In 2014, the Company plans to participate in 11 conferences in France, 9 in USA, 15 in Germany and other European countries and 8 large conferences managed directly by the Marketing Department.

- **Press relations**

Press relations are an important route of communication for the Company, which primarily targets the professional press, but also develops relationships with the general public, as in recent publications such as *La Tribune, Le Figaro, Les Echos, Le Monde, Femme actuelle*.

SUPERSONIC IMAGINE
À L'ASSAUT DE LA CHINE

Les Echos

SuperSonic conquiert la Chine avec son échographie unique

LA STRATÉGIE SUPERSONIC IMAGINE

Date de création : 2005
PDG : Jacques Souquet
Levée de fonds totale : 99 millions d'euros
Chiffre d'affaires : 14 millions d'euros en 2012, dont 80 % à l'international
Effectif : 120 personnes
Secteur : imagerie médicale

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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.

- **Advertising**

The Company uses conventions for its advertising. For extensive contact with radiologists, it also communicates using the AuntMinnie specialized portals (recently also established in Europe) and Sonoworld.

Marketing expenses amounted to €1.1 million in 2013.

6.7.4 A production capacity adapted to sustained growth

6.7.4.1 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 manufacturer in Scotland (Plexus, which has a GMP (Good Manufacturing Practice) certificate), with direct provision by suppliers of some of the inventory, such as printed circuit boards or plastic parts. Plexus is the largest manufacturer of electronic medical devices throughout the world for companies in the ultrasound sector and also supplies other major clients (for example, CISCO).

It produces Aixplorer® devices in their standard configuration, which represents approximately 95% of assembly, in accordance with specifications defined by SuperSonic Imagine, and guarantees a high-end level of quality. In addition, this allows for good flexibility, it being possible to transmit orders weekly.

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

New steps for this production process have been prepared by the Company in close relationship with its partner, in order to:

- First, outsource the entire production of standard units starting in April 2014 from the Plexus site in Scotland to its Penang site in Malaysia, which is equipped with the most advanced technologies, which should over the whole year result in an improvement in the gross margin on equipment sales that the Company estimates at over 4%. Following the transfer of manufacturing (tools, equipment, know-how and training), which was finalized in January 2014, the Company and its partner have focused in this regard during the first quarter of 2014, on the one hand, on validating the assembly and testing process and, on the other hand, on qualifying and approving the new subcontractors used locally in Malaysia. This period also allowed Plexus to ramp up its teams so they will be operational from April 2014;

- Secondly, gradually shift starting in the second half of 2014, to the service provider the stages still performed by the Group. As a result, in 2015, Plexus will produce platforms with CTO (Configuration To Order) and provide DOF (Direct Order Fulfillment) to customers.

To this end, the Group is working to implement the necessary IT infrastructure.

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

6.7.4.2 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 6.7.1 of this base document) in close communication with the purchasing department. In fact, the R&D department works in advance with the subcontractors in order to produce the first prototypes. In effect, the development work is done in partnership with them, so as to ensure that the design of the product is compatible with the constraints of their production processes. Once the pre-industrial phase (subcontractor production processes) has been validated by the R&D teams, the Supply Chain function takes over.

The situation regarding the three critical components is as follows:

- **Power supply**: SL Power Supply of Ventura (CA, USA) is the supplier of electrical power. This partnership is particularly important insofar as the development of power took nearly seven years of development work shared between this company and the Group;

- **Probes**: there is also a privileged partnership with a supplier of probes, the Tours (France) - based company Vermon, a global specialist in ultrasound probes, also supplies some of the Group's competitors. Again, this partnership is considered critical, as the Group expanded its imaging modes adapting precisely the specificities of these probes to get the best picture quality from them. The critical nature of this partnership has caused SuperSonic Imagine and Vermon to negotiate a specific agreement providing for visibility for two years with respect to supplies, so that SuperSonic Imagine can if necessary plan for a change of subcontractor.

- **Control panels**: The Company maintains privileged relationships with its supplier of control/interface panels, Esterline. This US manufacturer, which is listed on the New York Stock Exchange, conducts nearly 80% of its business with the defense and aviation sectors (source: Esterline website).

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. Concerning the probes more specifically, a second supplier could be referred during 2014.

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

6.7.4.3 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 22 November 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

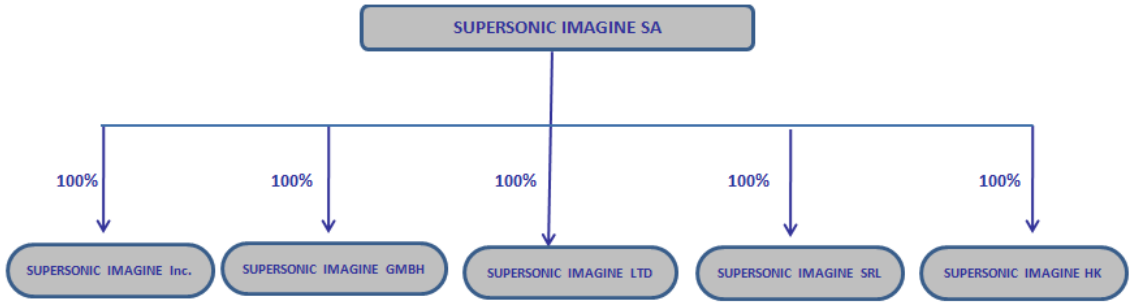
approval any change in their production chain (raw materials, production methods and processes, relocation or subcontracting, etc.).

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

7. ORGANISATIONAL CHART

7.1 GROUP STRUCTURE

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



7.2 LIST OF SUBSIDIARIES, BRANCHES AND SECONDARY ESTABLISHMENTS

The Company has 5 subsidiaries, two of which are currently dormant (United Kingdom and Italy) due to a change in commercial strategy towards indirect sales through a distributor or agent:

SuperSonic Imagine, Inc: U.S. subsidiary incorporated in March 2007 and headquartered in Bothell (Washington – United States of America). This entity conducts mostly commercial activity in the United States of America as well as research and development and marketing. Represented by Brad Garrett as Chief Executive Officer, this subsidiary had 15 employees as of 31 December 2013.

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 5 employees as of 31 December 2013.

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 region spanning Hong Kong, China via sales offices located in Beijing, Singapore, Taiwan, Thailand and Vietnam. Represented by Jacques Souquet, this subsidiary had two employees (medical applications specialists) as of 31 December 2013 whose mission is to provide support to distributors covering the geographical areas referred to above and the Chinese office.

SuperSonic Imagine Ltd: UK subsidiary established in March 2008, this entity has been dormant since 2012, when the contemplated project to develop a direct sales force there was abandoned in favor of an indirect commercial approach. It has no employee since 2012. The sales activity in this region is limited to one sales agent. The accounting movements for this subsidiary only result from practical invoicing considerations from this local structure.

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

Key figures for the subsidiaries are as follows:

SUBSIDIARIES (In €K at 31 Dec 2013)	% ownership	Share capital	Shareholders' equity (excl. share capital)	Revenues	Net income (loss)
SuperSonic Imagine, Inc.	100%	10,396	(15,671)	2,732	(2,382)
SuperSonic Imagine,Gmbh	100%	25	(2,125)	1,150	(654)
SuperSonic Imagine (HK) Ltd	100%	1	40	287	18
SuperSonic Imagine Ltd	100%	1	(1,148)	427	(153)
SuperSonic Imagine Srl	100%	10	(35)	0	(7)

With regards to local legislation, only the Italian subsidiary is required to restore its equity and, as from 2014, this would be done by incorporation to the capital of the receivable that the Company holds against its subsidiary.

7.3 MAIN INTRA-GROUP FLOWS

There are four main types of intra-Group agreements.

a) Assistance and service agreements

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

This agreement covers the provision of services rendered by the company to its subsidiaries:

- administrative services,
- sales and marketing services,
- financial and legal assistance,
- treasury services,
- human resources management..

An amendment to this agreement was concluded on 1 January 2013 in order to clarify (i) the services that would be provided and (ii) the terms of billing.

As compensation for these services rendered, the Company invoices its subsidiaries the following amounts:

- invoicing of the total service cost + 12% for administrative services,
- invoicing of the total service cost + 8% for other points covered by the agreement.

During the financial year ended 31 December 2013, the Company invoiced the following amounts to each of its subsidiaries under this agreement:

- €716,600 to SuperSonic Imagine Inc.;
- €185,600 to SuperSonic Imagine Limited;
- €150,500 to SuperSonic Imagine GmbH;

b) Cash management agreement

A cash management agreement was entered into on 1 January 2011 between the Company and its subsidiaries SuperSonic Imagine Inc., SuperSonic Imagine GmbH, SuperSonic Imagine Limited, SuperSonic Imagine srl and SuperSonic Imagine (HK) Limited through which it grants them loans and cash advances.

In return for this funding, the Company invoices its subsidiaries for interest calculated on these loans and cash advances at the 3-month EURIBOR rate plus a 1% margin. Unpaid interest is compounded.

During the financial year ended on 31 December 2013, the Company charged the following interest to each of its subsidiaries:

- €59,200 to SuperSonic Imagine Inc.;
- €28,500 to SuperSonic Imagine GmbH;
- €17,700 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 1 January 2011 between the Company and its subsidiary SuperSonic Imagine Inc. covers the provision of staff to the Company by its U.S. subsidiary.

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

During the financial year ended on 31 December 2013, the agreement covered the provision of a senior vice president, a vice president of sales, a director of product management, two product developers, a clinical product specialist and a management supervisor for an amount invoiced to the Company by its subsidiary of €1.1782 million.

d) **Commercial services and support agreement**

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

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

As compensation, the subsidiary invoices the Company the total cost of these services plus 8%. As such, during the financial year ended on 31 December 2013, SuperSonic (HK) Limited billed the Company the amount of €285,800.

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

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

8. PROPERTY, PLANT AND EQUIPMENT

8.1 DESCRIPTION OF PROPERTY

The only premises rented by the Group are as follows:

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

The lease agreement signed on 18 July 2008 for a period of 9 years subject to the commercial lease legal terms and conditions, concerns the rental of two buildings, each comprising a ground floor and a first floor covering approximately 1,700 square meters and 90 outdoor parking spaces. The annual rent is €260,000 excluding tax and tenancy charges. A guarantee deposit of €68,000 was paid in cash upon signing the lease agreement.

Premises in the United States: the Company has premises in the United States:

a) in the city of Bothell (Washington): these premises, which are 4,372 sq. ft. (approx. 406 m^2) and come with 16 parking spaces, are rented by SuperSonic Imagine Inc. from a third party with no tie with the Company and its managers.

A commercial lease agreement was entered into on 14 January 2010 for a 60 months-term as from 3 March 2010 to 31 March 2015. The rents to be paid by the Company are calculated according to the following scale:

Month	Price per sq. ft/year	Monthly rent
1 – 16	US$ 0.00*	US$ 0.00*
17 – 24	US$ 17.50	US$ 6,375.83
25 – 36	US$ 18.00	US$ 6,558.00
37 – 48	US$ 18.50	US$ 6,740.17
49 – 60	US$ 19.00	US$ 6,922.33

(*) The Company has agreed with the lessor that no payment of rent shall take place during the first 16 months of occupancy of the premises, which correspond to the installation phase of the Company.

In accordance with the terms of the lease agreement, a guarantee deposit of US$ 56,000.00 was paid on the date of signing of the lease agreement.

(b) in Miami The Group occupies furnished offices within a business center. The one-year lease (from 1 November 2013 to 30 October 2014) sets the rent at US$ 1,100 per month including taxes (approximately € 1,000).

Representative office in Beijing: The Chinese representative office is located in Beijing, Suite 2304, Block D, Ocean International, 62, Dongsihuan Zhonglu Chaoyang District, Beijing (100025). Covering an area of about 210 m², these offices are leased by a third party, who has no tie with the Company and its management, under the terms of a lease agreement dated 15 October 2013 covering the period from 3 December 2013 to 2 December 2014 at an annual rent of RMB 468,000 excluding tax, i.e. approximately €57,000. A guarantee deposit of RMB 78,000 (about €9,000) was paid in cash.

The other Group entities only have a postal address.

8.2 ENVIRONMENTAL ISSUES

The nature of the Company's activities entails no significant risk for the environment. For further details, refer to Section 4.5.3 of this base document.

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

9.1 GENERAL OVERVIEW

9.1.1 Accounts prepared in accordance with IFRS

In compliance with European Regulation 1606/2002 of 19 July 2002, the Consolidated Financial Statements of SuperSonic Imagine for the years 2013, 2012 and 2011, approved by the Management Board, were prepared in accordance with the current IFRS as adopted by the European Union. They are presented in Chapter 20.1 of this base document.

The information below concerning the review of the Group's results and financial position is solely based on the Financial Statements under IFRS that appear in Chapter 20.1 of this base documentand must be read in conjunction with the rest of the base document.

9.1.2 Company's activity

SuperSonic Imagine, founded in March 2005, specializes in ultrasound medical imaging. The Company designs, develops and markets innovative ultrasound imaging solutions aimed at improving medical diagnosis.

The Company offers cutting-edge technology - Shear Wave Elastography - which it has developed in the form of a revolutionary ultrasound system: Aixplorer®. This device breaks away from conventional technology by integrating three major innovations:

- A 100% Linux-based software architecture which is a lot more flexible than the electronic board architecture used in existing ultrasound systems and which offers unequalled signal processing capacities;
- The UltraFast™ system providing unequalled image acquisition capacity (20,000 images/s versus 200 to 500 images/s);
- The Multiwave™ technology combining an ultrasound wave with a shear wave (ShearWave™).

ShearWave™ is the world's only innovation capable of quantifying tissue elasticity in an objective way and in a reproducible, real time and user independent manner. Tissue elasticity is a clinical parameter which is essential for diagnosis since it is often linked with disease. Physicians can thus detect and characterize palpable and non-palpable masses to potentially make future treatment available.

In addition to exceptionally improving traditional imaging methods (B mode and contrast) thanks to advanced proprietary technologies, Aixplorer® is currently providing the market with a new imaging mode: ShearWave™ Elastography, as well as a revolutionary Doppler approach using the Ultra Fast™ Doppler.

In a world market concentrated on a small number of players, the Company is distinct due to its innovation and extensive technological expertise. Thanks to its in-house R&D team boasting over 250 years of combined experience in the fields of ultrasound, it has gained:

- A solid portfolio of patents;
- the backing and support of opinion leaders in learned societies;
- strong clinical validation based on numerous studies;
- sales regulatory authorizations covering 50 countries, in addition to 9 countries for which no authorization is required.

Strengthened by an offer which is unique on the market, the Company has been committed since 2012 to a worldwide commercial roll-out phase of its offer.

9.1.3 Revenue recognition

The Group has two primary sources of revenue: sales of the Aixplorer® systems and application-specific probes, as well as the associated services.

(a) Revenue from the sales of Aixplorer systems

The Group's products are generally sold through contracts or via purchase orders placed by customers which include fixed, determinable prices that do not contain a right of return or any significant post-delivery obligation, nor any other clause inducing deferred revenue. Revenue is recognized for products when title and risk are transferred, in accordance with Incoterms as defined in the contracts, when the price is fixed and determined, and collectability of the receivable is reasonably assured.

Distributors of Aixplorer products do not benefit from any contractual right of return on acquired products beyond the legal guarantee of 12 months granted on products.

(b) Revenue from services

Revenue for services (principally maintenance, after-sale service, guarantee extensions) is recognized over the period when services are rendered and when collectability is reasonably assured.

A 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.

A warranty provision is booked to cover this legally required one-year warranty period, starting on the date of purchase of each system.

9.1.4 Research & development and technologies

SuperSonic Imagine provides breakthrough technology within the ultrasound market, through three areas: the software as a whole, the high-speed acquisition of data and the use of shear waves, all of which are detailed in Section 6.2.3 of this base document.

Research charges are expensed as incurred.

In accordance with IAS 38, expenses corresponding to project developments - design and testing of new or improved solutions - are recognized as an intangible asset when the following criteria are met:

- The Group has the intention, financial capacity and technical capacity to complete the development project;
- The Group has the required resources to develop and use or market the product developed;
- There is a high probability that the future economic benefits of the products developed will benefit the Group;
- The expenses attributable to the intangible asset during its development can be measured in a reliable way.

Development expenses which do not meet these criteria are recognized as an expense for the period.

Capitalized developments, which mainly consist of personnel costs, are amortized on a straight-line basis over the estimated remaining life of the Aixplorer® product. The related depreciation expenses are recognized under "R&D expenses" in the income statement. This estimated remaining life is reviewed at each year end.

9.1.5 Partnerships and subcontracting

The Company benefits from close links with research institutions (CEA, Institut Langevin at the ESPCI, etc.) and some of the most prestigious medical establishments in France and abroad.

Since 2009, production of the Aixplorer® platform (in a standard configuration) has been subcontracted to Plexus, a manufacturer in Scotland, which directly handles the majority of supplies, such as printed circuits, plastic parts, metal parts, etc.

Plexus' role has evolved over time as follows:

- in 2009/2010, Plexus manufactured the lower portion of the system and the company manufactured the upper part (Control Panel + Screen,) the plastic parts and all of the tests;
- in 2011, Plexus did the full assembly, along with a portion of the tests;
- in 2012, Plexus did the complete assembly as well as all of the tests, including Live Scan (the final step in verifying quality and compliance with the specifications ordered.)

The final configuration, which is adapted to each client's demands - CTO (Configuration To Order) as well as the shipping of each Aixplorer® to the end clients are handled by SSI's Production department, which is located at the headquarters in Aix-en-Provence.

As detailed in Section 6.7.4. of this base document, and in Note 28 to the consolidated financial statements, work was undertaken with this partner during the financial year ended in order to transfer all production of the standard platforms from its Scottish site to its Malaysian site. Following an initial phase, which will end in April 2014, the controls of the systems, as well as the CTO will continue to be performed internally by the Production department in France. A second phase, starting as early as the beginning of 2015, will consist of entrusting the production of the Aixplorer® to Plexus, up to final configuration according to each client's order (CTO).

Since the transfer of production (tools, materials, knowledge and training) underway since July 2013 was finalized in early 2014, the first systems were manufactured in Malaysia in January 2014. The Company and its partner have focused in this regard during the first quarter of 2014, on the one hand, on validating the assembly and testing process and, on the other hand, on qualifying and approving the new subcontractors used locally in Malaysia. This period also allowed Plexus to ramp up its teams so they will be operational from April 2014, when production will take place entirely in Asia. There will be a delay before the the reduced production costs will impact margins as existing inventory will need to be exhausted before units that will be entirely produced in Malaysia can be sold.

SuperSonic Imagine takes care to identify and select suppliers with the necessary industrial capability to support its commercial ambitions. It chooses its partners in view of several factors: regulatory and product constraints; production capacity in keeping with the Group's ambitions; economic and profitability considerations (refer to Section 6.7.4 of this base document).

SuperSonic Imagine's Production department maintains close relations with two suppliers of critical components (the control panels and the electrical supplies) and also has a privileged partnership with a probe supplier, the Vermon company based in Tours, France, a worldwide specialist in ultrasound probes, and also a supplier of some of SuperSonic Imagine's competitors. A buffer inventory of up to 3 months has thus been established for the probes.

The relationship with the "crucial" suppliers is and will be kept at the SuperSonic Imagine level.

In addition, the Production Department calls on various other service providers, especially for logistics, adapting on a case by case basis depending on each country's local requirements.

9.1.6 Cost of sales

The cost of sales of equipment includes the following elements:

- product cost (purchase of components and assembly);
- cost of the Group's "Production" department;
- provision for warranties;
- royalties due;
- provisions for write-down of inventory due to obsolescence and scrapping.

Product cost

The analysis of the gross margin on Sales activity for the period must be placed within the context of the cost optimization policy decided on by the Company in 2011, which is detailed in Section 9.1.5 above.

This transfer to Malaysia will immediately decrease the cost of producing Aixplorer® at volumes consistent with those of Scotland. Later on, supplementary discounts should be granted according to the unit volume levels ordered annually from Plexus Malaysia.

SuperSonic Imagine's R&D teams are currently developing the second generation of Aixplorer®, for which the production cost should be significantly lower than the current platform.

Cost of the Group's "Production" department

Due to the increased outsourcing described in the paragraph above, the Production department now handles the supply chain (management of strategic suppliers), client configuration as well as inventory management.

This new organization of production had the effect of limiting the increase in costs of the Production department, despite a considerable increase in sales. Their relative incidence on the gross margin rate should thus decrease with the high levels of sales that will emerge.

Warranty provision

A warranty on parts and labor of one year is offered for the systems sold directly, although the warranty only concerns the parts for systems sold through the distribution network (the labor warranty being borne by the distributor.) In order to cover the costs of this warranty, a provision is recorded. The recent change in the installed base and the relatively recent launch of the services activity does not allow the Group to have sufficient historical data to conduct a statistical analysis validating the adequacy of the service costs incurred during the warranty period recorded for the Aixplorer product specifically. The provisioning rate used is a classic value in the industry but will thus be fine-tuned at the end of each year.

Royalties due

The equipments sold integrate certain technological elements that the Company exploits under licenses that are remunerated through royalties.

The provision for write down of inventory due to obsolescence and scrapping

Provisions for write down of inventory are recorded when a new version entailing hardware modifications is launched, which renders certain components obsolete or when defective parts are returned by the client.

9.1.7 Pro forma financial statements

None.

9.1.8 Main factors affecting the business and its results

Since inception, the Company has carried out significant technological developments, which required significant investments and generated significant losses.

These efforts have allowed it to:

- consistently improve its existing products, as well as its development and manufacturing procedures, and launch new development projects;
- very significantly expand its commercial offer and the addressable markets;
- pursue clinical studies allowing it to create a differentiated positionning 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 ISO 13485 certification, which is essential to the Company's business, was obtained in 2008 (except in Canada, where it was obtained in 2009) and was recently renewed in November 2013. 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.

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.

Use of subcontracting at Plexus has led to a larger portion of 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 sales authorizations covering 50 countries (in addition to 9 countries for which no authorization is needed), and 2 others for which authorizations are pending (Argentina and Egypt.) The investments linked to the commercial roll-out, primarily relating to the time required for the increase in the power of the sales force, will continue to impact the Group's result.

The significant share of the sales generated by distributors extends average payment terms on receivables due to certain local practices.

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, even if this is not due to structural reasons, as approximately 40% of annual revenues are regularly recorded during the fourth quarter of the corporate year.

9.2 THREE-YEAR COMPARISON

The accounting information given below demonstrates the fact that SuperSonic Imagine was, until the end of 2011, a company mainly dedicated to research and development of an innovative product that marked a technological breakthrough. Competing against large-sized corporations, the teams have taken up this challenge with an optimal timing of only 4 years between the Company's inception and the obtaining of the Aixplorer® CE mark.

The 2012 financial year marks the Company's entry into a commercial expansion phase. Indeed the initial marketing of the product in 2009 only addressed the breast market, and then gradually expanded over the course of the following years to the general radiology market, in particular using probes adapted to applications such as the musculoskeletal system, liver, thyroid, pediatrics, vascular, general imaging and even gynecology. In April 2012, considering that the progress of the product justified a more significant investment in marketing, the Company recruited a Chief Business Officer and significantly expanded its network of distributors, which went from 32 at the end of 2011 to 43 at the end of 2012, and 64 at the end of 2013 (18 of whom were in China, where they were still under a trial period in late 2013.)

2013 was likewise marked by a strong commercial investment in China, with the creation of a representation office in Beijing, the hiring of 18 employees and the recruitment of the 18 distributors mentioned above. In late 2013, there was thus a total of 64 distributors.

In terms of R&D, two new launches which were important for the competitiveness of the product occurred in 2013: the V7 with the 4-probe interface (instead of 2) in June and the V8, which has a software application dedicated to obstetrics in November. In terms of operations, 2013 was marked by the launch of the project transferring the production of the subcontractor Plexus from the site in Scotland to its facility in Malaysia, in order to optimize production costs. As this transfer has been finalized, production should effectively begin in April 2014. However the impact expected on the gross margin from the sale of platforms produced in Malaysia will only materialize as of the end of the 1st half of 2014, the time for exhausting the inventory which needed to be established in order to secure the transitional period.

9.2.1 Breakdown of operating income (loss)

9.2.1.1 Revenue and other operating revenues

Consolidated revenue totaled, respectively € 16.961million, €14.097 million and € 9.782 million for the financial years ended 31 December 2013, 2012 and 2011.

Distribution of sales by type

For financial years 2013, 2012 and 2011, the number of ultrasound systems sold respectively amounted to 232, 189 and 143, for an installed base totaling 773 units at 31 December 2013, compared to 541 and 352 at 31 December 2012 and 2011 respectively.

In thousands of euros	2013		2012		2011	
Sale of goods	15,594	*92%*	12,697	*90%*	9,577	*98%*
Sale of services	1,366	*8%*	1,400	*10%*	205	*2%*
Revenues	**16,961**	***100.0%***	**14,097**	***100.0%***	**9,782**	***100.0%***

Despite relatively morose economic conditions and public health measures restricting hospital investments, the Company posted growth over the period of 20.3% for the 2013 financial year, and 44.1% in 2012, while the number for 2011, before the expansion of the product offer and the increased investment in the sales force, was only 4.0%.

- **Sale of goods**

There are three principal factors underlying the sales growth of platforms:

- ✓ An expanded offer with:
  - in 2012, a range of probes which was expanded for pediatrics and the market launch of the V6 version of the Aixplorer® product, as well as the introduction of UltraFast TM Doppler enabling a reduction in examination time compared to systems from the competition (refer to Section 6.2.3);
  - in 2013, the launch of the V7, which integrated the new probe interface allowing the simultaneous connection of 4 probes instead of 2 in June, as well as the launch of a software application dedicated to the field of obstetrics (V8) in November, thereby expanding the commercial prospects. These two functionalities enabled Aixplorer® to rise to the level of its competitors, in terms of the applications covered, which was previously a handicap during multi-system calls for tender on the general radiology market. The market more than welcomed these new functionalities, yet their impact on 2013 revenue remains limited due to the late release date (November).

  These changes should contribute to greater market penetration in general radiology practices and hospitals, to the extent that they will be able to ensure increased optimization of their investment.

- ✓ Pertinence of the restructuring of the direct sales force completed during 2011:
  Strengthened by a more complete commercial offer, the Company replaced a portion of its direct sales force in the United States and France in 2011, recruiting more experienced candidates. Between April and December 2011, six new sales representatives joined the group including four in the United States, (arriving progressively in July, August and September 2011, then in February 2012) and two in France (arriving in April and May 2011). Considering the average period of approximately 6 months for a new sales representative to appropriate the product and its innovations on his market, the new team did not really become operational until the 1st quarter of 2012, which explains the weak growth achieved during the 2011 financial year (+4.0%).

  This restructuring ended in April 2012 with the recruitment of Kurt Kelln, an expert in the breast ultrasound market, which he has worked in for over 20 years. Mr. Kelln left the Philips Group to join SuperSonic Imagine as the Group's commercial director in order to lead the

commercial roll-out phase (refer to Chapter 12 of this base document). For the time being, his efforts have been focused on growing the indirect distribution network in China, and the direct network in the United States.

Despite the changes made within the sales teams, the total number of salespersons in the direct sales force did not change very much during this period. This team was comprised of 9 employees as of late 2013, compared with 8 at the end of 2012 and at the end of 2011. The team of sales representatives is supervised by three managers, for France, the United States and Germany respectively (including the EMEA distribution network).

It is important to note that the 18 people in China (6 of whom are sales representatives and 2 of whom are sales managers) are considered part of the indirect sales force; their mission is to supervise, lead and provide any support needed (training, clinical and marketing support) to the local distributors, and not to make direct sales in the Chinese territory.

- ✓ the expansion of the indirect sales network, both due to the increase in the number of distributors (excluding China,) which went from 32 at the end of 2011 to 43 at the end of 2012, and 46 at the end of 2013 (not considering the 12 sub-distributors of the Indian partner) and the establishment of a representation office in Beijing in July 2013, which at the end of the year led a network of 18 distributors, all in the testing/selection phase, bringing the total number of distributors of the Group to 64 as of late December 2013. This dynamic should continue, notably propelled by China, where since the close of 2013, the number of distributors in testing/selection phase has further increased.

Strengthened by this sustained dynamic and by the expansion of the product offer, the Company was able to post annual growth in the sale of equipments of 32.6% in 2012 and 22.8% in 2013. In a market where annual growth is on the range of 5% *(source: InMédica 2013 study*), these figures demonstrate in a general manner the growing penetration of the Group's product, with some disparities depending on geographical region; yet in a market that is dominated by the major players in the sector, the Group can now seriously compete. These figures also express a quasi-stability in terms of the average sale price at the global level, the number of units sold has increased in the same proportions, namely by 32.2% in 2012, and 22.8% in 2013, although there too, with contrasting changes depending on the geographical zones.

The impact from the €/$ parity differs year to year. For 2012, at constant rates of exchange, the growth in equipment sales between 2011 and 2012 would have been limited to 29.8%, instead of the 32.6% recorded, due to a €266,000 positive exchange impact. Conversely, the exchange impact in €/$ parity had a negative impact in 2013 of €287,000. Excluding this impact, at constant rates of exchange, the growth in equipment sales would have risen 25.1% instead of the 22.8% that was achieved.

- ➢ **Sale of services and spare parts**

Sales of services include both the sale of maintenance contracts after the warranty period ends, technical interventions on platforms not covered by these contracts, sales of spare parts and software updates.

In line with the growing installed base, the number of maintenance contracts increased, going from 51 in late 2011 to 112 in late 2012, and then 155 in late 2013, and the revenue resulting therefrom consequently increased, as indicated below in the table showing the breakdown for revenue by type of services.

In thousands of euros	2013	2012	2011
Maintenance	320	243	62
Spare parts / Software updates	1,046	1,157	143
Total revenues	**1,366**	**1,400**	**205**

With the sales launch of the Aixplorer® in late 2009 (each sale being accompanied by a one-year warranty,) 2011 was the first year of operations for the Services activity, on a limited installed base which only had 209 platforms as of 31 December 2010. The significant increase in 2012 simultaneously marks the 1st development of the sale of maintenance contracts and the sale of spare parts, in particular to distributors wanting to be able to intervene quickly, if necessary.

The 2013 financial year posted a very slight drop in revenue from services, which was characterized by an increase in maintenance revenue (+31.6%) and a slight drop in other sources of revenue. The latter can in part be explained by the 2012 spare part sales figure, which the Company considers to be particularly high, as two of the principal distributors established an inventory of parts which they are holding locally so that they can provide rapid client service. This exceptional increase in 2012 impacts the 2012/2013 comparison.

The impact of the €/$ parity on the sale of services remains very limited. For 2012, the impact is minus €13,000 (or less than 1% of the service revenue) while it is minus €19,000 for 2013 (or less than 1.5% of the Service revenue.)

Geographical distribution of sales

International sales contribute significantly to the Group's revenue. However, their contribution to total sales posted a drop during the period presented from 84.6% in 2011 to 82.2% in 2012, and then to 78.9% in 2013, nevertheless showing contrasting change from one continent to the next.

The total sales in both China and the United States, which are two priority markets for the Company, strongly increased in 2013, attaining €6.940 million, or a 39.8% increase as compared to 2012. In all, these two zones contributed 40.9% of the Group's total revenue in 2013, as compared with 35.4% in 2012. Excluding the unfavorable effect of the €/$ parity, which weighed on the 2013 revenue, and which only concerns these zones, their contribution in 2013 would have risen to €7.284 million, or 42.2% of the total revenue, which would have amounted to €17.267 million.

The Group's consolidated revenue per geographical area for the financial years ended 31 December 2013, 2012 and 2011 is as follows:

In thousands of euros	2013		2012		2011	
France	3,577	*21%*	2,512	*18%*	1,510	*15%*
EMEA	4,284	*25%*	3,450	*25%*	2,707	*28%*
Americas	4,232	*25%*	4,979	*35%*	3,848	*39%*
Asia	4,869	*29%*	3,156	*22%*	1,717	*18%*
Total revenues	**16,961**	***100%***	**14,097**	***100%***	**9,782**	***100%***

- **France**

In France sales showed regular growth, which was notably attributable to:

- ✓ **Sales success, due in particular to being indexed in the UGAP catalogue (purchasing center for French public institutions) in 2009 and the AGEPS (purchasing center for Paris Hospitals Public Assistance) in 2010.**

After a drop in sales of 9.5% during the 2011 financial year, attributable in large part to budget freezes and due to the fact that "early adopters" had been equipped in 2009 and 2010, business experienced a new surge in 2012. With a growth of 66.4%, totaling €2.512 million, 2012 revenue was derived from the sale of 30 units (compared with 18 in 2011), including the delivery of units resulting from a call for tenders awarded in 2009 from UGAP (contract for purchase orders for a period of 3 years ending in December 2012 and extended through October 2013) and another call for tenders awarded by AGEPS in 2010 (contract for purchase orders which ended in September 2013) but for which the actual orders were only made as of the 4th quarter of 2012, due to budget freezes in 2011 and early 2012. This positive dynamic continued in 2013, with 43 units sold and sales up 42.4%, amounting to €3.577 million, due to the expansion of orders resulting from the indexing mentioned above, calls for tenders awarded from various hospitals and the sale of platforms to research centers (INSERM and others.)

- ✓ **An expanded offer**

During the period presented, the offer expanded with the launch of the V6, "4 connector" V7 and V8, which contributed to supporting the growth of sales at general hospitals and private radiologists.

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

After a 27.4% increase between the 2011 and 2012 financial years due to the increase in the number of distributors covering this zone and their increased penetration in their sectors, the EMEA zone revenue totaled €4.284 million, or a 24.2% increase. This increase, concerning the majority of the countries in the zone, shows the penetration of the local partners and validates the choice of this distribution method.

- **America (United States, Canada)**:

Even though there was 29.4% growth during the 2012 financial year, the American region, which covers the United States, Canada and South America, declined in 2013 with total sales of €4.232 million, down 15%.

Americas	2013	2012	2011
USA	3,920	4,150	3,440
of which Hologic	*2,263*	*2,408*	*2,504*
Others	312	829	408
Total Americas	**4,232**	**4,979**	**3,848**

The principal points are as follows:

- ✓ **An increase in direct sales in the United States**

Due to the Company's investments in sales and marketing, and the recruitment of the Group's new Chief Business Officer in April 2012, the total revenue earned directly in the United States went from €936,000 in late 2011 to €1.742 million in 2012, and €1.657 million in late 2013, despite a considerable drop in average sale price of approximately 25%, combined with the unfavorable effect of the dollar of approximately 5% counteracting the increase in number of units sold.

The drop in sale price is partly due to the resale of used V6 systems, i.e., demonstration ultrasound equipment (due to the release of the V7 and V8 during the year), as well as to the entry on the market of a new specialty, hepatology. The release of the "4 connector" V7 version of the Aixplorer®, much anticipated by American sales reps, only had a very limited impact on the financial year, due to its late launch. This release nevertheless was a significant factor on the order of 13 units by Connecticut Radiology Associates in the final quarter of 2013, 8 of which were sold during the year. Finally, since 2013, a country manager has been devoted to the United States full-time in place of the two regions that the manager had dealt with until then.

- ✓ **A change in management which affected the partnership with Hologic in the 1st half of 2013**

After having experienced a rapid launch in 2011, following the signature of the partnership agreement in November 2010, revenue earned with Hologic Inc. showed a 3.8% drop, going from €2.504 million in late 2011 to €2.408 million in late 2012. This 3.8% drop is notably due to the fact that Hologic had established an inventory in 2011, which was sold through during the 2012 financial year.

Then, in early 2013, Hologic experienced several changes in management, which had repercussions on orders from Supersonic Imagine. The arrival of a new manager during the summer of 2013 allowed business to resume, with an uptick during the second half of the financial year, which was marked by the signing of a major contract for 19 units with the Hollywood Memorial Hospital in Florida.

Despite this new dynamic, established during the final months of the financial year, Hologic's contribution to the Group's revenue posted a 6% drop, going from €2.408 million to €2.263 million.

In total, the number of units sold to the United States directly and indirectly duing the period presented was 63 units for 2011, 52 units for 2013 and 59 units for 2013.

- ✓ **Difficulties encountered with the Brazilian distributor**

For the remainder of the American zone, more than double the sales were achieved between the 2011 and 2012 financial years (+103.2%,) thanks notably to the first sales of the Brazilian distributor, €600,000, although the regulatory authorization was only obtained in July 2012.

This momentum came to a halt in 2013, due to financial problems which were encountered by the Brazilian distributor. Given this situation, the Group decided to freeze its credit, and then following a long period of prospection, signed a distribution contract in December 2013 with a new Brazilian

partner. This change had a strong impact on the 2013 financial year, in which the number of units sold went from 11 in 2012 to 5 in 2013, and revenue dropped 57.2%.
This new partner took over the former partner's commitments, and promised to pay the entire debt owned in 16 instalments (refer to Section 9.2.1.2.5 below and to Note 11 to the consolidated financial statements).

- **Asia:**

The Asia zone showed the most significant dynamic during the period presented, posting growth of 54.3% for 2013, following an 83.8% increase achieved during the 2012 financial year.

Asia	2013	2012	2011
China	3,100	840	459
Japan	320	1,108	384
Others	1,449	1,208	874
Total Asia	**4,869**	**3,156**	**1,717**

For 2012, this growth was primarily attributable to the distribution contract with Canon in Japan (which in 2011 had been very much affected by the tsunami that took place in the 1st quarter) and more marginally, by the increase in sales in China.

Considering the potential offered by the Chinese market which by 2017 should represent approximately 21% of the world ultrasound imaging market, or approximately $1.5 billion (source: In Medica study - 2013,) the Company made significant sales efforts in this priority zone in 2013. Even though this market was until then only partially covered by a single distributor which was directly managed from France, the Company decided to open a commercial representation office in Beijing, following all of the other major players in the sector, in order to equip itself with the means necessary for true development in this country. This local presence is indeed the best method to commercially approach this key territory and to make a mark by, simultaneously:

- ✓ establishing close relationships with the leading players in the market (practitioners, learned societies, etc.) and more generally with all health professionals concerned which the Company estimates at nearly 30,000, and
- ✓ by considerably strengthening the number of distributors and agents in order to develop its sales in this country, where the installed base had only 24 Aixplorers® as of the end of 2012.

The 2013 financial saw the commercial strategy put in place in China pay off, with more than triple the sales, i.e. revenue of €3.1 million, up 269.0%, representing 38 units sold as compared to 11 in 2012 (sales at that time were made by the former, sole distributor, with which the Company has since terminated its contract (see Section 9.2.1.2.5 below, and Note 11 to the consolidated financial statements presented in Chapter 20.1 of this base document.)

China is also the geographic zone that has the highest average sale price in the Group. In order to capitalize on this momentum and best exploit this potential, the Group intends to strengthen the sales network covering this territory. As of late 2013, SuperSonic Imagine's Chinese team had 18 employees, including one Country manager, 10 sales reps covering client prospecting, as well as recruitment and management of local distributors, 2 sales managers and 3 application specialists to lead a network of 18 distributors. It is noteworthy that these salaried employees are considered part of the *indirect* sales force whose mission is to lead and supervise the local distributors, who alone sell equipment in China at this time.

At the same time, sales in Japan fell slightly between 2012 and 2013. The partnership with Canon will be terminated in March 2014, by mutual agreement. The Company wishes to implement an approach using a network of non-exclusive distributors who have sales experience in medical imaging equipment, in this territory. The Company has entered into discussions with new potential partners that have experience in ultrasound system sales.

Breakdown of total revenue by sales channel

Although dominant in terms of absolute value, over the period presented, the relative contribution of indirect sales (simultaneously through a distribution network and the representation office in China) to the Group's consolidated revenue has tended to decrease slightly, going from 68% in 2011 to approximately 67% in 2012, and 65% in 2013.

In thousands of euros	2013		2012		2011	
Direct	5,997	*35%*	4,624	*33%*	3,103	*32%*
Distributor	10,963	*65%*	9,473	*67%*	6,679	*68%*
Total revenues	**16,961**	***100%***	**14,097**	***100%***	**9,782**	***100%***

In 2012, with a number of distributors which went from 32 in late 2011 to 43 in late 2012, the sales generated by the indirect network increased 41.8%, going from €6.679 million to €9.473 million. At the same time, direct activity posted a 49.0% increase (which generated revenue of €4.624 million as of 31 December 2012,) thereby demonstrating the efficacy of the commercial team's restructuring measures which have been undertaken since 2011. As this increase in the direct sales over the same period was stronger than that of the distributors, the relative contribution of the latter to total sales was reduced overall.

In 2013, indirect sales increased significantly as a result of the actions led by the Chinese office which, in less than one year, established a network of 18 distributors (still in a trial period) in this territory, and made 38 sales as compared to 11 in 2012. This performance in China was nevertheless simultaneously offset by the 6.0% drop in revenue generated by Hologic in the United States, and the difficulties encountered in Brazil (see above). In all, between 31 December 2012 and 31 December 2013, the total indirect sales only increased 15.7%, even though, at the same time, direct sales rose 29.7%, with a direct staff of 8 salespeople in late 2012 increasing to 9 at the end of 2013.

By sales network, the number of units sold evolved as follows.

In units sold	2013	2012	2011
Direct sales	68	51	30
Indirect sales	164	138	113
of which China	*38*	*11*	*8*
Number of units sold	**232**	**189**	**143**

9.2.1.2 Operating expenses and operating income (loss)

9.2.1.2.1 Cost of sales

Over the period presented, the gross margin went from 31.6% in 2011 to 28.1% in 2012, reaching 36.8% in 2013. A pertinent analysis of the gross margin rate requires separation of the Sales/Services mix, focusing on the margin on sale of equipments, insofar as the evolution of the service activity margin is not yet pertinent given the recent launch of this activity and the infrastructure that had to be put in place in order to provide service which is in line with a Premium product on an installed base which is still in the initial roll-out phase,

In thousands of euros	2013	2012	2011
Cost of sales	10,723	10,140	6,693
Gross margin	**6,238**	**3,957**	**3,089**
Gross margin rate	*36.8%*	*28.1%*	*31.6%*
of which cost of equipment sales	9,078	8,696	5,984
Gross margin equipment sales	**6,516**	**4,001**	**3,593**
Gross margin rate equipment sales	*41.8%*	*31.5%*	*37.5%*
of which cost of Services	1,645	1,444	709
Gross margin Services	**-279**	**-44**	**-504**
Gross margin rate Services	*NA*	*NA*	*NA*

Evolution of the gross margin for the equipment sales activity

As detailed in Section 9.1.6, the cost of the sale of equipment includes:

- product cost (purchase of components and assembly);
- cost of the Group's "Production" department;
- provision for warranties;
- royalties due;
- provisions for write-down of inventory due to obsolescence and scrapping.

The bulk of the 6% drop in gross margin that occurred for equipment sales activity between 31 December 2011 and 31 December 2012, which went from 37.5% to 31.5%, is primarily attributable to the item "Provisions for write-down of inventory due to obsolescence and scrapping."

Indeed, an exceptional net depreciation of €668,000 in components inventory (power supplies and video boards) and finished products had a 5.2% effect on the gross margin rate in 2012. This amount consists of a €511,000 provision (i.e. 4% of the 2012 sales) linked to a problem with obsolescence following the launch of the Aixplorer® V6 version, and a physical inventory adjustment of €157,000, or approximately 1.2% of sales in 2012;

Excluding non recurring amounts (a total of €768,000, including those mentioned above,) the gross margin on equipment sales would have been €4.769 million in 2012, or 37.6% (instead of the 31.5% that was actually achieved,) as compared to 37.5% in 2011. The adjusted margin remained stable year on year, despite the increase in revenue due to the increase in expenses of the Production department.

The margin on equipment sales showed considerable improvement in 2013, rising to 41.8%, up 4.2 points compared to the restated 2012 margin (37.6% after adjustment of the items cited above) due notably to:

- ✓ a 1.2% improvement in the cost of product, which went from 41.9% of sales in 2012 to 40.7% in 2013, due to the Aixplorer® configurations sold during the period and to the sale of used V6 demo systems in 2013, following the release of the V7 and V8;

- ✓ a 2.3% improvement due to the relative cost of the Production department, which represented 8.3% of sales in 2013, compared to 10.6% in 2012. This is a result of volume effect since the cost of the Production department remained almost stable over these two years (€1.349 million for 2012 and €1.302 million for 2013.) It's relative weight on gross margin rate should thus continue to decrease as sales increase;

- ✓ a 1.5% improvement due to a change in the warranty accrual which was 3.6% of sales in 2013 (i.e. €559,000), compared to 5.1% in 2012 (i.e. €649,000). The provision for warranty was adjusted according to the hypotheses presented in Section 9.1.6;

- ✓ a 0.7% decrease in gross margin between 31 December 2012 and 2013 relating to a €106,000 charge due to the scrapping of defective parts as well as obsolete parts following the launch of the V7 and V8 versions of Aixplorer®.

At the same time, the relative weight of royalties paid evolved only slightly, totaling €437,000, €557,000 and €669,000 for the financial years ended 31 December 2011, 2012 and 2013.

Evolution of the gross margin for the Services activity

Since Aixplorer® sales began in the second half of 2009, and because each unit has an initial one-year warranty, the sale of maintenance contracts only began in 2011. At the same time, in 2011, €709,000 was invested in support infrastructures, consisting principally of fixed costs including 6 dedicated employees, to ensure an appropriate level of service for the Premium/High-end positioning of the product. The gross margin thus amounted to €(504,000), impacting the Group's overall gross margin.

Starting in 2012, the increase in the installed base allowed revenue from the Service division to significantly increase, resulting in a gross margin for the Services activity which approached break-even, €(44,000).

In 2013, Service revenue decreased from €1.400 million to €1.366 million, i.e. a 4.6% drop, due to the two-fold effect of a 31.6% rise in the sales of maintenance contracts on one hand, offset by the quasi lack of sales of software upgrades, due to the late launch of the V7 and V8 versions of the Aixplorer® (€7,000 in 2013 as compared to €121,000 in 2012) and a slight drop in the sales of spare parts. At the same time, the fixed costs of Services activity increased approximately €200,000, following the hiring of 6 people over the period.

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 Service activity in the future.

9.2.1.2.2 Research and development expenses

As detailed in Section 9.1.4 above, development expenses which do not meet the criteria established by IAS 38, are recognized as expenses for the year.

Thus, over the period, the breakdown of total R&D costs into expenses recognized for the year and costs capitalized as intangible assets is as follows:

In thousands of euros	2013	2012	2011
R&D (expenses)	3,311	3,293	2,719
Development costs (capitalized)	1,074	2,016	761
Total R&D costs	**4,385**	**5,309**	**3,480**

The Company has designed and developed its Aixplorer® platform with very low R&D spending, largely due to the fact that, unlike its competitors, its single platform is based on software architecture. Indeed, the hardware configuration of the platform has remained almost unchanged (aside from the addition of four connectors and the optimization of some other components) since its market launch in 2008, despite the expansion of the range of probes to cover various medical applications. Thus, all applications operate on an identical hardware platform rather than requiring the Company to develop

multiple platforms across its product line. The probes are moreover equally operational on both the old and new versions of the platform.

The expansion in the range of probes (for liver, prostate, vascular, etc.) was achieved through software developments allowing these new probes to be compatible with the system without requiring hardware modifications to be made to the machine. This product development, primarily software-based, enables R&D expenses to be optimally managed.

The Company also benefits from subsidies and from the Research Tax Credit, (CIR), thus reducing the total R&D budget. Therefore, over the period presented, R&D expenses (net of the RTC and subsidies) amount to an annual average spend of €4.391 million.

This tax credit is calculated based on certain expenses linked to research and development. Granted in the form of a corporate tax (IS) reduction, it amounts to 30% of the volume of eligible R&D expenses, within a limit of €100 million, then 5% thereafter. Companies that do not pay corporate tax may request a reimbursement of the Research Tax Credit, in the year after the excerise in which it was recorded.

The breakdown by type and method of the recording of total R&D expenses is as follows:

	2013			2012			2011		
In thousands of euros	**Expenses**	**Capitalized**	**TOTAL**	**Expenses**	**Capitalized**	**TOTAL**	**Expenses**	**Capitalized**	**TOTAL**
Personnel	2,444	1,641	4,085	1,896	1,964	3,860	2,373	998	3,371
Fees/External Services/ Subcontracting	771	177	948	614	269	883	640	66	706
Depreciation, amortisation & provisions	725	220	945	314	178	492	614	107	721
Operating grants	(947)	-	(947)	(360)		-360	(597)	-	(597)
Research Tax Credit	(513)	(1,221)	(1,734)	(233)	(806)	(1,039)	(1,243)	(448)	(1,691)
Purchases and consumables	186	128	314	371	267	638	470	-	470
Travel expenses and entertainment	122	64	186	145	45	190	206	-	206
Others	522	65	587	546	99	645	256	38	294
Total R&D expenses	**3,311**	**1,074**	**4,385**	**3,293**	**2,016**	**5,309**	**2,719**	**761**	**3,480**

Excluding tax incentives, during the period presented, the total expenses dedicated to R&D came to:

In thousands of euros	**2013**	**2012**	**2011**
Personnel	4,085	3,860	3,371
Fees/External Services/ Subcontracting	948	883	706
Depreciation, amortisation & provisions	945	492	721
Purchases and consumables	314	638	470
Travel expenses and entertainment	186	190	206
Others	587	645	294
Total R&D expenses (excl. Tax inc. and capitalized assets)	**7,066**	**6,708**	**5,769**

The capitalized amounts, which are primarily comprised of personnel expenses, pertain to the consecutive developments of the V3 through V8 versions of the Aixplorer®. The capitalized pcosts totaled respectively €761,000 in 2011, €2.016 million in 2012 and €1.074 million in 2013.

The main purpose of the software upgrades of the platform is to develop application software dedicated to new clinical applications that thus enhance the functionality of Aixplorer and optimize its

potential uses. New developments do not render the previous versions obsolete but instead enrich the functionality of the system.

Dedicated payroll expenditures account for the bulk of costs expensed during the financial year in which they were incurred, as compared to "Fees/External services/Subcontracting", demonstrating the integrated expertise of the Company. The increase in payroll expenditures between 2011 and 2012 (+14.5%) is explained in large part by the headcount at the close of the year that went from 35 at the end of 2011 to 40 at the end of 2012, due to two new hires and specific replacements. The increase was then limited to 5.8% between the end of 2012 and the end of 2013, which was partly due to an average headcount that was nearly the same during the financial year, although at the close of the year, it was reduced to 35 employees, as well as resulting from provisions for bonuses.

The reduction in depreciation expenses between the 2011 and 2012 financial years is the result of a decision in 2012 to extend the term of use of products developed by the Company as of 2012, moving it from October 2014 to the end of 2019. The 2014 target had been set in 2008 as the anticipated date of finalization of the current platform . The R&D efforts undertaken since then have recently led to an increase in the addressable market of this platform to include new clinical applications such as pediatrics in 2012 and obstetrics in 2013, allowing the extension its use until 2019 (please refer to Section 6.4.3 of the present base document). Indeed, thanks to the software architecture of Aixplorer®, the Company can release new products and functionalities without changing the base, in many ways like an app for a cell phone, which has the effect of extending the commercial life of the platform. The depreciation plan has thus been consequently prospectively modified, thereby reducing the annual depreciation cost. In 2013, depreciations returned to a more construed amount.

During the period, the Research Tax Credit [CIR] recorded by the Company was €1.691 million for 2011, brought down to €1.680 million after an €11,000 correction which was recorded at the time of reimbursement of the 2011 credit in summer 2012, €1.050 million for 2012, which was brought down to €1.045 million after a €5,000 correction which was recorded at the time of reimbursement of the 2012 credit during summer 2013, and lastly, €1.739 million for 2013.

The amount relating to grants varied in line with the number of projects and their progress. The increase in grants during the period presented is primarily due to the TUCE and PLIK projects in 2011, and the ICARE and Elastobus projects in 2012. In 2013, the Group actively worked on subsidized projects, which enabled subsidy income from grants to be recognized as expenses were incurred (refer to Sections 10.1.2.4 and 10.1.2.5 below). It is noteworthy that modifications in the strategy for the ICARE project led to the expenses relating thereto being considerably reduced. This will entail a reimbursement of part of the grant received for expenses which were ultimately not incurred (and not recognized as income by the company), i.e. €807,000 in 2014 out of a total of €1.774 million collected as of late 2013.

9.2.1.2.3 Sales and marketing expenses

The total Sales and Marketing expenses, which primarily consist of the costs of dedicated personnel, considerably increased during the period presented.

In thousands of euros	2013	2012	2011
Personnel	4,367	3,704	2,887
Fees/External Services/ Subcontracting	1,821	1,496	1,168
Travel expenses and entertainment	2,065	1,688	1,543
Depreciation, amortisation & provisions	454	570	282
Others	438	410	564
Total Sales and marketing expenses	**9,146**	**7,868**	**6,444**

The 22.1% growth in these expenses between 2011 and 2012 is mainly explained by:

- the strengthening of the Group's sales management (recruitment of Kurt Kelln) in order to accelerate the implementation of a new sales organization structure in line with the objectives set out by the Company;

- the restructuring of the sales force in early 2011, leading to a reduction in payroll expenses for 2011. After the departure of two experienced managers in early 2011, including the head of the American subsidiary and the former global Chief Business Officer, the sales team was completely restructured.

  Therefore, in the United States, only one sales rep was fully operational for the entirety of the 2011 financial year. Three new sales reps joined the sales team during the third quarter of 2011, and a fifth sales rep, recruited in 2011, only joined the subsidiary in February 2012.

  The sales team in France also changed during the period: only one sales rep was operational over the 12 consecutive months of the 2011 financial year, while two new recruits became effective in April and May 2011. Since approximately six months are needed to be operational on a territory, these newcomers were only fully operational as of the end of the 2011 financial year, taking the time needed to prepare their territories.

  Conversely, in Germany, no additional staff was recruited, and the subsidiary only has one sales representative.

The payroll expenses showed a 28.3% increase between 2011 and 2012, due to the combined effect of the recruitment indicated above, which had an impact on the year as a whole (excluding Kurt Kelln) in 2012, and the increase in commissions as a result of the increase in direct sales from one period to the next.

The 16.2% growth in these expenses between 2012 and 2013 is explained by:

- a €663,000 increase in payroll expenses (i.e. +17.9%) which is due to the strengthening of dedicated staff in the field, in particular the opening of an office in China and the impact on the year as a whole of the recruitment in late April 2012 of Kurt Kelln. The number of employees went from 39 as of 31 December 2012 to 52 as of 31 December 2013;
- one item "Fees/External Services/Subcontracting", up 21.7%, is largely attributable to the creation of a representation office in China, as well as to the dispute with the former Chinese distributor (refer to Section 9.2.1.2.5 below);
- travel and entertainment costs, up 22.3%, which also primarily resulted from the opening of the office in Beijing.

The commercial investment made in China, funded by the round of funding (series D) in March and April 2013, quickly performed, as the representation office posted results close to break-even in its 1st year of existence.

9.2.1.2.4 General and administrative expenses

In thousands of euros	2013	2012	2011
Personnel	1,815	1,850	1,672
Fees/External Services/ Subcontracting	1,449	1,557	1,323
Travel expenses and entertainment	243	284	242
Depreciation, amortisation & provisions	338	153	179
Others	238	66	179
Total general and administrative expenses	**4,083**	**3,910**	**3,596**

The 8.7% increase recorded between 2011 and 2012 primarily results:

- ✓ from the increase in personnel costs linked to a provision for bonuses for employees that have a variable component to their annual remuneration, including primarily the Management Board; and

- ✓ the increase in "Fees/External Services/Subcontracting" resulting primarily from costs incurred in the context of the initial public offering project during the 1st half of 2012, which was suspended due to unfavorable market conditions, and which were not applicable in the context of the Series D funding.

In 2013, the increase in general and administrative expenses was limited to 4.4% as a result of:

- ✓ headcount at the close of the year which went from 11 at the end of 2012 to 12 at the end of 2013, but with slightly decreased payroll expenses, as a result of a more limited expense calculated under IFRS 2;
- ✓ one entry "Fees/External Services" returned close to its level of 2011, after an exceptional increase in 2012 which was linked to an initial public offering, which was then suspended;
- ✓ a change in Group IT infrastructure as well as its virtualized servers which were repatriated on-site while previously outsourced. These expenses had an impact during the period, both on depreciation and on certain expenses qualified as "Others." The resulting savings will allow a net return on investment at the end of 3 years.

9.2.1.2.5 Other operating expenses and other operating income

In thousands of euros	2013	2012	2011
Provision for doubtful debt	(1,165)	(249)	(147)
Miscellaneous	-	(35)	-
Other operating expenses	(1,165)	(284)	(147)
Reversal of provision for unused dismissal	-	-	68
Reversal of provisions for doubtful debt	166	112	
Miscellaneous	14	3	-
Other operating income	**180**	**115**	**68**
Other operating income and expenses	**(986)**	**(169)**	**(79)**

During the period presented, the major point relates to the significant amount of the bad debt provision recorded in 2013 relating to two distributors, one in China, the other in Brazil.

The Group's Brazilian distributor faced significant financial difficulties at the start of 2013, preventing it from honoring its debts to the Company, which led to recording a provision for the full amount of receivable held against the latter, i.e. the amount of €520,000. The Company signed with a new distributor in late 2013. This exclusive contract for the Brazilian market includes a schedule for reimbursement of the former distributor's debt, including an initial payment, followed by 16 equal monthly instalments. The first payment was initiated in December, in conformity with the agreement signed, and received in January 2014. The provision corresponding to the payment received was reversed, and the balance of the provision will be updated with each receipt of funds. The part of the receivable to be received after 1 year, fully depreciated, was reclassified as a non-current asset.

In China, the Group chose to break the exclusive distribution contract with its former distributor. The latter objects and blocked the payment of the amounts due, a total of €474,000 fully provisioned for at the end of December 2013. A dispute is pending (refer to Section 20.8 of this base document).

It is noteworthy that other receivables provisioned for in 2011 and 2012 for the respective amounts of €147,000 and €249,000 were able to be reversed, at least partially, following an initial collection.

9.2.1.2.6 Current operating income (loss)

For the financial years ended 31 December 2013, 2012 and 2011, the Group posted the following current operating results: €11.289 million, €11.283 million and €9.749 million respectively.

9.2.1.2.7 Operating income (loss)

For the 2013 financial year, an amount of €435,000 was considered non-recurring, which corresponds to the transfer of production from Plexus' Scottish site to its site in Malaysia. This transfer of production (tools, materials, processes and training), which was finalized in January 2014, will allow production in Asia to effectively start in April 2014.

In thousands of euros	2013	2012	2011
Personnel	158	-	-
Fees	180	-	-
Travel	36	-	-
Equipment	**22**	-	-
Others	38	-	-
Other non-recurring operating expenses	**435**		
			-
Other non-recurring operating income	-	-	-
Other non-recurring operating income and expenses	**(435)**		

The Company expects that the total cost of the transfer to Malaysia should be able to be amortized over the first 250 units produced in Malaysia. This relocation should translate on a full-year basis to a 10% savings on the unit production cost, and is likely to generate a 4 point gain in margin under the entry "Product cost".

The operating result showed a loss of €11.723 million in 2013, and a €11.283 million loss and €9.749 million loss for the financial years ended 31 December 2012 and 2011.

9.2.2 Net income (loss)

9.2.2.1 Financial income (loss)

10. The consolidated financial result was respectively a net loss of €168,000 in 2013, even though net proceeds had been earned during the previous years for €32,000 in 2012 and €613,000 in 2011.

In thousands of euros	2013	2012	2011
Foreign currency exchange losses	(135)	(126)	(68)
Interest	(97)	(30)	(42)
Change in value of derivative liabilities	-	-	-
Financial expenses	**(232)**	**(156)**	**(110)**
Foreign currency exchange gains	64	67	53
Interest	-	29	40
Change in value of derivative liabilities	-	92	630
Financial income	**64**	**188**	**723**
Net financial income (loss)	**(168)**	**32**	**613**

This general evolution has four principal components:

- ✓ changes in value of derivative liabilities. The year-on-year changes in the fair value of certain warrants (BSAs) issued by the Company during the funding rounds and qualified as derivative liabilities are presented under financial income (loss) but have had no impact on the Company's cash position. Therefore, during the 2011 and 2012 financial years, the recorded financial proceeds primarily correspond to the drop in value of the BSA C2-2010-T2 since their issue date in September and November 2010, in particular linked to the automatic amortization of the time value of these options. Their impact amounts respectively to €630,000 in 2011 and €92,000 in 2012, calculated through their full exercise in May 2012;

- ✓ a net exchange loss went from €15,000 in 2011 to €59,000 in 2012, and to €71,000 in 2013. This is primarily attributable to the increase in sales made in US dollars, which went from $7,089 million at the end of 2011, to $6,471 million at the end of 2012, and €11,058 million in 2013, simultaneously in the American and Chinese zones. With the transfer of production to Asia, the Company will be able to benefit from a partial automatic hedge of its exchange risk on the dollar between, on the one hand, the sales made in this currency (in the United States and China) and, on the other, the purchases of Plexus services and the balance of the intra-Group loan between the Company and the U.S. subsidiary, which is likewise in dollars. For the remainder, the Company has thought about establishing an ad hoc currency hedge, until now non-existent; and lastly,

- ✓ an insignificant net interest charge which incorporates proceeds linked to the cash equivalents held and financial charges primarily corresponding to the interest charge linked to the bond loan.

10.1.1.1 Income tax

Given the losses recorded over the last 3 financial years, the Company has not recorded a corporate income tax expense with the exception of a flat-rate tax in China in the amount of €76,000. The Company was granted a Research Tax Credit, which is netted against R&D costs in the Consolidated Financial Statements under IFRS (see Section 9.2.1.2.2 supra).

As of 31 December 2013, the Company has tax carried forward losses of €28,611 million and has not recorded any related deferred tax asset.

10.1.1.2 Net income (loss) and net earnings (loss) per share

The consolidated net loss was €11,967 million as of 31 December 2013, €11,251 million as of 31 December 2012 and €9,136 million as of 31 December 2011. In the absence of minority interests, the net loss attributable to the equity holders of the parent company is equal to the net loss.

After taking into account the 10-1 share split, which was approved by the Shareholders' General Meeting held on 16 May 2012, the net loss per share issued (average weighted number of shares outstanding) totaled, respectively, €1.09, €1.15 and €1.07 for the financial years ended 31 December 2013, 2012 and 2011.

10.2 BALANCE SHEET ANALYSIS

10.2.1 Non-current assets

At 31 December 2013, 2012 and 2011, the net non-current assets respectively amounted to €6.879 million, €6.761 million and €4.801 million.

In thousands of euros	2013	2012	2011
Intangible assets	5,385	5,014	3,420
Tangible assets	1,210	1,227	1,110
Other non-current assets	284	520	271
Total non-current assets	**6,879**	**6,761**	**4,801**

Non-current assets include tangible, intangible and financial assets. Their increase is primarily a result of:

- ✓ an increase in capitalized R&D costs relating to the consecutive versions of Aixplorer that were released on the market: the amount capitalized for the 2011 financial year totaled €761,000, then €2.016 million in 2012 and €1.074 million in 2013, each time partially offset by the corresponding amount of annual depreciation expense, i.e. €408,000 in 2011, €258,000 in 2012 and €486,000 in 2013;

- ✓ concerning the tangible assets: even though in 2011, the amount of acquisitions had been lower than the depreciation expense recorded over the period, the 2012 financial year resulted in a net increase of the item in the amount of €117,000, which is attributable to investments in R&D equipment, as well as the purchase of specific vehicles intended to transport demo ultrasound systems in the United States. In 2013, €1.060 million in acquisitions were offset by the €951,000 in depreciation expense and €126,000 in reclassification (ultrasound systems that were previously recorded in tangible assets because they were used in the context of research and development activities, which were reintroduced into the inventory when they became available for sale again or vice versa).

- ✓ concerning the other non-current assets: as of 31 December 2011, there was €158,000 (unchanged since then) in securities pledged as collateral for the bank guarantee obtained for the head office lease, and €113,000 in deposits for the premises of the U.S. and French subsidiary. As of 31 December 2012, the item had increased by €203,000 with regard to a grant receivable. With respect to the 2 projects this amount concerned, the Group had incurred expenses entitling it to funding (and recognized the corresponding amount in income). The related contracts provided for a payment at a given date, which was more than one year from 31 December 2012. As of 31 December 2013, it has also incorporated the portion of the receivable on the Brazilian distributor, to be paid in instalments over more than one year, i.e. €185,000, fully provisioned for.

10.2.2 Current assets

At 31 December 2013, 2012 and 2011, the net current assets respectively amounted to €19.545 million, €15.082 million and €23.608 million, with the following breakdown:

In thousands of euros	2013	2012	2011
Inventories	3,296	3,560	4,189
Trade receivables	6,704	4,877	3,830
Other current assets	3,109	2,394	3,101
Cash and cash equivalents	6,437	4,251	12,488
Total current assets	**19,545**	**15,082**	**23,608**

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

- ✓ *Inventories*

The drop recorded for the 2012 financial year results from the combination:

- of a total provision for depreciation that went from €57,000 at the end of 2011 to €991,000 at the end of 2012, due to the:

- recorded obsolescence of €511,000 of certain parts caused by the transition from version V6 to V7 of the platform and €157,000 in adjustments to physical inventory;
- the net increase of €266,000 in the provision of demo inventory, used by the direct sales forces (the impact of this provision is included in the Selling and marketing costs.)

- almost double the inventory of demo products to support the commercial actions carried out by the direct and indirect sales force;
- a limited increase of €132,000 in the inventory of raw materials due to the planned decision to limit the buffer inventories of probes and electrical supplies for approximately 3 months instead of the previous nearly 6 months, even though those of in-progress and finished products dropped €293,000.

In thousands of euros	2013	2012	2011
Raw materials	1,953	2,618	2,486
WIP and finished goods	1,005	983	1,276
Demonstration products	1,186	950	484
Total gross inventories	**4,143**	**4,551**	**4,246**
Less: provision inventory depreciation	(847)	(991)	(57)
Total inventories	**3,296**	**3,560**	**4,189**

The drop recorded in 2013 is attributable to a significant decrease in the inventories of raw materials, following the decision to limit them to 3 months, which was partially offset by an increase in demo product inventories.

✓ *Trade receivables*

The Trade receivables item reflects the rise in activity over the period. Even though sales increased 44.1% in 2012, the increase in the gross amount of Trade receivables as of 31 December 2012 was limited to 29.8%. For the record, the trading activity is always high during the last quarter of the financial year (approximately 40% of annual revenue recorded in the last quarter) which impacts year end Trade receivables which are often higher than the average receivables over the remainder of the financial year.

In thousands of euros	2013	2012	2011
Trade receivables	7,802	5,161	3,977
Bad debt provision	(1,098)	(284)	(147)
Total trade receivables, net	**6,704**	**4,877**	**3,830**

The provisions for bad debts remained at rather low levels in 2011 and 2012 compared to revenue. A receivable on a Greek customer which was fully provisioned at the end of 2011 and at the end of 2012 began to be collected in 2013. In late 2012, a provision for €120,000 was established in relations to an Italian customer. As no progress has been obtained in relation to the collection of this receivable, the Company is in the process of recovering the platform.

The sharp increase in the provision amount in 2013 relates to the financial difficulties of one distributor and to the existing dispute with the former Chinese exclusive distributor following termination of its contract by the Company. Refer to the explanations appearing in paragraphs 9.2.1.2.5 above and 20.8 below of this base document.

Given the bad debt provision recorded as at December 31, 2013, the balance of outstanding receivables not provisioned for amounted to €957,000 (compared to €667,000 at the end of December 2012), among which €397,000 were collected in January 2014. Older receivables (aged more than 90 days) and not provisioned for are not significant.

✓ *Other current assets*

In thousands of euros	2013	2012	2011
Tax credit receivable	1,699	1,090	1,691
VAT receivable	331	791	409
Prepaid expenses	264	186	152
Prepayments	192	144	101
Operating grants receivable - short-term	572	183	748
Other receivables	50	-	-
Total other receivables	**3,109**	**2,394**	**3,101**

The primary changes in the item "Other current assets" are analyzed as follows:

- *Tax credit receivable*

The bulk of the item relates to the Research Tax Credit (CIR). The drop in the 2012 Research Tax Credit is a result of the cash receipt of significant grants (which are deducted from the Research Tax Credit).

- *VAT receivable*

The VAT receivable item shows a €382,000 rise between 31 December 2011 and 2012 due to the growth of activity over this period and a considerable increase in Trade payables. The significant decrease in VAT receivable as of 31 December 2013 essentially results from the Trade payables item returning to a normative level.

- *Operating grants receivable - short term*

The Operating grants receivable items correspond to the amounts that may be called from the financing institution, as a result of expenses incurred during the period. In 2012, significant grant payments were received which in turn decreased the corresponding receivable.

✓ *Cash and cash equivalents*

In thousands of euros	2013	2012	2011
Cash on hand	1,933	4,247	11,025
Marketable securities	4,504	4	1,463
Total cash and cash equivalents	**6,437**	**4,251**	**12,488**

The change in the entry Cash and cash equivalents primarily results from the combined effect of annual cash consumption linked to operating activities and to the net flows linked to financing activities, the amount of net cash flows linked to investment activities being, for their part, of lesser

importance. A €34 million financing round took place in 2010 with payments of €22.5 million in 2010, €9.9 million in 2011 and €1.6 million in 2012. Then in 2013, the Company closed a new financing round in March/April 2013 for total gross proceeds (excluding related transaction costs) of €14.4 million and a €5 million bond was issued in December 2013.

As of 31 December 2013, the investment securities are exclusively comprised of UCITS which are completely liquid. It is noted that a pledge on the bank accounts was granted to the bond holders (refer to Note 35c to the consolidated financial statements presented in Section 20.1 of this base document)

Refer to the detailed net cash flow analysis presented in Chapter 10 below.

10.2.3 Shareholders' equity

The net change in shareholders' equity is mainly due to the combined effect of the following:

- The recognition of annual losses; and
- The positive variations linked to fundraising during each of the financial years.

In thousands of euros	2013	2012	2011
Shareholders' equity	11,788	9,644	20,263

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 base document).

10.2.4 Non-current assets

Non-current assets essentially concern:

- Long-term financial debt made up of the non-current portion of the three repayable OSEO advances received by the Company (for further details, refer to Section 10.1.2.3 below) for the 2011 and 2012 financial years. This item additionally includes the amount of €4.754 million as of 31 December 2013, which corresponds to the long-term portion of the €5 million bond issue, net of issuance fees, which was subscribed in December 2013;
- retirement obligations;
- other non-current liabilities consisting of trade payables and principally deferred income from operating grants, while all other provisions are for less than one year.

  Between 31 December 2011 and 2012, the change in the entry "provisions and other non-current liabilities" is attributable to an €863,000 increase in "Deferred revenue" which corresponds to the portion for more than one year which relates to the ICARE grant and to a €29,000 increase in the non-current portion of the trade payables (which primarily concerns actualized amounts of future minimum fixed royalties payments on the patents and licenses acquired).

  The decrease of the item in 2013 is in large part attributable to the drop in the item "Grants receivable - long term" which was reclassified as a "short term" following a strategic decision by the Company as concerns the ICARE program. Refer to paragraph 9.3.5. "Other current liabilities").

In thousands of euros	2013	2012	2011
Financial debt - long-term	5,488	711	736
Retirement obligations	347	258	164
Provisions and other non-current liabilities	744	1,868	976
Total non-current	**6,580**	**2,837**	**1,876**

10.2.5 Current liabilities

This item mainly consists of trade payables and the current portion of contingency provisions.

In thousands of euros	2013	2012	2011
Financial debt - short-term	1,189	1,139	300
Trade payables and related accounts	2,924	4,895	3,440
Derivative debt instruments	-	-	358
Provisions and other current liabilities	3,944	3,328	2,173
Total current liabilities	**8,056**	**9,362**	**6,271**

Over the period, the main changes were the following:

- *Financial debt - Short-term portion*

The €839,000 rise in this item which was recorded between 31 December 2011 and 2012 simultaneously includes a €500,000 current account advance from an existing shareholder (NBGI) in relation with a bridge loan, which was put in place in January 2013 (convertible bonds subscribed to by the majority of historical investors which were converted to Series D shares in late March 2013) and a €339,000 increase in current debt relating to OSEO repayable advances.

For 2013, the very slight increase in short-term financial debt simultaneously translates:

- ✓ a €500,000 decrease resulting from the subscription to the capital increase through incorporation of the current account;
- ✓ the subscription of a short-term debt of €829,000 relating to the financing of trade receivables put in place by the Group (€500,000 for the assignment of receivables under a Dailly-type agreement and €329,000 through factoring – refer to paragraph 10.1.2.6 of this base document),
- ✓ and a €283,000 decrease in the short-term portion of the grants.

- *Trade payables*

Trade payables posted a 42.2% rise between 31 December 2011 and 31 December 2012, due in part to the more than 44% increase in activity over the 2012 financial year, but also due to the fact that since the Company was in the process of wrapping up a round of funding at the end of the year, payment terms were adapted in a concerted manner with certain suppliers. The latter explains the strong drop recorded during the 2013 financial year, in which despite the growth of business, the amount of trade payables returned to a normative level.

- *Derivative debt instruments*

At 31 December 2011, the derivative debt instruments consisted of the fair value of the 20,897 outstanding C2-2010-T2 warrants. All were exercised in May 2012, which led to the debt being eliminated as of 31 December 2012.

- *Provisions and other current liabilities*

The principal components of the item are analyzed as follows:

In thousands of euros	2013	2012	2011
Social security costs	2,074	1,955	1,104
Deferred revenue - current portion	366	466	497
Operating grant repayable	807	-	-
Tax debt	242	403	203
Provisions for other current liabilities	383	434	325
Advances received on orders	50	55	40
Miscellaneous	21	15	4
Total current liabilities	**3,944**	**3,327**	**2,173**

- Social security liabilities: between 31 December 2011 and 31 December 2012, social security liabilities marked a strong increase in the amount of €851,000, which was simultaneously due to the change in the Group's staff, which went from 97 employees in late 2011 to 117 in late 2012, and the 2012 provision for bonuses. In 2013, 9 people joined the company, increasing the number of employees to 126. The impact on social security liability is not visible insofar as the majority of this increase corresponds to Chinese employees for whom disbursements are made during the month pending, and the provision for bonuses was for a lesser amount at the end of 2013 than at the end of 2012.

- Operating grants to be paid: the amount of the operating grant to be paid corresponds to the portion of the grant that was received in excess related to the ICARE program. Indeed, as the costs incurred on this project were significantly less than the costs initially planned, the Company expects to reimburse the portion of the grant received for expenses which were ultimately not incurred (and thus not recognized in income by the company,) i.e. €807,000 in 2014, out of a total of €1.774 million received. To that end, €807,000 were reclassified in in short-term debt as of 31 December 2013,. The 4D portion of the ICARE program will not be carried out by the Company.

- Tax liabilities: as of 31 December 2012, the tax liabilities were exceptionally high, linked to accruals for VAT on invoices yet to be received (which were themselves high within the context of the fundraising performed in the first half of 2013) as well as €100,000 in VAT under a reverse charge procedure and not compensated with the corresponding VAT assets.

- Provisions for other current liabilities: the item is exclusively linked to the provision for warranty on equipments sold. During the period presented, the increase is related to the growth in number of units sold.

11. CASH AND CAPITAL RESOURCES

11.1 INFORMATION ON CAPITAL FUNDS, CASH AND EQUIVALENTS, AND GROUP FINANCING SOURCES

Note 13 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 base document, respectively set forth changes in the Company's share capital and in the Group's shareholders' equity.

On 31 December 2013, the Group's total shareholders' equity was €11.788 million versus €9.644 million at year-end 2012 and €20.263 million at year-end 2011.

11.1.1 Information on cash and cash equivalents balances

At 31 December 2013, the total cash and cash equivalents held by the Group was €6.437 million versus €4.251 million at year-end 2012 and €12.488 million at year-end 2011.

Cash and cash equivalents include cash and marketable securities primarily invested in money market funds. This cash comes mainly from fundraising and grants and is used to finance the Group's operations. It is noted that there is a pledge on the bank accounts granted to holders of bonds with warrants attached (see Note 35 c to the consolidated financial statements in Section 20.1 of this base document).

At 31 December 2013, financial debt consists of:

- debts related to repayable advances granted by OSEO,
- a bond with equity warrants issued in December 2013,
- short-term financing relating to a factoring contract at year-end (financing of receivables of €329,000), and a Dailly-type contract for the assignment of receivables (€500,000) signed pending the establishment of the first factoring contract. See 10.1.2.6 below.

(In thousands of euros)	31 12 2013	31 12 2012	31 12 2011
Cash in banks	1,933	4,247	11,025
Marketable securities	4,504	4	1,463
Total	**6,437**	**4,251**	**12,488**
Current financial liabilities	1,189	1,139	300
Financial debt - current (A)	**1,189**	**1,139**	**300**
Non-current financial liabilities	5,488	711	736
Financial debt - Non-current (B)	**5,488**	**711**	**736**
Financial debt (A)+(B)	**6,677**	**1,850**	**1,036**
Net financial debt	**240**	**(2,401)**	**(11,452)**

11.1.2 Information on the Group's financing sources

The Company is a growing company engaged in the medical device sector, with a product range that includes innovations for the most part. The policy of innovation adopted by the Company has resulted in negative operating cash flow since its creation.

The Company has used several financing sources to support its growth, primarily:

- the issuance of shares and three bonds for the historical shareholders, which were then converted into shares;
- a bond with equity warrants;
- the Research Tax Credit;
- repayable advances from OSEO; as well as,
- other public financing in the form of grants and premiums.

The table below shows, by type and year, all funding obtained at 31 December of each year by the Company since its inception, excluding factoring and Dailly-type agreements mentioned above in Section 10.1.1.

Amount of funding received at year-end (€K)	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
Share capital increase	337	5,000	5,000	13,302	13,271	23,041	9,917	1,583	14,391	85,842
Research tax credit	0	148	993	1,269	1,603	1,537	1,599	1,680	1,045	9,874
Repayable aid	44	0	28	507	500	516	0	424	0	2,019
Grants / bonuses	1,000	197	38	342	1,179	1,178	244	1,314	133	5,625
Bond warrant issue	0	0	0	0	0	0	0	0	5,000	5,000
TOTAL PER ANNUM	**1,381**	**5,345**	**6,059**	**15,420**	**16,553**	**26,272**	**11,760**	**5,001**	**20,569**	
CUMULATIVE TOTAL	**1,381**	**6,726**	**12,785**	**28,205**	**44,758**	**71,030**	**82,790**	**87,791**	**108,360**	**108,360**

(*) There was an application for a refund for the Research Tax Credit (CIR) recorded for 2013 of €1.739 million, but the refund has not yet been received.

11.1.2.1 Equity Financing

At 31 December 2013, the Company has received a total of €85.842 million (before transaction costs recorded as a deduction from share issuance premiums) through capital increases carried out since its establishment in 2005 to the current time. These successive fundings are detailed in the table below.

Date	Nature of operations	Category of shares	Gross amount raised (in K€)
04/04/05	Incorporation	Ordinary	37
05/08/05	Cash	Ordinary	300
10/03/06	Cash	Preferred A	5,000
20/02/07	Cash	Preferred A	5,000
23/10/08	Cash	Preferred A	495
23/10/08	Bond conversion	Preferred B1	4,078
23/10/08	Cash	Preferred B2	8,729
Total equity financing at 31/12/08			**23,639**
15/04/09	Cash	Preferred B2	3,271
05/06/09	Cash	Preferred B2	4,000
23/11/09	Cash	Preferred B2	6,000
Total equity financing at 31/12/09			**36,910**
27/04/10	Conversion of anti-dilutive warrants	Preferred B2	42
27/09/10	Cash	Preferred C1	13,554
27/09/10	Convertible bonds	Preferred C1	82
27/09/10	Convertible bonds	Preferred C1	5,030
25/11/10	Cash	Preferred C1	4,333
Total equity financing at 31/12/10			**59,951**
30/12/11	Conversion of C2 warrants	Preferred C2	9,917
Total equity financing at 31/12/11			**69,868**
14/05/12	Exercise of C2 2010 T2 warrants (investors)	Preferred C2	1,583
Total equity financing at 31/12/12			**71,451**
27/03/13	Cash	Preferred D	12,555
15/04/13	Cash	Preferred D	1,500
13/05/13	Exercise of D 2013 T2 warrants	Preferred D	306
16/12/13	Exercise of 09-2010 and BSPCE 03-2006 warrants'	Ordinary	30
Total equity financing at 31/12/13			**85,842**

11.1.2.2 Financing by bond issue

In December 2013, the Company issued a bond with a nominal value of €5.000 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), it is repayable in constant and equal installments from the end of the grace period. The detailed repayment conditions are described in Note 17.2 to the consolidated financial statements prepared under IFRS for the year 2013.

11.1.2.3 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 under consideration, the change in the Research Tax Credit receivable, which totaled €1.739 million at 31 December 2013, was as follows:

B/S receivable as at 1 Jan 2011	**1,562**
+ 2011 RTC recorded over the period	1,691
+ TTC recorded over the period	-
- 2010 RTC payment received	(1,562)
B/S receivable as at 31 Dec 2011	**1,691**
+ 2012 RTC recorded over the period	1,050
+ 2012 commercial prospection tax credit	40
- 2011 RTC adjustment	(11)
- 2011 RTC payment received	(1,680)
B/S receivable as at 31 Dec 2012	**1,090**
+ 2013 RTC recorded over the period	1,739
+ TTC recorded over the period	(5)
- 2012 RTC payment received	(1,045)
Foreign tax debt	(79)
B/S receivable as at 31 Dec 2013	**1,699**

From its creation up to the end of 2013, the Company has received a total reimbursement amount from the Research Tax Credit of €9.874 million (shown in the table in Section 10.1.2 above), excluding the receivable reported at year-end 2013 (i.e., €1.739 million) that has not yet been paid. Therefore, the cumulative amount (including the 2013 receivable) amounts to €11.613 million.

11.1.2.4 Financing through repayable advances

In addition to the bond debt referred to in Section 10.1.2.2 above, at 31 December 2013, consolidated financial debt included repayable advances from OSEO and the IMPULSE incubator.

The Company currently benefits from the 5 following repayable advances:

- **1st repayable advance received from the IMPULSE incubator**: as a participant in the incubator, the Company received in 2005 a repayable advance totaling €44,000 from this organization. The amount received was fully repaid at 31 December 2009.

- **2nd repayable advance from the OSEO (HIFU-Brain Therapy project)**: OSEO granted SuperSonic Imagine a repayable advance of €1.3 M on 18 June 2007 for the purpose of designing the first two prototypes for clinical research on brain therapy using IRM compatible High Intensity Focused Ultrasound (HIFU).

The drawdown schedule specified in the agreement is as follows:
- €500,000 after the agreement is signed;
- €500,000 beginning 1 January 2008 (subject to the condition of a prior capital increase of €15 M);
- the balance, or €300,000 upon the completion of the work (no later than 30 September 2009).

At 31 December 2011, the Company had received the first two installments above, including €500,000 in 2007 and €500,000 in 2009. The Company has suspended the project after receipt of the advance and began the repayment of the advance.

In the original schedule (if the company had applied for and received all the aid), the refund should have been as follows:

- €160,000 no later than 30 September 2010;
- €200,000 no later than 30 September 2011;
- €300,000 no later than 30 September 2012;
- €300,000 no later than 30 September 2013;
- €340,000 no later than 30 September 2014;

it being noted that whether or not the program is successful, the Company is obligated to repay the amount of €260,000 according to the following terms:

- €160,000 no later than 30 September 2010;
- €100,000 no later than 30 September 2011.

At 31 December 2011, a total of €360,000 had been repaid, corresponding to the first two maturities mentioned above.

An additional reimbursement of €300,000 was made in 2013. The loan balance of €340,000 should be reimbursed in 2014, unless the Company established an admission of failure allowing it to retain this amount. To this end, a meeting was held with OSEO to effectively establish the early abandonment of the project in question after a design phase for a first version of the prototype design. The Company decided to await the results of the clinical investigation before reinvesting in an industrializable design.

➢ **3rd repayable advance from the OSEO (Prostate)**: On 26 June 2007, the Company received a reimbursable advance of €35,000 for a project pertaining to the technical feasibility of integrating prostate elasticity imaging with a micro-convex probe.

The drawdown schedule specified in the agreement is as follows:

- €28,000 following the signing of the agreement;
- the €7,000 balance upon completion of the work.

At 31 December 2008, the Company had drawn down the entire amount of the advance.

The repayment schedule is as follows:

- €7,000 no later than 31 March 2011; this payment was made on the date agreed upon;
- €10,000 no later than 31 March 2012. The repayment was made at the end of April 2012;
- €18,000 no later than 31 March 2013. The repayment was made at the end of May 2013;

➢ **4th repayable advance from the OSEO (Portion relating to the collaborative project (TUCE)**: on 4 December 2008, the Company was granted by OSEO a financing 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). Out of the total amount of aid granted of €8.5225 million, the share going to the Company amounts to €1.6150 million, of which €1.2078 million is for grants and €407,100 is for the repayable advance.

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

In accordance with a second amendment dated 30 November 2012, the project duration was increased from 60 to 84 months to take into account the development of an OEM system based on the new platform, thereby postponing the program end date to 31 December 2016.

As for the portion pertaining to repayable advance granted to the Company, the drawdown schedule specified in the new agreement was as follows:

- €77,200 at the completion of Key Stage 2 as defined in the agreement, i.e., 31 December 2011;
- €0 at the completion of Key Stage 3 as defined in the agreement, i.e., 31 December 2012;
- €51,000 at the completion of Key Stage 4 as defined in the agreement, i.e., 31 December 2013;
- €191,000 at the completion of Key Stage 5 as defined in the agreement, i.e., 31 December 2014;
- €27,000 at the completion of Key Stage 6 as defined in the agreement, i.e., 31 December 2015;
- the balance, €60,900 at the end of the program, on 31 December 2016.

On 26 June 2012, the Company received the first installment of €77,000. Repayments will be based on future sales of products resulting from the project, such as Aixplorer® prototypes whose size enables integration into another device (focused ultrasound therapy cameras, for example), i.e., 2.5% of revenues, upon reaching €1.5 million of revenues and will be spread over a period of eight consecutive years at most. Because the project is scheduled to end in 2016, no repayment should be made before that date. Repayments may therefore exceed the nominal amount deposited, but in the absence of reliable estimates of the amounts to be repaid, no additional amount was recorded. This will also depend on the success rate of the project at the end of the program.

➢ **5th repayable advance from OSEO (ICARE project)**: On 6 May 2009, OSEO granted the Company a financing package including both a repayable advance (loan) and a grant. The ICARE project is a collaborative program, carried out in partnership with the company Vermon, which relates to the development of an ultra-rapid echocardiogram capable of imaging the heart in three dimensions and offering quantification of cardiac mechanisms.

The project has received support totaling €7.296,2 million of which €5.876,2 million will come to the Company broken down into a total of €2.837,7 million in grants and €3.038,5 million in repayable advances.

The project is expected to take about 60 months. The start of the project has been postponed from 15 September 2009 to 15 May 2010.
Regarding the repayable advance granted to the Company, the drawdown schedule originally specified in the agreement is as follows, it being stipulated that it was subject to the prior contribution of €13.270 million to capital funds:

- €515,800 upon signing;
- €734,400 at the completion of Key Stage 1, as defined in the agreement, i.e., 15 August 2011;
- €1.0779 million at the completion of Key Stage 2 as defined in the agreement, i.e., 15 June 2012;

- €254,600 at the completion of Key Stage 3 as defined in the agreement, i.e., 15 June 2013;
- the balance, €455,800, at the completion of the program, i.e., 15 September 2014.

At 31 December 2013, the Company had received the sum of €863,000 (the first payment of €515,000 mentioned above received in 2010 and €347,000 received in 2012). The €347,000 represents only a portion of the amount of Step 1 stipulated in the initial contract (of €734,400) because since this is a collaborative program with a partner that does not always share the same priorities, the project was delayed. No further advance was received in 2013.

The initial contract stipulates that the advance will be repaid based on future sales of products resulting from the project, amounting to 3.3% of revenues, with a discount rate of 3.74% upon reaching €12 million, until the financial year ending in 2022. Repayments may therefore exceed the nominal amount received.

At the balance sheet date of the financial statements, the Company was in discussions with OSEO, which is funding this program, to redefine in particular the revenue base to be considered for future payments, insofar some of the initial objectives may not be reached and the company does not expect to release the entire amount since part of the project will not be completed.

In the absence of a reliable estimate of the amount payable until 2022, because talks are ongoing, an estimate of payments to be made in excess of the amount of the advance is not recognized in the balance sheet.

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 incurred have been much lower than the costs originally projected, the Group expects to reimburse €807,000 in 2014, which corresponds to the portion of the grant received for expenses that ultimately were not incurred (and not recognized as income by the Group), out of a total of €1.774 million in grants received (completely independently of the repayment of the advance used). As such, €807,000 was reclassified in the financial statements at 31 December 2013 as short-term liabilities.

Repayable advances at 31 December 2013 are summarized as follows:

Repayable aid In K€	1st advance IMPULSE	2nd advance BRAIN THERAPY	3rd advance PROSTATE	4th advance ICARE	5th advance TUCE	TOTAL
B/S debt at 31/12/2010	**-**	**782**	**35**	**384**	**-**	**1,201**
+ payments received	-	-	-	-	-	**-**
- repayments	-	(200)	(7)	-	-	**(207)**
- accretion	-	28	-	14	-	**42**
B/S debt at 31/12/2011	**-**	**610**	**28**	**398**	**-**	**1,036**
+ payments received	-	-	-	347	77	**424**
- repayments	-	-	(10)	-	-	**(10)**
- discount	-	-	-	(120)	-	**(120)**
+ accretion	-	10	-	17	-	**27**
+/- change in assumption	-	-	-	(8)	-	**(8)**
B/S debt at 31/12/2012	**-**	**620**	**18**	**634**	**77**	**1,349**
+ payments received	-	-	-	-	-	**-**
- repayments	-	(300)	(18)	-	-	**(318)**
- discount	-	-	-	-	-	**-**
+ accretion	-	26	-	16	-	**42**
+/- change in assumption	-	(8)	-	7	-	**(1)**
B/S debt at 31/12/2013	**-**	**338**	**-**	**657**	**77**	**1,072**

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 base document).

11.1.2.5 Other public grants

Since its creation, the Company has also benefited from many grants in connection with its development projects, whether or not collaborative in nature, particularly from the national research agency (ANR), and a government grant for territorial development (*Prime d'Aménagement du Territoire*); the amounts drawn down from these sources are summarized below:

Grants (K€)	ICARE - OSEO	DARMUS - DGA	CARDIO - ANR	TUCCIRM - ANR	Elastobus - OSEO	TUCE - OSEO	Micro Elasto - ANR	PLIK - OSEO	PLIK - Pays d'Aix	PLIK - PACA	BITHUM ANR	IDITOP OSEO	IDITOP PACA	Cartographies INCA INSERM	Total
Until 31 December 2008		444	65	69											**578**
At 31 December 2009		84	54		230	810									**1,179**
At 31 December 2010	1,122						56								**1,178**
At 31 December 2011						204		40							**244**
At 31 December 2012	652	116	54	57	224				24		47	100		40	**1,314**
At 31 December 2013			43								24			67	**133**
Cumulative total	1,775	645	215	126	454	1,014	56	40	24		71	100		106	**4,626**
Amount of contract-related grant	3,838	645	215	126	454	1,208	186	133	80	80	118	335	250	133	**6,800**
Outstanding amounts to be received	1,063					194	130	93	56	80	47	234	250	27	**2,174**

At 31 December 2013, the Company had collected a total of €5.626 million, including €4.626 million in grants and €1.000 million in various bonuses, while €1.368 million in grants were not yet received (it should be noted that the Company will repay the excess amounts received on the ICARE grant in 2014 for an amount of €807,000 - see Section 10.1.2.4 above).

11.1.2.6 Other short-term financing

In December 2013, the Company decided to put in place a factoring agreement by year-end in order to optimize its customer receivables and improve management of its working capital requirements. Indeed, the combination of payment terms of some distributors due to local practices, approximately 40% of annual revenues earned in the fourth quarter and the need for large inventories of finished products during this period impacts working capital requirements at year-end in particular.

To compensate for the delay in the implementation of the factoring agreement by its dedicated subsidiary, the bank suggested that the Company immediately implement a Dailly-type contract to avoid any risk of tension on the cash situation.

Accordingly, as of 31 December 2013, the Company had the following two sources of funding:

Dailly-type contract: in December 2013, the Company signed a Dailly-type contract for a maximum of €500,000. At 31 December 2013, the amount of receivables funded was €500,000, which corresponds to the maximum amount in the contract. This amount was repaid in January 2014. Since then the Company has only resorted to the factoring contract.

Factoring Agreement: in December 2013, the Company signed a factoring agreement to finance Company receivables on French or foreign clients. This agreement provides for the obligation to cover receivables from foreign customers through Coface insurance. As of 31 December 2013, the amount of receivables submitted to the factor (not including those transferred in Dailly) amounted to €1.707 million, of which only €329,000 received financing and were included in Financial debt – short-term portion. The unfunded portion corresponds to both a customer for which the factoring company requested additional documentation considering the materiality of the receivable (which was then partially funded as of 2 January 2014) and to a letter of credit issued to a party in China, whose funding was delayed for administrative reasons.

11.1.3 Off balance sheet commitments

Off-balance sheet commitments are detailed in Note 35 to the consolidated financial statements prepared under IFRS for 2013.

11.2 CASH FLOWS

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

In thousands of euros	2013	2012	2011
Net cash flows provided from / (used in) operating activities	(14,154)	(6,111)	(10,115)
Net cash flows provided from / (used in) investing activities	(2,684)	(3,271)	(1,732)
Net cash flows provided from / (used in) financing activities	19,070	1,165	9,750
Changes in net cash flow	**2,232**	**(8,217)**	**(2,097)**
Cash and cash equivalents opening balance	4,251	12,488	14,528
Impact of foreign exchange on cash and cash equivalents	(46)	(20)	56
Cash and cash equivalents closing balance	**6,437**	**4,251**	**12,487**

11.2.1 Cash flow related to operating activities

Uses of cash for operating activities for the financial years ended 31 December 2013, 2012 and 2011 totaled €14.154 million, €6.111 million and €10.115 million respectively.

In thousands of euros	2013	2012	2011
Net loss	(11,967)	(11,251)	(9,136)
- Depreciation and amortization	1,854	1,156	1,300
- Variation of provisions for contingency	(51)	109	(379)
- Change in retirement benefit obligations	59	28	48
- Income (loss) from disposal of assets	-	-	-
- Expenses linked to share-based payments	(2)	220	43
- Financial income and expense, net	97	1	3
- Changes in fair value of derivative instruments	-	(92)	(630)
- Income tax charges	76	-	-
Net cash flows provided from / (used in) operating activities, before change in WCR	**(9,934)**	**(9,829)**	**(8,751)**
Change in working capital requirements			
- Inventories	358	629	(1,955)
- Accounts receivable	(1,738)	(1,047)	451
- Other receivables	367	(460)	139
- Research tax credit and grants	(1,009)	1,321	218
- Trade payables and related accounts	(2,198)	3,275	(217)
Net cash flows provided from / (used in) operating activities	**(14,154)**	**(6,111)**	**(10,115)**

Cash flow from operations (i.e., net use of cash related to operating activities before changes in working capital requirements) for the years ended 31 December 2013, 2012 and 2011 amounted respectively to (€9.934 million), (€9.829 million) and (€8.751 million).

Changes thereto between 31 December 2011 and 2012, of (€1.078 million), are the result of both an increase of €2.115 million in net losses in 2012 compared to 2011 and the reinstatement of more significant non-cash items in 2012 than in 2011 due to a non-cashable financial product linked to the change in fair value of derivative liabilities which was much lower than what was recorded in 2011, as the most recent instruments were exercised in May 2012.

Then, between 31 December 2012 and 31 December 2013, cash flow from operations changed very little, decreasing by €105,000 under the cross effect of a net accounting loss increased by €716,000 and the reintegration of greater non-cash items than in 2012, including depreciation on capitalized development costs, and for its part, the lower IFRS 2 expense offset the increase in the provision for contingencies.

The net change in working capital requirements changed in a very different way over the period presented.

The year 2012 was marked by a significant reduction in working capital requirements of €3.718 million, whereas in 2011 it had increased by €1.364 million and was heavily impacted by the safety inventories of critical components. This significant improvement was due primarily to:

- A trade payables position that increased sharply at end-2012 given the shift of certain payments negotiated with certain parties pending the closing on funding in early 2013;
- A decrease in Research Tax Credit receivables and grants receivable, including a Research Tax Credit receivable down €963,000, as its base was reduced due to the receipt of grants;
- An increase in trade receivables as a result of a fourth quarter that was as always characterized by sustained activity; and finally
- A decrease in safety inventories of critical components, since it was decided to gradually reduce them from six to three months.

However, financial year 2013 for its part was marked by a further increase in working capital requirements in the amount of €4.220 million. This increase was mainly due to:

- a "trade payables" item that returned to a more normal level, resulting in a liability of €2.198 million;
- a customer "accounts receivables" item that was up €1.738 million primarily due to the revenues for December 2013, which were €1.938 million higher than those earned for in December 2012. The collection period therefore improved;
- increased tax receivables primarily due to an increase of €689,000 in a Research Tax Credit receivable between 31 December 2012 and 2013 as well as increased grants receivable; most of these additional requirements are only partially offset by a further decline in inventories and other receivables for a total of €725,000.

11.2.2 Cash flows from investing activities

Use of cash for investment activities for the financial years ended 31 December 2013, 2012 and 2011 totaled €2.684 million, €3.271 million and €1.732 million respectively.

In thousands of euros	2013	2012	2011
Acquisitions of tangible assets	(1,060)	(787)	(520)
Acquisitions of intangible assets	(2,463)	(2,887)	(1,209)
Proceeds of RTC allocated to development costs	806	448	-
Proceedsrelated to disposals of tang. and intang. assets	-	-	-
Proceedsfrom disposals of financial assets	33	(45)	(3)
Net cash flows provided from / (used in) investing activities	**(2,684)**	**(3,271)**	**(1,732)**

The largest investment item is related to intangible assets, which themselves consist mainly of capitalized R&D costs. 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 intangible assets break down as follows:

(in thousands of euros)	2013	2012	2011
Capitalized R&D expenses	**2,295**	**2,821**	**1,209**
Licenses and patents			
Others (software, etc.)	**168**	**66**	
Total acquisitions of intangible assets	**2,463**	**2,887**	**1,209**

Accordingly, the "capitalized R&D expenditures" line show the gross expenditures for the year, for which the gross assets recorded in the books are reduced by a part of RTC recognized over the year, whereas in cash flow, the amount of RTC corresponds to what was collected in cash during the year.

Tangible assets break down as follows:

(in thousands of euros)	2013	2012	2011
Equipment	815	640	271
Office and IT equipment	232	80	116
Others	13	67	133
Total acquisitions of tangible assets	**1,060**	**787**	**520**

The equipment is primarily related to R&D equipment and production.

For their part, the movements of financial assets consist exclusively of security deposits paid in 2011 and 2012, then returned in 2013.

11.2.3 Cash flows from financing activities

Net cash flow from financing activities amounted to €19.070 million in 2013, €1.165 million in 2012 and €9.750 million in 2011.

In thousands of euros	2013	2012	2011
Profit from transactions on share capital	13,890	1,584	9,917
Expenses related to capital increases	(200)	(1,351)	-
Incurment of financial debt	11,102	424	-
Repayment of financial debt	(5,687)	(10)	(207)
Deposits into partner current accounts	-	500	-
Interest disbursed	(35)	-	-
Other financial income deposited	-	18	40
Net cash flows provided from / (used in) financing transactions	**19,070**	**1,165**	**9,750**

Net cash flows from financing activities have as major components:

- ✓ capital increases made during the period leading to the release of successive tranches, resulting in gross amounts (before deduction of related transaction costs) of €14.390 million in 2013 (of which €500,000 was by current account incorporation) during a round of funding that

is characterized by the entry of the FSI in the Company share capital for €1.584 million in 2012 and €9.917 million in 2011;

- ✓ a subscription of debt of €11.102 million in 2013 corresponding to €4.904 million for a bond issue net of issuance costs (€150,000 of costs are not to be disbursed until five years later), a bridge loan of €5.369 million subscribed in January 2013 and repaid in advance in March 2013 for the raising of series D funds and finally, an amount of €829,000 related to Dailly-type and factoring agreements, whereas in 2012, all subscriptions of financial debt corresponded to receipt of OSEO repayable advances;
- ✓ repayments of OSEO advances of €318,000 in 2013, €10,000 in 2012 and €207,000 in 2011;
- ✓ significant costs in 2012 related to the preparation of an initial public offering, which was suspended due to market conditions.

11.3 INFORMATION ON THE TERMS FOR REPAYABLE ADVANCES AND THE FINANCING STRUCTURE

A breakdown of this information is presented in Section 10.1.2 above.

11.4 RESTRICTION ON USES OF CAPITAL FUNDS

In addition to the pledged investment securities (for a guarantee on the rent for the premises in Aix-en-Provence) and reported as non-current financial assets in the total amount of €158,000 at 31 December 2013, the Company has the following restriction on the availability of its capital funds:

As security for the bond issue, the Company granted the holders of bonds with warrants (OBSA) a pledge on the SuperSonic Imagine SA bank accounts. This pledge will be supplemented before 16 June 2014 by (i) a commitment by the Company to maintain a credit balance equal to at least €2 million in its bank accounts at all times, or (ii) a pledge on all its intellectual property rights without distinction (i.e., all the rights described in Chapter 11 of this base document), until the full repayment date of the bond issue. The pledge granted to date does not force the Company to freeze any funds should no event of default occur.

11.5 SOURCES OF FINANCING REQUIRED IN THE FUTURE

Cash available at 31 December 2013 amounts to €6.4 million euros, of which €5 million are from the bond offering with share warrants issued in December 2013. Considering a grace period for repayment of 24 to 36 months on this bond, the ability, in 2014, to call the second tranche of approximately €13.7 million from the last round of financing agreed in March 2013, the level of activity expected during 2014 and the first half of 2015, and the payment expected repayment of the Research Tax Credit (CIR) in 2013 and the possible assignment of the 2014 CIR, the Company expects to meet its operational requirements over the next twelve months from the date of approval of these 2013 financial statements, even after taking account of the repayment of the grants and repayable advances and the annual interest payments on the bond debt even during the grace period.

12. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES, TRADEMARKS AND DOMAIN NAMES

12.1 INNOVATION POLICY

12.1.1 General

In 2009, SuperSonic Imagine put on the market a 3rd generation ultrasound device called Aixplorer®, with a radically new, entirely software-based architecture that integrates several technological innovations (see Section 6.2.3 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 strategy of clinical innovation is a strong and very effective differentiating factor in a market historically shared by four major players in imaging (GE, Philips, Siemens and Toshiba), and moreover enables the specific medical specialty markets, which are increasingly using imaging, to be addressed (such as cardiology, hepatology, urology and endocrinology).

From 2005 to 2013, the majority of the Company's resources were dedicated to the development of Aixplorer®. For 2013 alone, the total gross expenditure on research and development eligible for the Research Tax Credit for those years amounted to €5.9 million and the net amount of subsidies received was €133,000 (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, institutions of higher education and research and private companies, for which the Company received allowances, grants and repayable advances (OSEO, ISI, Eurostar, ANR, FUI). 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 Section 22.1 describing the collaboration agreement with the CNRS and the Ecole Supérieure de Physique Industrielle de la Ville de Paris (ESPCI) and between them, the Institut Langevin, formerly known as Laboratoires Ondes et Acoustiques which is a Mixed Research Unit (Unité Mixte de Recherche - UMR) of the CNRS

The Company's R&D department staff (35 employees as of 31 December 2013) is divided into three divisions: ultrasound, software, and hardware. The tasks and roles of these departments are presented in Section 6.7.1. of this base document.

12.1.2 A legal framework of innovation within the company

SuperSonic Imagine attaches great importance to its technology development strategy; this can be seen, with regards to the inventions realized by its employees, by the Company's attention to (i) ensure that the rights to these inventions are strengthened and (ii) motivate its employees to produce inventions. This approach is characteristic of the particular attention paid by the Company to the development of innovation.

(i) Strengthen the Company's rights with respect to the inventions realized by its employees

The Company's standard work contract specifies, for each employee assigned to research and development activities, the nature of the inventive missions that are entrusted to them. The inventions produced by Company employees in the exercise of their functions, in principle, are "mission inventions", with the resulting automatic assignment of ownership of the invention to the Company (Article L. 611-7 of the French Intellectual Property Code). The employment contract also recalls the legal principles of devolution to the employer of the industrial property rights to the inventions realized by its employees. This is intended to prevent potential conflicts between the Company and the employee inventor as to the ownership of inventions that may be produced and to make the employee aware of the strategic importance that the Company grants to inventions created in-house, while preventing possible concealment or hijacking of inventions, as far as possible.

A non-disclosure clause is also intended to prevent public disclosure of the invention by the employee, which would result in the inability to protect the invention by means of a patent.

Finally, a non-compete clause limits the risk of improper use of the Company's expertise in the event of the employee leaving the Group.

(ii) Encouraging employees to innovate

The Company has established an internal document relating to the process of innovation management, which has an innovation incentive component that specifically provides for additional remuneration for the employee inventor.

12.1.3 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.

On the date of the registration of the present base document, the scientific committee is made up of the following people:

Jacques SOUQUET: co-founder of SuperSonic Imagine, he was Director of Research and Scientific Development as well as Senior Vice President of Philips Medical at the global level from 2000 to 2005. Prior to that, he was Director of Scientific and Technological Research at ATL Ultrasound from 1993 to 2000 after having simultaneously held the posts of Director of Marketing Strategy/Product Development and Vice President for Product Generation at ATL Ultrasound. An engineer from the École Supérieure d'Electricité in Paris, Jacques Souquet has a DEA (master's degree equivalent) from the Université d'Orsay in the field of optical memory and is a graduate of Stanford University in California (field of new techniques in ultrasound imaging for medical applications and non-destructive materials testing). He is the designer of the transoesophageal ultrasound probe that is widely used in echocardiography and is the holder of 10 patents in the field of ultrasound imaging. In 2011, he received the Prix Yves Rocard, as an award for the collaboration between the Langevin Institute and SuperSonic Imagine. Author of more than 50 scientific publications, he very regularly participates as a keynote speaker in international technical and clinical meetings. The Company does not use any of the patents held by Jacques Souquet.

Mathias FINK: is Professor of Physics at the École Supérieure de Physique et Chimie Industrielles in Paris (ESPCI), where he directs the Laboratoire Ondes et Acoustique, which he established in 1990, and is also professor at the Université Paris 7 (Denis Diderot). In 2002, he was elected to the Académie des Technologies (France) and in 2003 to the Académie des Sciences (France). His main field of research is in the propagation of sound waves in complex environments and in the development of several materials using these applications. The areas of application are very broad:

medical therapy and imaging, submarine detection, seismology, non-destructive tests/studies, telecommunications, touch screens and instrumentation. He has long been working with industry, collaborating on a regular basis with companies in sectors as diverse as the medical and aeronautical sectors and submarine, nuclear, metallurgical activities or instrumentation. He has created many innovative approaches such as the "time reversal mirror" and "transient elastography". He is the inventor of about thirty inventions, which are the subjects of patents, and the author of more than 300 scientific publications. Mathias Fink was a founding member of SuperSonic Imagine. In 2011, he also received the Prix Yves Rocard, as an award for the collaboration between the Langevin Institute and SuperSonic Imagine. The patents for which Mathias Fink is inventor and which SuperSonic Imagine uses were all acquired by the Company from CNRS during the creation of the Company or are the subject of a license granted by the CNRS to the Company.

Claude COHEN-BACRIE: co-founder of SuperSonic Imagine, held the post of Group Leader for the development of ultrasound research at Philips Research USA - acoustic activities - until 2005. This field is especially concerned with the technology of acoustic channel formation and the commercial development of ultrasound. Prior to this, he was Director of Research at Philips Research France from 1996 to 2002. His work was particularly focused on vascular ultrasound applications and on elastography applied to the breast. From 1999 to 2002, he directed a major international project on ultrasound imaging in the detection of breast cancer and initiated several clinical studies on protocols for the use of innovative medical imaging in partnership with many sites in France and the United States. Claude Cohen-Bacrie is a graduate of the École Nationale Supérieure de l'Electronique et de ses Applications (1992). He is also a graduate of Université d'Orsay, holder of a DEA in signal and image processing (1992) and of a Master's degree in medical imaging from the École Polytechnique de Montréal, Canada. He has worked on electrical impedance tomography, in particular its use in the detection of pulmonary emphysema. Graduating with a second master's degree in 1994, he held the post of Research Assistant at Electricité de France in the field of development of innovative algorithms for eddy current tomography applied to non-destructive testing. Holder of several patents in the field of medical imaging, he is a regular participant at major international meetings and conferences on the applications of ultrasound. The Company does not use any of the patents held by Claude Cohen-Bacrie.

Nicolas GRENIER: professor of radiology at Bordeaux since July 1990 and head of the adult diagnostic and therapeutic imaging service at the Pellegrin Hospital Group in Bordeaux since 1993, he is also a member of the following scientific societies: French Society of Radiology (SFR), European Congress of Radiology (ECR), International Society for Magnetic Resonance (ISMR) and Radiology Society of North America (RSNA). He has contributed to numerous scientific publications and participates in several scientific boards, including the Revue d'Imagerie Médicale, the Journal de la Radiologie (since 1996), the Feuillets de radiologie (since 1996) and the European Scientific Committee for Radiology (since 1995). Nicolas Grenier has also specialized in vascular radiology, uroradiology and ultrasonics. His research topics are functional magnetic resonance imaging of the kidney, cellular magnetic resonance imaging of the kidney and interventional magnetic resonance imaging using radiofrequencies (RF) and ultrasound. He has written many scientific publications. His papers in the field of radiology, in which he conducts pilot studies and clinical research, have made him an acknowledged expert.

Gail R. TER HAAR: a graduate in physics from Oxford University (UK), she also holds a Physician of Science in medical physics from Aberdeen University (Scotland). In 1979, Gail ter Haar obtained her physicianate in physics from the University of London. Her thesis was on the biological effects of ultrasound and was produced in the department of physics of Guy's Hospital medical school. In 1998, she received a DSc in clinical medicine from Oxford University for her work on the safety of acoustic imaging and also for her research on the therapeutic applications of ultrasound. Gail ter Haar is currently director of the Department of Ultrasound Therapy at the Institute of Cancer Research in Sutton, UK. Her fields of research include, in particular, the therapeutic applications of ultrasound in the treatment of cancer, especially high-intensity focused ultrasound (HIFU), research on the potential of ultrasound in the therapy of vascular occlusions and research on the safety of diagnostic procedures

using ultrasound techniques. She has written 124 scientific publications and 33 chapters in medical textbooks. She has become Visiting Professor in acoustic therapy at the Nuffield Department of Surgical Sciences, Oxford University. She founded and serves as President of the International Society for Therapeutic Ultrasound (ISTU) and also chairs the European Committee for Medical Ultrasound Safety and the Safety Group of the British Medical Ultrasound Society. She is a member of the Radiation Protection Committee of the British Institute of Radiology and an honorary member of the American Institute for Ultrasound in Medicine and of the Institute of Engineering and Physics in Medicine. Gail ter Haar also occupies the post of Associate Editor for ultrasound therapy of the journal Ultrasound in Medicine and Biology. Lastly, she is Associate Editor of Ultrasonics.

Professor David COSGROVE: a graduate of Oxford University (UK), in 1963 he gained a Bachelor of Medicine and Surgery from St Georges Hospital Medical School in London. In 1975, he obtained a Masters in Nuclear Medicine from the University of London (comparison of scintigraphy and ultrasonography of the liver in clinical diagnosis). Professor Cosgrove is consultant radiologist at Hammersmith Hospital in London and Professor Emeritus at Imperial College of Science, Technology and Medicine in London. His three main research topics are about: development of the clinical role of ultrasound in radiology, increasing understanding of the fundamental mechanisms of Doppler and ultrasound imaging procedures and the applications of the use of contrast agents in ultrasound imaging. Author of numerous important publications forming a school within the ultrasound domain, he participates regularly as a keynote speaker in international meetings.

Professor James F. GREENLEAF: a graduate in electrical engineering (Bachelor of Science) at Utah University, Salt Lake City (1964), in engineering science (Master of Science) at Purdue University, Lafayette (1968) and in engineering science (Physicianate) at Mayo Graduate School of Medicine, Rochester and at Purdue University (1970). He currently holds the posts of Professor of biophysics and Associate Professor of medicine at Mayo Medical School and acts as consultant to the departments of physiology, biophysics and cardiovascular diseases of the Mayo Foundation. Professor Greenleaf was also president of the Ultrasonics Ferroelectrics and Frequency Control Society of the IEEE (Institute of Electrical and Electronics Engineers) in 1992 and 1993. Holder of 13 patents, he received the J. Holmes Prize for innovation in 1986 and in 1998 the William J. Fry Prize of the American Institute of Ultrasound in Medicine. He is a member of IEEE, the American Institute of Ultrasound in Medicine and the American Institute for Medical and Biological Engineering. Nominated *Distinguished Lecturer* of the Ultrasonics, Ferroelectrics and Frequency Control Society of the IEEE in 1990 and 1991, he received the Rayleigh Prize in 2004. His field of interest concerns biomedical ultrasound, and he is the author of more than 327 scientific publications and has written or edited 5 books. The Company does not use any of the patents of which he is a holder.

Professor Jeffrey Colin BAMBER: holder of a Physicianate in biophysics from the Institute of Cancer Research, University of London in 1980, DSc in biophysics and bioengineering from Chelsea College of the University of London, Bachelor of Science in physics from the University of Kent in Canterbury (1972). From 1981 Professor Bamber worked as a medical physicist at the Royal Marsden NHS Foundation and, since 1996, as a physicist at the Hammersmith Hospital in London. Since 1986, Professor Bamber has led the research team at the Department of Ultrasound and Optics within the Joint Department of Physics of the Institute of Cancer Research, London and Royal Marsden Hospital. He also supervises the work of postgraduate students in their research on applications of ultrasound technology and, since 1995, of optics, in the treatment of cancer. Professor Bamber's interests include ultrasound measurements of tissues and their correlation with histopathology, the granularity and texture of ultrasound imaging, the visual perception of ultrasound imaging and animation, ultrasound methods applied to breast cancer, evaluation of tumor response, estimation of tumor volume and organ volume, tumors and blood flow, 3D ultrasound imaging, screening of tissue movement using ultrasound, imaging of tissue elasticity, thermal imaging, high-frequency ultrasound imaging and tissue characterization, ultrasound and optical technologies applied to skin cancer, microbubbles as contrast agents in ultrasound and magnetic resonance imaging, planning protocols for ultrasound and monitoring of cancer treatments using high-frequency ultrasound and conformational radiotherapy, ultrasound in radiation dosimetry, microbubbles as vectors for gene therapy and nanoparticles for

molecular imaging. Professor Bamber has been the subject of articles in the 4 most important specialist journals; he has published 2 theses, 66 scientific publications, filed 4 patents and written 5 newspaper articles, 13 book chapters, 62 methodological publications, 3 reviews of articles and 134 abstracts. Professor Bamber is regularly invited to participate as a keynote speaker in the most prestigious international meetings, as evidenced by the 52 lectures he has presented at such events. The Company does not use any intellectual property right resulting from the works of Jeffrey Colin Bamber.

Peter BURNS: director of the faculty of medical biophysics and professor of radiology at the University of Toronto, he is also senior scientist at Sunnybrook Health Sciences Centre in Toronto. He graduated in mathematical physics in 1973 and received a Physicianate in radiodiagnosis in 1983 following a degree in the history and philosophy of science. He was subsequently Professor of radiology at Yale University (USA) and then at Thomas Jefferson University in Philadelphia before moving to Toronto in 1991. He was among the first to detect blood flow in tumors using Doppler. He then worked on the use of Doppler to detect and measure blood flow within the pelvis and abdomen. In 1988, he started research on the use of microbubbles as a contrast agent for echography. He focused on the development of non-linear methods such as harmonic imaging, pulse inversion or amplitude modulation and their use in the perfusion of organs such as the heart and abdomen as well as in tumors. He has received many prizes such as: the Pioneer Award of the World Federation for Ultrasound in Medicine and Biology (WFUMB) in 1988, the Ian Donald Gold Medal for technical achievements in 2002, the Trophy for Innovation and Excellence of the Canadian Society for Radiology in 2002 and the Distinguished Lecturer nomination of IEEE UFFC in 2008. He is an honorary member of the australasian Society for Ultrasound in Medicine.

This scientific committee receives payment in the form of fees, with the exception of Matthias Fink, who is a contracted consultant to the Company.

12.2 PATENTS AND PATENT APPLICATIONS

12.2.1 Intellectual property policy - Status of the portfolio

The field of ultrasound imaging traditionally generates extremely rich intellectual property from all global players. SuperSonic Imagine has set up a process (INNO process) for intellectual property management within its quality system, which aims to protect the innovations integrated into its product range or likely to be integrated.

In order to maintain its competitive advantage in the medical imaging industry, the Company's intellectual property policy is both meant to ensure the protection of its products and to fight against the emergence of alternative products incorporating one or more of the innovations developed by the Company.

Accordingly, new patent applications are filed regularly, with two to four filings made per year on average since 2006. These applications and the resulting patents are intended to protect inventions covering improved versions of existing products or new products. They may be licensed, as is already the case (see Section 11.2.4 below).

The strategy for protecting intellectual innovations of the Company is primarily based on the architecture of its product and its future products. This software-based architecture provides ultra-fast imaging speeds that make it possible to invent new modes as well as revisit existing imaging modes.

If the architecture is protected by intellectual property, the Company also has a technological advance in one area where the inertia of development requires several years of investment (seven years for digital beamforming).

Based on this platform and its ultrafast imaging capacity, innovative methods are also protected by intellectual property.

The Company is nevertheless aware that the competition, by accepting degraded performance in such modes, would be able to adapt elements of its intellectual property to more limited architectures. Also, after a period of three to four years in which it retains the exclusive character of its Intellectual Property (IP), the Company may consider starting a licensing phase in order to leverage its intellectual property other than by simply protecting it. Allowing a greater number of players to offer innovative imaging modes plays a role in making it easier to market them as a standard of care, thus facilitating the penetration of the Company's product line.

Today, the Company's intellectual property portfolio includes:

- 23 families of patents, 19 of which are filed and published and are held exclusively by the Company and 4 that are held in co-ownership between the Company and one or several third-parties: and

- 4 licensing agreements (including one in the process of renewal) dealing with a total of 5 families of patents.

With respect to the Company's current stage of development, all of these intellectual property titles do not have the same strategic importance today.

There is reason to distinguish among these families of patents, by decreasing order of importance, those covering innovations currently integrated into the Aixplorer® from those covering current research on future applications that may eventually, as the case may be, be integrated into the Aixplorer®.

In addition, at the request of a major industrial player suggesting that the Company would use some of its patents, the Company is currently negotiating a worldwide, non-exclusive license to use the patent portfolio of that industrial player in the area of medical ultrasound equipment or methods (refer to Section 4.2.2 of this base document).

12.2.2 Patents/patent applications

12.2.2.1 General information

Out of the 23 families of filed and published patents, the most strategic are those directly concerning the Aixplorer® platform and its domains of application. These are the families with reference 4, 5, 6 and 7 in the tables below, relating to the following innovations:

- **Family 4**: a device that allows simultaneous display on the main screen and on an additional screen in order to facilitate use of the ultrasound system;

- **Family 5**: a method providing imaging of all the visco-elastic properties of an area (elasticity and viscosity);

- **Family 6**: a synthetic and ultrafast method of image formation based on plane waves and applicable to all ultrasound imagery modes (B, Doppler, SWE, contrast); and

- **Family 7**: shear wave elastography ultrasound method using a supersonic push (ultrasonic wind generation in the tissue using ultrasonic radiation pressure) to generate the radiation force and the plane waves ultrafast imagery to obtain a movie of the displacement of the wave.

The two licenses described in Section 11.2.3, i.e. the licenses granted by Mr. Armen Sarvazyan, on one hand, and the company Verasonics Inc. on the other, are of the same strategic level as the four families described above.

Then follow the 14 patent families with references 1, 2, 3, 8, 9, 10, 11, 16, 17, 18, 25, 26, 27 and 28 in the following tables, mainly providing innovations related to the ongoing research and development programs:

- **Family 1**: a complimentary method to shear wave elastography allowing the visco-elastic area to be characterized by comparing the response of the area inside and outside the shear wave source (one application of which is cyst/solid lesion differentiation);

- **Family 2**: 1.5D probe designed for an optimal shear wave elastography mode for high imaging rate;

- **Family 3**: effective method for shear wave generation based on radiation pressure on an acoustic interface;

- **Family 8**: 3-D visco-elastic imaging patent with a specific determining treatment method for reliability of results;

- **Family 9**: ultrasound wave focusing method by iterative learning;

- **Family 10**: one dimensional method for measuring the visco-elasticity of an area based on acoustic radiation force and evaluation of the propagation in the area of interest;

- **Family 11**: method of focusing the ultrasound beam in the brain based on time reversal;

- **Family 16**: imaging procedure and device for assessing heart contractility based on shear wave elastography;

- **Family 17**: procedure and device for visco-elastic characterization of an area based on shear wave elastography within an area subjected to transient change (change of temperature or compression rate);

- **Family 18**: generation and summation method of shear waves by radiation force that increases the distance of the wave propagation in complex areas;

- **Family 25**: ultrasound imaging system and processing mechanism used in the interior of that ultrasound imaging system;

- **Family 26**: connection system and an ultrasound system comprising said connection system;

- **Family 27**: apparatus and method for determining optimal positions of an HIFU probe; and

- **Family 28**: an imaging mechanism with optimized speed.

The license granted by the company SEISME described in Section 11.2.3 below is of the same level of importance as the 14 families described above.

The 5 other patent families with references 12 to 15 and 19 in the tables below are all from the focused ultrasound therapy domain. The Company concentrated on the design, industrialization and later the commercialization of equipment to aid diagnosis; it also led research on the production of a MRI-compatible focused ultrasound therapy prototype for the brain. This research prototype uses the intellectual property described in families 14 and 19. The other families are the result of prototype development works over a longer term.

12.2.2.2 Overview of examination procedures for patent applications – Protected territories

Several patent applications are being examined by the intellectual property offices, it being specified that the main stages of the patent application procedure are the following:

- a basic application, covering a specific invention, is filed before a national office (such as the INPI in France) and/or a regional office (for example the European Patent Office - EPO - for Europe);

- within a period of 12 months from the first filing, the applicant has the possibility of extending this patent title at an international level by filing a PCT patent application (Patent Cooperation Treaty) to the World Intellectual Property Organization (WIPO);

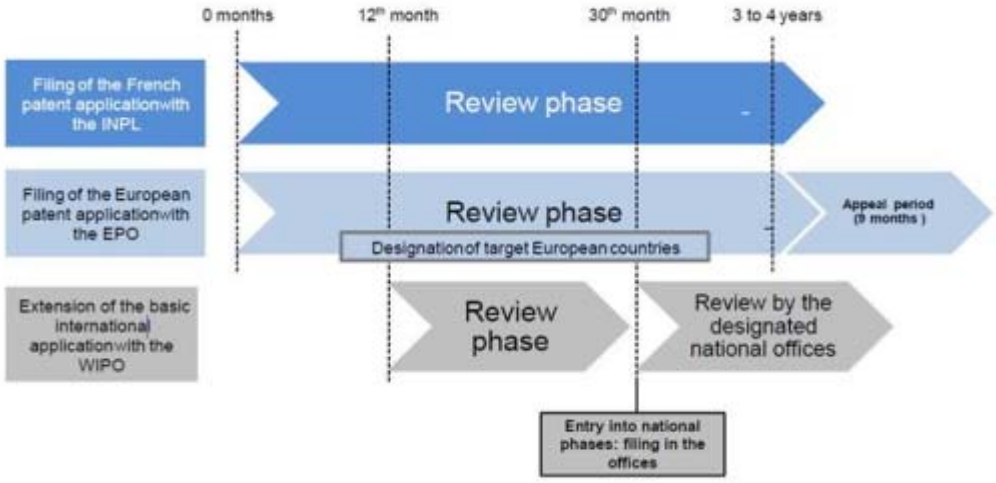
- from this date, the office to which the basic application was filed and the WIPO, if applicable, follow their examination procedure in parallel and according to their own rules (publication of prior research report susceptible to lead to the patent application being rejected, issue of reports with the written opinion relating to the patentability of the invention, possibility for third parties to issue observations, possibility for the applicant to respond to the observations of the offices and of third parties, or to modify the patent application, etc.). Therefore, the duration of instruction can vary from one country to another. These procedures may result in slight modifications to the claims in comparison to the originals;

- the INPI examination stage lasts on average 3 to 4 years for the grant of a French patent title;

- the EPO examination stage lasts on average 3 to 4 years for the grant of a national title in each European country designated in the European patent application. From the time of the European patent grant there is a period of nine months during which all third parties (able to present prior information not included in the EPO research reports to challenge the patent title validity) may file an opposition;

- the WIPO examination phase lasts around 18 months. Unlike the national offices and the EPO offices, the WIPO is a centralization office for foreign national patent applications. The examination phase does not therefore lead to the grant of an international title, but to a phase called *entry into national phase*. The applicant indicates the countries in which he wishes to be granted a patent, the patent application is then filed in said countries, it being specified that the applicant must pay the related taxes and proceed to the required formalities such as translation. From this date, the PCT patent application is examined again in each of the designated national offices, according to the applicable regulations. The timeframes for obtaining the national patents vary according to office.

These various stages are summarized in the following table:



SuperSonic Imagine's patent applications are usually first filed in Europe and in the United States They are then extended abroad through the international procedure for filing PCT patents:

The choice of regions selected for entries in national/regional phases depends on the Company's commercial strategy as well as the regions covered by its competitors. With regard to the Company's patent applications, the latter shall endeavor to maintain coverage of intellectual property rights, for which the main countries are included in the tables below.

The regions protected by patents and patent applications by SuperSonic Imagine are listed in the country column of following tables.

12.2.2.3 Patents/patent applications portfolio status

These tables present a full list of the 23 families mentioned above by distinguishing the 19 that are the exclusive property of the company (**A.**) and the four that are jointly held (**B.**).

It being specified that:

- ✓ in each of the tables below, the various lines relate to the patent applications, involving a single invention but that are the subject of patents/patent applications filed in various countries;

- ✓ in the tables relating to the families with references 1, 2, 3, 4, 10, 12 and 13, the international patent applications made via the PCT procedure are stated as "expired". The PCT procedure is an intermediate stage before grant of patents in various countries. The term "expired" indicates that the PCT procedure is complete and that the invention relating to the procedure has been the subject of patents/patent applications in the countries stated in the PCT application.

A – PATENT FAMILIES AND PATENT APPLICATIONS OWNED BY THE COMPANY

TITLE	HOLDER	DATE[1]	PUBLICATION No.[4]	STATUS[2]	EXPIRATION DATE	COUNTRY[3]	DESCRIPTION
1st FAMILY: PROCEDURE AND DEVICE FOR IMAGING OF A VISCOELASTIC MEDIUM							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 is cyst/solid lesion differentiation. *Patent agent: Cabinet Beau de Loménie*
	SuperSonic Imagine	29/03/06	FR 2899336	Issued - FR 2899336B1	29/03/2026	France	
		22/03/07	WO 2007/110375	Expired	29/10/2008	PCT	
		22/03/07	EP 1998680	Issued - EP 1998680B1	29/12/2010	Europe (PCT)	
		22/03/07	EP 1998680	Approved - EP 1998680B1	22/03/2027	France (EP)	
		22/03/07	EP 1998680	Approved - EP 1998680B1	22/03/2027	Netherlands (EP)	
		22/03/07	EP 1998680	Approved - EP 1998680B1	22/03/2027	Italy (EP)	
		22/03/07	EP 1998680	Approved - 60 2007 009 501.8	22/03/2027	Germany (EP)	
		22/03/07	CA 2647283	Under review	22/03/2027	Canada (PCT)	
		22/03/07	CN 101431943A	Issued - CN 101431943B	22/03/2027	China (PCT)	
		22/03/07	KR 20080111025	Under review	22/03/2027	Korea (PCT)	
		14/10/09	HK 1130415A	Issued - HK 1130415B	22/03/2027	Hong Kong (PCT-CN)	
		22/03/07	IL 194352	Issued - IL 194352A	22/03/2027	Israel (PCT)	
		22/03/07	JP 2009-531101A	Issued - JP 4990963B2	22/03/2027	Japan (PCT)	
		22/03/07	US 2010/0168566	Under review	22/03/2027	USA (PCT)	

[1] Subject to its grant and to its maintenance in force, a granted patent protects the claimed invention for a duration of 20 years as from the filing date (priority date or date of extension abroad when applicable), it being specified that, if an extension abroad is being performed, it must necessarily occur within a 12 months period following the priority date corresponding to the first filing of the patent application.

[2] The patents in relation to which a number is mentioned (such as "FR2912817B1") are granted patents and the number corresponds to the number of grant of the patent before the relevant patent office. When a patent is granted, its maintenance in force then depends on the payment, at regular dates, of the maintenance fees.

[3] The scope of the claims of a patent application is susceptible to change within the framework of the substantive examinations performed by the offices in the countries/regions in which a protection is sought. NB: EP: European patent/patent application; PCT: international patent/patent application.

[4] *Publication* refers to a patent application which has been filed and made available to the public by the relevant authority, with the corresponding reference.

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
2nd FAMILY: ULTRASOUND IMAGING PROBE FOR IMAGING OF A TRANSIENT MODIFICATION OF AN ENVIRONMENT							1.5D probe designed for an optimal shear wave elastography mode for high imaging rate. *Patent agent: Cabinet Beau de Loménie*
	SuperSonic Imagine	22/08/06	FR 2905180	Issued - FR 2905180B1	22/08/2026	France	
		03/08/07	WO 2008/023127	Expired	22/03/2009	(PCT)	
		03/08/07	EP 2069821	Under review	03/08/2027	Europe (PCT)	
		03/08/07	CA 2661052	Under review	03/08/2027	Canada (PCT)	
		03/08/07	CN 101506683A	Issued - CN 101506683B	03/08/2027	China (PCT)	
		03/08/07	CN 102973295	Under review	03/08/2027	China (PCT) - DIV	
		03/08/07	KR 20090042913	Issuance in progress	03/08/2027	Korea (PCT)	
		11/02/10	HK 1133700A	Issued - HK 1133700B	03/08/2027	Hong Kong (PCT-CN)	
		16/09/13	HK 13110672.9 (submission)	Under review	03/08/2027	Hong Kong (PCT-CN) - I	
		03/08/07	IL 196840	Under review	03/08/2027	Israel (PCT)	
		03/08/07	JP 2010-501231A	Issuance in progress	03/08/2027	Japan (PCT)	
		03/08/07	US 2009/0149760	Under review	03/08/2027	US (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
3rd FAMILY: PROCEDURE FOR GENERATION OF MECHANICAL WAVES BY GENERATION OF RADIATION PRESSURE ON AN ACOUSTIC INTERFACE							Effective method for shear wave generation based on radiation pressure on an acoustic interface. *Patent agent:* *Cabinet Beau de Loménie*
	SuperSonic Imagine	25/10/06	FR 2907692	Issued - FR 2907692B1	25/10/2026	France	
		25/10/06	WO 2008/050072	Expired	25/05/2029	PCT	
		25/10/07	EP 2084702	Under review	25/10/2027	Europe (PCT)	
		25/10/07	CA 2667527	Under review	25/10/2027	Canada (PCT)	
		25/10/07	CN 101589426A	Issued - CN 101589426B	25/10/2027	China (PCT)	
		25/10/07	KR 20090080950	Under review	25/10/2027	Korea (PCT)	
		18/05/10	HK 1138100A1	Issuance in progress	25/10/2027	Hong Kong (PCT-CN)	
		25/10/07	IL 198257	Under review	25/10/2027	Israel (PCT)	
		25/10/07	JP 2010-507428A	Under review	25/10/2027	Japan (PCT)	
		25/10/07	US 2008/0276709	Issued - US 8037766B2	27/09/2029	USA (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
4th FAMILY: DOUBLE-SCREEN ELECTRONIC VIEWING SYSTEM							A device that allows simultaneous display on the main screen and on an additional screen (usually a touchscreen) in order to facilitate use of the ultrasound system. *Patent agent:* *Cabinet Beau de Loménie*
	SuperSonic Imagine	04/03/08	FR 2928257	Issued - FR 2928257B	04/03/2028	France	
		03/03/09	WO 2009/109585	Expired	04/10/2010	PCT	
		03/03/09	EP 2249708	Under review	03/03/2029	Europe (PCT)	
		03/03/09	CA 2717085	Under review	03/03/2029	Canada (PCT)	
		03/03/09	CN 101959463A	Issued - CN 101959463B	03/03/2029	China (PCT)	
		03/03/09	KR 20100128290	Review: 03/03/14	03/03/2029	Korea (PCT)	
		13/07/11	HK 1153107A	Issuance in progress	03/03/2029	Hong Kong (PCT-CN)	
		03/03/09	IL 207775	Under review	03/03/2029	Israel (PCT)	
		03/03/09	JP 2011-512973A	Under review	03/03/2029	Japan (PCT)	
		03/03/09	US 2011/0043434	Issuance in progress	03/03/2029	USA (PCT)	
		03/03/09	US 14/166,088 (submission)	Under review	03/03/2029	USA (PCT) - CONT	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
5th FAMILY: PROCEDURE FOR RHEOLOGICAL CHARACTERISATION OF A VISCOELASTIC ENVIRONMENT*							A method providing imaging of all the visco-elastic properties of an area (elasticity and viscosity). *Patent agent: Cabinet PLASSERAUD*
	SuperSonic Imagine	25/06/07	FR2917831	FR2917831B1	25/06/2027	France	
		23/06/08	CA2692296	Under review	23/06/2028	Canada (PCT)	
		23/06/08	CN101918828	Abandoned	23/06/2028	China (PCT)	
		23/06/08	CN102830163	Under review (div)	23/06/2028		
		23/06/08	KR20100050469	Under review	23/06/2028	South Korea (PCT)	
		23/06/08	US2010/0170342	US8347692	23/06/2028	USA (PCT)	
		23/06/08	EP2160597	Under review	23/06/2028	Europe (PCT)	
		23/06/08	HK1141080	Under review	23/06/2028	Hong Kong (PCT-EP)	
		23/06/08	HK1175240	Under review	23/06/2028	Hong Kong (PCT-CN)	
		23/06/08		Under review	23/06/2028	Israel (PCT)	
		23/06/08	JP2010-531183	Under review	23/06/2028	Japan PCT	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
6th FAMILY: PROCEDURE AND DEVICE FOR ULTRASOUND SYNTHETIC IMAGING*							A synthetic and ultrafast method of image formation based on plane waves and applicable to all ultrasound imagery modes (B.Doppler, SWE, contrast). *Patent agent: Cabinet PLASSERAUD*
	SuperSonic Imagine	13/03/08	US2009/0234230	Under review	13/03/2028	USA	
		11/03/09	CA2 658 063	Under review	11/03/2029	Canada	
		13/03/09	CN101637395	CN101637395	13/03/2029	China	
		13/03/09	KR1020090021714	Abandoned	13/03/2029	South Korea	
		13/03/09	KR1020120010776	Under review (div)	13/03/2029	South Korea	
		20/02/09	EP2101191	Under review	20/02/2029	Europe	
		17/03/10	HK1134645	HK1134645	13/03/2029	Hong Kong (CN)	
		26/02/09		Under review	26/02/2029	Israel	
		13/03/09	JP2009-219876	Under review	13/03/2029	Japan	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
7th FAMILY: IMAGING PROCEDURE AND DEVICE USING SHEAR WAVES *							Patent describing a shear wave elastography ultrasound method using a supersonic push (ultrasonic wind generation in the tissue using ultrasonic radiation pressure) to generate the radiation force and the plane waves ultrafast imagery to obtain a movie of the displacement of wave. *Patent agent: Cabinet PLASSERAUD*
	SuperSonic Imagine	02/09/02	FR2844058	FR2844058B1	Abandoned	France	
		12/08/03	EP1546757	EP1546757B1	12/08/2023	France (PCT-EP)	
		12/08/03	EP1546757	DE603 24 952.3	12/08/2023	Germany (PCT-EP)	
		12/08/03	EP1546757	EP1546757B1	12/08/2023	Spain (PCT-EP)	
		12/08/03	EP1546757	EP1546757B1	12/08/2023	UK (PCT-EP)	
		12/08/03	EP1546757	EP1546757B1	12/08/2023	Italy (PCT-EP)	
		12/08/03	EP1546757	EP1546757B1	12/08/2023	Netherlands (PCT-EP)	
		12/08/03	EP1546757	EP1546757B1	12/08/2023	Switzerland (PCT-EP)	
		12/08/03	US2055/0252295	US7252004	12/08/2023	USA PCT	
		12/08/03		IL167172	12/08/2023	Israel (PCT)	
		12/08/03	2006-500089	JP4504190	12/08/2023	Japan (PCT)	
		09/10/09	2010-012305	Abandoned (div)	Expired	Japan (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
8th FAMILY: IMAGING PROCEDURE AND DEVICE USING SHEAR WAVES							3-D visco-elastic imaging patent with a specific determining treatment method for reliability of results. *Patent agent: Cabinet PLASSERAUD*
	SuperSonic Imagine	05/04/05	FR2883982	FR2883982B1	05/04/2025	France	
		30/06/06	US2009/0124901	Under review	30/03/2026	USA (PCT)	
		30/06/06	EP1866667	Under review	30/03/2026	Europe (PCT)	
		30/06/06		Under review	30/03/2026	Israel (PCT)	
		30/06/06	JP2008-534198	JP4964865	30/03/2026	Japan (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
9th FAMILY: PROCEDURE FOR GENERATING A PRE-DETERMINED WAVE FIELD							Ultrasound wave focusing method by frequentative learning. *Patent agent: Cabinet PLASSERAUD*
	SuperSonic Imagine	04/06/02	FR2840418	FR2840418B1	04/06/2022	France	
		28/05/03	US2005/0273008	US7857762B2	28/05/2023	USA (PCT)	
		28/05/03	EP1531729	EP1531729B1	28/05/2023	France (PCT-EP)	
		28/05/03	EP1531729	DE60341961;5	28/05/2023	Germany (PCT-EP)	
		28/05/03	EP1531729	EP1531729B1	28/05/2023	Italy (PCT-EP)	
		28/05/03	EP1531729	EP1531729B1	28/05/2023	Netherlands (PCT-EP)	
		28/05/03	JP2005-528158	JP4343830	28/05/2023	Japan (PCT)	
		28/05/03	IL165533	IL165533	28/05/2023	Israel (PCT)	

The examination delays which are quite long can notably be explained by the fact that some patent offices have in some technical domains accumulated delays regarding patent applications examinations. It is not rare in practice that such examinations reach 10 years after the filing date of the priority application, it being specified that since this patent family is not directly used by the Company on its Aixplorer® platform such delays do not represent an issue for the Company.

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
10th FAMILY: PROCEDURE AND DEVICE FOR MEASURING AVERAGE VALUE OF VISCOELASTICITY IN A REGION OF INTEREST							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. *Patent agent: Cabinet Beau de Loménie*
	SuperSonic Imagine	16/05/07	WO 2008/139245	Expired	16/12/2009	PCT	
		16/05/07	EP 2146640	Under review	16/05/2027	Europe (PCT)	
		16/05/07	CA 2685886	Under review	16/05/2027	Canada (PCT)	
		16/05/07	CN 101784234A	Under review	16/05/2027	China (PCT)	
		16/05/07	KR 20100016523	Under review	16/05/2027	Korea (PCT)	
		29/10/10	HK 1143516A	Under review	16/05/2027	Hong Kong (PCT-CN)	
		16/05/07	IL 201938	Issued - IL 201938A	16/05/2027	Israel (PCT)	
		16/05/07	JP 2010-526626A	Under review	16/05/2027	Japan (PCT)	
		16/05/07	JP 2013-241939 (submission)	Issuance in progress	16/05/2027	Japan (PCT) - DIV	
		16/05/07	US 2010/0222678A1	Issued - US 8545407B2	16/05/2027	USA (PCT)	
		16/05/07	US 14/039,584 (submission)	Under review	16/05/2027	USA (PCT) - CONT	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
11th FAMILY: NON-INVASIVE PROCEDURE AND DEVICE FOR FOCUSING ACOUSTIC WAVES							Method of focusing the ultrasound beam in the brain based on time of reversal. *Patent agent: Cabinet PLASSERAUD*
	SuperSonic Imagine	20/10/00	FR2815717	FR2815717B1	Abandoned	France	
		17/10/01	EP1326536	EP1326536B1	17/10/2021	France (PCT-EP)	
		17/10/01	JP2004-511291	JP3843256	17/10/2021	Japan (PCT-EP)	
		17/10/01	US2004/0054282	US 7101337B1	17/10/2021	USA (PCT)	
		17/10/01	EP1326536	DE 601 36 945.9	17/10/2021	Germany (PCT-EP)	
		17/10/01	EP1326536	EP1326536B1	17/10/2021	Spain (PCT-EP)	
		17/10/01	EP1326536	EP1326536B1	17/10/2021	UK (PCT-EP)	
		17/10/01	EP1326536	EP1326536B1	17/10/2021	Italy (PCT-EP)	
		17/10/01	EP1326536	EP1326536B1	17/10/2021	Netherlands (PCT-EP)	
		17/10/01	EP1326536	EP1326536B1	17/10/2021	Switzerland (PCT-EP)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
12th FAMILY: INSONIFICATION DEVICE WITH A THREE-DIMENSIONAL NETWORK OF SPIRAL TRANSMITTERS ABLE TO GENERATE A BEAM OF HIGH-DENSITY WAVES							Device describing a specific layout of transducers enabling the construction of an ultrasound therapy probe inducing an optimal acoustic field. *Patent agent: Cabinet Beau de Loménie*
	SuperSonic Imagine	12/11/07	FR 2923612	Issued - FR 2923612B1	12/11/2027	France	
		12/11/08	WO 2009/062977	Expired	12/06/2010	PCT	
		12/11/08	EP 2210128	Issued - EP 2210128B1	11/08/2011	Europe (PCT)	
		12/11/08	EP 2210128	Approved - 60 2008 006 928.1	12/11/2028	Germany (EP)	
		12/11/08	EP 2210128	Approved - EP 2210128B1	12/11/2028	France (EP)	
		12/11/08	EP 2210128	Approved - EP 2210128B1	12/11/2028	Italy (EP)	
		12/11/08	EP 2210128	Approved - EP 2210128B1	12/11/2028	Netherlands (EP)	
		12/11/08	CN 101855572A	Under review	12/11/2008	China (PCT)	
		30/03/11	HK 1149084A	Under review	12/11/2028	Hong Kong (PCT-CN)	
		12/11/08	IL 205428	Issued - IL 205428A	12/11/2028	Israel (PCT)	
		12/11/08	US 2011/0051554	Issued - US 8649242E	12/11/2028	USA (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
13th FAMILY: INSONIFICATION DEVICE WITH AN INTERNAL COOLING CHAMBER							Active cooling device for an ultrasound therapy probe *Patent agent: Cabinet Beau de Loménie*
	SuperSonic Imagine	18/03/08	FR 2929040	Issued - FR 2929040B1	18/03/2028	France	
		17/03/09	WO 2009/115523	Expired	18/10/2010	PCT	
		17/03/09	EP 2257942	Under review	17/03/2029	Europe (PCT)	
		17/03/09	CA 2718071	Under review	17/03/2029	Canada (PCT)	
		17/03/09	CN 101978418A	Under review	17/03/2029	China (PCT)	
		17/03/09	KR 20110003474	Review: 17/03/14	17/03/2029	Korea PCT	
		04/08/11	HK 1154108A	Under review	17/03/2029	Hong Kong (PCT-CN)	
		17/03/09	IL 208132	Under review	17/03/2029	Israel (PCT)	
		17/03/09	JP 2011-519449A	Issued - JP 5395159	17/03/2029	Japan (PCT)	
		17/03/09	US 2011/0011111	Issued - US 8310132B2	17/03/2029	USA (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
14th FAMILY: NON-INVASIVE PROCEDURE IN ORDER TO OBTAIN A PRE-DETERMINED FIELD OF ACOUSTIC WAVES WITHIN A SUBSTANTIALLY HOMOGENOUS MEDIUM MASKED BY A BONE BARRIER, IMAGING PROCEDURE, AND DEVICE FOR THE IMPLEMENTATION OF THESE PROCEDURES *							Method for focusing the ultrasonic beam onto the brain based on time reversal and using a CT head scan. *Patent agent: Cabinet PLASSERAUD*
	SuperSonic Imagine	28/08/02	FR2843874	FR2843874B1	28/08/2022	France	
		20/08/03	US2005/0277824	US7837623B1	18/02/2028	USA (PCT)	
		20/08/03	EP1531734	Under review	20/08/2023	Europe (PCT)	
		20/08/03	IL167103	IL167 103	20/08/2023	Israel (PCT)	
		20/08/03	2005-537071	JP4 448 921	20/08/2023	Japan (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
15th FAMILY: PROCEDURE AND DEVICE FOR FOCUSING ACOUSTIC WAVES							Ultrasonic imaging method which emits a focused wave, by crossing a reverberant solid object before reaching the target area. Transducers and the reverberant object produce a monobloc probe. The procedure uses reverberation in the object. *Patent agent: Cabinet PLASSEREAUD*
	SuperSonic Imagine	25/07/03	FR2858099	FR2858099B1	25/07/2023	France	
		23/07/04	US2007/0274156	US7679988B1	10/06/2026	USA (PCT)	
		23/07/04	1649449	*Under review*	23/07/2024	Europe (PCT)	
		23/07/04	173358	IL173358	23/07/2024	Israel (PCT)	
		23/07/04	2006-528522	JP5350588	23/07/2024	Japan (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
25th FAMILY: Ultrasound imaging system and processing device for use inside such ultrasound imaging system							Imaging mechanism based on the transfer of data to a GPU for the ultra-high-speed processing of data. *Patent agent: Cabinet PLASSEREAUD*
	SuperSonic Imagine	12/12/11	WO2013/088196	Under review		PCT	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
26th FAMILY: "A connection system and an ultrasound system comprising said connection system"							Device for selection and activation of ultrasound probes without mechanical relays *Patent agent: Cabinet PLASSEREAUD*
	SuperSonic Imagine	19/02/13		Under review		PCT	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
27th FAMILY: Device and procedure for determining optimal positions for a HIFU probe							Method for discrete positioning of the HIFU probe through software optimization across multiple physical criteria (distance to the skull, etc.) to maximize signal amplitude. *Patent agent: Cabinet PLASSEREAUD*
	SuperSonic Imagine	16/07/12	WO2014/013285	Under review		PCT	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
28th FAMILY: Imaging device with optimized speed							New ultrafast imaging method for a spatially limited area without loss of image quality due to the spheroidal base. (Mosca works) *Patent agent: Cabinet Beau de Loménie*
	SuperSonic Imagine	07/02/11	FR 2971342	Issued - FR 2971342E	07/02/2031	France	
		03/02/12	WO 2012/107370	Expired	07/09/2013	PCT	
		03/02/12	EP 2673657	Under review	03/02/2032	Europe (PCT)	
		03/02/12	BR 11 2013 019585 1 (submissio	Review: 03/02/2015	03/02/2032	Brazil (PCT)	
		03/02/12	CA 2826258	Review: 03/02/2017	03/02/2032	Canada (PCT)	
		03/02/12	CN 103403574A	Under review	03/02/2032	China (PCT)	
		03/02/12	KR 10-2013-7018050	Review: 03/02/2017	03/02/2032	Korea (PCT)	
		08/01/14	HK 14100184.0 (submission)	Under review	03/02/2032	Hong Kong (PCT-CN)	
		03/02/12	IL 227127	Under review	03/02/2032	Israel (PCT)	
		03/02/12	JP 2013-552227 (submission)	Review: 03/02/2015	03/02/2032	Japan (PCT)	
		03/02/12	US 2014/0024943	Under review	03/02/2032	USA (PCT)	

B - PATENTS AND PATENT APPLICATIONS CO-OWNED BY THE COMPANY

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
16th FAMILY: Procedure and imaging device for cardiac contractility							Imaging process and device for heart contractility based on shear wave elastography. *Patent agent: Cabinet PLASSEREAUD*
	SuperSonic Imagine /CNRS	04/06/09	US2010/0312116	Under review	04/06/2029	USA	
		05/05/10	CA2 764 263	Under review	05/05/2030	Canada (PCT)	
		05/05/10	CN102458260	Under review	05/05/2030	China (PCT)	
		05/05/10		Under review	05/05/2030	South Korea (PCT)	
		05/05/10	EP2437666	DE602010006723	05/05/2030	Germany (PCT-EP)	
		05/05/10	EP2437666	EP2437666B1	05/05/2030	France (PCT-EP)	
		05/05/10	EP2437666	EP2437666B1	05/05/2030	Italy (PCT-EP)	
		05/05/10	EP2437666	EP2437666B1	05/05/2030	Netherlands(PCT-EP)	
		05/05/10		Under review	05/05/2030	Israel (PCT)	
		05/05/10		Under review	05/05/2030	Japan (PCT)	
		05/05/10	HK1167304	Under review	05/05/2030	Hong Kong	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
17th FAMILY: PROCEDURE AND APPARATUS TO MEASURE A PHYSICAL PARAMETER IN SOFT TISSUES OF MAMMALS BY PROPAGATION OF SHEAR WAVES							Process and device for visco-elastic characterisation of an area based on shear wave elastography within an area subjected to transient change (change of temperature or compression rate). *Patent agent: Cabinet PLASSEREAUD*
	SuperSonic Imagine /CNRS/INSERM/ Univ. Paris 7	31/07/09	US2011/0028838	Under review	31/07/2029	USA	
		05/05/10	CA2 769 253	Under review	05/05/2030	Canada (PCT)	
		05/05/10	CN102724917	Under review	05/05/2030	China (PCT)	
		05/05/10	HK1171353	Under review	05/05/2030	Hong Kong (PCT-CN)	
		05/05/10		Under review	05/05/2030	South Korea (PCT)	
		05/05/10	EP2459071	Under review	05/05/2030	Europe (PCT)	
		05/05/10	EP2535004	Abandoned (div)	Abandoned	Europe (PCT)	
		05/05/10		Under review	05/05/2030	Israel (PCT)	
		05/05/10	JP2013500752	Under review	05/05/2030	Japan (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
18th FAMILY: PROCEDURE AND APPARATUS FOR PRODUCING AN IMAGE USING SHEAR WAVES							A generation and summation method of shear waves by radiation force that increases the distance of the wave propagation in complex areas. *Patent agent: Cabinet PLASSEREAUD*
	SuperSonic Imagine /CNRS/ Univ. Paris 7	20/04/10	CA2797262	Under review	20/04/2030	Canada (PCT)	
		20/04/10	CN103026257	Under review	20/04/2030	China (PCT)	
		20/04/10	HK1178607	Under review	20/04/2030	Hong Kong (PCT-CN)	
		20/04/10		Under review	20/04/2030	South Korea (PCT)	
		20/04/10	EP2561380	Issuance	20/04/2030	Europe (PCT)	
		20/04/10		Under review	20/04/2030	Israel (PCT)	
		20/04/10		Under review	20/04/2030	Japan (PCT)	
		20/04/10		Under review	20/04/2030	USA (PCT)	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
19th FAMILY: PROCEDURE OPTIMISING THE FOCUSING OF WAVES THROUGH AN ELEMENT THAT INTRODUCES ABERRATIONS							Method for correcting aberrations in an area protected by a bone barrier (such as the skull) by inducing a disturbance in the area (such as a radiation force displacement). *Patent agent: Cabinet Beau de Loménie*
	SuperSonic Imagine/CNRS/ Université Paris Diderot - Paris 7	21/02/07	FR 2912817	Issued - FR	21/02/2027	France	
		20/02/08	WO 2008/113940	Expired	21/09/2009	PCT	
		20/02/08	EP 2121136	Issued - EP 2121136B1	28/02/2013	Europe (PCT)	
		20/02/08	EP 2121136	Approved - EP 2121136B1	20/02/2028	Germany (EP)	
		20/02/08	EP 2121136	Approved - EP 2121136B1	20/02/2028	France (EP)	
		20/02/08	EP 2121136	Approved - EP 2121136B1	20/02/2028	Italy (EP)	
		20/02/08	EP 2121136	Approved - EP 2121136B1	20/02/2028	Netherlands (EP)	
		20/02/08	CA 2678046	Under review	20/02/2028	Canada (PCT)	
		20/02/08	CN 101631591A	Issued - CN 101631591B	20/02/2028	China (PCT)	
		20/02/08	KR 20090119860	Under review	20/02/2028	Korea (PCT)	
		19/07/10	HK 1140441A	Issuance in progress	20/02/2028	Hong Kong (PCT-CN)	
		20/02/08	IL 200374	Under review	20/02/2028	Israel (PCT)	
		20/02/08	JP 2010-524513A	Issued - JP 5227974B2	20/02/2028	Japan (PCT)	
		20/02/08	US 2009/0093724	Issued - US 8155725 B1	20/02/2028	USA (PCT)	

**Patents used in the imaging product: Aixplorer®.*
EP: European patent/patent application; PCT: International patent/patent application

A detailed description of the main terms of the collaboration master agreement entered into by and between Centre National de la Recherche Scientifique (CNRS), École Supérieure de Physique et de Chimie Industrielles de la Ville de Paris (ESPCI), Université Paris Diderot – Paris 7 and SuperSonic Imagine, which sets forth the terms and conditions under which the parties can use the patents and patent applications belonging to the 16th to 19th patent families mentioned above is described in Section 22 of this base document.

12.2.3 LICENSING AGREEMENTS GRANTED TO THE COMPANY

The company currently has been granted four licenses. Similarly to the presentation for the patents/patent applications of which the Company is the owner or co-owner, they can be presented in three subgroups according to their importance.

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

1st license contract: On 19 December 2008, the Company signed a contract with Mr. Armen Sarvazyan for an exclusive license for use by SuperSonic Imagine of patents US 5 606 971 and US 5 810 731, of which Mr. Sarvazyan is the owner, as well as being a co-founder and shareholder of the Company (holdings <0.35%). This contract provides for the exclusive use of these patents by the Company in all fields of medical imaging for all types of modalities. The main provisions of this contract are described in Section 22 of this base document.

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	COUNTRY	DESCRIPTION
20th FAMILY: PROCEDURE AND DEVICE FOR ELASTICITY IMAGING USING SHEAR WAVES						Original patent for the use of the ultrasonic radiation pressure to induce a shear wave and infer viscoelastic imaging of an area.
	Armen Sarvazyan	13/11/95	US 5810731B1	US 5810731B1	USA	
	Armen Sarvazyan	13/11/95	US 5606971B1	US 5606971B1	USA	

The license is valid until the expiration date of the subjacent patents, i.e. until November 2015. The Company estimates that the fact that the patents enter the public domain from this date does not present a major issue as they are only valid in the United States.

2nd licensing agreement: On 22 November 2006, the Company signed a development agreement with Verasonics Inc for an exclusive license for use by SuperSonic Imagine of patent application WO2006113445 filed by Verasonics Inc. In an amendment dated 25 February 2013, the license was extended to US patent US8287456 B2 granted on 16 October 2012. This contract grants to SuperSonic Imagine a license to exploit the patent imaging using a pixel-oriented algorithm. This license is exclusive when the ultrasound uses any kind of elastography mode (static elastography or using shear waves). The main clauses of the development agreement and the license granted to the Company are described in chapter 22 of this base document, with the understanding that the initial collaboration between the two parties came to an end on 5 September 2008 and that only the licensing agreement remains in effect with respect to intellectual property rights until 31 December 2014.

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	COUNTRY	DESCRIPTION
21st FAMILY: PROCEDURE AND DEVICE FOR IMAGING USING SHEAR WAVES						Patent covering the formation of a beam based on a pixel-oriented approach instead of a scan conversion of multiple RF signals.
	VERASONICS INC.	14/06/06	US 2009/112095	Under review	USA (PCT)	
		14/06/06	CA 2 604 649	Under review	Canada (PCT)	
		14/06/06	EP 1 874 192	Under review	Europe (PCT)	
		14/06/06	KR 2008 015082	Under review	South Korea (PCT)	
		14/06/06	CN 101203183	Under review	China (PCT)	
		14/06/06	JP 2008-536578	Under review	Japan (PCT)	

3rd licensing agreement: On 20 July 2011 the company entered into a licensing agreement with the company Elastographie Impulsionnelle pour les Systèmes de Mesures de l'Elasticité (SEISME), valid until the expiry date of the patent concerned WO2000055616 held by SEISME, to the benefit of SuperSonic Imagine. Since 2013, the exploitation rights granted to the Company are no longer exclusive.

The main clauses of the license agreement are described in Chapter 22 of this base document.

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	EXPIRATION DATE	COUNTRY	DESCRIPTION
22nd FAMILY: PROCEDURE AND DEVICE FOR IMAGING USING SHEAR WAVES							Patents covering shear wave elastography, as it is low-frequency, also in cases where the source of the shearing is inside the human body.
	SEISME	15/03/99	FR2791136	Lapsed	Lapsed	France	
		13/03/00	AU 762 374	AU 762 374	13/03/2020	Australia (PCT)	
		13/03/00	BR0009022	BR0009022	13/03/2020	Brazil (PCT)	
		13/03/00	CA 2 366 265	CA 2 366 265	13/03/2020	Canada (PCT)	
		13/03/00	CN1343310	CN1174246	13/03/2020	China (PCT)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Austria (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Belgium (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Switzerland (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Cyprus (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Germany (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Denmark (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Spain (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Finland (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	France (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	UK (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Greece (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Ireland (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Italy (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Luxembourg (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Netherlands (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Portugal (PCT-EP)	
		13/03/00	EP1169636	EP1169636B1	13/03/2020	Sweden (PCT-EP)	
		13/03/00		IL 145 352	13/03/2020	Israel (PCT)	
		13/03/00		IN 244 875	13/03/2020	India (PCT)	
		13/03/00		US6770033B1	13/03/2020	USA (PCT)	
		13/03/00	ZA2001/7552	ZA2001/7552	13/03/2020	South Africa (PCT)	
		13/03/00	JP2002-538911	JP4349750	13/03/2020	Japan (PCT)	

4th licensing agreement: On 21 February 2006, the Company signed a contract for an exclusive license for use by SuperSonic Imagine of patent applications no. 8901628, no. 9211659 and no. 9508543 acquired by the company Le Retournement Temporel from the Université Paris 7 and CNRS. This contract grants to the Company an exclusive worldwide license to use patents concerning time reversal for use in medical imaging and in focused ultrasound therapy arising from the aforementioned patent applications.

The license was granted to the Company for the validity period of the last patent included in the license, i.e. until 2015.

It includes a proportional payment calculated on the base of SuperSonic Imagine's revenue before tax relating to the sale of all therapy devices including the licensed technology that may be developed by the company. In addition, an additional proportional payment is included in cases where the company would use the licensed patents for service activities within the medical imaging and focused ultrasound therapy domains, calculated on revenue made from this service activity. The proportional royalty is due at the beginning of the exploitation of the patents, which has not occurred at this stage.

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	COUNTRY	DESCRIPTION
23rd FAMILY: PROCEDURE AND DEVICE FOR ACOUSTIC EXAMINATION USING TIME REVERSAL						Method of focusing an ultrasonic beam by time-reversal.
	Société Pour les Applications du Retournement Temporel	02/10/92	FR2696573	FR2696573B1	France	
		30/09/93	H06-341978	JP3623246	Japan	

TITLE	HOLDER	DATE	PUBLICATION No.	STATUS	COUNTRY	DESCRIPTION
24th FAMILY: PROCEDURE AND DEVICE FOR FOCUSING ACOUSTIC WAVES						Method of focusing an ultrasonic beam by time-reversal.
	Société Pour les Applications du Retournement Temporel	11/07/96	EP0842508	EP0842508B1	France (PCT-EP)	
		11/07/96	EP0842508	EP0842508B1	UK (PCT-EP)	
		11/07/96	EP0842508	EP0842508B1	Germany (PCT-EP)	
		11/07/96	2000-501896	JP3675836	Japan	

In addition, at the initiative of a major industrial player in the sector suggesting that the Company could use some of its patents, the Company is currently negotiating a worldwide non-exclusive license for the patent portfolio for this industrial player in the area of medical ultrasound imaging equipment and methods (see Section 4.2.2 above).

The financial challenges for these various licensing agreements may as of this date be summarized as follows.

Concerning its core imaging business, the Company currently has four licensing agreements granting it a license to the patents and patent applications owned by third parties or held jointly with third parties.

The first license agreement, which was entered into with M.Armen Sarvazyan, provided a fixed amount payable in five installments. Payment of the last of these installments took place in 2012. Although the effects of this agreement continue until November 2015, when the patents covered by this agreement expire, since 1 January 2013 the Company is not liable for any amount in respect of the use of these patents.

The other three licensing agreements, i.e. the agreements entered into with Verasonics (2nd licensing agreement referred to above), SEISME (3rd licensing agreement referred to above) and the CNRS (3 sub-contracts, one of which is for therapy (the 4th licensing agreement referred to above)) provide for the payment by the Company to its contractors of royalties calculated on the basis of the number of products sold. The Company anticipates that the exploitation of the patents covered by these three licensing agreements should represent at maximum (assuming an effective exploitation of all patents covered by these three agreements) a total of 5% of net sales of the Company, with the understanding that:

- in the most recent financial year ended 31 December 2013, the total amount of royalties paid was limited to 4.5% of revenues excluding VAT of the Company, since one of the three licenses not being yet integrated into the platforms sold as of that date and should not be before the marketing of the cardiac functions on the Company's products;

- this total amount may be reduced to a rate of 3.25% of revenues excluding VAT of the Company, taking into account the preferential option available to the Company to migrate from an exclusive license to a non-exclusive license for one of these contracts.

It is recalled that the Company should be required to pay additional royalties under the licensing agreement it is currently negotiating with an industrial actor in the sector, to which an initial payment could be added (see Section 4.2.2 of this base document).

12.2.4 LICENSING AGREEMENTS GRANTED TO THE COMPANY

The Company, in return notably for payment of royalties, has notably granted a worldwide, non-exclusive license to a major medical imaging player for some of its patents, valid until at least November 2023, with the understanding that this company promised not to oppose the patents it owns

or of which it is a licensee in the field of medical ultrasound imaging to the Company. A summary of the material provisions of this agreement is contained in Chapter 22 of this base document.

12.3 OTHER ELEMENTS OF INTELLECTUAL PROPERTY

The Company is also the owner of trademarks and domain names.

12.3.1 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 list of trademarks and trademark applications owned by SuperSonic Imagine is presented in the following tables:

- **Semi-figurative trademarks in class 10 of the Nice Classification (except Canada, country in which there is no classification)**

REGISTRIES	**DATE OF PUBLICATION DATE OF FILING REGISTRATION DATE**	**PRIORITY No. FILING No. REGISTRATION NO.**	**Comments**
Argentina	- - 28/08/2009 - 28/05/2010	- - 2940408 - 2372570	*Patent agent: Cabinet Beau de Loménie*
Brazil	- - 28/09/2009 -	- - 830388958 - ***Examination procedure suspended because of the existence of two earlier trademarks causing problems.*** ***Pending the outcome of the examination procedures of these two trademark applications***	
Canada	- - 21/09/2009 - 11/01/2012	- - 1452428 - TMA815.358	
France	- - 19/05/2009 - 23/10/2009	- - 093651467 - 093651467	
India	- 19/05/2009 - 22/09/2009 - 22/03/2011	093651467 (FR) - 1864818 - 1864818	
Mexico	- 19/05/2009 - 23/09/2009 - 25/03/2010	093651467 (FR) - 1035651 - 1150368	

International – designated countries: **China,** **Japan,** **United States** (US Registration No.: 3873002)	- 19/05/2009 - 28/08/2009 - 28/08/2009	093651467 (FR) - 1020413 - 1020413	
EUROPEAN UNION: Austria, Belgium, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland France, Luxembourg, United Kingdom, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Sweden, Bulgaria, Croatia	- 19/05/2009 - 21/08/2009 - 22/02/2010	093651467 (FR) - 008504375 - 008504375	

PROTECTION COVERAGE OF THE TRADEMARK	
Argentina Brazil (draft wording) France European Union China Japan	Medical imaging devices, ultrasound equipment and instruments in the medical field
Canada	Ultrasound devices and instruments in the medical field, especially probes, control consoles, monitors
United States	Medical imaging apparatus, namely, electromagnetic medical diagnostic imaging apparatus, nuclear medicine diagnostic imaging apparatus; medical ultrasonography apparatus and instruments, namely, medical ultrasound apparatus, ultrasound probe for medical use
India	Medical imaging devices, ultrasound instruments in the medical field
Mexico	Dispositivos hechos para imagines medicas (apparatos e instrumentos medicos) apparatos e instrumentos de ultrasonido usades en el campo medico

- **"AIXPLORER" trademarks filed in class 10 of the Nice Classification**

REGISTRIES	**DATE OF PUBLICATION** **DATE OF FILING** **REGISTRATION DATE**	**PRIORITY No.** **FILING No.** **REGISTRATION No.**	**Comments**
France	- - 21/07/2010 - 10/12/2010	- - 103755031 - 103755031	*Patent agent: Cabinet Beau de Loménie*
United States	- 21/07/2010 - 17/12/2010 - 24/01/2012	- 103755031 (FR) - 85/200.839 - 4.089.887	

PROTECTION COVERAGE OF THE AIXPLORER TRADEMARK	
France	Medical imaging equipment and ultrasound equipment and instruments in the medical field
United States	Medical imaging apparatus, namely, electromagnetic medical diagnostic imaging apparatus, nuclear medicine diagnostic imaging apparatus; medical ultrasonography apparatus and instruments, namely, medical ultrasound apparatus, ultrasound probe for medical use

- **Semi-figurative**  **trademarks filed in classes 10, 41 and 42**

REGISTRIES	DATE OF PUBLICATION DATE OF FILING REGISTRATION DATE	PUBLICATION No. FILING No. REGISTRATION No.
France	- 2/11/2005 - 2/11/2005	- 053390848 - 053390848
International – designated countries: **European Union, United States (Registration No. 3414734), China**	- 2/11/2005 - 12/07/2006 - 12/07/2006	- 053390848 (FR) - 904073 - 904073

PROTECTION COVERAGE OF THE  TRADEMARK	
France China European Union	10 surgical and medical devices and instruments; special furniture for medical use. 41 Education; training; organization and conducting of colloquiums, conferences, congresses; publication of electronic books and journals online. 42 Evaluations, estimates and research in the scientific and technological fields provided by engineers; research and development of new products (for third parties); technical project studies; scientific research for medical purposes; design and development of computer hardware and software; computer programming; conversion of documents from physical to electronic media.
United States	10 Surgical, medical, dental and veterinary apparatus and instruments, namely, ultrasonic devices for medical imaging, diagnosis and treatment 41 Educational services, namely, training, classes and workshops in the use of ultrasound devices for medical imaging, diagnosis and treatment 42 Scientific research for medical purposes

12.3.2 Domain names filed by the Company

At present, the Company is also owner of the domain names listed in the following table.

Domain names are usually renewable every year or every two years and indefinitely.

Domain name	Extension	Expiration Date
supersonicimagine.com	COM	01/08/2014
supersonicimagine.eu	EU	31/07/2014
supersonicimagine.co.uk	CO.UK	21/12/2014
supersonicimagine.de	DE	21/08/2014
supersonicimagine.at	AT	01/07/2014
supersonicimagine.ch	CH	26/09/2014

supersonicimagine.it	IT	30/01/2014
supersonicimagine.cz	CZ	02/10/2014
supersonicimagine.li	LI	26/09/2014
supersonicimagine.in	IN	26/09/2014
supersonicimagine.hu	HU	21/10/2014
supersonicimagine.jp	JP	30/09/2014
supersonicimagine.cn	CN	26/09/2014
supersonicimagine.hk	HK	26/09/2014
supersonicimagine.sk	SK	13/02/2015
supersonicimagine .biz	BIZ	25/09/2014
supersonicimagine.lt	LT	26/09/2014
supersonicimagine.lu	LU	26/09/2014
supersonicimagine.nl	NL	26/09/2014
supersonicimagine .us	US	25/09/2014
supersonicimagine.info	INFO	26/09/2014
supersonicimagine.gr	GR	25/10/2014
supersonicimagine.pl	PL	26/09/2014
supersonicimagine.mobi	MOBI	26/09/2014
supersonicimagine.pro	PRO	26/09/2014
supersonicimagine.com.cn	COM.CN	26/09/2014
supersonicimagine.co.nz	CO.NZ	27/09/2014
supersonicimagine.org	ORG	26/09/2014
supersonicimagine.dk	DK	31/10/2014
supersonicimagine.be	BE	26/09/2014
supersonicimagine.net	NET	26/09/2014
supersonicimagine.tv	TV	26/09/2014
supersonicimagine.me	ME	26/09/2014
supersonicimagine.sg	SG	26/09/2014
supersonicimagine.se	SE	02/10/2014
supersonicimagine.asia	ASIA	26/09/2014
supersonicimagine.es	ES	26/09/2014
supersonicimagine.com.tw	COM.TW	01/10/2014
supersonicimagine.tw	TW	01/10/2014

supersonicimagine.fr	FR	01/08/2014
aixplorerclub.com	COM	25/01/2015
supersonicimagine.xxx	XXX	Blocked until December 2021
ultrafastdoppler.com	COM	13/08/2014
multiwaveultrasound.com	COM	13/08/2014
ultrafastimaging.com	COM	13/08/2014
shearwave-elastography.com	COM	13/08/2014
supersonicimagine.中国	中国	01/11/2014

13. TRENDS

13.1 RECENT DEVELOPMENTS SINCE THE CLOSE OF FINANCIAL YEAR 2013

In the wake of the financial year ended 31 December 2013, which posted business growth of 20.3%, the 2014 financial year is beginning in line with the Company's expectations.

13.2 STRATEGY

Having mainly concentrated its efforts on R&D work and the validation of its product, in 2012 the Group began a commercial deployment phase. This will not mean that the policy of innovation becomes secondary, to the extent that it remains one of the main drivers behind commercial expansion.

The Group's growth strategy shall rely on three levers: commercial, technological and financial, in connection with optimizing production.

- **Commercial lever validated by promising results**

In order to make its commercial ambitions a reality, in April 2012 the Group recruited a new commercial development manager with over 20 years' experience as a sales manager in the ultrasound sector, including within the Philips groups (Philips Healthcare and Philips Medical Systems) and at ATL Ultrasound.

The Group's commercial strategy relies on accelerating the worldwide deployment of its offerings with priority targets that have been clearly identified among the geographic regions comprised of mature countries (France and the United States,) along with emerging countries, primarily China but also India and Brazil, which have significant potential for growth in the Premium and High-End segments.

To accomplish this, the Group intends to significantly strengthen its commercial scope by maintaining a three-fold commercial approach which relies on a direct sales force, an indirect sales force operating through a network of distributors according to geographic regions, and lastly a commercial representation bureau in China which, in one year, was able to get very promising results. These three approaches will each be able to benefit simultaneously from the increase in power of the teams established over the last 2 years and from a strengthening of means.

The direct sales force (salespeople and clinical applications specialists) will increase to 9 employees by the end of 2013, and to 30 by 2022, still primarily dedicated to France and the United States.

In the United States (for the women's healthcare center segments handled through the partnership with Hologic Inc.), India and Brazil, the indirect approach will continue to be favored. The Group will endeavor to provide the necessary support to its network (training, clinical testing, etc.) in order to accelerate an increase in operating power in these territories which have strong potential for development. In India, the Group will benefit from the internal organization of its distributor, which itself uses 12 sub-distributors, given the size of the countries and regional specificities.

In China, the representation office's first year demonstrated that this specific approach was sound, with growth of nearly 270% in revenue in this region, as the number of units sold went from 11 in 2012 to 38 in 2013. The Group wants to capitalize on the very large potential of the Chinese market to eventually impose the ShearWave Elastography as a standard practice in the territory, in all sectors of clinical application. Coverage of the territory will intensify with both a strong increase in the number of distributors and an expansion in the type of distributors (sole distributor for certain areas, non-exclusive distributors in more important areas, etc.) and the creation of two new offices to supervise

and motivate these different distribution networks, which have been adapted to each of the local provinces.

By 2017, the Group's sales and supervisory teams should at least double compared to the end of 2013, in order to motivate a quite markedly strengthened indirect network, which will ensure the following coverage of the country:

They will also benefit from the clinical validation that should result from the studies now being conducted at 21 hospital centers across China (12 dedicated to breast, 9 to liver.)

- **Technological lever for commercial expansion**

The established sales force, which will be strengthened as explained above, may likewise rely on technological innovation to increase its productivity, thanks to an upcoming expansion of commercial prospects. The growing penetration of SuperSonic Imagine on the ultrasound imaging market is structured around two successive phases, each supported by an ambitious technological "roadmap."

2013/2016: pursuit of expansion in ultrasound imaging within its current confines
The priority of this initial stage is to finalize the current offer for the priority market of general radiology which is so fond of innovation. Already quite developed at this point, following the integration in 2013 of a new probe interface which allows 4 probes to be connected instead of 2, and expanded applications in pediatrics in 2012 and in obstetrics in 2013, the offer for this market will be further enriched, as it will notably anchor the Group's position in the Premium segment. Therefore, in 2014, the ShearWave^{TM} Elastography will be accessible in the area of the "musculotendinous" system thanks to a specific probe and transcranial Dopper application which will be added to the vascular offer. Later on, in 2015 and 2016, the innovations should expand the field of possible applications and begin to address certain specialty markets. The Group may thus best exploit its technological assets and gain a growing market share in the new markets.

2017/2022: growth based simultaneously on a growing penetration of the current market and on an expansion of the medical applications that can use ultrasound imaging.

The second phase of the Group's innovation strategy, to strengthen its technological progress, will translate to putting two new systems on the market by the end of 2017-2020, the result of a new

generation of the Aixplorer® platform which will present a level of increased modularity and a substantially reduced production cost.

Even though the current version of Aixplorer® only addresses the Premium/High-End market, the modularity of the new platform's architecture will enable there to be a complete range of products which are simultaneously intended for the Premium and High-End segments, but also for the Mid-Range segments and for portable ultrasound, considerably expanding the market that the Company can reach to cardiology, urology and gastroenterology. The market that can be reached by the Group will thus go from €1 billion to date to nearly €3.7 billion in 2018.

In support of these innovations, the Group will maintain its efforts to multiply clinical testing in support of its technological platform, in particular in the breast (specific study for Asia,) liver and even the prostate sectors, which are considered to be priority sectors with regard to the prevalence of the pathologies concerned.

The technological roadmap is summarized as follows:

- **Financial lever based on comprehensive outsourcing of production**

Starting in 2014, the Group is going to be able to fully benefit from the cost optimization policy that has been implemented for production matters since 2011. Thanks to complete outsourcing, production costs have become variable and should rapidly benefit from the savings expected from the relocation in Malaysia, which will be operational as of April 2014, even if the effects are not fully felt until the end of the 1st half of 2014, after delivering the platforms in inventory.

13.3 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, the Group has 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 US$ 5.8 billion in 2012, and which should achieve 5% average annual growth by 2017 – *source: InMedica 2013 study*);

- to achieve in the medium term a gross margin of approximately 60%, following the example of other players in the sector, while simultaneously benefiting from optimized variable products costs and a rise of the services activity thanks to a growing installed base, and an EBITDA margin of approximately 20% of revenues. By way of comparison, the gross margin achieved by Sonosite in 1999 was 36% before rising dramatically to 71% by 2005, with this level still maintained in 2011 when it was acquired by Fujifilm. Margins at the start of an activity are rarely optimal due to the sales volumes compared to the start-up infrastructure, as well as the priority of marketing a product rather than optimizing production cost; and

- to reach the break-even point in terms of EBITDA within 5 years from the Company's initial public offering (IPO).

14. FORECAST OR ESTIMATES OF INCOME

The Company does not expect to make forecasts or estimates of income.

15. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Company is organized as a French *société anonyme* with a Management Board and a Supervisory Board.

A descriptive summary of the main provisions of the Company's bylaws that will become effective when its shares are first listed on the regulated market of Euronext in Paris, and Rules of Procedures pertaining to special committees appear respectively in Sections 21.2 and 16.3 of this base document.

15.1 DIRECTORS AND MEMBERS OF THE SUPERVISORY BOARD

15.1.1 Composition of the Management Board

Name	Position	Operating duties and other positions held in the Group	Position dates
Jacques Souquet	Chairman of the Management Board	Director of strategy Executive director of: SuperSonic Imagine GmH SuperSonic Imagine HK SuperSonic Imagine Ltd SuperSonic Imagine SRL	1st appointment: 12 March 2005 Last renewal: 1st December 2008 then 14 December 2012 End of term: 31 December 2016
Claude Cohen-Bacrie	Member of the Management Board	Director of the program for Research and development Executive director of: SuperSonic Imagine GmH SuperSonic Imagine Ltd	1st appointment: 12 March 2005 Last renewal: 1st December 2008 then 14 December 2012 End of term: 31 December 2016
Gordon Waldron	Member of the Management Board	Executive Vice Chairman and Chief Financial Officer	1st appointment: 27 September 2010 Last renewal: 14 February 2014 End of term: 31 December 2016
Bradley Garrett	Member of the Management Board	Senior Vice President, Director of Client Satisfaction, head of production, quality and regulatory affairs and After-Sales Service Chief Executive Officer of SuperSonic Imagine, Inc:	1st appointment: 27 September 2010 Last renewal: 14 February 2014 End of term: 31 December 2016
Kurt Kelln	Member of the Management Board	Executive Vice President, commercial director	1st appointment: 19 April 2012 Last renewal: 14 February 2014 End of term: 31 December 2016

The members of the Management Board have the Company's headquarters as their professional address.

These management expertise and experience of these individuals was gained from the various salaried and management functions they have previously exercised (refer to Section 14.1.5).

15.1.2 Members of the Supervisory Board

Name	Position	Principal duties performed outside of the Group	Position dates
			First appointment: Supervisory Board dated 7 Sept. 2009
Johannes	Chairman of the	Chairman of the Advisory Committee of the Sapiens Steering Brain Stimulation Board,	Ratification: General meeting dated 17 May 2010
Barella	Supervisory	member of the board	Last renewal: 16 June 2011, then 3 March 2014
	Board	of directors of Elekta	End of term: Annual Ordinary General Meeting of Shareholders convened to approve the financial statements for the year ending 31 December 2016.
Auriga Partners	Member of the		1st appointment: 05 August 2005
represented by	Supervisory	Co-founder and member	Last renewal: 20 June 2008, 16 June 2011, then
Bernard Daugeras	Board	of the Management board of	3 March 2014
		Auriga Partners	End of term: Annual Ordinary General Meeting of Shareholders convened to approve the financial statements for the year ending 31 December 2016.
OMNES CAPITAL	Member of the		1st appointment: 10 March 2006
represented by	Supervisory	Associate director	Last renewal: 28 May 2009, then 16 May 2012
Alexia Perouse	Board	of OMNES CAPITAL	End of term: Annual Ordinary General Meeting of Shareholders convened to approve the financial statements for the year ending 31 December 2014.
NBGI Private Equity Limited	Member of the	Founder and	First appointment: 28 May 2009
represented by	Supervisory	director of investments of	Date of 1st renewal 16 May 2012
Aris Constantinides	Board	NBGI Private Equity Ltd	End of term: Annual Ordinary General Meeting of Shareholders convened to approve the financial statements for the year ending 31 December 2014.
EDMOND DE ROTHSCHILD	Member of the	Associate director of	First appointment: 23 October 2008
INVESTMENT PARTNERS	Supervisory	Edmond de Rothschild	Last renewal: 16 June 2011, then 3 March 2014
represented by	Board	Investment Partners	End of term: Annual Ordinary General Meeting of Shareholders,
Olivier Litzka			convened to approve the financial statements for the fiscal year ending 31 December 2016
MERIEUX PARTICIPATIONS	Member of the		First appointment: 27 September 2010
represented by	Supervisory	Chief Executive Officer of	Date of 1st renewal 27 June 2013
François Valencony	Board	Mérieux Développement	End of term: Annual Ordinary General Meeting of Shareholders convened to approve the financial statements for the year ending 31 December 2015.
Bpifrance Investissement	Member of the		First appointment: 14 Dec 2010
(ex CDC Entreprises)	Supervisory	Director of investments of	Date of 1st renewal 27 June 2013
represented by	Board	CDC Entreprises	End of term: Annual Ordinary General Meeting of Shareholders convened to approve the financial statements for the year ending 31 December 2015.
			First appointment: Supervisory Board meeting of 28 May 2013
	Member of the	e Officer for Governmental and S	Ratification: General meeting dated 27 June 2013
Sabine Lochmann Beaujour	Supervisory		Date of 1st renewal NA
	Board	Johnson & Johnson	End of term: Annual Ordinary General Meeting of Shareholders convened to approve the financial statements for the year ending 31 December 2015.

Three non-voting members also attend meetings of the Supervisory Board.

- Canon Inc. Represented by Takhashi Mori
- Wellington Partners represented by Eric Schlick, and
- IXO Private Equity represented by Jean-Michel Petit.

15.1.3 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	**Company**
Jacques Souquet	Director Member of the Strategic Committee	MEDIAN TECHNOLOGIES LL TECH
Claude Cohen-Bacrie	Director	EYETECHCARE
Gordon Waldron	Member of the Strategic Committee	ANTABIO
Bradley Garrett	-	-
Kurt Kelln	-	-

	Other positions currently held outside the Group	
	Type of position	**Company**
Johannes Barella	Chairman of the Board Director	SAPIENS NEURO GMBH ELEKTA AB
Auriga Partners (Bernard Dauferas)	Director Director Director Director	DOMAIN THERAPEUTICS ISOCELL POPULATION GENETICS TXCELL
OMNES Capital (Alexia Perouse)	Director Director Director Director Director Director Director Director	SPINEGUARD STENTYS PIXIUM VISION CIRCULITE Inc. EYETECHCARE ENTEROME GECKO BIOMEDICAL CELLNOVO
NBGI Private Equity Limited (Aris Constantinides)	Director Director Director Chairman and CEO *Type to be specified* Director Director Director	ENDOSCOPIC SOLUTIONS INC DYSIS MEDICAL LIMITED EOS IMAGING ADVANCED CARDIAC THERAPEUTICS INC QUANTA FLUID SOLUTIONS Ltd REVERSE MEDICAL CORP. 2010 PERFECT VISION AG CELLNOVO Ltd
Edmond de Rothschild Investment Partners (Olivier Litzka)	Director Director Director Member of the Supervisory Board Member of the Steering Committee *Type to be specified*	PROBIODRUG AG SAPIENS STEERING BRAIN STIMULATION JENAVALVE TECHNOLOGY INC NOXXON PHARMA AG PARVULUS SAS ALLEVRA THERAPEUTICS GmbH
Mérieux Participations (François Valencony)	Director Chairman Director Director Director	PHASE SAS INVENT SAS BIO THERANOSTICS (United States) NEUROPHAGE Inc. (United States) LAVOREL MEDICARE SARL (Luxembourg)
CDC Entreprises SAS (Philippe Boucheron)	Director Member of the Supervisory Board Director Director *Type to be specified* *Type to be specified*	GAMAMABS PHARMA ADEMTECH INTEGRAGEN ADVICENNE PHARMA STENTYS ARTERIAL REMODELLING TECHNOLOGIES
Sabine Lochmann Beaujour	Chief Executive Officer Chief Executive Officer Chief Executive Officer	DEPUY France ETHICON CORDIS

Other positions held during the last five financial years that no longer exist (outside the group)

	Other positions currently held outside the Group	
	Type of position	**Company**
Jacques Souquet	Director Member of the Strategic Committee	MEDIAN TECHNOLOGIES LL TECH
Claude Cohen-Bacrie	Director	EYETECHCARE
Gordon Waldron	Member of the Strategic Committee	ANTABIO
Bradley Garrett	-	-
Kurt Kelln	-	-

	Other positions held outside of the Group during the last 5 fiscal years which have now ended	
	Type of position	**Company**
Johannes Barella	Senator	CONSULTANCY AND INVESTMENT BV
Auriga Partners (Bernard Daugeras)	Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Director Director	NEMOPTIC BIOALLIANCE NOVAGALI ISOCELL MEDIAN
OMNES Capital (Alexia Perouse)	Member of the Supervisory Board Director	MUTABILIS EOS IMAGING SA
NBGI Private Equity Limited (Aris Constantinides)	Director Director Director Director	REVERSE MEDICAL CORPORATION THETA MICROELECTRONICS BONE SUPPORT AB UPFRONT
Edmond de Rothschild Investment Partners (Olivier Litzka)	Director	NOVEXEL ENDODENSE SA
Mérieux Participations (François Valencony)		None
CDC Entreprises SAS (Philippe Boucheron)	Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board	LIBRAGEN CRYOLOG TXCELL AUREUS PHARMA
Sabine Lochmann Beaujour	General Manager General Manager General Manager	DEPUY France ETHICON CORDIS

15.1.4 DECLARATIONS PERTAINING TO THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

To the knowledge of the Company, there are no family relationships among the individuals named above.

To the knowledge of the Company, none of these individuals, during the last 5 years:
- has been convicted of fraud;
- has been associated as a senior executive or director with bankruptcy, sequestration or liquidation;
- has been subject to a prohibition on having a management role; or
- has been subject to convictions or official public sanctions pronounced by legal or regulatory authorities.

15.1.5 BIOGRAPHIES OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Management Board

Jacques SOUQUET, chairman of the Management Board. His biography is presented in Section 11.1.2 of this base document.

Claude COHEN-BACRIE, member of the Management Board, his biography is presented in Section 11.1.2 of this base document.

Gordon WALDRON, member of the Management Board. He is the Executive Vice President and Chief Financial Officer of the Group. Before joining the Company in September 2010, Gordon Waldron worked for five years as chief financial officer for the French biotechnology company Novexel, where he was involved in raising €50 million in a 2006 financing round and in negotiating a licensing agreement that brought in €75 million when signed in 2008; he then negotiated the sale of Novexel to AstraZeneca at the end of 2009 for approximately 500 million dollars. Before Novexel, Gordon Waldron spent eight years with Syntem (Nîmes, France), where he was involved in raising €32 million in three financing campaigns, and five years with Texas Instruments, initially as Chief Financial Officer for a French subsidiary, and then as Chief Financial Officer for Texas Instruments Software (based in the United Kingdom), where he was responsible for 17 entities and a distribution network covering the territories of Europe, the Middle East, and Africa. A graduate of Duke University (United States) in 1988, Gordon Waldron began his career at the headquarters of Spie-Batignolles, in the Paris area, before becoming the controller of the company's American subsidiaries in Pittsburgh.

Bradley GARRETT, member of the Management Board, Senior Vice President and Chief Customer Fulfillment Officer, is responsible for production, quality assurance, and regulatory affairs, as well as after-sales service. Between 2000 and the end of 2006, Bradley Garrett was Chief Operating Officer of SonoSite, the world leader in the portable ultrasound market. He was responsible for the research and development, production and purchasing, customer service, quality and regulatory affairs departments, as well as for product management and marketing. Before this, Bradley Garrett worked for 7 years at ATL Ultrasound (the predecessor of Philips Healthcare Ultrasound) as director of operations, where he was in charge of improving product quality and production efficiency, as well as of outsourcing development. He was also responsible for operations at Harris Corporation and was Vice President of Operations in two companies engaged in the design of electronic components. Bradley Garrett received a Bachelor of Arts

degree and an MBA from the University of Oregon.

Kurt KELLN, member of the Management Board, joined the Company in April 2012, and is responsible for sales and marketing development worldwide. He has 34 years of professional experience, 25 of which were spent as a sales manager in the ultrasound sector. International Vice President of Ultrasound and Women's Health at Philips Healthcare for 8 years, he was responsible for sales with an annual budget exceeding €700 million, managing sales and marketing teams of 500 people. Earlier, he held a number of positions with Philips Medical System, where he was responsible for sales in the EMEA zone. Kurt Kelln began his career at Intermec Corporation (USA) as a production analyst, responsible for product planning, before joining ATL Ultrasound Systems in Europe, where he was responsible for managing sales and budgets for 10 years.
Kurt Kelln holds a degree in Business Administration from the University of Washington (USA); he participated in the "High Potential" program designed for outstanding managers of Philips Healthcare.

Supervisory Board

Johannes BARELLA, chairman of the supervisory board, was formerly CEO of Philips Medical Systems and a member of the Executive Board of the Royal Philips Electronics Group. Johannes Barella is currently a member of the Management Board of the Swedish company Elekta AB and, since 2011, has been Chairman of the advisory council of Sapiens Steering Brain Stimulation GmbH. Over the course of 30 years, Johannes Barella has held a number of key positions at Philips Medical Systems (business, marketing and technical). He became a member of the management team in 1985, and was appointed CEO in 1997. He then initiated an ambitious acquisitions program there, and completed the merger of 5 major companies engaged in patient diagnostics, treatment and monitoring within the parent company. At the same time, from 1992 until 1996, Johannes Barella was Chairman of the COCIR - the European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry. Johannes Barrella holds a Master of Science in Electrical Engineering/Business Administration.
1. Johannes Barrella has a Master of Science in Electrical Engineering/Business Administration.

Bernard DAUGERAS, permanent representative of Auriga Partners, member of the Supervisory Board. A co-founder and member of the Management Board of Auriga Partners, Bernard Daugeras specializes in the life sciences sector. He was responsible for initiating investments like BioAlliance Pharma (EuroNext: BIO), and NicOx (EuroNext: COX) and is a member of the Academy of Technology. A researcher in particle physics at the Université d'Orsay, the University of California at Berkeley, and the CNRS, he has performed a variety of roles at the French Ministry of Industry and Research, particularly being responsible for relations between research and companies, as well as technology transfer. He joined Finovelec in 1990, having taken part in 1986 in the creation of Crédit Lyonnais's venture capital structure.

Bernard Daugeras is a graduate of Ecole Polytechnique and holds a physicianate from the Université d'Orsay.

Alexia PEROUSE, permanent representative of Omnes Capital (formerly Crédit Agricole Private Equity), member of the Supervisory Board, and Associate Biotech Director of Omnes Capital, joined Omnes Capital in January 2005 as Director of Investments in the Life Sciences sector. Alexia Perouse developed investments in the Medical Device sector, among others. She has followed companies including Biolipox (sold to Orexo in 2007) and Mutabilis (sold to Pharma Omnium International in 2009). She invested in Fovea Pharmaceuticals (sold to Sanofi Aventis in 2009). She also launched the Medtech portfolio by investing in SuperSonic Imagine, CircuLite, Eos, EyeTechCare, SpineGuard and Stentys. Alexia Perouse currently sits on the boards of directors of these six companies. She began her career with Chiron Vaccines, then Parteurop Développement with operational and strategic roles for biotechnology start-ups. In 1999, she joined the venture capital division of Sofinnova Partners where she actively participated in identifying opportunities in life sciences and investment decisions.

Alexia holds an MSc degree in Neurosciences from the University of Life Sciences and an MBA

from IAE.

Aris CONSTANTINIDES, representative of NBGI Private Equity Limited, member of the Supervisory Board, and founder and Investment director of NBGI Ventures, created NBGI Ventures in 2001 and is currently responsible for strategy, management and Biotechs at the company. Aris Constantinides is currently on the supervisory board of numerous companies in the medtech sector, including 2010 Perfect Vision, Endoscopic Technologies, EOS Imaging, Forth Photonics Limited, Reverse Medical and SuperSonic Imagine.

Aris Constantinides has over 14 years of experience in European venture capital and capital investment, with previous experience in the management of investment funds at Deutsche Bank and Crédit Suisse First Boston. He began his career with Bankers Trust as a designer of innovative derivative products.
He holds a degree in mechanical engineering from the Imperial College in London, as well as from the Massachusetts Institute of Technology (MIT) and also has an MBA from INSEAD.

Olivier LITZKA, permanent representative from Edmond de Rothschild Investment Partners, a member of the supervisory board, and an associate director at Edmond de Rothschild Investment Partners (EdRIP), joined the life sciences team as an associate director in 2006. He invests in companies in the medtech and biotech sectors, primarily in Europe, but in some cases also in the United States. In addition to serving at SuperSonic Imagine, Olivier Litzka is on the Supervisory Board of Noxxon Pharma (Berlin) and is a Director at Endosense (Geneva), JenaValve (Munich) and Probiodrug (Halle). Until its acquisition by AstraZeneca, he was also a member of the Supervisory Board of Novexel (France) and a member of the Executive Board of Parvulus (France). Before joining EdRIP, Olivier Litzka spent six years with 3i in the life sciences venture capital division, based in Munich and subsequently in Paris. During this period, he served as member of the boards of directors of many companies and was involved in numerous international investments. Before joining 3i in 2000, Olivier Litzka worked as a strategic consultant at Mercer Management Consulting in Munich and Paris.

Olivier is a physician of molecular biology, and a graduate of the Institut für Genetik und Mikrobiologie of the University of Munich. He carried out several years of research in Munich and Oxford.

François VALENCONY, a permanent representative from Mérieux Participations, and a member of the Supervisory Board, is currently Chief Executive Officer of Mérieux Développement, an investment fund at the Institut Mérieux that is devoted to investments in the health sector. François has worked at the Institut Mérieux since 2003, where he manages major transactions for the group, such as an exclusive licensing agreement between Roche and Transgène in 2007, and a structured option with Novartis for phase IIB of a drug. His operational responsibilities led him to manage the placement of bioMérieux's research in China, which was dedicated to research on emerging pathogens, and 5 vaccine programs for infectious diseases and oncology. After having begun his career at Schneider Electric in the United States, participating in several growth and acquisition projects for the North American division until 2000, he then actively participated in the launch of a start-up in the IT sector in London, which has since been repurchased by Descartes group.

François holds a degree from HEC Paris and a Master's Degree from CEMS in Cologne, Germany.

Philippe BOUCHERON, permanent representative of Bpifrance Investissement (formerly CDC Entreprises) and member of the Supervisory Board, is director of investments at CDC Entreprises. Following the merger of Bioam with CDC Entreprises in July 2010, he joined the team for direct investments in life sciences at CDC Entreprises (the Innobio and Bioam funds). From 1993 to 1996, Philippe Boucheron worked with BioCapital LP, one of the largest Canadian venture capital funds dedicated to biotechnology. From 1997 to 2000, he managed the medium cap research team at ING Barings Ferri in Paris, where he spent a significant amount of time following French and European biotechnology and health shares. In 2000, he co-founded Bioam and became a member of the Board; in 2004, he was named Chairman of the Board. He currently has a seat on the boards of Aureus Pharma, Ademtech and Integragen, and formerly had a seat on the boards of Cryolog,

Libragen and TxCell.

Philippe Boucheron holds a diploma in engineering from the National Institute of Applied Sciences in Toulouse in Biochemical Engineering and Microbial Genetics, a scientific master's degree in Biochemical Engineering from the Ecole Polytechnique de Montréal, and an MBA from INSEAD.

Sabine LOCHMANN BEAUJOUR, an independent member of the Supervisory Board (chosen by Bpifrance Participations (formerly FSI), is Chief Executive Officer of BPI Group, a consulting firm for HR restructurings. Until early 2014, she was Chief Executive Officer Governmental and Strategic Affairs, Johnson & Johnson Medical Devices Companies (France). Previously, Sabine Lochmann Beaujour successively held the positions of General Manager for Market Access (2010/2012) for the same Group segment and Marketing Director of Ethicon (2008/2010). In 1998, when she joined the JNJ Group in France, she founded the legal department for the three sectors (Pharmaceutical / Medical Devices / Consumer). From 1994 to 1998, she was Head of Legal Services (Private Law) for the JC DECAUX Group. She began her career in the engineering group SERETE-JACOBS in 1990, where she specialized in industrial activities and activities related to New Technologies and Industrial Engineering. Along with her professional duties, she was President of the French Association of Corporate Lawyers from 2001 to 2005 and served as Vice President of the European Corporate Lawyers Association until 2006. In 2011, she also founded Avenir Femmes Santé, which aims to inform and influence the economic and political environment in the Health sector regarding health issues concerning women such as endometriosis, cardiovascular disease or pathologies associated with extreme aging in women. In January 2012, she also founded Les Ateliers de Convergence, which produced, during its first year, a White Paper, "Pour un « New Deal » Social, Réconcilier emploi, compétitivité et sécurité juridique" ["Towards a Social New Deal: Reconciling employment, competitiveness and legal certainty"] (www.ateliersdelaconvergence.com). In 2013, it produced the first survey of mandatory redeployment due to corporate restructuring.
Sabine holds a Master in Business Law (Paris I), is a lawyer before the Bar of Paris, holds a Master of History (Paris I), DLS (UC Davis - California), and participated in an Executive Leadership Program (Cape Town Business School - South Africa).

15.2 CONFLICTS OF INTEREST WITHIN ADMINISTRATIVE BODIES AND SENIOR MANAGEMENT

The members of the Management Board and of the Supervisory Board are shareholders, directly or indirectly, of the Company and/or holders of securities giving access to the Company's capital (see details in Section 17.3).

Transactions with related parties are described in Note 36 to the consolidated financial statements appearing in Section 20.1 "Consolidated Statements prepared in accordance with IFRS standards for the financial years ended 31 December 2013, 2012 and 2011," and the related party agreements *'conventions réglementées'* entered into by the Company are described in Section 19.3 "Reports of the statutory auditors on the related party agreements established for the financial years ended 31 December 2013."

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.

The agreement signed among the principal shareholders of the Company on 10 March 2006, as modified, will be automatically canceled on the date of the initial listing of the Company's shares on

the regulated market of Euronext in Paris. The same goes for contractual commitments signed among principal shareholders and other owners of the Company's shares or securities.

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 base document, the individuals mentioned in Section 14.1 "Senior managers and members of the Supervisory Board" of this base documentare not subject to any restrictions regarding the sale of their shareholding in the Company, except for the agreement cited above.

16. COMPENSATION AND BENEFITS

16.1 COMPENSATION OF DIRECTORS

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		
Names	**FY 2013**	**FY 2012**
Jacques Souquet - Chairman of the Management Board		
Compensation payable for the year	233,000 €	257,500 €
Value of options granted during the year (1)	11,300 €	0 €
Value of performance shares granted during the year		
TOTAL	**244,300 €**	**257,500 €**
Claude Cohen-Bacrie - Member of the Management Board		
Compensation payable for the year	204,772 €	202,647 €
Value of options granted during the year (1)	3,000 €	0 €
Value of performance shares granted during the year (2)		
TOTAL	**207,772 €**	**202,647 €**
Gordon Waldron - Member of the Management Board		
Compensation payable for the year	231,000 €	249,000 €
Value of options granted during the year (1)	18,650 €	0 €
Value of performance shares granted during the year		
TOTAL	**249,650 €**	**249,000 €**
Bradley Garrett - Member of the Management Board		
Compensation payable for the year	191,655 €	213,096 €
Value of warrants and options granted during the year (1)	2,000 €	0 €
Value of performance shares granted during the year		
TOTAL	**193,655 €**	**213,096 €**
Kurt Kelln - Member of the Management Board (2)		
Compensation payable for the year	277,616 €	227,742 €
Value of options granted during the year (1)	18,650 €	0 €
Value of performance shares granted during the year		
TOTAL	**296,266 €**	**227,742 €**
TOTAL	**1,191,643 €**	**1,149,985 €**

(1) The valuation method is described in note 15 to the consolidated financial statements which appear in Chapter 20.1 of this document;

(2) Mr. Kelln joined the Group in April 2012 and his appointment as a member of the Management Board began on 19 April 2012.

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 31 December 2013 and 2012 and the compensation received by these same individuals during these same periods. Individual allocation of 2013 bonuses should be approved by a supervisory board meeting to be held no later than May 2014.

Summary of compensation granted to each executive director				
Names	FY 2013		FY 2012	
	Amounts due for 2013	Amounts paid in 2013	Amounts due for 2012	Amounts paid in 2012
Jacques Souquet - Chairman of the Management Board				
Fixed annual compensation	190,000 €	190,000 €	190,000 €	190,000 €
Variable compensation (1)	43,000 €	67,500 €	67,500 €	
Extraordinary compensation			- €	
Directors' attendance fees			- €	
Benefits in kind			- €	
TOTAL	**233,000 €**	**257,500 €**	**257,500 €**	**190,000 €**
Claude Cohen-Bacrie - Member of the Management Board				
Fixed annual compensation (2)	160,000 €	160,000 €	160,000 €	160,000 €
Variable compensation (1)	42,500 €	41,000 €	41,000 €	
Extraordinary compensation			- €	
Directors' attendance fees			- €	
Benefits in kind (7)	2,272 €	2,272 €	1,647 €	1,647 €
TOTAL	**204,772 €**	**203,272 €**	**202,647 €**	**161,647 €**
Gordon Waldron - Member of the Management Board				
Fixed annual compensation (3)	185,000 €	185,000 €	185,000 €	185,000 €
Variable compensation (1)	46,000 €	64,000 €	64,000 €	
Extraordinary compensation			- €	
Directors' attendance fees			- €	
Benefits in kind			- €	
TOTAL	**231,000 €**	**249,000 €**	**249,000 €**	**185,000 €**
Bradley Garrett - Member of the Management Board				
Fixed annual compensation (4)	148,655 €	148,655 €	153,096 €	153,096 €
Variable compensation (1)	43,000 €	60,000 €	60,000 €	
Extraordinary compensation			- €	
Directors' attendance fees			- €	
Benefits in kind			- €	
TOTAL	**191,655 €**	**208,655 €**	**213,096 €**	**153,096 €**
Kurt Kelln - Member of the Management Board				
Fixed annual compensation (5)	215,518 €	215,518 €	167,742 €	167,742 €
Variable compensation (1)	48,500 €	60,000 €	60,000 €	
Extraordinary compensation (6)			25,000 €	25,000 €
Directors' attendance fees			- €	
Benefits in kind (8)	13,598 €	13,598 €	10,724 €	10,724 €
TOTAL	**277,616 €**	**289,116 €**	**227,742 €**	**203,466 €**
TOTAL - DIRECTORS	**1,138,043 €**	**1,207,543 €**	**1,149,985 €**	**893,209 €**

(1) Amounts determined by the Supervisory Board on 15 March 2013, based on a proposal from the compensation committee, according to the level of objectives previously set for the 2012 financial year that was attained.
(2) Compensated pursuant to an employment contract as Director of Research and Development entered into on 1 July 2005.
(3) Compensated pursuant to an employment contract as Chief Financial Officer and Executive Vice President entered into on 1 September 2010;
(4) Compensated pursuant to an "at-will agreement" entered into with the Group's US subsidiary, which relates to his duties as Senior Vice President and Chief Customer Fulfillment Officer, in charge of production, quality and regulatory affairs, in addition to after-sales service, which was signed on 27 February 2007;
(5) Compensated pursuant to an employment contract under US law with SuperSonic Imagine Inc. relating to his managerial functions for global and US sales activity signed on 22 May 2012;
(6) Signing bonus provided for in his contract at the time of hire;
(7) Company vehicle;
(8) Company vehicle and health insurance.

Based on a proposal by the Compensation Committee, on 15 March 2013 the Supervisory Board decided in principle of a variable compensation for a maximum amount of 50% of fixed compensation for each member of the Management Board for achieving a combination of pre-agreed, individual targets that are linked to the Company and adapted to the skills areas covered by each of them. Besides, no decision has been taken to date with regard to a possible modification of the fixed compensations of the board members once the Company is listed.

As a non-exhaustive example, the targets could involve the launch of new versions of Aixplorer, revenue growth in certain priority geographic regions, closing on funding or the signing of new distribution contracts.

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 2013**	**FY 2012**
-	**Amounts paid**	**Amounts paid**
Johannes Barella		
Directors' attendance fees	40,000 €	40,000 €
Other compensation (1)	1,500 €	
AURIGA PARTNERS		
Directors' attendance fees		
Other compensation		
OMNES CAPITAL		
Directors' attendance fees		
Other compensation		
NBGI PRIVATE EQUITY Ltd		
Directors' attendance fees		
Other compensation		
EDMND DE ROTHSCHILD INVESTMENT PARTNERS		
Directors' attendance fees		
Other compensation		
MERIEUX PARTICIPATIONS		
Directors' attendance fees		
Other compensation		
Bpifrance investissement (ex CDC Entreprises)		
Directors' attendance fees		
Other compensation		
Sabine Lochmann Beaujour		
Directors' attendance fees	8,000 €	
Other compensation		
Total	**49,500 €**	**40,000 €**

(1)Value of the share purchase warrants granted over the course of the year including the calculation method stated in Note 15 to the consolidated financial statements in Chapter 20.1 of this base document.

Table No. 4: Stock options granted to each Executive Director by the Company or any company of the Group during the financial years ended 31 December 2013 and 2012

A breakdown of the stock options or warrants allocated to certain members of the Management Board or Supervisory Board appears in the tables in Sections 21.1.4.2 and 21.1.4.3 of this base document.

Table No. 5: Stock options exercised by each Executive Director during the financial years ended 31 December 2013 and 2012

None.

Table No. 6: Free shares granted to each Executive Director during the financial years ended 31 December 2013 and 2012.

No new free allocation of shares was made during the 2012 and 2013 financial years.

Table No. 7: Free shares that became available for each Executive Director during the financial years ended 31 December 2013 and 2012

Conversely, during the 2013 financial year, 33,750 of the 54,000 free shares allocated (free of charge) to Mr. Claude Cohen-Bacrie on 30 September 2011, were definitively acquired.

Table No. 8: History of stock options granted to Executive Directors

Refer to the tables appearing in Sections 21.1.4.1, 21.1.4.2 and 21.1.4.3 of this base document.

Table No. 9: Stock options granted to the 10 most highly compensated employees who are not directors and stock options exercised by them

Refer to the table appearing in Chapter 17.2 of the base document.

Table No. 10: History of bonus shares

Refer to the table in Section 21.1.4.4 of this base document.

Table No. 11: Conditions of compensation and other benefits granted to the Executive Directors

Executive Directors	Employment contract		Supplementary retirement plan		Indemnity or benefit due or likely to be due as a result of a termination or change of position		Indemnity relating to a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Jacques Souquet								
Chairman of the Management Board		X		X		X	X (1)	
Term start-date	First appointment: 12 March 2005							
	Last renewal: 14 December 2012							
Term end-date	31 December 2016							
Claude Cohen-Bacrie								
Member of the Management board	X			X		X	X (2)	
Term start-date	First appointment: 12 March 2005							
	Last renewal: 14 December 2012							
Term end-date	31 December 2016							
Gordon Waldron								
Member of the Management board	X			X		X	X (3)	
Term start-date	First appointment: 27 September 2010							
	Last renewal: 14 February 2014							
Term end-date	31 December 2016							
Bradley Garrett								
Member of the Management board	X			X		X (5)		X
Term start-date	First appointment: 12 March 2005							
	Last renewal: 14 February 2014							
Term end-date	31 December 2016							
Kurt Kelln								
Member of the Management board	X			X	X(6)			X
Term start-date	First appointment: 12 March 2005							
	Last renewal: 14 February 2014							
Term end-date	31 December 2016							

(1) The Company's shareholders' agreement will become null and void on the date of the initial listing of the Company's shares on the regulated market of Euronext in Paris, except for a non-compete clause regarding Mr. Souquet, which shall have a term of 12 months, effective as from his departure date from the Company and 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;

(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 Mr. Waldron's employment contract contains the following provisions: "In exchange for his non-compete obligation and commitment not to solicit clients, the employee will receive a gross monthly indemnity equal to 5/10ths of the monthly average remuneration as well as the contractual benefits and bonuses received by the employee during the 12 months preceding the termination of the contract. In the event of dismissal not due to gross negligence, this monthly indemnity will be increased to 6/10ths of the above-

mentioned average, so long as the employee has not found new employment within the non-compete and customer non-solicitation obligations period. This indemnity will be payable monthly during the period for which it is due in order to compensate the employee given the restrictions imposed on his activities starting from his real departure from the Company."

(4) Only the payment of wages relating to the three months' notice as provided in the employment contracts of Messrs Waldron and Cohen-Bacrie in accordance with the applicable collective agreement (metallurgy) would be due if these contracts are severed. No severance pay has been provided to date except for the pay provided by the Collective Agreement applicable to the Company, the amount of which varies depending on seniority and last pay. In the event of dismissal (except in cases of serious misconduct or gross negligence) of Messrs Cohen-Bacrie and Waldron at the date of this base document, they would receive €51,800 and €15,900 respectively.

(5) *No severance compensation will be due Mr. Garrett, either under his at-will agreement or for his service as member of the Management Board.*

(6) 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.

16.2 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 a welcome or departure bonus to these individuals with the exception of Kurt Kelln, who received a signing bonus of €25,000 in 2012.

16.3 WARRANTS, FOUNDERS' WARRANTS AND FREE SHARES GRANTED TO CORPORATE OFFICERS

The table below presents, as of the registration date of this base document, a summary of all the securities or rights giving access to capital issued and outstanding, whatever their nature, issued by the Company for the benefit of its directors, with the exception of:

- all the warrants referred to as "ratchet warrants" to the extent that they will become null and void when the shares are first listed on the Euronext regulated market in Paris.

Directors	Founders warrants (BSPCE)	Founders warrants (BSPCE)	Founders warrants (BSPCE)	Warrants (BSA)	Warrants (BSA)	Warrants (BSA)	BSA D-2013-T2	Free shares	Ordinary stock options	Free share (AGA) exchange stock options	Number of shares likely to be issued as a result of these rights (1)
	05/08/2005	Mar-06	Oct-08	10 -2008 (2)	Sep-10	Oct-13	April and May 2013	Sep-11	Oct-13	Oct-13	
Jacques Souquet Chairman of the Management Board	0	7700	7000	0	0	0	0	0	35,000	78,000	260,000
Claude Cohen-Bacrie Member of the Management Board	856	7500	6000	0	0	0	0	20,250	30,000	0	193,810
Gordon Waldron Member of the Management Board	0	0	0	0	0	0	0	0	21,000	165,500	186,500
Bradley Garrett Member of the Management Board	0	0	0	500	4000	0	0	0	20,000	0	65,000
Kurt Kelln Member of the Management Board	0	0	0	0	0	0	0	0	186,500	0	186,500
Johannes Barella Chairman of the Supervisory Board	0	0	0	3000	2700	15,000	0	0	0	0	72,000
Omnes Capital (formerly Crédit Agricole Private Equity) member of the Supervisory Board	0	0	0	0	0	0	119,049	0	0	0	119,049
NBGI Private Equity Limited member of the Supervisory Board	0	0	0	0	0	0	50,000	0	0	0	50,000
Auriga Partners SA member of the Supervisory Board	0	0	0	0	0	0	50,000	0	0	0	50,000
Edmond de Rothschild Investment Partners member of the Supervisory Board	0	0	0	0	0	0	127,080	0	0	0	127,080
Mérieux Participations member of the Supervisory Board	0	0	0	0	0	0	53,566	0	0	0	53,566
Bpifrance Investissement member of the Supervisory Board	0	0	0	0	0	0	102,159	0	0	0	102,159
Sabine Lochmann-Beaujour 2)	0	0	0	0	0	0	0	0	0	0	0

(1) These figures take into account the 10-1 stock split, which was decided upon by the Combined Shareholders' Meeting held on 16 May 2012.

(2) Member chosen by Bpifrance Participations (formerly FSI).

(3) It is noted that the Company does not intend to request the exercise of the second tranche of share purchase warrants (BSA T2) by the first listing on the Euronext regulated market in Paris, on which date they will become null and void.

17. FUNCTIONS OF THE ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

17.1 MANAGEMENT OF THE COMPANY

The composition of the Board and information regarding the members of the Management Board are described in Chapter 14 "Administrative, Management, and Supervisory Bodies" and Chapter 21.2 "Articles of Incorporation and Bylaws" of this base document.

17.2 CONTRACTS BETWEEN THE DIRECTORS AND THE COMPANY

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

Mr. Gordon Waldron entered into a permanent employment contract with the Company regarding his duties as Chief Financial Officer and Executive Vice President dated 1 September 2010.

Mr. 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, which was dated 27 February 2007.

Mr. Kurt Kelln entered into an employment contract under US law with SuperSonic Imagine Inc. relating to his managerial functions for global and US sales activity, which he signed on 22 May 2012.

There is no other contract binding a director with the Group.

17.3 SUPERVISORY BOARD AND SPECIAL COMMITTEES - CORPORATE GOVERNANCE

17.3.1 Supervisory Board

The composition and information regarding members of the Supervisory Board are presented in Chapter 14 "Administrative, management, and supervisory bodies" and Chapter 21.2 "Articles of Incorporation and Bylaws" in this base document.

Following its initial public offering, the Company intends to comply with the recommendations of the Corporate Governance Code for small-caps and mid-caps published in December 2009 by Middlenext.

The table below shows the Company's position in relation to all of these recommendations.

Code Middlenext recommendations	Adopted	Will not be adopted	Under consideration
I. Executive power			
R1: Combined employment contract and social mandate	X		
R2: Definition and transparancy of the remuneration of executive directors	X		
R3: Severance pay	X		
R4: Supplemental retirement plan	N/A		
R5: Stock options and allocation of bonus shares			X
II. Supervisory power			
R6: Implementation of Rules of Procedure of the Board	X		
R7: Deontology of the members of the Board	X		
R8: Composition of the Board; presence of independent members in the Supervisory Board	X		
R9: Choice of members of the Board	X		
R10: Term of office of members of the Board	X		
R11: Information about members of the Board	X		
R12: Establishing of Committees	X		
R13: meetings of the Board and its Committees			X (1)
R14: Remuneration of members of the Board	X		
R15: Implementation of avaluation of the activities of the Supervisory Board	X		

(1) Will not be changed until the size of the Company justifies it.

At the registration date of this base document, the Company intends notably to abide by:

- Recommendation R1 regarding the combination of employment contracts and social mandate: in accordance with the recommendation, the chairman of the Management Board enjoys the benefits of his or her position as a corporate officer only. The other 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 relating to the presence of independent members on the Supervisory Board: Mr. Johannes Barella and Ms. Sabine Lochmann Beaujour are independent members of its Supervisory Board, pursuant to the provisions of the Code of Corporate Governance for Medium and Small Cap Companies, which was published in December 2009 by MiddleNext, insofar as both Mr. Johannes Barella and Ms. Sabine Lochmann Beaujour:

– are neither employees nor directors of the Company or of a company in its Group, and have not had such status during the last three years;

– are not significant clients, suppliers, or bankers for the Company, or for whom the Company or its Group would represent a significant share of its business;

– are not major shareholders of the Company;

– do not have any close family ties with a director or a major shareholder; and

– have not been an auditor of the Company in the last three years.

The Company accordingly believes that it complies with all recommendations except for those relating to:

- additional retirement pensions, insofar as none have been granted to date;
- stock options and bonus shares, as the plans awarded to date do not provide performance conditions related to their exercise; and

- the frequency of meetings of specialized committees insofar as the number of four per year recommended by the Middlenext recommendations is not, to date, considered necessary by the Company with regard to its size and the role delegated to each of these committees.

A new charter should be adopted by the Supervisory Board during one of its next meeting.
This charter 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 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.

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 on 31 December 2013, the Company's Supervisory Board met 8 times and the average attendance rate for the members of the Supervisory Board was 86.9%. During the financial year ended on 31 December 2012, the Company's Supervisory Board met 7 times and the average attendance rate for the members of the Supervisory Board was 87.8 %.

As of the registration date of this base document, there are three non-voting directors within the Company.

17.3.2 Specialized Committees

17.3.2.1 Audit Committee

The Supervisory Board meeting of 2 July 2009 established an audit committee, whose rules of procedures should be modified over the next 12 months, including the principal terms described below.

- **Composition**

The Audit Committee is composed of a minimum of two members designated by the Supervisory Board upon the advice of the Appointment and Compensation Committee. 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, namely Mr. Philippe Boucheron, although all current members of the audit committee possess at least minimal skills in financial and accounting matters.

At the registration date of this base document, the members of the Audit Committee are:

- Bpifrance Investissement (formerly CDC Entreprises) represented by Philippe Boucheron,
- NBGI Private Equity Limited represented by Aris Constantinides, and
- Mérieux Participations represented by François Valencony.

To date, none of the members of this committee is independent.

- **Responsibilities**

Without prejudice to the matters within the remit of the Supervisory Board, the Audit Committee is in particular responsible for:

- supervising the process used to prepare financial information;
- assuring the effectiveness of the internal control and risk management systems;
- supervising the legal audit of the annual, semi-annual and, as necessary, quarterly standalone and consolidated financial statements performed by the statutory auditors;
- issuing a recommendation on the statutory auditors, proposed for appointment at the Shareholders' General Meeting and reviewing the terms of their compensation;
- ensuring that the independence of the statutory auditors is respected;
- examining the conditions for use of derivative products;
- regularly informing themselves of significant legal disputes;
- examining the Company's procedures for receiving, retaining and handling claims relating to accounting matters and accounting controls carried out internally; considering questions arising from the audit of the financial statements, as well as documents transmitted by employees on an anonymous and confidential basis that may call into question practices in accounting matters or in the audit of the financial statements; and
- more generally to provide advice and formulate any appropriate recommendations in the areas mentioned above.

- **Functioning**

The Audit Committee meets at least four times a year, with the statutory auditors if its Chairman deems it useful, following a schedule set by its Chairman, to examine the annual 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 committee at least seven days before the meeting. The committee meets prior to the presentation of the annual financial statements by the Management Board to the Supervisory Board to examine such financial statements. The committee also meets at the request of its Chairman, two of its members, the Chairman of the Supervisory Board or the Chairman of the Company's Management Board.

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 annual report will include a discussion of the committee's activities over the course of the last financial year.

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.

17.3.2.2 Appointment and Compensation Committee

- **Composition**

The Supervisory Board on 2 July 2009 and 22 October 2009 established an Appointment Committee and a Compensation Committee for an unlimited term. It is envisaged that in the next 12 months, the Supervisory Board could merge these two committees into a single Appointment and Compensation Committee, and approve the principal terms of its charter, as described below.

The Appointment and Compensation Committee is, if possible, composed of at least two members of the Supervisory Board designated by the latter. Independent members will represent, insofar as possible, the majority of its members.

No member of the Supervisory Board exercising executive functions within the Company may be a member of the Appointment and Compensation Committee.

At the date of this base document, the members of the Appointment and Compensation Committee are:

- Johannes Barella, Chairman of the Supervisory Board,
- Omnes Capital (formerly Crédit Agricole Private Equity) represented by Alexia Perouse,
- Edmond de Rothschild Investment Partners represented by Olivier Litzka and
- Jacques Souquet.

- **Responsibilities**

The Appointment and Compensation Committee is responsible for:

- With respect to appointments:
  - presenting recommendations to the Supervisory Board with respect to the composition of the Management Board, the Supervisory Board and its committees;
  - proposing annually to the Supervisory Board the list of its members who could qualify as "independent members" under the criteria provided in the Code of Corporate Governance for medium and small cap companies, which was issued in December 2009 by Middlenext and authorized as a reference code by the Autorité des marchés financiers;
  - establishing a replacement plan for the Company's managers in case of vacancy and assisting the Supervisory Board in the selection and evaluation of members of the Management Board;
  - preparing the list of individuals whose appointment to the Management Board or the Supervisory Board could be recommended; and
  - preparing the list of the members of the Supervisory Board whose appointment to a board committee could be recommended.

- With respect to compensation:
  - examining the principal objectives proposed by the Management Board regarding compensation of non-executive directors of the Group, including free share plans and stock option plans;
  - examining the compensation of non-executive directors, including free share plans, stock option plans, retirement and savings plans, and benefits in kind;
  - making recommendations and proposals to the Supervisory Board regarding:
    a. compensation, retirement or savings plans, benefits in kind, other monetary rights, including those in the event of cessation of activities, of the members of the Management Board. The committee proposes the amounts and structure of compensation, particularly rules for establishing the variable portion, taking into account the strategy, objectives and results of the Company, and
    b. plans for free shares, stock options and any other similar incentive mechanisms, particularly any individual grants to members of the Management Board,
  - examining the total amount of attendance fees and their allocation mechanisms among the members of the Supervisory Board, as well as the conditions for reimbursing expenses that may be incurred by members of the Supervisory Board,
  - preparing and presenting the reports, as needed, required by the Supervisory Board's charter, and
  - preparing all other recommendations that may be requested by the Supervisory Board or the Management Board with respect to compensation.

And more generally, the Appointment and Compensation Committee provides all appropriate advice and recommendations in the areas described above.

- **Functioning**

The Appointment and Compensation Committee meets at least twice a year, in accordance with a schedule established by its Chairman, on the basis of an agenda established by its Chairman and sent to the members of the Compensation Committee at least seven days before the date of the meeting. It also meets at the request of its Chairman, of two of its members, of the Chairman of the Supervisory Board or of the Chairman of the Management Board.

All the members of the Supervisory Board who are not executives may participate freely in these meetings.

The Chairman of the Company's Supervisory Board, if not a member of the committee, may be invited to participate in committee meetings. The committee asks him to present his proposals. He does not have a right to participate in the discussion or vote, and shall not attend deliberations regarding his own situation.

The Appointment and Compensation Committee may request from the Chairman of the Management Board the assistance of any senior manager of the Company whose skills may facilitate the handling of a topic on the agenda. The Chairman of the Appointment and Compensation Committee or the Chairman of the Meeting shall remind any participant of such participants' confidentiality obligations.

- **Reports**

The Chairman of the Appointment and Compensation Committee shall ensure that the minutes of the committee's activities are provided to the Supervisory Board to allow the latter to be fully informed, facilitating its deliberations.

The annual report will include a discussion of the committee's activities over the course of the last financial year.

The Compensation Committee examines the draft Company's report on management compensation.

17.3.2.3 Scientific Committee

- **Composition**

The Management Board established a Scientific Committee composed of 9 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 base 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.

17.4 CORPORATE GOVERNANCE

In the interests of transparency and providing information to the public, particularly in light of the admission of its shares to trading on the regulated market of Euronext in Paris, the Company has assessed all of its corporate governance practices.

The Company has designated the Code of Corporate Governance for Medium and Small Cap Companies, which was issued in December 2009 by Middlenext and approved as a reference code by the Autorité des marchés financiers, as the code to which it will adhere once its shares are admitted for trading on the regulated market of Euronext in Paris.

The Company's objective is to comply with all recommendations of this code.

However, as of the registration date of this base document, the Company is not in compliance with all of the recommendations in this corporate governance code. Specifically, the Company believes that it is not in compliance with the following recommendations:

Self-evaluation by the Supervisory Board

The last self-evaluation by the Supervisory Board was performed in February 2014. In conformity with Middlenext's recommendations, the Company intends to ensure that the work of the Supervisory Board is self-evaluated each year. As part of this self-assessment, mention was made of the importance of putting in place a succession plan for the top management of the company. Such a plan is being developed.

The composition of the Supervisory Board should evolve during the second half of 2014 to ensure a better balance between members representing financial investors and independent members, as it is intended that an independent director replaces the current Chairman of the Supervisory Board, who stated, at the second renewal of his term at the General Meeting of Shareholders on March 3, 2014, that he did not wish to serve out his term in full for personal reasons.

Combinations of an employment contract with a director position
The Supervisory Board, considering the Company's size, has authorized the combination of an employment contract with a director position (member of the Management Board) for the Director of the Research and Development Program (Claude Cohen-Bacrie), the Executive Vice President and Chief Financial Officer (Gordon Waldron), the Senior Vice President, and Chief Customer Fulfilment Officer, who is in charge of production, quality and regulatory affairs, along with after-sales service (Bradley Garrett), as well as the Executive Vice President and Chief Business Officer (Kurt Kelln).

Holding of a meeting of the special committees at least four times a year

As of the registration date of this base document, the Rules of Procedures of the Appointment and Compensation Committee and of the Scientific Committee recommend that these committees meet at least two and three times a year respectively, while the governance code selected by the Company recommends a frequency of at least four meetings a year. However, the Company believes, considering its size and the role assigned to each of these committees, that two and three meetings a year currently suffice for these committees to carry out their missions.

17.5 REPORT OF THE CHAIRMAN ON INTERNAL CONTROLS

In accordance with the provisions of Article 222-9 I of the General Regulations of the Autorité des marchés financiers and in application of the provisions of Article L. 225-68 of the French Commercial Code, as from the 2014 financial year, and so long as the Company's shares are admitted to trading on the regulated market of Euronext in Paris, the Chairman of the Supervisory Board will prepare a report on the composition, the preparation conditions, and the organization of the work of the Supervisory Board, as well as the internal control and risk management procedures established by the Company.

As part of its development and in light of the admission of its shares to trading on the regulated market of Euronext in Paris, the Company plans to strengthen its guidelines in the area of internal controls and to enhance the existing policy by referring to the implementation guide for small and medium cap companies, which provides a framework for risk management and internal controls models, which was issued by the Autorité des marchés financiers on 22 July 2010.

The Company will also establish the necessary measures to strengthen the risk identification and evaluation process as well as associated control procedures.

At the date of this base document, the Company nevertheless had an organizational structure adapted to the size of the Group and internal control procedures for accounting and financial information, whose principal features are set forth below.

An organizational structure adapted to the size of the Company:

- The accounting information is prepared by the Group's internal teams.
- The accounting and financial functions of the Company and its five subsidiaries are managed by a team composed of five individuals, one of whom is the Chief Financial Officer. This team also benefits from the assistance of local accounting firms for each of the foreign subsidiaries, to manage aspects in connection with preparing the financial statements of the entities concerned as well as with regard to tax obligations;
- Management of the payroll and associated declarations are subcontracted to an independent accounting firm.

- Tax reviews are provided by an accounting firm.

- The Company itself handles the consolidation of the Group's financial statements, as well as monthly reports, which are prepared within 15 business days.

Existing internal control procedures:

- The Company maintains an internal separation between the production and the supervision of the financial statements and uses independent experts to evaluate accounting line items which are either complex or use subjective bases.

- The evaluation of expenses related to equity instruments granted to various employees and suppliers, as well as the evaluation of retirement related payments are handled by independent experts.

18. EMPLOYEES

18.1 HUMAN RESOURCES

18.1.1 Operational Organizational Chart at the Date of Registration this base document

The Group's Organizational chart is presented in Section 6.7 of this base document.

18.1.2 Biographies of managers who are not directors/members of the management team

In addition to the members of the Management Board whose biographies are presented in Section 14.1 of this base document, the biographies of the principal managers follow:

Jérémy BERCOFF, co-founder of the Company and manager of the Ultrasound R&D Department; his mission is to foster innovation and develop the imaging methods of Aixplorer®. With 12 years of experience in medical ultrasound, he was the originator of the "ShearWave Elastography" system and 8 patents. He is the author of 18 publications in highly regarded reviews in the sector, 27 conference presentations and 4 reports in the scientific press. Before managing the Ultrasound R&D division, he served in positions as a research and development engineer, and as a scientific engineer. Jérémy Bercoff is a graduate of the Ecole Supérieure de Physique et de Chimie Industrielles de la Ville de Paris, and holds a master's degree and a physicianate from the Université Paris VII.

Damien DOLIMIER, engineer, co-founder of the Company, and Software R&D Manager since 2005, is the originator of the QLAB quantitative evaluation platform, which allows clinicians and researchers to have access to innovative diagnostic tools. Holding 7 patents, he was also behind HDILab research software, a very powerful computer tool used by over 200 researchers around the world. He manages the Software team of 17 engineers. He was formerly a software engineer at ATL Ultrasound and then project manager at Philips Medical Systems in the United States. Damien Dolimier is a graduate of ESPEO (Ecole Supérieure des Procédés Electroniques et Optiques).

Yves TENAGLIA has been Vice President Europe and Marketing Manager for France since 2008. He has 22 years of experience in marketing medical ultrasound imaging systems. Before joining the Company, he served as manager of ultrasound equipment sales in France at Philips Medical Systems, and at ATL Ultrasound. Yves Tenaglia holds a diploma from the Université Aix-Marseille III and a DESS in Technical Sales Engineering in instrumentation.

Francis LESUEUR, Production Manager, joined the Company in May 2008 as *Supply Chain Manager,* after lengthy experience as an engineer and purchasing manager. He was responsible for purchasing at Solectron (electronic subcontracting) and later at Safran, where he headed teams of about twenty members. His role in production also extends to sales administration, purchasing and logistics. He is also responsible for implementing ERP Navision. Francis Lesueur holds a diploma from ISEP and has a CPIM (Certificate of Production and Inventory Management).

Michèle DEBAIN has been World Marketing Director since March 2007. She previously held management positions at the AMR Group before joining the MBA program at ESSEC in 2003 and working for 3 years as a marketing consultant, as well as in sales in the medical sector. Her role with SuperSonic Imagine includes management of the entire Group's marketing tools, communications, strategic planning for product launches, and market monitoring.

Pascal RONCALEZ, R&D Hardware Manager. He has over 25 years of experience in developing ultrasound in medical imagery. Previously, he acted as the Company's program director and participated in the development of major innovations including the color Doppler, 3D imagery, and currently elastography using shear waves with respect to 6 generations of systems. The holder of a number of patents, he has also been a pioneer in the area of transferring images and other medical

information between the ultrasound devices and review stations via the Internet and local computer networks. For the last 3 years, he has managed the research and development activities of the Hardware Department and a team of 12 senior engineers. Pascal has a Physicianate in Biological and Medical Engineering.

Nicolas PAGES, Director of the Product Lifecycle Management and Industrialization department, has 10 years' experience in the new product industrialization process and production monitoring. Previously, he held the post of Manager for the NPI team (New Product Introduction) within the Company and since 2008 has played a role in bringing to market all the new hardware versions of the Aixplorer product. He currently supervises 3 engineers dealing with obsolescence issues, updating strategies for the installed systems, product cost reduction, verification and putting into production new hardware versions, and support for production and after-sales service. Before joining Supersonic Imagine, he held the position of Product and Test Engineer at Texas Instruments, after graduating from the Ecole Nationale Supérieure de Physique in Marseille.

Rolf NEMITZ has been General Manager of the Company's German subsidiary and Distribution Manager for Europe, the Middle East and Africa since April 2008. He has 37 years of experience as manager of sales and distribution in the area of ultrasound and medical equipment, in Germany and Austria, primarily with ATL and Acuson. Before joining the Company, he served as Ultrasound *Business Director* in Germany at Siemens, and then as *Manager* for the Germany, Austria and Eastern Europe region at FXports Inc. Rolf Nemitz is a graduate of the Business School of Solingen in Germany.

Danny SKYBA, Project Management Director since 2007, has more than twenty years of experience in the medical imaging sector, and more specifically in ultrasound, since 1993. In 1998 he joined ATL Ultrasound and contributed new methods for real-time perfusion imaging by injection with contrast at a weak mechanical index (MI) along with quantification characteristics for the Philips QLab work station. In 2003 he became Manager of the Analysis team at Philips Ultrasound, which created measurement and quantification solutions for ultrasound systems that were clinically acclaimed: the iE33 and the iU22. Since joining SuperSonic Imagine, he has directed a team dedicated to completing a multi-center clinical study on the use of Aixplorer® in cases of breast cancer with 3 or 4 BIRADS scores. A graduate of Boston University and the University of Virginia in biomedical engineering, specializing in medical imaging, he holds over 15 patents in the area of ultrasound contrast imaging, measurements and user interface.

Aurélie GRUENER is responsible for quality and regulatory affairs. She has over 11 years of experience. Before joining the Company in May 2006, Aurélie was responsible for regulatory affairs at Dade Behring (In Vitro medical diagnostic devices) from December 2000 until May 2004; she then worked for Merck Sharp & Dhome (Pharmaceuticals). In September 2004, she joined Fresenius Kabi as Manager of Regulatory Affairs and Quality (medical devices). Aurélie holds a DESS Droit de la Santé (Paris XI) and has a diploma as a Physician of Pharmacy - Industrial Option (Marseille).

Aline CRITON, who is currently a scientific expert, has been tasked with the identification and emphasis of the clinical benefits of the innovations developed by the Company to manage collaborative research programs and clinically verify Aixplorer® imaging modes. With 20 years of experience in medical ultrasound, Aline also directed research and development probes and imaging modes on Aixplorer® through the end of 2011. Prior to heading the Ultrasound R&D Division, she was R&D Engineer at ATL Ultrasound and Project Manager at Philips Medical Systems in the United States for twelve years and has obtained ten patents. Aline is a graduate of the Ecole Centrale de Marseille and holds a Master's degree from the Université de Technologie de Compiègne and a Ph.D. in physics from Edinburgh University (United Kingdom).

Christophe CARVAJAL has been the Group's Chief IT Officer since 2012. With experience of 20 years in the field of IT, he joined the Company in 2008. He and his team manage the entire infrastructure (servers, applications, databases, CRM, cloud services and ERP project management) to ensure the suitability of computer-based tools for the Group's needs.

Elisabeth WINTER, the Company's Chief Financial Officer, oversees all accounting, financial and administrative functions of the Group. Before joining the Group in November 2012, and after seven years in the banking sector, she served on the boards for humanitarian missions in East Africa and the Caucasus for three years and was the administrative and financial officer of two large French foundations for twelve years. She is a graduate of the Ecole Supérieure de Commerce de Marseille (Euromed) and holds the DECF accounting diploma.

François MAURICE is an engineer and has been a systems expert with the company since 2006. He led the development of the capture cards for the Aixplorer machine and developed the first software image former. He is currently in charge of development for the upcoming ultrasound platform. He joined the medical ultrasound industry in 2000 after leading innovative projects and R&D teams in various technical fields such as conducting polymers, active matrix LCDs, and public digital TV recording. He holds more than 30 patents and is a graduate of the Ecole Polytechnique and Sup Telecom Paris (ENST).

Judy BARTON is head of development and strategy for the North American market and is responsible for relations with key innovators and medical institutions. Judy has lived and worked in Europe, Asia, and North and South America and has extensive knowledge of the international ultrasound market with over 30 years of commercial experience. Before joining the Group in October 2013, Judy was Director of market development for FUJIFILM SonoSite for Europe, the Middle East and Africa, where she implemented marketing strategies and training in collaboration with direct and indirect sales forces. Before SonoSite, she was Global Head of Women's Healthcare at GE. She also spent many years at Acuson and Philips Medical in a variety of managerial positions.

Matt BRUCE is an ultrasound engineer and Senior Technical Staff team member in charge of the creation and integration of mode B, ultrasound contrast and Doppler PW imaging mode on the Aixplorer ultrasound. He coordinates several projects with various research groups around the world. Previously, he worked for twelve years at Philips Medical Systems on Doppler modes and ultrasound contrast.

Robin LE, Vice President for China, joined the Group in November 2012 after two years at Aonned Medical as Vice President. From 1997 to 2010, Robin held various positions at HP, Agilent and Philips Medical, where he held various positions including sales representative, regional sales manager, marketing manager in the field of ultrasound before overseeing a Business Unit in the field of ultrasound covering China.
From 1994 to 1997, Robin was a physician in the Fuwai Hospital in Beijing, CAMS, a respected site for clinical ultrasound.

Stéphane BERGER is the Global Service Director of the Group, which he joined in 2008. He participated in the launch the Aixplorer® product and its certification within the R&D team, before taking charge of the implementation of global customer service. He leads the customer service team at the head office and indirectly in the field teams (13 people/44 countries) and actively participated in the implementation of CRM and ERP tools within the company. He holds a *diplôme universitaire de*

technologie degree in electrical engineering and electronics and was a customer service technician at Schlumberger on automatic semiconductor testers before becoming an applications engineer. For ten years, he was in charge of support for such demanding customers as ST Microelectronic or ATMEL. A computer enthusiast, Stéphane has implemented high-performance logistics tracking and reliability monitoring tools and methods of resolution for complex problems.

Thanassis LOUPIAS is currently Chief of the Senior Technical Staff, directing R&D efforts in the areas of digital signaling, image processing, System Automation and quantification. An R&D expert in medical ultrasound technology, he has twenty years of experience in all aspects of the product's development cycle. After obtaining his physicianate in 1988 at Edinburgh University, he continued research in ultrasound imaging and Doppler techniques, first as a researcher at the Edinburgh University (United Kingdom), and later as principal researcher at the CSIRO ultrasonic laboratory (Australia). He joined ATL/Philips Ultrasound (USA) in 1996 as a member of the technical staff of the company, which was developing new imaging flows and self-optimization and quantification techniques. He joined the Group in 2007. Thanassis holds nine U.S. patents and has published forty scientific papers.

Alex ESPOSITO is in charge of developing sales strategies in North America. He runs the direct sales force in the United States and manages the relationship with Hologic. Alex has worked in the United States and Latin America, where he gained extensive knowledge in the field of ultrasound imaging with varied experience of over 18 years in direct and indirect sales through distributors. Before joining the Group in April 2013, Alex served as director of ultrasound, Head of Latin America for FUJIFILM SonoSite, where he successfully led the growth of the company by establishing the first SonoSite subsidiary in Latin America, in Brazil.

18.1.3 Number and breakdown of employees

Staff at Closing	2013	2012	2011
Research/Development	35	40	35
Engineering/Production/Quality assurance/After-Sales Service	27	27	20
Marketing/Commercial duties	52	39	32
Management, administration	12	11	10
TOTAL	**126**	**117**	**97**
Of which, per country:			
France (including Greece)	86	85	76
United States	15	19	17
Germany	5	5	3
England	0	0	0
Italy	0	0	0
Hong Kong	2	1	1
China	18	7	
TOTAL	**126**	**117**	**97**

These employees do not include those working under contracts to acquire professional certification.

18.1.4 Employee representation

A Single Staff Delegation was elected on 30 January 2009, which was then renewed on 14 February 2013 for 4 years. It is now composed of four permanent members and four substitute members.

The Company believes that it has a good relationship with the staff representatives and its employees.

18.2 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

	Price	20 13				2012			Price	2011		
	average weighted	Free Shares	BSA	Founders warrants (BSPCE)	Stock options	Free Shares	BSA	Founders warrants (BSPCE)	average weighted	Free Shares *	BSA 0.10 €	Founders warrants (BSPCE)
Date of the general shareholders' meeting		None	22-Mar-13	None	22-Mar-13	None	None	None		27-Sep-10	27-Sep-10	None
Date of the management board meeting		None	04-Oct-13	None	04-Oct-13	None	None	None		30-Sep-11	30-Sep-11	None
Number of shares granted to the ten, non-director employees of the Group whose number of shares, thus granted, is the highest (overall number) at the time of allocation	0.10 €	None	0	None	46,000	None	None	None	2.89 €	28,000	2,200	None
Number of shares exercised/purchased/taken up by the ten non-director employees of the Group whose number of shares is the highest (overall number)	1.33 €	13,125	412.5 BSA 09-2010 entitling bearers to subscribe to 4,125 shares	500 BSPCE 03-2006' entitling bearers to subscribe to 5,000 shares	None	None	None	None		0	0	

**These figures take into account the 10-1 stock split decided upon by the Combined Shareholders' Meeting held on 16 May 2012.*

18.3 INVESTMENTS, WARRANTS, FOUNDERS' WARRANTS, OPTIONS AND FREE SHARES GRANTED TO DIRECTORS

As of the date of this base document, the direct or indirect shareholding of directors, as well as the number of rights or securities giving access to the Company's share capital that they hold is as follows:

	Number of shares	Securities giving access to the share capital		Total (1)	% capital and voting rights	
		Number and type of securities securities allocated (1) (2)	Number of shares likely to result of their exercise (2)		Total held at this time	Total entirely diluted at the date of the 1st listing (4)
Members of the Management board						
Jacques Souquet	116,470	7,700 BSPCE 03-2006 7,000 BSPCE 10-2008 35,000 ordinary stock options 78,000 free share exchange stock options	77,000 70,000 35,000 78,000	376,470	1.03%	2.92%
Claude Cohen-Bacrie	72,070	856 BSPCE 05-08-2005 7,500 BSPCE 03-2006 6,000 BSPCE 10-2008 20,250 free shares 30,000 ordinary stock options	8,560 75,000 60,000 20,250 30,000	265,880	0.64%	2.06%
Gordon Waldron	0	21,000 stock options 165,500 free share exchange options	21,000 165,500	186,500	0.00%	1.44%
Bradley Garrett	0	500 BSA 10-2008 (2) 4,000 BSA 09-2010 20,000 ordinary stock options	5,000 40,000 20,000	65,000	0.00%	0.50%
Kurt Kelln	0	186,500 ordinary stock options	186,500	186,500	0.00%	1.44%
Members of the Supervisory Board						
Johannes Barella	10	3,000 BSA 10-2008 (2) 2,700 BSA 09-2010 15,000 BSA 2013	30,000 27,000 15,000	72,010	0.00%	0.56%
OMNES Capital	1,602,419	119,049 BSA D-2013-T2 (3)	(3)	1,602,419	14.13%	12.41%
NBGI Private Equity Ltd	1,244,620	50,000 BSA D-2013-T2 (3)		1,244,620	10.98%	9.64%
Auriga Partners SA	1,590,460	50,000 BSA D-2013-T2 (3)		1,590,460	14.03%	12.32%
Edmond de Rothschild Partners	1,717,260	127,580 BSA D-2013-T2 (3)		1,717,260	15.15%	13.30%
Mérieux Participations	721,006	53,566 BSA D-2013-T2 (3)		721,006	6.36%	5.58%
Bpifrance Investissement (ex CDC Entr	1,375,089	102,159 BSA D-2013-T2 (3)		1,375,089	12.13%	10.65%
Sabine Lochmann Beaujour	0		0	0	0.00%	0%

(1) These figures take into account the 10-1 stock split decided upon by the Combined Shareholders' Meeting held on 16 May 2012;

(2) A detailed breakdown of these securities and rights appears in Section 15.3 "Warrants, stock options and free shares granted to directors" above and a detailed description of the terms of each of these plans appears in Section 21.1.4 "Securities entitling their holders to a share in the capital" of this base document.

(3) The BSA D-2013-T2, whose exercise must be called by the Company beforehand, and which will become null and void on the date of the 1st listing of the Company's shares on the regulated Euronext market in Paris, were not taken into consideration.

(4) Assuming that none of the BSA D-2013-T2 becomes null and void on the date of the 1st listing of the Company's shares on the regulated Euronext market in Paris, they shall only be exercised at the request of the Company before said date.

18.4 PARTICIPATION OF EMPLOYEES IN THE COMPANY'S SHARE CAPITAL

As of the registration date of this base document, the Company's employees (excluding directors who have an employment contract) currently hold 0.86 % of the Company's share capital.

18.5 INCENTIVE AND PARTICIPATION AGREEMENTS

None.

19. MAJOR SHAREHOLDERS

19.1 BREAKDOWN OF CAPITAL AND VOTING RIGHTS

The detailed table of shareholders below presents a breakdown of the share capital and voting rights of the Company at the date of registration of this base document, as well as a breakdown on an entirely diluted basis, it being noted that some of the securities that provide access to capital shall become null and void on the date that the Company's shares are first listed on the regulated Euronext market in Paris. It takes into account the conversion of all preferred shares into ordinary shares on the date of the initial listing of the Company's shares on the regulated Euronext market in Paris, at the rate of one ordinary share for one preferred share.

Note 14.1 b) to the consolidated financial statements at 31 December 2013, which were prepared under IFRS and appear in Section 20.1 of this base document, describes the major characteristics of the preferred shares.

This section does not take into account, insofar as they will become null and void on the date that the Company's shares are first listed on the regulated Euronext market in Paris:

- warrants known as "*ratchet warrants,*" which protect their holders against the dilution risk linked to any issue of shares or other securities which provide access to capital based on a price per share that is lower than the one paid by said holders,

- second tranche warrants (BSA T2) which the Company does not intend to exercise between now and the aforementioned 1st listing, on which date they will become null and void.

	Position as at filing date of registration document on a non-diluted basis		Position as at filing date of registration document on a fully diluted basis (2)											
	Number of shares(1)	% of capital and voting rights *	Free shares pending acquisition	Number of shares following acquisition of free shares (1)	% of capital and voting rights *	Founders' warrants in effect not yet exercised	Number of shares following exercise of founders' warrants (BSPCE) (1)	% of capital and voting rights *	Warrants in effect not yet exercised	Number of shares following exercise of warrants (1)	% of capital and voting rights *	SO in effect not yet exercised	Number of shares following exercise of SO (1)	% of capital and voting rights *
Management Board	**188,540**	**1.66%**	**20,250**	**208,790**	**1.84%**	**290,560**	**499,350**	**4.20%**	**45,000**	**544,350**	**4.43%**	**536,000**	**1,080,350**	**8.37%**
Auriga Partners (3)	1,590,460	14.03%		1,590,460	13.99%		1,590,460	13.36%		1,590,460	12.95%		1,590,460	12.32%
Omnes Capital (formerly Crédit Agricole Private Equity) (4)	1,602,419	14.13%		1,602,419	14.10%		1,602,419	13.46%		1,602,419	13.05%		1,602,419	12.41%
CDC Entreprises (5)	1,375,089	12.13%		1,375,089	12.10%		1,375,089	11.55%		1,375,089	11.20%		1,375,089	10.65%
NBGI Private Equity (6)	1,244,620	10.98%		1,244,620	10.95%		1,244,620	10.46%		1,244,620	10.14%		1,244,620	9.64%
EDRIP (including 123Venture) (7)	1,717,260	15.15%		1,717,260	15.11%		1,717,260	14.43%		1,717,260	13.99%		1,717,260	13.30%
Wellington Partners Venture Capital (8)	674,060	5.95%		674,060	5.93%		674,060	5.66%		674,060	5.49%		674,060	5.22%
Institut Régional de Développement Industriel de Midi-Pyrénées (IRDI)	78,270	0.69%		78,270	0.69%		78,270	0.66%		78,270	0.64%		78,270	0.61%
iXO Private Equity (9)	363,548	3.21%		363,548	3.20%		363,548	3.05%		363,548	2.96%		363,548	2.82%
Mérieux Participations	721,006	6.36%		721,006	6.34%		721,006	6.06%		721,006	5.87%		721,006	5.58%
Bpifrance Participations (formerly FSI)	702,751	6.20%		702,751	6.18%		702,751	5.91%		702,751	5.72%		702,751	5.44%
Kuwait Life Science Company (KLSC)	75,000	0.66%		75,000	0.66%		75,000	0.63%		75,000	0.61%		75,000	0.58%
SG	23,135	0.20%		23,135	0.20%		23,135	0.19%		23,135	0.19%		23,135	0.18%
Alto	46,708	0.41%		46,708	0.41%		46,708	0.39%		46,708	0.38%		46,708	0.36%
Norgine BV									50,000	50,000	0.41%		50,000	0.39%
Financial Investors (investment funds)	**10,214,326**	**90.09%**		**10,214,326**	**89.86%**		**10,214,326**	**85.83%**	**50,000**	**10,264,326**	**83.61%**	**0**	**10,264,326**	**79.49%**
France Innovation Scientifique et Transfert (FIST) (10)	84,770	0.75%		84,770	0.75%		84,770	0.71%		84,770	0.69%		84,770	0.66%
Canon Inc	566,910	5.00%		566,910	4.99%		566,910	4.76%		566,910	4.62%		566,910	4.39%
Other institutional investors	**651,680**	**5.75%**		**651,680**	**5.73%**		**651,680**	**5.48%**		**651,680**	**5.31%**	**0**	**651,680**	**5.05%**
Other (founders, consultants, members of the Supervisory Board)	**185,020**	**1.63%**		**185,020**	**1.63%**		**185,020**	**1.55%**	**221,420**	**406,440**	**3.31%**	**0**	**406,440**	**3.15%**
Management and employees	**97,810**	**0.86%**	**8,815**	**106,625**	**0.94%**	**243,820**	**350,445**	**2.94%**	**59,800**	**410,245**	**3.34%**	**99,750**	**509,995**	**3.95%**
Total	**11,337,376**	**100.00%**	**29,065**	**11,366,441**	**100%**	**534,380**	**11,900,821**	**100.00%**	**376,220**	**12,277,041**	**100.00%**	**635,750**	**12,912,791**	**100.00%**

** The percentage of voting rights is identical to the percentage of capital held.*

(1) The figures take into account the 10-1 stock split decided upon by the Combined General Meeting of Shareholders held on 16 May 2012.

(2) The figures which appear in the column "On a fully diluted basis" are indicated based on fully diluted capital, i.e. assuming that each of the free shares that was definitively acquired and each of the stock warrants (not including BSA T2 which will become null and void as of the 1st listing of the Company's shares on the regulated Euronext market in Paris - see Section 21.1.4 "Securities entitling their bearers to a share in capital" and not including BSA T2), stock options and founder's warrants in circulation that have been exercised.

(3) Investment held through one fund (French fonds commun de placement à risque).

(4) Investment held through 13 funds (French fonds commun de placement dans l'innovation) and one venture capital firm.

(5) Investment held through three funds (French fonds commun de placement à risque).

(6) Investment held through two funds (limited partnerships) of British nationality.
(7) Investment held through four funds (French fonds communs de placement dans l'innovation) and one fund (French fonds commun de placement à risques.)
(8) Investment held through two funds (limited partnerships) of British nationality.
(9) Investment held through five local investment funds (French fonds d'investissement de proximité).
(10) FIST is a subsidiary of CNRS and OSEO INNOVATION.

- **Auriga Partners**

Auriga Partners is an asset management company approved by the AMF (AMF approval number: GP98020) which manages several funds dedicated to investment strategies in the information technology, communications and life sciences sector.

- **Omnes Capital (formerly Crédit Agricole Private Equity)**

With €2.1 billion of assets under management and 160 companies supported, Omnes Capital is a major player in the capital investment sector, dedicated to financing SMEs, to which it lends its own funds required for their development. Omnes covers the sectors of Small and Mid-Cap Buyout & Growth Capital, Venture Capital in the following segments: New Technologies, Life Sciences, Renewable Energy, Mezzanine, Funds of funds, and Co-Investment. Omnes Capital, formerly Crédit Agricole Private Equity, was a subsidiary of Crédit Agricole S.A. until March 2012 when the company became independent. Omnes Capital was a signatory to the United Nations Principles for Responsible Investment (PRI).

- **CDC Entreprises**

CDC Entreprises, a management company approved by the AMF (AMF approval number: GP01006), takes minority positions in development capital transactions to finance internal or external growth projects and/or reorganization of shareholding projects, as well as transfers of small and medium-sized French businesses, in all sectors and in so-called "technological" venture capital transactions in small and medium businesses that have already been financed by venture capital funds and are close to break-even.

- **NBGI Private Equity**

NBGI Private Equity manages several funds in Europe dedicated to special investment strategies in the medical sector.

- **Edmond de Rothschild Investment Partners (EDRIP)**

Edmond de Rothschild Investment Partners, an asset management company approved by the AMF (AMF approval number: GP02029), manages €980 million through specialized funds and is a benchmark player for French minority investment in unlisted companies. The fund invests in three segments: mid-cap development capital, life sciences and small cap development capital.

- **Wellington Partners Venture Capital**

Wellington Partners Venture Capital manages €800 million through several European funds dedicated to special investment strategies in the life sciences and technologies sectors.

- **Institut Régional de Développement Industriel de Midi-Pyrénées (IRDI)**

With €100 million in equity, the IRDI is among one of the largest French regional independent capital investment companies. It operates in the Southwest of France, especially in Aquitaine, Midi-Pyrénées and Languedoc-Roussillon.

- **iXO Private Equity**

iXO Private Equity, an asset management company approved by the AMF (AMF approval no. GP03018) is one of the largest independent regional companies in France, whose teams manage about

€280 million spread across several funds (FCPR and FIP) to cover the financing needs of businesses in Western and Southern France.

- **Mérieux Participations**

  Mérieux Investments is controlled by the investment company Merieux Développement, which belongs to Institut Mérieux, a French industrial group specializing in the healthcare field that currently employs around 15,000 people worldwide via its subsidiaries bioMérieux (NYSE Euronext, BIM), Silliker, Transgène (NYSE Euronext, TNG) and ABL. Mérieux Développement finances innovative companies whose products and services are real advances to the health of patients around the world through venture capital and development capital.

- **Bpifrance Participations (formerly Fonds Stratégique d'Investissement (FSI))**

Bpifrance Participations (formerly FSI) is an investment fund which was created by the French government in 2008 to assist French companies that need to find stable investors to fund their development projects. Bpifrance Participations was created in the form of a French société anonyme, held 51% by Caisse des Dépôts et Consignations and 49% by the French government. This industrial fund which assists in French business development invests its equity to take minority interests in businesses which conduct value-creating industrial projects and which are economically competitive. Bpifrance Participations has €20 billion in equity. It is tasked primarily with:
- investing in the capital of businesses that conduct growth-producing projects which are competitive for the country;
- promoting co-investment;
- assisting businesses in the medium to long term;
- taking into account the outlook for stability and restructuring the body of shareholders in order to decide on its release.

- **Kuwait Life Science Company (KLSC)**

Kuwait Life Sciences Company is a Kuwaiti investment company which resulted from a spin off in 2010 of National Technology Enterprises (NTEC,) a company formed by the Council of Ministers of Kuwait as a subsidiary owned exclusively by the Kuwait Investment Authority (KIA). Specialized in the health sector, KLSC invests in innovative concepts and strategic services in the Middle East region.

- **Alto Invest**

Alto Invest is a portfolio management company approved by the Autorité des Marchés Financiers (under no. GP 01-039), which specializes in investing in small and medium businesses. It proposes a range of investment funds which have been approved by the Autorité des Marchés Financiers, targeted at an institutional and private clientele. Alto Invest manages several FCPIs, FIPs and FCPRs, i.e. approximately €300 million, invested in more than 100 interests, representing cumulative revenue of €6 billion and 40,000 employees.

- **Norgine BV**

Founded in 1906, Norgine BV is an independent Dutch pharmaceutical company that is present on the major European markets with more than 1,000 people. Norgine focuses its sales and development on pharmaceutical products that fulfill un-met clinical needs in treatment areas such as gastroenterology, hepatology and intensive care.

19.2 MAJOR SHAREHOLDERS NOT REPRESENTED ON THE SUPERVISORY BOARD

As of the registration date of this base document, funds managed by Wellington Partners Venture Capital and Canon Inc. respectively hold 5.95% and 5.00% of the Company's share capital; they are censors members, but are not represented on the Supervisory Board.

19.3 VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

As of the registration date of this base document, the voting rights of each shareholder are equal to the number of shares held by each of them. There are no double voting rights.

19.4 CONTROL OF THE COMPANY

On the registration date of this base document, no shareholder controls the Company within the meaning of Article L. 233-3 of the French commercial code.

The Company has not implemented measures intended to ensure that its control could not potentially be exercised in an abusive fashion.

To the best of the Company's knowledge, there is no concerted shareholder action or agreement that could lead to a change of control, it being noted that the agreement signed by the Company's principal shareholders on 10 March 2006, as amended, will be automatically null and void on the date of the initial listing of the Company's shares on the Euronext regulated market in Paris.

19.5 PLEDGES OF SHARES BY THE COMPANY

None, to the Company's knowledge.

20. RELATED PARTY TRANSACTIONS

20.1 INTRA-GROUP AGREEMENTS

Intra-group agreements are described in Section 7.3 in this base document.

20.2 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 36 to the consolidated financial statements disclosed in Section 20.1 "Consolidated financial statements under IFRS for the financial years ended 31 December 2013, 2012 and 2011" of this base document.

20.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

"In our capacity as statutory auditors of your company, we hereby report on certain related party agreements.

We are required to inform you, on the basis of the information provided to us, of the essential terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code (*Code de Commerce*), to evaluate the benefits resulting from these agreements 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 already approved by the Shareholders' General Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These due diligence procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements submitted for approval by the Shareholders' General Meeting

In accordance with Article L. 225-88 of the French Commercial Code *(Code de Commerce)*, we have been advised of the following related party agreement, which received prior authorization from your Supervisory Board.

1. With Kurt Kelln, Member of the Management Board

Nature and purpose

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

Conditions

Under his employment contract entered into with your company's U.S. subsidiary SuperSonic Imagine Inc., his compensation includes a gross annual fixed salary of US$250,046 combined with a variable portion approved by the Supervisory Board on 15 March 2013 totaling a maximum of 50% of this gross annual salary, paid according to pre-set objectives that must be attained.

For the financial year ended 31 December 2013, Mr. Kurt Kelln's total gross compensation was €275,517.23. This compensation was paid to him by the subsidiary SuperSonic Imagine Inc., and was invoiced to your company.

Agreements already approved by the Shareholders' General Meeting

In accordance with Article R. 225-57 of the French Commercial Code *(Code de Commerce)*, we have been advised that the implementation of the following agreements, which were approved by the Shareholders' General Meeting in prior years, continued during the last financial year.

1. With Gordon Waldron, Member of the Management Board

Nature and purpose

From 1 September 2010, Mr. Gordon Waldron has benefitted from a permanent employment contract in his capacity as Executive Vice President and Chief Financial Officer. Mr. Waldron has been a member of your company's Management Board since 27 September 2010. Mr. Waldron is not compensated for his position as a member of the Management Board.

Conditions

Under his employment contract, his compensation includes a gross annual fixed salary of €185,000 combined with a variable portion approved by the Supervisory Board on 15 March 2013 totaling a maximum of 50% of this gross annual salary, paid according to pre-set objectives that must be attained.

For the financial year ended 31 December 2013, Mr. Gordon Waldron's total gross compensation was €248,999.92.

2. With Mr. Bradley Garrett, Member of the Management Board

Nature and purpose

Mr. Bradley Garrett benefits from an at-will agreement in his capacity as Senior Vice President and Chief Customer Fulfillment Officer responsible for production, quality and regulatory affairs, and after-sale service since 27 February 2007. Mr. Bradley Garrett has been a member of your company's Management Board since 27 September 2010. Mr. Bradley Garrett is not compensated for his duties as member of the Management Board.

Conditions

Under his employment contract entered into with your company's U.S. subsidiary SuperSonic Imagine Inc., his compensation includes a gross annual fixed salary of US$200,000 combined with a variable portion approved by the Supervisory Board on 15 March 2013 totaling a maximum of 50% of this gross salary, paid according to pre-set objectives that must be attained.

For the financial year ended 31 December 2013, Mr. Bradley Garrett's total gross compensation was €208,655.82. This compensation was paid to him by the subsidiary SuperSonic Imagine Inc., and was re-invoiced to your company.

3. With Mr. Claude Cohen-Bacrie, Member of the Management Board

Nature and purpose

From 1 July 2005, Mr. Claude Cohen-Bacrie has benefitted from a permanent employment contract in his capacity as Director of Research and Development. Mr. Claude Cohen-Bacrie has been a member of your company's Management Board of Directors since 1 December 2008.

Conditions

Under his employment contract, his compensation includes a gross annual fixed salary of €160,000 combined with a variable portion approved by the Supervisory Board on 15 March 2013 totaling a maximum of 50% of this gross annual salary, paid according to pre-set objectives that must be attained.

For the financial year ended 31 December 2013, Mr. Claude Cohen-Bacrie's total gross compensation was €201,176.84.

4. With the companies SuperSonic Imagine Inc., SuperSonic Imagine GmbH and SuperSonic Imagine Limited, subsidiaries of your company

Persons concerned

Mr. Bradley Garrett, as Chief Executive Officer of the subsidiary SuperSonic Imagine Inc. and a member of your company's Management Board.

Mr. Jacques Souquet as managing director of the subsidiaries SuperSonic Imagine GmbH, SuperSonic Imagine Limited and SuperSonic Imagine (HK) Limited and Chairman of your company's Management Board.

Nature and purpose

Management and support services agreement entered into on 1 January 2011 between your company and its subsidiaries SuperSonic Imagine Inc., SuperSonic Imagine GmbH and SuperSonic Imagine Ltd.

This agreement covers the provision of services rendered by your company to its subsidiaries:

- administrative services,
- sales and marketing services,
- financial and legal assistance,
- treasury services,
- human resources management.

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

Conditions

As compensation for these services rendered, your company invoices its subsidiaries the following amounts:

- invoicing of the total cost + 12% for administrative services,
- invoicing of the total cost + 8% for other points covered by the agreement.

During the financial year ended 31 December 2013, your company invoiced the following amounts to each of its subsidiaries under this agreement:

- €716,641 to the company SuperSonic Imagine Inc.,
- €185,579 to the company SuperSonic Imagine Ltd,
- €150,486 to the company SuperSonic Imagine GmbH.

5. With the companies SuperSonic Imagine Inc., SuperSonic Imagine GmbH, SuperSonic Imagine Limited, SuperSonic Imagine Srl, and SuperSonic Imagine (HK) Limited, subsidiaries of your company

Persons concerned

Mr. Bradley Garrett, as Chief Executive Officer of the subsidiary SuperSonic Imagine Inc. and a member of your company's Management Board.

Mr. Jacques Souquet as Managing Director of the subsidiaries SuperSonic Imagine GmbH, SuperSonic Imagine Limited, SuperSonic Imagine Srl, and SuperSonic Imagine (HK) Limited and Chairman of your company's Management Board.

Nature and purpose

Cash management agreement entered into on 1 January 2011 between your company and its subsidiaries SuperSonic Imagine Inc., SuperSonic Imagine GmbH, SuperSonic Imagine Ltd, SuperSonic Imagine Srl, and SuperSonic Imagine (HK) Limited.

Your company grants its subsidiaries loans and cash advances.

Conditions

Your 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 31 December 2013, your company invoiced the following interests to each of its subsidiaries under this agreement:

- €59,218 to the company SuperSonic Imagine Inc.,
- €28,457 to the company SuperSonic Imagine GmbH,
- €17,744 to the company SuperSonic Imagine Ltd,
- none to the company SuperSonic Imagine Srl,
- none to the company SuperSonic Imagine (HK) Limited.

6. With the company SuperSonic Imagine Inc., subsidiary of your company

Person concerned

Mr. Bradley Garrett, as Chief Executive Officer of this subsidiary and member of your company's Management Board.

Nature and purpose

Agreement for the supply of services and staff, entered into on 1 January 2011 between your company and its subsidiary SuperSonic Imagine Inc.

This agreement covers the provision of staff by your subsidiary to your company.
An amendment to the said agreement was agreed on 1 January 2013 in order to clarify (i) the extent of services that would be provided and (ii) the terms of billing.

Conditions

As compensation for this service, the subsidiary invoices to your company the entire cost of the persons assigned.

During the year ended 31 December 2013, this agreement covered the supply of a senior vice president, a vice president of commercial affairs, a product management director, two product developers, a clinical products specialist, and a management controller. During the financial year ended 31 December 2013, the subsidiary SuperSonic Imagine Inc. invoiced your company the sum of €1,178,198 under this agreement.

7. With your company's subsidiary SuperSonic Imagine (HK) Limited

Person concerned

Mr. Jacques Souquet, as representative of this subsidiary and Chairman of your company's Management Board.

Nature and purpose

Agreement for the provision of sales and support services entered into on 1 January 2011 between your company and its subsidiary SuperSonic Imagine (HK) Limited.

This agreement covers the provision of commercial, sales and marketing services rendered by the subsidiary to your company.

An amendment to the said agreement was entered into on 1 January 2013 to specify the terms of billing.

Conditions

As compensation for this service, the subsidiary invoices your company the entire cost of these services plus 8%.

During the financial year ended 31 December 2013, the subsidiary SuperSonic (HK) Limited invoiced your company the sum of €285,842 under this agreement.

Avignon and Paris-La-Défense, 14 February 2014

French original signed by The Statutory Auditors

AREsXPERT AUDIT	ERNST & YOUNG et Autres.
Laurent Peyre	Franck Sebag

21. FINANCIAL INFORMATION

21.1 CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS FOR THE PERIODS ENDED 31 DECEMBER 2013, 2012 AND 2011

Consolidated income statement

In thousands of Euros	Note	Year ended 31 December 2013	2012	2011
Revenue	**6**	16,961	14,097	9,782
Cost of sales	23	(10,723)	(10,140)	(6,693)
Gross margin		**6,238**	**3,957**	**3,089**
Gross margin as a % of revenues		*36.8%*	*28.1%*	*31.6%*
Research and development expenses	24	(3,311)	(3,293)	(2,719)
Selling and marketing expenses	25	(9,146)	(7,868)	(6,444)
General and administrative expenses	26	(4 083)	(3,910)	(3,596)
Other operating income / (expenses)	27	(986)	(169)	(79)
Current operating income (loss)		**(11,289)**	**(11,283)**	**(9,749)**
Other non-current operating income/(expense)	28	(435)	-	-
Operating income (loss)		**(11,723)**	**(11,283)**	**(9,749)**
Financial income	31	64	188	723
Financial expenses	31	(232)	(156)	(110)
Financial income (loss)		**(168)**	**32**	**613**
Income (loss) before tax		**(11,891)**	**(11,251)**	**(9,136)**
Income tax expense	32	(76)	-	-
Net income (loss)		**(11,967)**	**(11,251)**	**(9,136)**
Attributable to:				
Equity holders of the parent company		(11,967)	(11,251)	(9,136)
Non-controlling interests		-	-	-
Earnings per share:	**33**			
Basic (in Euros)		(1.09)	(1.15)	(1.07)
Diluted (in Euros)		(1.09)	(1.15)	(1.07)

Consolidated statement of comprehensive income

In thousands of Euros	Year ended 31 December 2013	2012	2011
Net income (loss)	**(11,967)**	**(11,251)**	**(9,136)**
Other comprehensive income (loss):			
Actuarial gains/(losses) on retirement benefit obligations	(30)	(66)	11
Tax effect on actuarial gains and losses	-	-	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	***(30)***	***(66)***	***11***
Currency translation differences	(47)	(19)	56
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	***(47)***	***(19)***	***56***
Other comprehensive income (loss)	**(77)**	**(85)**	**67**
Total comprehensive income (loss)	**(12,044)**	**(11,336)**	**(9,069)**
Total comprehensive income (loss) attributable to:			
Equity holders of the parent company	(12,044)	(11,336)	(9,069)
Non controlling interests	-	-	-
Total comprehensive income (loss)	**(12,044)**	**(11,336)**	**(9,069)**

Statement of financial position - Assets

In thousands of Euros	Note	Year ended 31 December		
		2013	**2012**	**2011**
Intangible assets	7	5,385	5,014	3,420
Property and equipment	8	1,210	1,227	1,110
Other non-current assets	9	284	520	271
Total non-current assets		**6,879**	**6,761**	**4,801**
Inventories	10	3,296	3,560	4,189
Trade receivables	11	6,704	4,877	3,830
Other current assets	12	3,109	2,394	3,101
Cash and cash equivalents	13	**6,437**	**4,251**	**12,488**
Total current assets		**19,545**	**15,082**	**23,608**
Total assets		**26,424**	**21,843**	**28,409**

Statement of financial position - Liabilities

In thousands of Euros	Note	Year ended 31 December		
		2013	**2012**	**2011**
Share capital	14	1,134	984	963
Share premiums	14	31,623	17,578	66,830
Other reserves	16	1,183	1,267	1,134
Retained earnings (losses)	16	(10,185)	1,066	(39,528)
Net income (loss) for the year		(11,967)	(11,251)	(9,136)
Total equity		**11,788**	**9,644**	**20,263**
Financial debt - Long-term portion	17	5,488	711	736
Retirement benefit obligations	18	347	258	164
Provisions and other non-current liabilities	21	744	1,868	976
Total non-current liabilities		**6,580**	**2,837**	**1,876**
Financial debt - Short-term portion	17	1,189	1,139	300
Trade payables	20	2,924	4,895	3,440
Derivative debt instruments	14.1.d)	-	-	358
Provisions and other current liabilities	21	3,944	3,328	2,173
Total current liabilities		**8,056**	**9,362**	**6,271**
Total liabilities		**14,636**	**12,199**	**8,146**
Total liabilities and shareholders' equity		**26,424**	**21,843**	**28,409**

Change in consolidated shareholders' equity

In thousands of euros	Note	Group share					Non-controlling interests	Total shareholders' equity
		Share capital	Share premiums	Translation reserves	Consolidated reserves and net income (Group share)	Total		
At 1 January 2011		**857**	**54,779**	**250**	**(38,756)**	**17,130**	**-**	**17,130**
Actuarial gains / (losses) on retirement benefit obligations					11	11		11
Currency translation differences				56		56		56
Total other comprehensive income for the year				*56*	*11*	*67*		*67*
Profit / (loss) for the year					(9,136)	(9,136)		(9,136)
Comprehensive income				**56**	**(9,125)**	**(9,069)**	**-**	**(9,069)**
Share-based payments	15				44	44		44
Transactions on share capital	14	107	12,050			**12,157**		**12,157**
At 31 December 2011		**964**	**66,829**	**306**	**(47,837)**	**20,262**	**-**	**20,262**
At 1 January 2012		**963**	**66,830**	**306**	**(47,837)**	**20,262**	**-**	**20,262**
Actuarial gains / (losses) on retirement benefit obligations					(66)	(66)		(66)
Currency translation differences				(19)		(19)		(19)
Total other comprehensive income for the year				*(19)*	*(66)*	*(85)*		*(85)*
Profit / (loss) for the year					(11,251)	(11,251)		(11,251)
Comprehensive income				**(19)**	**(11,317)**	**(11,336)**	**-**	**(11,336)**
Share-based payments	15				220	220		220
Transactions on share capital	14	21	1,828			1,849		1,849
Prior-year losses allotted to the share premium	14		(49,729)		49,729			
Expenses incurred for transactions on share capital	14		(1,351)			**(1,351)**		**(1,351)**
At 31 December 2012		**984**	**17,578**	**287**	**(9,205)**	**9,644**	**-**	**9,644**
At 1 January 2013		**984**	**17,578**	**287**	**(9,205)**	**9,644**	**-**	**9,644**
Actuarial gains / (losses) on retirement benefit obligations					(30)	(30)		(30)
Currency translation differences				(47)		(47)		(47)
Total other comprehensive income for the year				*(47)*	*(30)*	*(77)*		*(77)*
Profit / (loss) for the year					(11,967)	(11,967)		(11,967)
Comprehensive income				**(47)**	**(11,997)**	**(12,044)**	**-**	**(12,044)**
Share-based payments	15				(2)	(2)		(2)
Transactions on share capital	14	149	14,246		(5)	14,390		14,390
Expenses incurred for transactions on share capital	14		(200)			(200)		(200)
At 31 December 2013		**1,134**	**31,623**	**240**	**(21,209)**	**11,788**	**-**	**11,788**

Consolidated cash flow statement

In thousands of euros	Year ended 31 December		
	2013	**2012**	**2011**
Net income (loss)	-11,967	-11,251	-9,136
Elimination of items with no effect on cash or not linked to operations			
Depreciation and amortization	1,854	1,156	1,300
Variation of provisions for contingency	-51	109	-379
Variation of provision for retirement benefit obligations	59	28	48
Profit / (loss) on disposal of assets	-	-	-
Expenses linked to share-based payments	-2	220	43
Interest income / (expenses), net	97	1	3
Change in value of derivative liabilities	-	-92	-630
Income tax expense	76	-	-
Net cash provided from / (used in) operating activities, before change in WCR	**-9,934**	**-9,829**	**-8,751**
Change in working capital requirements:			
Inventories	358	629	-1,955
Trade receivables	-1,738	-1,047	451
Other receivables	367	-460	139
Research tax credit and operating grants	-1,009	1,321	218(a)
Suppliers and other liabilities	-2,198	3,275	-217
Income tax paid	-	-	-
Net cash provided from / (used in) operating activities	**-14,154**	**-6,111**	**-10,115**
Cash flows from investing activities			
Acquisitions of tangible assets	(1,060)	(787)	(520)
Acquisitions and production of intangible assets	(2,463)	(2,887)	(1,209) (a)
Proceeds from research tax credit allocated to development costs	806	448	- (a)
Proceeds related to disposals from tangible and intangible assets	-	-	-
Proceeds from / disbursements of financial assets	33	(45)	(3)
Net cash provided from / (used in) investing activities	**-2,684**	**-3,271**	**-1,732**
Cash flows from financing activities			
Proceeds from capital transactions	13,890 (b)	1,584	9,917
Expenses linked to capital increases	(200)	(1,351)	-
New borrowings	11,102	424	-
Repayment of borrowings	(5,687)	(10)	(207)
Deposits to associate current accounts	-	500	-
Interests paid	(35)	-	-
Other financial income received	-	18	40
Net cash provided from / (used in) financing activities	**19,070**	**1,165**	**9,750**
Net (decrease) / increase in cash and cash equivalents	**2,232**	**-8,217**	**-2,097**
Cash and cash equivalents opening balance	4,251	12,488	14,528
Impact of exchange gains / (losses) on cash and cash equivalents	(46)	(20)	55
Cash and cash equivalents closing balance	**6,437**	**4,251**	**12,488**

(a): The periods 2011 and 2012 were restated for the amount of the Research Tax Credit to reflect the share of the grant in relation to gross costs, the portion relating to the capitalization of the development costs, as well as the share of which cash flow is collected in the following year.

(b): the capital increase in 2013 was partially subscribed through the incorporation of a debt present in the opening balance sheet of €500,000 that did not generate an additional cash proceed for 2013.

Notes to the consolidated financial statements

1. General information

1.1 Presentation of the Group

The Group specializes in the research and development, as well as the sale and marketing, of medical ultrasound imaging.

It has developed Aixplorer, an innovative technology and related software that allows physicians to detect and characterize palpable and non-palpable masses non-invasively and in real time. At 31 December 2013 the Group owns or co-owns 23 patent families developed on its own or acquired and benefits from five other patent families under licensing agreements.

The Group has no owned means of production; this is subcontracted.

SuperSonic Imagine and its subsidiaries (together forming "the Group") have marketed Aixplorer products since 2009.

As part of its international development, the Company has created five distribution subsidiaries 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, China in June 2011.

The Company is a limited company with a management board and a supervisory board, incorporated in France. Its headquarters are registered at Jardins de la Duranne, 510 rue René Descartes, 13290 Aix-en-Provence, France. It is registered in the Registre du Commerce et des Sociétés of Aix-en-Provence under the number 481 581 890.

1.2 Key events of the year

Issuance of new preference shares, series D

During the period, the Group issued a convertible bond and two issues of Class D preference shares.

In January 2013, the Management Board decided to issue convertible bonds for an amount of €5.4 million. In March, all bondholders opted for the redemption of these bonds in order to use these funds to subscribe to the issue of preference shares described below.

In March and April, two successive management board meetings approved the issuance of 1,405,000 Class D preference shares for a total subscription amount of €14.1 million.

A second tranche of the same amount (€14.0 million) was made available to the Company until 31 December 2014, which may be called upon authorization by a five-eighths majority of the Company's Supervisory Board, subject to the possibility of a veto of some members of the Supervisory Board.

In May 2013, some investors exercised 30,554 D-2013-T2 BSA to obtain 30,554 Class D preference shares (the "ABSA DT2-2013") issued at a unit price of €10, i.e., with a unit share premium of €9.90. The amount of the capital increase was €306,000, including the share premium. Accordingly, there remain €13.7 million available for the second tranche.

Details of these operations are discolsed in Note 14 on share capital.

Issuance of bonds with share warrants (*Obligations de bons de souscription d'actions*)

In accordance with the resolutions of the ExtraOrdinary Shareholders' Meeting of the Company on 16 December 2013, the Company issued 50,000 bonds with share warrants with a nominal value of €100 each (the "OBSA"). Each OBSA was issued at a price equal to its nominal value (€100 euros) for a total nominal amount of €5 million.

Transfer of production to Malaysia:

The Group outsources the production of ultrasound devices. They are produced by an external service provider that is a world leader in its field, down to their standard configuration.
During the year, the Group actively assisted its subcontractor in the transfer of the manufacturing plant from Scotland to Malaysia. The costs of this transfer totaled as at 31 December 2013 to €435,000 and are classified in the income statement under Other non-current operating income and expenses.
At 31 December 2013, the transfer is being finalized, and the Malaysian plant will complete the testing phase at the end of the first quarter. Production of the first ultrasounds devices is anticipated in the first half of the year.

Creation of a business structure in China

The Group opened a representative office in Beijing, China.
As a representative office, it is legally bound to the French company and therefore does not constitute a separate company or a change in consolidation scope in relation to the consolidated financial statements.
At 31 December 2013, the Chinese office had 18 people. It was registered with the Chinese authorities on 2 July 2013. Revenues generated during the financial year amounted to €3.1 million.

2. Basis of preparation of the Company's consolidated financial statements under IFRS basis

On 31 December 2011, the company prepared consolidated financial statements under IFRS for the first time. These first financial statements had been prepared in accordance with IFRS 1, "First-time adoption of International Financial Reporting Standards". The date of transition adopted by the Company was 1 January 2009. The Group has not used any of the exemptions set out in IFRS 1.

In accordance with the European Regulation No. 1606/2002 of 19 July 2002, the SuperSonic Imagine consolidated financial statement for the years ended 31 December 2011, 2012 and 2013, which were approved by the Management Board on 12 February 2014, were prepared using the IFRS accounting principles adopted by the European Union existing as at 31 December 2013.

In accordance with paragraph 28 of Regulation (EC) No. 1136/2009 of the European Commission of 25 November 2009, it should be pointed out that the Company is preparing these consolidated financial statements on a voluntary basis since the Group has never passed the thresholds defined in Articles L. 233-17 and R. 233-16 of the French Commercial Code (*Code de Commerce*) in two consecutive years.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Basis of preparation of the financial statements

The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC and SIC interpretations as adopted by the European Union as at 31 December 2013. The IFRS are available on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias_en.htm
The accounting principles used are identical to the ones used for the preparation of the annual consolidated financial statements for the year ended 31 December 2012, with the exception of adoption of new mandatory standards described below.

The new standards, amendments to standards and interpretations adopted by the European Union that are mandatory for the Group as of 1 January 2013 are as follows:

Standards having an impact on the presentation of the Group financial statements:

- Amendment to IAS 1, Presentation of items of Other comprehensive income, requires a separate presentation in the statement of comprehensive income of items that may or may not be reclassified to profit or loss in subsequent periods. The Group has applied this amendment and changed the presentation of the financial statements accordingly.

Standards with no impact on the Group financial statements

- Amendment to IAS 19, Employee Benefits: the now-mandatory option of recognizing actuarial gains and losses in other comprehensive income was already adopted by the Group. This amendment therefore has no impact on the presentation of the financial statements for 2013.

- IFRS 13, Fair value measurement, is now mandatory. The application of this standard did not have a significant impact.

- Amendment to IFRS 7: disclosures - offsetting financial assets and financial liabilities.

- Improvements to IFRS (2009-2011 cycle): minor improvements.

- IFRIC 20: Stripping Costs in the Production Phase of a surface mine.

- Amendments to IAS 12: Deffered tax: recovery of underlying assets.

- Amendments to IFRS 1: first-time application of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters and – Goverment loans.

The application of the following standards and amendments is mandatory from 1 January 2014. The Group does not anticipate any significant impact from these standards and amendments, the application of which was not anticipated at 1 January 2013.

- IFRS 10: Consolidated financial statements.

- Transition guidance (Amendments to IFRS 10/11/12).

- Amendment to IAS 32: offsetting financial assets and financial liabilities.

- IAS 27: Separate Financial Statements (as amended in 2011).

- IAS 28: Investments in associates and joint ventures (amended in 2011).

- Amendment to IAS 36: recoverable amounts disclosures for non-financial assets.

- Amendment to IAS 39: novation of derivatives and continuation of hedge accounting.

- IFRS 11: Joint arrangements.

- IFRS 12: Disclosure of interests in other entities.

- Amendments to IFRS 10, IFRS 12 and IAS 27R: investment entities.

The IASB published the following main standards, amendments and interpretations before 31 December 2013, which have not yet entered into force in the European Union, including:

- IFRS 9: Financial instruments, classification and measurements of financial assets.

- IFRIC 21: Levies (provisions relating to taxes).
The Group considers that these texts would not have a significant impact on its results or financial position.

The consolidated financial statements have been prepared under the historical cost convention with the exception of financial assets and liabilities which are recorded at fair value.

The presentation currency of the Group is the Euro. The consolidated financial statements are presented in thousands of euros with all values rounded to the nearest thousand (€ 000) unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3.2 Going concern

The financial statements have been prepared by management on a going concern basis, bearing in mind the following elements:

- The Group's historical loss-making situation may be explained by the continuous product development and the innovative nature of the modalities and applications developed each year. This development requires several years of research and development that will constitute an ongoing effort by the company since it must maintain a level of performance that is among the best in the market. In addition, the company is constantly expanding its sales force. The Company has now entered the active marketing phase of its products;
- Cash and cash equivalents at 31 December 2013 amounted to €6.4 million, of which €5 million are from the bonds offering with share warrants issued in December 2013 and given a grace period for repayment of 24 to 36 months for the bond issue, the ability in 2014 to call on the second tranche of approximately €13.7 million from the last round of financing agreed in March 2013, the level of activity expected during 2014 and the first half of 2015, and the expected repayment of the Research Tax Credit (CIR) in 2013 and the possible assignment of the 2014 RTC, the Company expects to meet its operational requirements over the next 12 months from the date of approval of these 2013 financial statements, even after taking account the repayment of the grants and repayable advances and the annual interest payments on the bond debt even during the grace period.

3.3. Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally 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.

The Group uses the acquisition method of accounting to account for business combination by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group, including any price adjustments. Any price adjustments occurring after an allocation deadline of 12 months from the acquisition date are remeasured at their fair value at each closing date through the income statements. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred on the fair value of the Group's share of the net assets is recorded as goodwill. If the acquisition cost is less than the fair value of the Group's share of the net assets belonging to the subsidiary acquired, the difference is recognized directly in the income statement.

Since all subsidiaries were created by the Group, no goodwill has been recorded since the creation of the Company.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated for the assets transferred and are considered as an indicator of impairment loss. Accounting policies of subsidiaries have been changed to ensure consistency with the Group's policies.

The Group has no minority interests or holdings in an entity requiring equity accounting.

3.4 Segment reporting

The Group, which markets products from the Aixplorer range, primarily operates in France, the USA, Asia, Europe and the Middle East.

Research and development expenses, production expenses, regulatory expenses and most marketing and administrative expenses are incurred in France. At this stage, these expenses are not subject to a strict allocation by geographic region where the products concerned are marketed. As a result, the performance of the Group is currently analyzed at the consolidated level.

Non-current assets and revenue by geographic region are detailed in Note 6.

3.5 Conversion of foreign currency transactions

(a) Functional and presentation currency

Items included in the financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Company functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement in the line item “Financial income” or “Financial expenses”.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet line item presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement line item are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- exchange differences resulting from the two points above are recorded as a separate component of equity in Currency translation reserves in 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, exchange gains and losses on these receivables denominated in functional currencies converted into euros for the purposes of consolidation have been recorded in Other comprehensive income and in Currency translation reserves.

3.6 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 payments is recorded in Other current and non current liabilities against the cost of the acquisition. 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 estimate of the duration of the residual life is reviewed at every balance sheet date.

(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.

3.7 Property and equipment

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:

- Installations and fittings	3 to 10 years
- Research equipment and materials	18 months to 5 years
- Production equipment and materials	5 years
- Furniture, office and IT equipment	3 to 5 years

Residual values and useful lives are reviewed and adjusted if necessary at each balance sheet date.

Gains and losses on the transfer of assets are determined by comparing the proceeds from the transfer to the book value of the asset transferred and are recorded in the income statement in the line "Other operating income / (expenses)".

3.8 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.

3.9 Financial assets

The Group classifies its financial assets in the following categories: assets held to maturity, assets at fair value through profit or loss, as loans and receivables, or as available-for-sale.
The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The valuation and recognition of financial assets and liabilities are defined in IAS 39 "Financial instruments: Recognition and measurement".

(a) Assets available-for-sale

Assets available for sale principally are valued at fair value and the changes in their fair value are recorded within the equity.

The fair value corresponds to market price for listed securities or to an estimate of the value in use for non-listed securities, determined according to financial criteria appropriate to the specific situation of each security. When there exists an objective indication for the impairment of these securities, the cumulative loss which has been shown in equity is recorded in the income statement.

No assets available for sale are held by the company.

(b) Assets held to maturity

These assets are exclusively securities with fixed or determinable incomes according to a set schedule, other than loans and receivables, and which the Company has the intention and capacity to hold until maturity. They are initially recorded at fair value and then remeasured at amortized cost using the effective economic interest method.

Assets held to maturity are monitored for objective indications of impairment. A financial asset is impaired if its book value is higher than its recoverable value estimated during impairment tests. The impairment of value is recorded in the income statement.

(c) Loans and receivables

This category includes other loans and receivables, and commercial receivables.

These instruments are initially recorded at fair value and then measured at amortized costs using the effective economic interest method. Short-term non-interest bearing receivables are valued at the amount of the original invoice unless the application of an implicit interest rate would have a significant effect.

For loans and receivables with variable rates, in order to take into account changes in market rates, a periodic re-estimation of cash flows changes the effective interest rate and consequently modifies the value of the loan or receivable.

Loans and receivables are monitored for objective indications of impairment. A financial asset is impaired if its book value is higher than its recoverable value estimated during impairment tests. The impairment of value is recorded in the income statement.

Loans and receivables also include deposits and guarantees classified as “other non-current assets” in the balance sheet.

(d) Assets at fair value through profit and loss

Assets held for sale include assets that the Company intends to sell in the short-term in order to realize a capital gain and 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 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.

3.10 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.
Finished goods inventories are recorded according to the FIFO method. Inventories of finished goods are valued at their purchase costs. 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.

3.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Transfers of receivables with conservation of credit risk, such as Dailly-type assignments transfers or factoring, are recorded as a secured borrowing and do not involve the derecognition of the receivables transferred.

3.12 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.

3.13 Share capital

Share capital is composed of ordinary shares and preferential shares, which are both 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).

3.14 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.

3.15 Measurement and accounting of financial liabilities

Financial liabilities include:

- repayable advances from ANR and OSEO for which the Group does not have reasonable assurance that the advance will not be reimbursed;
- bonds with share warrants (OBSA);
- financing of trade receivables following the establishment of a factoring agreement and a Dailly-type contract.

(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.

3.16 Employee benefits

(a) Retirement benefit 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 of the defined benefit obligation 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 to 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 administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group provides no other retirement benefits or rights to its employees.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.17 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.

3.18 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.

Trade payables are recognized initially at their fair value and subsequently revaluated at their amortized cost using the effective interest method.

3.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of product and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns and discounts and after eliminating sales within the Group.
The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

For both sales by the distributors or through Group sales representatives, the accounting treatment of revenue remains the same, and in compliance with standards on revenue recognition:

(a) Revenue from the sale of Aixplorer systems

The Group's products are generally sold through contracts or via purchase orders placed by customers at fixed, determinable prices that do not provide for a right of return or any significant post-delivery obligation or similar provision resulting in deferred revenue. Revenue is recognized for products when ownership and risk are transferred in accordance with incoterms as defined in the contracts, the price is fixed and determinable 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 and warranty extensions) is recognized over the period when services are rendered and collectability of receivables is reasonably assured.

A warranty is attached to each sale of the Aixplorer system. Only revenue relating to the warranty periods exceeding one year are deferred to 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.

3.20 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:

- cost of products (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;
- provisions on inventories for obsolescence and scrapping.

3.21 Research tax credit and government grants

Research tax credits are provided by the government to give incentives for companies to perform technical and scientific research. These research tax credits are presented as a reduction of "Research and development expenses" in the income statement when (i) the Group can receive them irrespective of taxes paid or owed in the future, (ii) the costs corresponding to the eligible programs have been incurred, and (iii) supporting documentation is available.

The portion of the research tax credit relating to capitalized development expenses is considered an investment grant and recorded as a reduction of the intangible asset.

These tax credits are included in "Other receivables – current" or "non-current" based on the timing of expected cash inflows.

In addition, grants may be available to companies that perform technical and scientific research. Such grants are typically subject to performance conditions over an extended period of time. The Group recognizes these grants in the income statement as a reduction of "Research and development expenses" (i) over the cost of the corresponding research and development program and (ii) when confirmation of the grant has been received.

Assistance in activities of research and development can take the form of repayable advances. A non-repayable loan with conditions is treated like a public grant (recorded on a pro rata basis in the income statement as a reduction of research and development expenses) if there is reasonable assurance that the company will meet the conditions relating to the exemption from repaying the loan. In the opposite case, it is classified in Financial debt and measured at amortized cost. The difference between the amortized cost value of the loan and its nominal value is recorded as grant revenue and spread over the period of the project financed.

3.22 Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

Leases for which the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

During the periods presented, the Group has not entered into any finance leases in accordance with IAS 17.

3.23 Share-based payments

The Group operates a number of share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the instrument is recognized as an expense in accordance with IFRS 2. The total amount to be expensed corresponds to the fair value of the instrument granted.

Service and non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of instruments that are expected to vest based on these vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity ("Share-based payments"). 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.

3.24 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 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.

3.25 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 and preference shares in issue during the year. 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.

3.26 Non-current operating income

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 an increase in the US dollar by 5%, the Group believes that, for the year ended 31 December 2013, the impact in absolute terms on its operating profit would have been approximately an additional €100,000 profit.

Exposure to exchange rate fluctuations is often alleviated naturally by cash inflows and outflows in the same currency. This will be the case even more in the future, with increased purchases in foreign

currencies (following the relocation of production to Malaysia, the group will purchase Aixplorer products in US dollars).

During the periods presented, the Group has not engaged in any hedging operations.

(b) Credit risk

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk linked to cash, cash equivalents and current financial instruments is not significant given the quality of the co-contracting financial institutions.

Customer credit risk is monitored by management on an individual basis and gives rise, for a portion of export receivables, to the purchase of suitable insurance coverage.

(c) Liquidity risk

Cash flow forecasting is performed by the Finance department. On the basis of regularly updated projections, Group management monitors the Group's liquidity requirements to ensure it has sufficient cash available to meet operational needs.

Such forecasting occurs on a weekly basis and takes into consideration the Group's financing plans. The Group's surplus cash is invested in interest-bearing current accounts, time deposits and money market deposits through the choice of instruments with appropriate maturities or sufficient liquidity to provide sufficient flexibility as determined by the above-mentioned forecasts.

4.2 Capital risk management

The Group's objectives when managing its capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, provide advantages for other partners and maintain an optimal capital structure to reduce capital costs.

5. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern

See Note 3.2.

(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. Given a period of use of the products developed by

the Company extended from October 2014 through the end of 2019, the remaining depreciation plan for development costs was accordingly amended prospectively starting from 1 January 2012.

The impairment of intangible assets is verified when there is an indication of a loss in value. The recoverable value is then estimated.

Management believes that, as at the balance sheet date of 31 December 2013, there is no indication of a loss in value of intangible assets that would justify impairment.

During the periods presented, the Group has not recorded any impairment of intangible assets.

(c) Share-based payments

The Group grants share options (such as BSA and BSPCE) 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 15.

(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 tax losses, 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) Fair value of derivative debt instruments

The fair value of the derivative debt instruments (see Note 3.15 on BSA C2-2010-T2) which are not listed on an active market is determined using valuation methods. The Group uses its best judgment to choose the appropriate models and set the valuation assumptions, which are principally based on market data. The valuation models used to determine the fair value are sensitive to variations in these assumptions

In this case, the instruments were valued at the date they were issued, then at each balance sheet date and, if applicable, at the date they were exercised. In each instance, several scenarios have been considered regarding achievement of performance conditions to take into account the variability of the exercise price or the number of shares exercisable. The weighting given to the various scenarios was adjusted at each valuation date to take into account new elements known at the instrument valuation date. The volatility levels used are consistent with those used to valuate share-based payments (see note 15).

(f) 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 repayable 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. As some of the initial goals were not achieved, and the company does not expect to receive all the eligible advance because part of the project will not be completed, no additional amount was recognized in the financial statements (see note 35 (d)).

6. Information by geographic zone

Revenue by product type breaks down as follows:

In thousands of Euros	**2013**	**%**	**2012**	**%**	**2011**	**%**
Sale of goods	15,594	92%	12,697	90%	9,577	98%
Sale of services	1,366	8%	1,400	10%	205	2%
Total	**16,961**	100%	**14,097**	100%	**9,782**	100%

Revenue by geographic region breaks down as follows:

In thousands of Euros

	2013	**%**	**2012**	**%**	**2011**	**%**
France	3,577	21%	2,512	18%	1,510	15%
EMEA	4,284	25%	3,450	25%	2,707	28%
America	4,232	25%	4,979	35%	3,848	39%
Asia	4,869	29%	3,156	22%	1,717	18%
Total	**16,961**	**100%**	**14,097**	**100%**	**9,782**	**100%**

During financial year 2013, the countries in which the group earns more than 10% of its revenues are the United States (€3.878 million), France (€3.577 million) and China (€3.062 million).

In 2012, the countries in which the Group earned more than 10% of its revenues were the United States (€4.150 million) and France (€2.512 millions).

In 2011, the countries in which the Group earned more than 10% of its revenues were the United States (€3.440 million) and France (€1.510 million).

For 2013, 2012 and 2011 the five largest customers of the Group represented respectively 42%, 43% and 49% of consolidated revenue.

Taken individually, two clients in the Americas and Asia region represented over 10% of Group consolidated revenue during 2013, with an invoiced amount of €4.628 million.

Taken individually, one client in the Americas zone represented over 10% of consolidated revenue during 2012 and 2011, with an invoiced amount of €2.408 million and €2.504

million.

Revenue by distribution channel breaks down as follows:

In thousands of Euros	**2013**	**%**	**2012**	**%**	**2011**	**%**
Direct	5,997	35%	4,624	33%	3,103	32%
Distributors	10,963	65%	9,473	67%	6,679	68%
Total	**16,961**	100%	**14,097**	100%	**9,782**	100%

The breakdown of tangible and intangible assets by geographic region for the last three years ended 31 December 2011, 2012 and 2013 is as follows:

In thousands of Euros	**2013**	**2012**	**2011**
	6,526	6,081	4,442
France			
EMEA	12	13	3
America	57	147	85
Asia	-	-	-
Total	**6,595**	**6,241**	**4,530**

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. Intangible assets

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

In thousands of Euros	**Patents / licenses**	**R&D**	**Other**	**Total**
Period ended 31 December 2011				
Opening net book amount	1,562	1,480	279	3,320
Acquisitions	-	761	-	761
Depreciation charge	(130)	(408)	(122)	(660)
Closing net book amount	**1,431**	**1,833**	**156**	**3,420**
Situation as at 31 December 2011				
Gross value	1,864	2,691	727	**5,282**
Cumulative depreciation and impairment	(433)	(858)	(571)	**(1 863)**
Net book value	**1,431**	**1,833**	**156**	**3,420**

In thousands of Euros	**Patents / licenses**	**R&D**	**Other**	**Total**
Period ended 31 December 2012				
Opening net book amount	1,431	1,833	156	3,421
Acquisitions	-	2,016	66	2,081
Depreciation charge	(131)	(258)	(99)	(488)
Closing net book amount	**1,300**	**3,591**	**123**	**5,014**
Situation as at 31 December 2012				
Gross value	1,864	4,707	793	**7,364**

Cumulative depreciation and impairment	(564)	(1,116)	(670)	**(2,350)**
Net book value	**1,300**	**3,591**	**123**	**5,014**

In thousands of Euros	**Patents / licenses**	**R&D**	**Other**	**Total**
Period ended 31 December 2013				
Opening net book amount	1,300	3,591	123	**5,014**
Acquisitions	-	1,074	168	**1,242**
Depreciation charge	(130)	(496)	(245)	**(871)**
Closing net book amount	**1,170**	**4,169**	**46**	**5,385**
Situation as at 31 December 2013				
Gross value	1,864	5,781	961	**8,606**
Cumulative depreciation and impairment	(694)	(1,612)	(915)	**(3,222)**
Net book value	**1,170**	**4,169**	**46**	**5,385**

In 2008, the Company acquired an exclusive license for €0.7 million to use Patents No. US 5 606 971 and US 5 810 731 relating to all areas of medical imaging by any method. During the same year, the Company acquired for €1.1 million a portfolio of six patents from the CNRS, which do not expire until between 2020 and 2025.

At 31 December 2013, the development costs of a gross cumulative amount of €5.781 million are related to the developments of Aixplorer versions V3 to V9, for €357,000 in 2008, €1.573 million in 2009, €761,000 in 2011, €2.016 million in 2012 and €1.074 million in 2013. These amounts are depreciated on a straight-line basis. Given a useful life of products developed by the Company extended from October 2014 through the end of 2019, the remaining depreciation plan for the development costs has been accordingly amended prospectively from 1 January 2012.

The capitalized development costs break down as follows:

In thousands of Euros	**2013**	**2012**	**2011**
Personnel	1,641	1,964	998

Fees/External Services/ Subcontracting	262	269	66
Purchases and consumables	56	267	-
Travel expenses and entertainment	50	45	-
Depreciation and amortization	220	178	107
Research tax credit	(1,221)	(806)	(448)
Other	65	99	38
Total capitalized R&D costs	**1,074**	**2,016**	**761**

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

8. Property and equipment

During financial year 2013, the Group made investments in R&D equipment (use of new versions of Aixplorer for research) and equipment production (the Group owns the molds for the production of ultrasound systems, which are made available to the subcontractor responsible for their manufacture). Changes in tangible fixed assets break down as follows for the last three years:

In thousands of Euros	**Equipment**	**Office and IT equipment**	**Other**	**Total**
Period ended 31 December 2011				
Opening net book amount	859	96	273	1,228
Acquisitions	271	116	133	520
Disposals	-	-	-	-
Depreciation	(457)	(70)	(111)	(638)
Closing net book amount	**673**	**143**	**294**	**1,110**
Situation as at 31 December 2011				
Gross value	2,960	456	623	4,040
Cumulative depreciation	(2,288)	(313)	(329)	(2,930)
Net book value	**673**	**143**	**294**	**1,110**

In thousands of Euros	**Equipment**	**Office and IT equipment**	**Other**	**Total**
Period ended 31 December 2012				
Opening net book amount	673	143	294	1,110

Acquisitions	640	80	67	787
Disposals	-	-	-	-
Depreciation	(488)	(74)	(108)	(670)
Closing net book amount	**825**	**149**	**253**	**1,227**
Situation as at 31 December 2012				
Gross value	3 600	432	690	4,722
Cumulative depreciation	(2,775)	(283)	(437)	(3,495)
Net book value	**825**	**149**	**253**	**1,227**

In thousands of Euros	**Equipment**	**Office and IT equipment**	**Other**	**Total**
Period ended 31 December 2013				
Opening net book amount	825	149	253	1,227
Acquisitions	815	232	13	1,060
Disposals	-	-	-	0
Transfers	(126)	-	-	(126)
Disposals	(721)	(111)	(119)	(951)
Closing net book amount	**793**	**270**	**147**	**1,210**
Situation as at 31 December 2013				
Gross value	4,289	664	702	5,656
Cumulative depreciation	(3,496)	(394)	(556)	(4,446)

Net book value	**793**	**270**	**147**	**1,210**

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.

9. Other non-current assets

Other non-current assets break down as follows:

In thousands of Euros	**2013**	**2012**	**2011**
Securities pledged	158	158	158
Deposits paid	126	159	113
Operating grants receivable – non current portion	0	203	-
Total Other non-current assets	**284**	**520**	**271**

Other non-current assets include €158,000 in investment securities that were pledged to BNP Paribas Real Estate as a security for rent on the Company's business premises in Aix-en-Provence. This guarantee was given for a period of nine years and will end on 18 July 2017.
Operating grants, which are recorded as receivables, correspond to the balance to be received for more than one year by the Company for the various research projects it conducts.
The balance on this item consists of deposits paid for lease real estate in the United States and France as well as the non-current portion of €185,000, which is fully depreciated, of a trade receivable for which settlement is staggered for €185,000.

10. Inventories

Inventories break down as follows:

In thousands of Euros	**2013**	**2012**	**2011**
Raw materials	1,953	2,618	2,486
WIP and finished goods	1,005	983	1,276
Demonstration equipments	1,186	950	484
Total gross inventories	**4,143**	**4,551**	**4,246**
Provisions for loss on inventories	(847)	(991)	(57)
Total Net Inventories	**3,296**	**3,560**	**4,189**

Provisions for losses on inventories for the period are mainly related to the placing on the market of Aixplorer version V8 (a platform integrating four connectors instead of the two on previous versions), which has rendered some of the inventories obsolete, and to the straight-line depreciation of demonstration equipments.

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	**2013**	**2012**	**2011**
At 1 January	991	57	165
Provisions for losses on inventories	492	1 014	57
Reversals of provisions used	(636)	(80)	(165)
At 31 December	**847**	**991**	**57**

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

11. Trade receivables

Trade and other receivables break down as follows:

In thousands of Euros	**2013**	**2012**	**2011**
Trade receivables	7,802	5,161	3,977
Provisions for bad debt	(1,098)	(284)	(147)
Trade receivables, net	**6,704**	**4,877**	**3,830**

The increase in the provision corresponds primarily to the risk of collection for two distributors, in China and Brazil.

In China, the Group has chosen to terminate the exclusive distribution agreement between it and its distributor, which is challenging such decision and has blocked the payment of sums due, for a total amount of €474,000. Litigation is ongoing.

On 22 October 2009, the Company signed an exclusive distribution agreement with the company Beijing Csroad International Technology ("Csroad") for its products in China (excluding Taiwan, Hong Kong and Macao) for a period of four years from the obtaining of marketing authorizations for said products from the competent authorities, which occurred on 14 July 2010. The agreement is subject to French law and contains an arbitration clause before the International Chamber of Commerce. In April 2013, the Company terminated this agreement because it believed that Csroad had not met its contractual objectives, and it offered to sign a new distribution agreement with Csroad. Following discussions between the parties, Csroad summoned the company to appear before the People's Court of the Chaoyang District of Beijing and the Beijing Intermediate Court requesting in particular the continuation of the contract and its extension given its interruption during the discussions between the parties, as well as compliance by the company with its exclusive nature, challenging in this regard the company's assertions and the applicability of the contractual arbitration

clause. In September 2013, meanwhile, the company initiated arbitration proceedings before the International Chamber of Commerce for payment of damages. None of these proceedings has, for the time being, had a successful outcome. Although the Company believes it has arguments allowing it to enforce its rights as part of these proceedings, it cannot guarantee their outcome, or exclude that they will be costly and time-consuming for its management.

The corresponding receivable was fully provisioned for a total amount of €474,000. No additional provision for contingencies was recognized.

The receivables against the Brazilian distributor for an amount of €520,000 were fully provisioned. The Group's Brazilian distributor has faced serious financial difficulties earlier this year that prevented it from honoring its debts. The company signed an agreement with new distributor in late 2013. This exclusive agreement for the Brazilian market includes a repayment schedule for the debt of the former distributor comprising an initial payment, followed by 16 equal monthly installments. The first installment was initiated in December, in accordance with the agreement, and received in January 2014. The provision corresponding to the payment received was reversed, and the balance of the provision will be reversed upon each receipt of funds. The share of the receivable of over one year, which was fully depreciated, was reclassified as non-current asset.

At 31 December 2013, €2.055 million in receivables were overdue, including €1.098 million provisioned, i.e. a total of €957,000 of receivables that were past due but not provisioned. They relate to customers for which the company has found that there is no risk of non-collection for these receivables.

Out of the €957,000 of receivables due and not provisioned, the Group received €397,000 in January 2014.

The breakdown of these receivables by age is as follows:

In thousands of Euros	**Total**	**Not due**	**1 to 30 days**	**30 to 60 days**	**60 to 90 days**	**90 + days**
2011	3,977	3,252	136	187	94	308
2012	5,161	4,210	201	114	140	496
2013	**7,802**	**5,747**	**297**	**158**	**29**	**1,571**

The other classes included in trade and other receivables do not contain any impaired assets.

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

In thousands of Euros	**2013**	**2012**	**2011**
Euro	4,770	4,141	2,656
Dollar US	3,032	918	1,321
Other	-	102	-

At 31 December	**7,802**	**5,161**	**3,977**

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.

Movements on the provision for doubtful trade receivables are as follows:

In thousands of Euros	**2013**	**2012**	**2011**
At 1 January	(284)	(147)	-
Increase in provision for doubtful receivables	(1,164)	(249)	(147)
Reversals of provisions used	-	5	-
Reversals of provisions not used	166	107	-
At 31 December	**(1,283)**	**(284)**	**(147)**

The total amount of the provisions for doubtful trade receivables is €1.283 million, of which €185,000 was reclassified as non-current (see above for the agreements signed with the Brazilian distributor).

12. Other current assets

Other current assets break down as follows:

In thousands of Euros	**2013**	**2012**	**2011**
Research tax credit receivable	1,699	1,090	1,691
VAT receivable	331	791	409
Prepaid expenses	264	186	152
Prepayments to suppliers	192	144	101
Operating grants receivable – current portion	572	183	748
Other receivables	50	-	-
Total other current assets	**3,109**	**2,394**	**3,101**

Receivables relating to the Research Tax Credit (RTC) are reimbursed in the year following their recognition, given the status of SMEs under the Community definition enjoyed by the Company.

The RTC receivable has changed as follows over the last three years:

In thousands of Euros	
Tax credit receivables at 1 January 2011	1,562
RTC for 2011	1,691
2010 RTC received	(1,562)
Tax credit receivables at 31 December 2011	1,691
Tax credit receivables at 1 January 2012	1,691
RTC for 2012	1,050
2012 Commercial exploration tax credit	40
2011 RTC adjustment	(11)
2011 RTC received	(1,680)
Tax credit receivables at 31 December 2012	**1,090**
Tax credit receivables at 1 January 2013	1,090
RTC for 2013	1,739
Adjustments to prior RTC	(5)
2012 RTC received	(1,045)
Foreign income tax liability	(79)
Tax credit receivables at 31 December 2013	**1,699**

13. Cash and cash equivalents

Cash and cash equivalents break down as follows:

In thousands of Euros	**2013**	**2012**	**2011**
Cash on hand	1,933	4,247	11,025

Marketable securities	4,504	4	1,463
Cash and cash equivalents	**6,437**	**4,251**	**12,488**

Cash held at banks is principally held in euros. The Group invests its excess cash primarily in money market funds. See Note 35 (c) and (d) for details of the bank account and marketable securities' pledges.

14. Share capital

14.1 Share capital

As at 31 December 2013, the share capital is set at an amount of €1,133,737.60, divided into 11,337,376 shares fully subscribed and paid-up with a nominal value of €0.10 each.

The Combined General Meeting of 16 May 2012 decided to divide the nominal value of the shares by 10 to reduce it from €1.00 to €0.10. Each shareholder was given ten shares with a nominal value of €0.10 for each share with a nominal value of €1.00 held, regardless of the class of such shares. Consequently, the same Ordinary and Extraordinary Shareholders' Meeting decided to change the conversion parities of the founders' warrants, share equity warrants and free shares that had been granted to certain Company officers and employees or third parties. This number was increased from one to ten.

Variations in share capital break down as follows:

	Total number of shares	**Ordinary shares**	**Preferential shares**						**Capital**	**Share premium**
In number of shares			**A**	**B1**	**B2**	**C1**	**C2**	**D-2013**	*In thousands of K euros*	
At 31 December 2012	**9,843,760**	**616,700**	**1,797,690**	**542,270**	**2,909,000**	**2,701,670**	**1,276,430**	**-**	**984**	**17,578**
Issue of Class D preferential shared as authorized by the general meeting of shareholders of 22 March 2013	1,405,502	-	-	-	-	-	-	1,405,502	141	13,914
Transaction coststt on capital increase	-	-	-	-	-	-	-	-	-	-200
Exercise of founders' warrants 03-2006	5,000	5,000	-	-	-	-	-	-	1	29
Exercise of warrants 09-2010	4,125	4,125	-	-	-	-	-	-	0	-
Exercise of Class D preferential share warrants	30,554	-	-	-	-	-	-	30,554	3	302
Delivery of free shares at end of vesting period	48,435	48,435	-	-	-	-	-	-	5	-
At 31 December 2013	**11,337,376**	**674,260**	**1,797,690**	**542,270**	**2,909,000**	**2,701,670**	**1,276,430**	**1,436,056**	**1,134**	**31,623**

a) Historical share capital

The table below presents the historical values of Company share capital since the founding of the company (in thousands of euros):

Date	Transaction	Share capital	Share premium	Number of shares	Class of shares
		In thousands of Euros			
04-Apr-05	Incorporation	37	-	37,000	Ordinary shares
05-Aug-05	Increase in share capital	25	275	24,670	Ordinary shares
05-Aug-05	Transaction costs on capital increase		-18		
10-Mar-06	Increase in share capital	86	4,914	85,646	Preference shares A
10-Mar-06	Transaction costs on capital increase		-52		
20-Feb-07	Increase in share capital	86	4,914	85,646	Preference shares A
20-Feb-07	Transaction costs on capital increase		-1		
23-Oct-08	Increase in share capital	8	486	8,477	Preference shares A
23-Oct-08	Increase in share capital	54	4,024	54,227	Preference shares B1
23-Oct-08	Increase in share capital	99	8,630	98,664	Preference shares B2
23-Oct-08	Transaction costs on capital increase		-374		
	Situation as at 31 December 2008	**394**	**22,799**	**394,330**	
15-Apr-09	Increase in share capital	37	3,234	36,978	Preference shares B2
27-Apr-09	Issue of accretive Warrants		-5,050		
05-Jun-09	Increase in share capital	45	3,955	45,211	Preference shares B2
23-Nov-09	Increase in share capital	68	5,932	67,817	Preference shares B2
23-Nov-09	Transaction costs on capital increase		-101		
	Situation as at 31 December 2009	**544**	**30,769**	**544,336**	
27-Apr-10	Conversion of accretive warrants (investors)	42	5,182	42,230	Preference shares B2
27-Sept-10	Increase in share capital	153	13,401	153,204	Preference shares C1

27-Sept-10	Convertible bonds	1	81	1,096	Preference C1	shares
27-Sept-10	Convertible bonds	67	4,963	66,886	Preference C1	shares
27-Sept-10	Issue of BSA C2 2010 T2		-3,386			
25-Nov-10	Increase in share capital	49	4,284	48,981	Preference C1	shares
	Transaction costs on capital increase		-515			
	Situation as at 31 December 2010	**857**	**54,779**	**856,733**		
30-Dec-11	Conversion of BSA C2 2010 T2 (investors)	107	12,050	106,746	Preference C2	shares
	Situation as at 31 December 2011	**963**	**66,830**	**963,479**		
14-May-12	Conversion of BSA C2 2010 T2 (investors)	21	1,821	20,897	Preference C2	shares
16-May-12	Division of the par value of shares by 10			8,859,384		
16-May-12	Allocation of debit retained earnings to share premium		-49,729			
	Transaction costs on capital increase		(1,351)			
	Situation as at 31 December 2012	**984**	**17,578**	**9,843,760**		

Date	Transaction	Share capital	Share premium	Number of shares	Class of shares
		(in thousands of Euros)			
	Situation as at 31 December 2012	**984**	**17,578**	**9,843,760**	
27-Mar-13	Increase in share capital in cash	126	12,429	1,255,502	Preference shares D
15-Apr-13	Increase in share capital in cash	15	1,485	150,000	Preference shares D
13-May-13	Exercise of BSA D-2013-T2	3	302	30,554	Preference shares D
	Transaction costs on capital increase		(200)		
30-Sept-13	Delivery of free shares	4		42,625	Ordinary shares
10-Dec -13	Exercise of BSPCE 03-2006	1	29	5,000	Ordinary shares
12-Dec-13.	Exercise of BSA 09-2010	0		4,125	Ordinary shares
31-Dec-13	Delivery of free shares	1		5,810	Ordinary shares
	Situation as at 31 December 2013	**1,134**	**31,623**	**11,337,376**	

(b) Characteristics of preferential shares

The company created eight classes of shares, namely:

i. Ordinary shares, and

ii. Seven classes of preferential shares:
- Class A preferential shares
- Class B1 preferential shares
- Class B2 preferential shares
- Class C1 preferential shares
- Class C1a preferential shares
- Class C2 preferential shares
- Class D preferential shares

The preferential shares are an integral part of the equity of the Company given the absence of an obligation for the Company to reimburse holders in cash except in the event of dissolution or liquidation and the absence of any specific obligation to pay dividends.

All preferential shares benefit from the following rights:

(i) Preferential liquidation rights

Each share gives the holder the right to profits (dividends) and a part of the share capital proportional to the amount of the total capital that it represents, with the exception described below concerning the allocation of liquidating dividends.

Preferential shares benefit from preferential liquidation rights as described below.

In the event of the dissolution or liquidation of the Company, the liquidating dividend, i.e. the proceeds from the liquidation available after all the extinguishing of all liabilities, the payment of all liquidation expenses and the repayment of the nominal value of shares or, more generally, after all priority payments imposed by applicable laws and regulations have been made, (the "Liquidating Dividend"), is to be allocated according to the following rules:

(a) between all the Company's shareholders, in proportion to the number of shares, whether ordinary or preferential, that they each hold at the effective date of liquidation, up to an amount corresponding to two per cent (2 %) of the Liquidation Surplus less the share capital of the Company at the date of liquidation, with the understanding that this amount could be equal to zero;

(b) then, the balance of the Liquidation Surplus (hereinafter "**Balance b**") will be distributed among the shareholders owning A, B1, B2, C shares (C1, C1a and C2 shares, hereinafter the "**C Shares**") and D in an amount per A, B1, B2, C and D Share then held by each of them respectively equal to €5.838, €7.52, €7.577, €8.989 and €10 in each case (i) less the amount per share already paid under paragraph (a) above and (ii) plus any amount of any dividend accrued and not yet distributed attributable to each of these shares,

with the understanding that:

- in the event that Balance b would not be sufficient to satisfy all shareholders who are owners of A, B1, B2, C and D Shares under this paragraph (b), Balance b would be allocated among them in proportion to the amount each would have received under this paragraph (b) for the amount that all shareholders who are owners of A, B1, B2, C and D Shares would have received under this paragraph (b); and

- the amount of €8.989 will be replaced by the amount of €8.379 in respect of C Shares owned by Canon (or the C Shares, if any, sold by Canon);

(c) then, any Liquidation Surplus balance, among all shareholders in proportion to the number of Company shares, regardless of which class they belong, that are then held by each of them until the shareholders who are owners of D shares have received for each D share then held an amount equal to €30, net of amounts per share already paid under paragraphs (a) and (b) above, it being specified that the holders of ordinary shares receive an appropriate additional amount equal to any dividends accrued and unpaid dividends attributable to ordinary shares;

(d) then any balance on the Liquidation Surplus (hereinafter "**Balance d**") will be distributed among the shareholders owning ordinary shares and A, B1, B2, C and D Shares in an amount per ordinary share and A, B1, B2, C and D Share then held by each of them equal to €33.70, net of the amounts per share already paid under paragraphs (a) to (c) above;

with the understanding that in the event that Balance d is not sufficient to satisfy all shareholders owning ordinary shares or A, B1, B2, C and D Shares, under this paragraph (d), Balance d would be divided between them in proportion to the amount that each of them should

have received under this paragraph (d) for the amount that all of the shareholders owning ordinary shares or A, B1, B2, C and D Shares would have received under this paragraph (d),

(e) then any balance between all shareholders in proportion to the number of shares of the Company, to which class they belong, then held by each of them.

The amounts above shall be adjusted for (i) any consolidation or division of the nominal value of the shares of the Company (or any equivalent transaction) after the date hereof, and (ii) the exercise if any of the ratchet warrants attached to the A, B1, B2, C and D Shares.

(ii) Conversion into ordinary shares

Preference Shares will be automatically and instantly converted into ordinary shares immediately before the first listing of the Company's shares on a regulated market in the UK, France, Germany or the Nasdaq National Market or New York Stock Exchange in the United States of America, or any other stock exchange approved by the Supervisory Board of the Company, in each case approved by the Supervisory Board of the Company by a majority of three fourths, including a positive vote of at least one member appointed on the proposal of certain shareholders listed exhaustively.

The conversion of Preferred Shares into ordinary shares will take place at a rate of one ordinary share per Preferred Share.

Preferred Shares may be converted freely and at any time, at the request of the holder, into ordinary shares.

Preferred Shares will be automatically and instantly converted into ordinary shares on a decision to that effect by a two-thirds majority of both the special meeting of holders of the securities in question and the ExtraOrdinary Shareholders' Meeting of the Company.

c) Ratchet Warrants (BSA ratchet)

A BSA ratchet is attached to each B1, B2, C1, C2 and D preferential share. These BSA ratchets were issued in order to allow the accretion of their holders should the Company issue securities giving a right to a share of its equity.

These BSA ratchets are detachable from the shares to which they are attached and are freely transferable for BSA ratchets B1 and B2. The BSA ratchets C1, C2 and D are not detachable.

They can only be exercised starting from their date of issue and for a period of ten years for the BSA ratchet attached to B1 and B2 preferential shares, and eight years for the BSA ratchet attached to C1 C2 and D preferential shares.

During this period, they can only be exercised if the Company has issued, for whatever reason, securities giving either an immediate or postponed right to a share of the Company's equity, for a price per Company share, whether by exchange, conversion, repayment, subscription or liquidation, less than the initial purchase price of the preferred share to which they are attached, conditional upon the necessary adjustments to take into account all regroupings and/or divisions of shares occurring after their issue.

Each BSA ratchet gives the right to a variable number of preferred shares, determined according to a formula dependent upon the initial acquisition price and the price of the new raising of funds (capped at a maximum of ten shares per BSA), at an exercise price of €0.10 corresponding to the nominal value of the share.

In the event of a first listing of the Company's shares on a regulated market in the UK, France, Germany or on the Nasdaq National Market or the New York Stock Exchange in the USA or on any other stock exchange as approved by the Company's supervisory board, the BSA ratchets not exercised on the first listing date will immediately and irreversibly expire.

An analysis of these warrants under IAS 32 has concluded that it is impossible to qualify them as equity instruments given the variability of the number of shares exercisable and the amount of cash paid in exchange.

The valuation of these warrants has to take into account the probability of a fall in the value of the share, the probability of a capital increase and the probability of an initial public offering.

Given the constant increase in the share price of the Company each time it has sought financing since its creation and the growing probability of an initial public offering which would render these warrants void, it has been considered that the value of these warrants is close to zero.

No amount has therefore been recorded as a financial liability for these derivative instruments.

d) BSA C2-2010-T2 Share Purchase Warrants

The ExtraOrdinary Shareholders' Meetings of 27 September 2010 and 25 November 2010 decided to issue 151,775 C2 share purchase warrants (BSA C2-2010-T2).
These BSA C2-2010-T2 granted the right to purchase a variable number of C2 preference shares and were exercisable after the meetings that approved their issue and no later than 30 June 2012.

The exercise price is determined at subscription date according to revenue, EBITDA and the achievement of commercial goals.

On 30 December 2011, 130,878 BSA C2-2010-T2 were exercised, which caused the issue and subscription of 106,746 new C2 preferred shares.

The 20,897 BSA 20897-C2-T2 remaining at 31 December 2011 were exercised on 14 May 2012 and resulted in the issuance of new C2 preferred shares, at an exercise price of €75.77, representing a subscription of €1.583 million in cash.

These warrants were recorded at fair value as derivative debt instruments (see Note 3.15). The variations in their fair value do not impact cash but do impact the financial result. The movements for the periods presented are as follows:

In thousands of euros	**2013**	**2012**	**2011**
At 1 January	-	358	3,230
Fair value of warrants issued recorded as share premium	-	-	-
Variation of fair value (financial income)	-	(92)	(630)
Fair value of warrants reclassified in share premium when exercised	-	(266)	(2,242)
Total	-	-	358

14.2 Issuance of Class D preferred shares

The ExtraOrdinary Shareholders' Meeting of 30 January 2013 delegated to the Management Board the authority to decide an issue of bonds convertible into ordinary shares, with no preferential subscription

rights, reserved to certain shareholders. This authorization was granted until 31 March 2013. By so deciding at its meeting of 30 January 2013, the Management Board issued 5,369,006 bonds convertible into ordinary shares at a price of €1. On 22 March 2013, all of the bondholders opted for early and full repayment of this bond, for a total amount of €5,399,688 including accrued interest, to subscribe to the raising of funds described above.

The Combined General Meeting of 22 March 2013 delegated the authority to the Management Board to decide a capital increase for a maximum number of 1,500,000 Class D preferential shares (the "ABSA D-2013"), with no preferential subscription rights. This authorization was granted until 31 May 2013.

These shares were issued at a price of €10, with a nominal value of €0.10, i.e., with a premium per share of 9.90 euros.

To each Class D share are attached two warrants:

- a Ratchet-type warrant for the purchase of Class D preferred shares ("BSA D-2013-R");
- a warrant for the purchase of Class D preferred shares ("BSA D-2013-T2 ") also including a warrant for the purchase of Ratchet-type warrant for the purchase of Class D preferred shares. The BSA D-2013-T2 may be exercised at a price of €10 per ABSA DT2-2013, at the request of the Company, as authorized by a resolution of the Supervisory Board of the Company by a five-eighths majority and subject to the ability of some members of the Supervisory Board to exercise a veto jointly, thus allowing them to oppose such a decision of the Supervisory Board, no later than 31 December 2014.

Making use of the authorization of 22 March 2013, at its meeting of 27 March 2013, the Management Board made a reserved issue of 1,255,502 of Class D preferred shares. The amount of the capital increase was €12.555 million, including the share premium. This issue was made, in the amount of €4.733 million, by offsetting the receivable resulting from the repayment of a bond issue as follows. The difference between the value of the convertible bonds issued on 30 January 2013 (including interest) and the amount paid by offsetting the receivable (€667,000) was paid to the shareholders.

Using the authorization granted by the Combined General Meeting of 22 March 2013 once again, at its meeting of 15 April 2013, the Management Board issued of 150,000 Class D preferential shares. The amount of this capital increase is €1.500 million, including the share premium.

In May 2013, some investors exercised 30,554 BSA D-2013-T2 to obtain 30,554 Class D preferential shares (the "ABSA DT2-2013") issued at a unit price of €10, i.e., with a unit share premium of €9.90. The amount of the capital increase was €306,000, including the share premium.

A second tranche of €13.7 million (€14.0 million less the subscription of €0.3 million received early in May 2013) was made available to the Company until 31 December 2014, which may call on it with the authorization of the Supervisory Board of the Company by a five-eighths majority, subject to the possibility of a veto of some members of the supervisory board.

14.3 Share premiums

At 31 December 2012, the Company recorded external costs incurred in connection with capital transactions as a deduction to share premiums for a total amout of €1.351 million. These related capital increases were completed in the first half of 2013 according to the terms detailed below. The costs of the capital increase incurred in 2013 for a total amount of €200,000 are mainly related to the finalization of transactions outstanding at 31 December 2012.

On 16 May 2012, the General Meeting of Shareholders decided to allocate €49.729 million of negative retained earnings to the share premiums.

15. Share-based payments

The Group grants stock options, free shares and share warrants to certain officers, employees and persons associated with the Company by consultant agreements. As at 31 December 2013, the following share-based payments were granted by the Company:

Plan	Grant Date	Exercise price in € per share	Vesting conditions	Original number of instruments	Number of instruments outstanding	Expiration date
BSPCE 05-082005	10-Oct-05	1.216	Exercisable in thirds at 31 December each year (2006, 2007, 2008)	25,680	25,680	10-Oct-15
BSPCE 032006	10-Jul-06	5.838	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	269,700	236,200	10-Jul-16
BSPCE 032006'	09-jul-07	5.838	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	47,500	32,500	09-Jul-17
BSPCE 102008	05-Nov-09	8.847	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	296,000	240,000	05-Nov-19
BSA 05-082005	10-Oct-05	1.216	Exercisable in thirds at 31 December each year (2006, 2007, 2008)	42,840	36,420	10-Oct-15
BSA 03-2006	10-Jul-06	5.838	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	17,000	17,000	10-Juil-16
BSA 03-2006	09-Jul-07	5.838	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	8,800	8,800	09-Jul-17
BSA 10-2008 (2)	16-Apr-10	8.847	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	169,500	120,500	16-Apr-20
BSA 2010	30-Sept-11	0.10	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	126,000	116,500	30-Sept-21
BSA 2013	04-Oct-13	0.10	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)	27,000	27,000	04-Oct-23
2013 ordinary options	04-Oct-13	0.10	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)	381,250	381,250	4-Oct-23
AGA Exchange 2013 options	04-Oct-13	0.10	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)	254,500	254,500	4-Oct-23
Free shares	30-Sept-11	-	Vesting if Occurrence of Acquisition of Control with the immediate effect of accelerating the vesting of free shares granted more than 2 years ago. Otherwise, the free shares vest up to 55% at the end of 24 months from 30 September 2011 and the and the rest up to 7.5 % at the end of each quarter to after the initial period, for 18 months	306,500	29,065	NA
Free shares	21-Oct-11	-	Vesting if Occurrence of Acquisition of Control with the immediate effect of accelerating the vesting of free shares granted more than 2 years ago. Otherwise, the free shares vest up to 55% at the end of 24 months from 30/09/2011 and the and the rest up to 7.5 % at the end of each quarter to after the initial period, for 18 months	30,000	**0**	NA

(1) These instruments become immediately exercisable in the event of the initial listing of the company's shares on a regulated market.

a) Share purchase warrant (BSA)

Movements in the number of stock purchase warrants outstanding and their average exercise prices are as follows:

	2013		2012		2011	
	Average exercise price in € per share	**Number of instruments**	**Average exercise price in € per share**	**Number of instruments**	**Average exercise price in € per share**	**Number of instruments**
At 1 January			45.45	34,772	71.48	23,172
After 10-1 share split	4.55	347,720	4.55	347,720	-	-
Granted	0.10	27,000	-	-	1.00	12,600
Null and void	7.78	(44,375)	-	-	88.47	(1,000)
Exercised	0.10	(4,125)				
Expired	-	-	,-	,-	,-	,-
At 31 December	**3.91**	**326,220**	**4.55**	**347,720**	**45.45**	**34,772**
Exercisable	4.96	255,532	5.52	214,818	57.94	18,026

Among the 326,220 share purchase warrants outstanding, 255,532 were exercisable at the end of 2013.

b) Founders' warrants (Bons de souscription de parts de créateur d'entreprise (BSPCE))

The number of founders' warrants outstanding and their average exercise price are detailed below:

	2013		2012		2011	
	Exercise price in € per share	**Number of instruments**	**Exercise price in € per share**	**Number of instruments**	**Exercise price in € per share**	**Number of instruments**
At 1 January			70.01	55,388	71.16	59,038
After 10-1 share split	6.86	553,880	7.00	553,880	-	-
Granted	-	-	-	-	-	-
Null and void	8.43	(14,500)	-	-	88.47	(3,650)
Exercised	5.84	,(5,000)				
Expired	-	-	-	-	-	-
At 31 December	**6.97**	**534,380**	**7.00**	**553,880**	**70.01**	**55,388**
Exercisable	**6.97**	**534,380**	6.86	516,005	68.84	52,236

Among the 534,380 founders' warrants outstanding, all were exercisable at the end of 2013.

c) Stock options

Under the terms of its eighth resolution, on 22 March 2013, the Combined General Meeting of Shareholders authorized the Management Board, provided that it submit the guidelines thereof to the Supervisory Board, within the framework of Articles L. 225-177 et seq. of the French Commercial Code, on one or more occasions, to grant to the salaried staff and corporate officers (or some of them) of the Company and of the companies and economic interest groups related to the Company under the conditions defined in Article L.225-180-I of said Code, options granting the right to purchase ordinary shares, with the understanding that the total number of options granted under this authorization may not grant the right to purchase more than 989,715 ordinary shares with a nominal value of €0.10 each.

Making use of this authorization, on 4 October 2013, the Management Board adopted two rules for 2013 stock option purchase plans: (i) the rules for the common stock option plan (the "2013 Option Plan") and (ii) the rules for the AGA Exchange option plan (the "2013 E Option Plan"). The main features of these plans are described in the table above.

	2013		**2012**		**2011**	
	Exercise price in € per share	**Number of options**	**Exercise price in € per share**	**Number of options**	**Exercise price in € per share**	**Number of options**
At 1 January	-		-	-	-	-
Granted	0.10	635,750	-	-	-	-
Expired	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
At 31 December	**0.10**	**635,750**	**-**	**-**	**-**	**-**
Exercisable	0.10	159,062				

d) Free shares

The number of free shares outstanding is as follows:

	2013		**2012**		**2011**	
	Exercise price in € per share	**Number of free shares**	**Exercise price in € per share**	**Number of free shares**	**Exercise price in € per share**	**Number of free shares**
At 1 January	-		-	33,650	-	33,650
After 10-1 share split	-	334,000	-	336,500	-	336,500
Granted	-	-	-	-	-	-
Expired	-	(2,000)	-	(2,500)	-	-
Replaced by AGA Exchange options	-	(254,500)	-	-	-	-

Issued	-	(48,435)	-	-	-	-
At 31 December	**-**	**29,065**	**-**	**334,000**	**-**	**336,500**
Exercisable	-		-		-	-

On 30 September 2011, 306,500 free shares were granted to employees and officers of the Company and 30,000 were granted on 21 October 2011.

The departure of employees led to the expiration of 2,500 free shares during financial 2012 and 2,000 in 2013. In addition, some employees have waived the benefit of 254,500 free shares in consideration for the granting of stock options for the 2013 E Stock Option Plan.

e) Valuation

The valuation of share purchase warrants, founders' warrants, stock options and free shares is as follows:

Plan	Valuation model	Share price at the vesting date (in euros)	Annual risk -free interest rate	Expected volatility	Expected maturity (years)	Discount for non-transferability	Average unit fair value (in Euros)
BSPCE 05-082005	B&S	1.216	3.43%	49.00%	10	30.48%	0.001
BSPCE 032006	B&S	5.838	4.10%	48.09%	10	30.48%	0.803
BSPCE 032006'	B&S	5.838	4.74%	46.29%	10	30.48%	2.605
BSPCE 102008	B&S	8.847	3.64%	47.80%	10	30.48%	1.801
BSA 05-082005	B&S	1.216	3.43%	49.00%	10	30.48%	0.001
BSA 03-2006	B&S	5.838	4.10%	48.09%	10	30.48%	0.000
BSA03-2006'	B&S	5.838	4.74%	46.29%	10	30.48%	2.605
BSA10-2008 (2)	B&S	8.847	3.41%	45.52%	10	30.48%	1.801
BSA09-2010	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
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
Free shares	N/A	0.10	N/A	N/A	N/A	-	0.100
Free shares	N/A	0.10	N/A	N/A	N/A	-	0.100

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

Expenses recognized in the financial statements in prior years are as follows:

In thousands of euros	**Prior to 2011**	**2011**	**2012**	**2013**	**2014 and later**	**Total**
BSPCE	561	(7)	42	3	-	599
Free shares	-	4	26	(11)	1	19
BSA	228	47	153	(19)	-	408
Stock options	-	-	-	25	41	66
Total	**790**	**44**	**220**	**(2)**	**42**	**1,092**

16. Consolidated reserves

Consolidated reserves break down as follows:

In thousands of euros	**2013**	**2012**	**2011**
At 1 January	(8,918)	(47,530)	(38,505)
Profit (loss) for the year	(11,967)	(11,251)	(9,136)
Foreign currency exchange differences	(47)	(19)	56
Share-based payments - Expenses for the year	(2)	219	44
Actuarial gains (losses) on retirement benefit obligations	(30)	(66)	11
Free share delivery	(5)	-	-
Allocation of negative retained earnings to the share premium	-	49,729	-
At 31 December	**(20,969)**	**(8,918)**	**(47,530)**
Of which:			
Retained earnings (losses)	(10,185)	1,066	(39,528)
Loss for the year	(11,967)	(11,251)	(9,136)
Statutory reserve	-	-	-
Unavailable reserve	-	-	-
Other comprehensive income	131	213	299
Share-based payments	1,052	1,054	835
At 31 December	**(20,969)**	**(8,918)**	**(47,530)**

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.

17. Financial debt

Financial debt breaks down as follows:

In thousands of euros	**2013**	**2012**	**2011**
Non-current			
OSEO repayable advance – Brain Therapy	-	-	310
OSEO repayable advance – Prostate	-	-	28

OSEO repayable advance – Tuce	77	77	-
OSEO repayable advance – Icare	657	634	398
Bond issue	4,754	-	-
Total non-current liabilities	**5,488**	**711**	**736**
Current			
OSEO repayable advance – Brain Therapy	338	621	300
OSEO repayable advance – Prostate	-	18	-
Short-term borrowings (factoring and Dailly)	829	-	-
Interest accrued on loan	21	-	-
Associate current accounts	-	500	-
Total current	**1,189**	**1,138**	**300**

At 31 December 2013, short-term loans corresponded to the financing of receivables through factoring agreements and Dailly-type assignment transfers, as described in Note 35 (d).

Financial liabilities included at 31 December 2012 an advance on the capital increase in the associate current account.

17.1 Repayable advances

As part of its development programs, the Company received four repayable advances granted by OSEO, two of which had a significant impact on the financial statements:

- a non-interest bearing repayable advance for a nominal amount of €1 million for the Brain Therapy program, of which €500,000 was received in June 2007, and another €500,000 was received in April 2009. Insofar as the Company pays no interest on this amount, the advance was initially recorded 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.

- a repayable advance for the Icare program. On 8 March 2010, the Company received the first installment, for €516,000, and a second payment of €347,000 was obtained on 13 June 2012. The same treatment was applied as described above. In addition, repayments will be made based on future sales of products resulting from the project, i.e., 3.3% of revenue, upon reaching €12 million, until the 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 (d)).

The company also received on June 26, 2012 for the first installment for the Tuce program. Repayments will be based on future sales of products resulting from the project, i.e., 2.5% of revenue, upon reaching €1.5 million (see also Note 35 (d)).

In thousands of euros	**OSEO - THERAPY**	**OSEO - PROSTAT**	**OSEO - ICARE**	**OSEO - TUCE**	**TOTAL**

			E		
B/S debt as at 31 Dec 2010	**782**	**35**	**384**	**-**	**1,201**
+ payments received	-				-
- repayments	(200)	(7)	-	-	(207)
- discount	-	-	-	-	
+ accretion	28	-	14	-	42
> +/- change in assumption	-	-	-	-	
B/S debt at 31 Dec 2011	**610**	**28**	**398**	**-**	**1,036**
+ payments received	-	-	347	77	424
- repayments	-	(10)	-	-	(10)
- discount	-	-	(120)	-	(120)
+ accretion	10	-	17	-	27
> +/- change in assumption	-	-	(8)	-	(8)
B/S debt at 31 Dec 2012	**620**	**18**	**634**	**77**	**1,349**
+ payments received	-	-	-	-	-
- repayments	(300)	(18)	-	-	(318)
- discount	-	-	-	-	-
+ accretion	26	-	16	-	42
> +/- change in assumption	(8)	-	7	-	(1)
B/S debt at 31 Dec 2013	**338**	**-**	**657**	**77**	**1,072**

The repayment schedule for the advances above is as follows at the balance sheet date:

In thousands of euros	**Total**	**<1 year**	**Between 1 and 5 years**	**>5 years**
Brain Therapy advance	**338**	**338**		
TUCE advance	77			77

ICARE advance	657		657	
Total	**1,072**	**338**	**657**	**77**

17.2 Issue of bonds with warrants ("OBSA")

In accordance with the deliberations of the ExtraOrdinary Shareholders' Meeting of shareholders of the Company on 16 December 2013, the Company issued 50,000 bonds with warrants with a nominal value of €100 each (the "OBSA"). Each OBSA was issued at a price equal to its nominal value, or €100, for a total nominal amount of €5 million.

The OBSA are payable monthly on the due date, over five years, with a capital grace period of 24 months, which is increased to 36 months in the event that revenue targets are achieved between the 13th and 24th month. Interest is paid on a monthly basis from the month of issue (16 December). The management of the Company considers probable the achievement of the revenue target, thus allowing it to enjoy the grace period of 36 months. Consequently, the estimates made in the preparation of the consolidated financial statements for 2013 and the information provided in the notes to those financial statements reflect this modality. In this case, the OBSA outstanding will be repaid in regular installments of principal and interest over the last 24 months.

The Company has the right to proceed with the early redemption of all or part of the outstanding OBSA for a minimum amount of €500,000. It should proceed with the early redemption of all of the outstanding OBSA, unless otherwise agreed by holders, in the event of change of control or sale of a substantial part of all Group assets. The Company has agreed not to make any distribution of dividends, interim dividends or reserves, and not to make any payment to shareholders other than those due under their employment contract or term of corporate office as long as any amount is due to holders of OBSA.

OBSA bear interest at an annual rate of 10.13%.

A share warrant ("BSA3") is attached to each OBSA, for a total of 50,000 BSA, which give BSA holders the right to purchase 50,000 new Class D preferential shares (the "D Shares"), and to each D Share is attached a D Share purchase warrant whose terms are identical to those of the BSAD-2013-R issued by the Combined General Meeting of the Company on 22 March 2013 (the "BSAD-2013-R", together with the D Shares to which they are attached, the "ABSAD-2013"). Each BSA will give the right to its holder to purchase one ABSAD-2013 at a purchase value equal to the issue price of the ABSAD-2013 issued by the Management Board on authorization granted by the Combined General Meeting of the Company of 22 March 2013 (€10). Fifty thousand ABSAD-2013 may therefore be issued for a total issue value of €500,000.

These BSA are all exercisable at any time between 16 December 2013 and the later of the following dates: 17 December 2023 and the fifth anniversary of the date of initial listing of the shares of the Company, particularly in the case of an IPO, change of control, event of default for the exercise of withdrawal rights of BSA holders, distribution of dividends and/or reserves, or the completion of a capital transaction.

The value of the bond issue in the balance sheet is as follows:

In thousands of euros	**OBSA**
Nominal value of the bond issue	5,000

Issuance costs charged to the loan	(246)
Equity component (Note 3.14)	-
Liability component on initial recognition	4,754
Liability component at 31 December 2013	**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	4,754	-	4,754	-

18. Retirement benefit obligations

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.

The amounts recognized in the balance sheet are determined as follows:

In thousands of euros	**2013**	**2012**	**2011**
Provision for retirement benefit obligations	347	258	164

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

In thousands of euros

	2013	**2012**	**2011**
At 1 January	258	164	127
Cost of services rendered during the period	55	43	42
Financial cost	8	7	6
Services paid	-	(5)	-
Reductions / terminations	-	(17)	-
Changes in assumptions	4	68	8
Actuarial gains and losses	22	(2)	(19)

Foreign currency exchange differences	-	-	-
At 31 December	**347**	**258**	**164**

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

In thousands of euros

	2013	**2012**	**2011**
Cost of services rendered during the period	55	43	42
Financial cost	8	7	6
Change of plan	-	-	-
At 31 December	**63**	**50**	**48**

The main actuarial assumptions used are as follows:

	2013	**2012**	**2011**
Discount rate	3.0%	3.0%	4.5%
Rate of increase in salaries	3.5%	3.5%	3.5%
Inflation rate	2.0%	2.0%	2.0%
Rate for social security expenses Non-management	42.0%	45.5%	44.0%
Rate for social security expenses Management	47.0%	45.5%	44.0%

Obligations are calculated based on an assumption of voluntary retirement at 62 for employees and 64 for management.

Assumptions regarding future mortality expectations are set based on data from published statistics and historical data in France.

19. Provisions for other liabilities (current and non-current)

Provisions for other liabilities break down as follows:

In thousands of Euros	**Guarantees**	**Dismissals**	**Other**	**Total**
Balance at January 1, 2011	312	392	-	704
- Increase in provision	325	-	-	325
- Used amounts reversed	(312)	(392)	-	(704)
- Unused amounts reversed	-	-	-	-

Situation as at 31 December 2011	**325**	**-**	**-**	**325**
Balance at January 1, 2012	325	-	-	325
- Increase in provision	752	-	-	752
- Used amounts reversed	(643)	-	-	(643)
- Unused amounts reversed	-	-	-	-
Situation as at 31 December 2012	**434**	-	-	**434**
Balance at January 1, 2013	434	-	-	434
- Increase in provision	559	-	-	559
- Used amounts reversed	(610)	-	-	(610)
- Unused amounts reversed	-	-	-	-
Situation as at 31 December 2013	**383**	-	-	**383**

All provisions for other liabilities are current (see Note 21).

The sales made by the Group are subject to a one-year warranty period. The measurement of the cost of the warranty 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 warranties 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.

20. Trade payables

Trade payables break down as follows:

In thousands of euros	**2013**	**2012**	**2011**
Trade payables	**3,385**	**5,239**	**3,755**
Of which current	2,924	4,895	3,440
Of which non-current	461	344	315

The non-current portion of suppliers principally corresponds to future payments discounted for the minimum fixed royalties on acquired patents and licenses.

21. Other current and non-current liabilities

Other current liabilities break down as follows:

In thousands of euros	**2013**	**2012**	**2011**
Social security liabilities	2,074	1,955	1,104
Deferred revenue – current portion	366	466	497
Operating grant to be repaid	807	-	-
Tax liabilities	242	403	203
Provisions for other current liabilities (note 19)	383	434	325
Advances received on orders	50	55	40
Miscellaneous	21	15	4
Total other current liabilities	**3,944**	**3,328**	**2,173**

Accrued income concerns proceeds from operating grants spread as the expenses are incurred and the provision of services (principally maintenance, warranty extensions, etc.) for which the revenue is recognized when the service is provided.

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), or €807,000 in 2014 out of a total of €1.774 million in grants received. As such, €807,000 was reclassified in the financial statements at 31 December 2013 as short-term debt. See Note 35 (d).

The Company received €133,000 for operating grants during financial year 2013.

Other non-current liabilities are detailed below

In thousands of euros	**2013**	**2012**	**2011**
Trade payables - non-current portion	461	344	315
Deferred revenue - non-current portion	283	1,524	661
At 31 December	**744**	**1 868**	**976**

22. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Situation as at 31 December 2011

In thousands of euros

Assets	Loans and receivables	Financial assets at fair value through profit and loss	Total
Marketable securities pledged	-	158	158
Deposits paid	113	-	113
Trade receivables	3,830	-	3,830
Cash and cash equivalents	11,025	1,463	12,488
Total	**14,968**	**1,621**	**16,589**

	Liabilities at fair value through profit and loss	Financial liabilities valuated at amortized cost	Total
Trade payables and related	-	3,755	3,755
Derivative debt instruments	358	-	358
Repayable advances	-	1,036	1,036
Total	**358**	**4,791**	**5,149**

Situation as at 31 December 2012

In thousands of euros

Assets	Loans and receivables	Assets at fair value through profit and loss	Total
Marketable securities pledged	-	158	158
Deposits paid	159	-	159
Trade receivables	4,877	-	4,877
Cash and cash equivalents	4,247	4	4,251
Total	**9,283**	**162**	**9,445**

	Liabilities at fair value through profit and loss	Financial liabilities valuated at amortized cost	Total
Trade payables and related	-	5,239	5,239
Associate current accounts	-	500	500
Repayable advances	-	1,349	1,349
Total	**-**	**7,088**	**7,088**

Situation as at 31 December 2013

In thousands of euros

Assets	Loans and receivables	Assets at fair value through profit and loss	Total
Marketable securities pledged	-	158	158
Deposits paid	126	-	126
Trade receivables	6,704	-	6,704
Cash and cash equivalents	1,933	4,504	6,437
Total	**8,763**	**4,662**	**13,425**

	Liabilities at fair value through profit and loss	Financial liabilities valuated at amortized cost	Total
Trade payables and related	-	3,385	3,385
Bond issue	-	4,754	4,754
Short-term debt (Dailly)	-	500	500
Factoring	-	329	329

Repayable advances	-	1,073	1,073
Total	**-**	**10,041**	**10,041**

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 impairment, and current receivables and payables is assumed to approximate the fair value of these elements.

23. Cost of sales

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

In thousands of euros	**2013**	**2012**	**2011**
Revenue	16,961	14,097	9,782
Cost of sales	(10,723)	(10,140)	(6,693)
Gross margin	**6,238**	**3,957**	**3,089**
Gross margin as a % of revenues	*36.8%*	*28.1%*	*31.6%*

Most of the decline in the gross margin that occurred 2011 and 2012 was primarily due to a provision for impairment of inventory, as well as scrapped inventory. Following the launch of version 6 of Aixplorer, the Company had recognized significant provisions for obsolescence (see Note 10 on inventories) and adjusted its physical inventory accordingly. Net of these exceptional impacts, the gross margin increased moderately over the last three years.

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	**2013**	**2012**	**2011**
Personnel	2,444	1,896	2,373
Fees/External Services/ Subcontracting	771	614	640
Travel expenses and entertainment	122	145	206
Depreciation, amortization & provisions	725	314	614
Purchases and consumables	186	371	470

Operating grants	(947)	(360)	(597)
Research tax credit	(513)	(233)	(1,243)
Other	522	546	256
Total	**3,311**	**3,293**	**2,719**

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

In 2013:

In thousands of Euros	**R&D expenses**	**Capitalized expenses**	**Total Expenditures**
Personnel	2,444	1,641	4,085
Fees/External Services/ Subcontracting	771	177	948
Travel expenses and entertainment	122	64	186
Depreciation, amortization & provisions	725	220	945
Purchases and consumables	186	128	314
Operating grants	(947)	-	(947)
Research tax credit	(513)	(1,221)	(1,733)
Other	522	65	587
2013 Total	**3,311**	**1,074**	**4,385**

In 2012:

In thousands of Euros	**R&D expenses**	**Capitalized expenses**	**Total Expenditures**
Personnel	1,896	1,964	3,860
Fees/External Services/ Subcontracting	614	269	883
Travel expenses and entertainment	145	45	190
Depreciation, amortization & provisions	314	178	492
Purchases and consumables	371	267	638
Operating grants	(360)	-	(360)
Research tax credit	(233)	(806)	(1,039)
Other	546	99	645
2013 total	**3,293**	**2,016**	**5,309**

In 2011:

In thousands of Euros	**R&D expenses**	**Capitalized expenses**	**Total Expenditures**
Personnel	2,373	998	3,371
Fees/External Services/ Subcontracting	640	66	706
Travel expenses and entertainment	206	-	206
Depreciation, amortization & provisions	614	107	721
Purchases and consumables	470	-	470
Operating grants	(597)	-	(597)

Research tax credit	(1,243)	(448)	(1,691)
Other	256	38	294
Total	**2,719**	**761**	**3,480**

25. Selling and marketing expenses

Selling and marketing expenses break down as follows:

In thousands of euros	**2013**	**2012**	**2011**
Personnel	4,367	3,704	2,887
Fees/External Services/ Subcontracting	1,821	1,496	1,168
Travel expenses and entertainment	2,065	1,688	1,543
Depreciation, amortization & provisions	454	570	282
Other	438	410	564
Total	**9,146**	**7,868**	**6,444**

26. General and administrative expenses

General and administrative expenses break down as follows:

In thousands of euros	**2013**	**2012**	**2011**
Personnel	1,815	1,850	1,672
Fees/External Services/ Subcontracting	1,449	1,557	1,323
Travel expenses and entertainment	243	284	242
Depreciation, amortization & provisions	338	153	179
Other	238	66	179
Total	**4,083**	**3,910**	**3,596**

27. Other operating income/(expenses)

Other operating income/(expenses) break down as follows:

In thousands of euros	**2013**	**2012**	**2011**
Provision for doubtful trade receivables	(1,165)	(249)	(147)
Miscellaneous	-	(35)	-

Other operating expenses	(1,165)	(284)	(147)
Reversal of unused provision for dismissal	-	-	68
Reversal of provision for doubtful trade receivables	166	112	-
Miscellaneous	14	3	-
Other operating income	180	115	68
Other operating income and expenses	**(986)**	**(169)**	**(79)**

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

Other non-current operating income/(expenses) recognized using the methods described in Note 3.26 for the determination of non-current operating income are related to the cost of transferring the production of ultrasound devices. They break down as follows by type:

In thousands of euros	**2013**	**2012**	**2011**
Personnel	(158)		
Fees	(180)		
Travel	(36)		
Equipment	(22)		
Other	(38)		
Other non-current operating expenses	**(435)**	**-**	**-**
Other non-current operating income	**-**	**-**	**-**
Other non-current operating income and expenses	**(435)**	**-**	**-**

29. Operating expenses by type

Operating expenses by type break down as follows (excluding research and development expenses capitalized as intangible assets, see details in Note 7):

In thousands of Euros	**2013**	**2012**	**2011**
Purchases including inventory variations	8,470	6,867	5,278
Semi-finished goods and consumables used	0	0	(53)
Amortization and depreciation of acquired assets	1,924	1,492	1,250

Salaries and other short-term employee benefits	7,416	6,502	5,666
Social security costs	2,626	2,116	2,045
Taxes	278	177	157
Subcontracting	137	154	402
External services	1,629	1,345	1,114
Travel expenses and entertainment	1,766	1,668	1,547
Buildings and office leases	725	697	722
Advertising, promotion and trade shows	899	725	690
Fees, commissions and royalties	2,778	2,639	2,188
Grants and research tax credit	(1,460)	(593)	(1,841)
Provisions	568	752	(32)
Other	926	839	399
At 31 December	**28,684**	**25,380**	**19,531**

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	**2013**	**2012**	**2011**
Salaries and other short-term employee benefits	7,416	6,388	5,787
Social security costs	2,626	2,155	2,025
Share-based payments	-2	220	43
Retirement obligations	59	28	48
Total	**10,098**	**8,791**	**7,903**

At 31 December 2013, the Group employs 126 people, compared to 120 at 31 December 2012 and 98 at 31 December 2011.

31. Financial income and expenses

Financial income and expenses break down as follows:

In thousands of euros	**2013**	**2012**	**2011**
Foreign currency exchange losses	(135)	(126)	(68)
Interest	(97)	(30)	(42)
Provisions	-	-	-
Financial expenses	**(232)**	**(156)**	**(110)**
Foreign currency exchange gains	64	67	53
Interest	0	29	40
Change in value of derivative liabilities	-	92	630
Reversals of provisions	-	-	-

Financial income	**64**	**188**	**723**
Net financial income (loss)	**(168)**	**32**	**613**

32. Income tax

The amount of tax on Group income is different from the theoretical amount which would result from the tax rate calculated based on the tax rates applicable in France because of the following elements:

In thousands of euros	**2013**	**2012**	**2011**
Income (loss) before tax	(11,891)	(11,251)	(9,136)
Tax calculated based on the parent company's tax rate (34.43%)	(4,094)	(3,874)	(3,146)
Tax effect of:			
Unrecognized tax losses during the period	4,413	4,158	3,865
Research tax credit not subject to income tax	(597)	(376)	(582)
Non tax deductible share based payment	(1)	76	15
Flat-rate taxation of the representation office in China	477	-	-
Other permanent differences	(47)	7	(212)
Difference in tax rates	(76)	9	59
Effective income tax	**76**	**-**	**-**

Deferred tax assets not recognized at 31 December 2013 amounted to €28.611 million (compared to €24.198 million at 31 December 2012). It includes €22.191 million corresponding to the tax effect on the loss carry-forwards of the French entity, and €6.420 million on foreign subsidiaries, corresponding mainly to the US subsidiary. The deferred tax asset balances were not capitalized in accordance with the principles described in Note 3.1.

In France, the use of these tax losses is capped at 50% of the taxable profit of the period. This limit is applicable to the part of profit above €1 million. The unused balance of the tax losses is carried forward to the following periods and is usable under the same conditions with no time limit.

33. Earnings per share

(a) Basic

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

	2013	**2012**	**2011**
Loss attributable to equity holders of the Company (in thousands of euros)	(11,967)	(11,251)	(9,136)
Weighted average number of shares outstanding	10,930,414	9,767,042	8,570,500
Net profit (loss) per share (in Euros)	**(1.09)**	**(1.15)**	**(1.07)**

The Combined General Meeting of 16 May 2012 approved the division of the nominal value of the shares by 10 and the allocation for each old share with a nominal value of €1 of ten shares with a nominal value of €0.10. For the purposes of calculating earnings per share, the weighted average number of ordinary shares outstanding during 2012 and 2011 actions was therefore adjusted to reflect this division by 10 of the nominal, having changed the number of ordinary shares outstanding without equivalent resources for the company.

(b) Diluted

Potentially dilutive instruments are described in Note 14. Capital for the section on instruments issued in Note 15 on the breakdown of the number still outstanding and the number exercisable at 31 December for the last three years, and in Note 17.2 for the issuance of OBSA. During the periods presented, the equity instruments granting deferred access to capital (BSPCE, BSA, free shares...) 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

When it was incorporated, the Group entered into licensing agreements on basic patents.

During the second round of funding, the Group acquired licensed CNRS patents, and the share of the CNRS patents taken in co-ownership arising from the collaborative framework contract with the CNRS (which was a party to the contract from 2006 to 2008). These agreements also provide for the payment of royalties.
The Group also renewed the exclusive licensing agreement with Verasonics, and an exclusive license for US patents from Armen Sarvazyan.

It remains liable to date for the payment of royalties amounting to 4.5% of its revenues.

The Group is about to grant to a major industrial player, in return for the payment of royalties, a worldwide, non-exclusive license to some of its patents valid until at least November 2023, provided that this actor has also agreed to not enforce against the Company the patents it owns in the field of medical ultrasound imaging.

In addition, the Company is negotiating with a major player in the industry for a worldwide non-exclusive license on the entire portfolio of patents of that player in the field of equipment and medical ultrasound imaging methods, in exchange for royalties. Since the terms and conditions are not yet determined, no provision has been recorded in the financial statements. If concluded, this agreement will provide access to this patent portfolio of interest for the development of the company in exchange for an initial payment and/or royalties that the company might have to pay.

35. Commitments

(a) Capital expenditure commitments

Fixed asset orders contracted for but not yet incurred are not significant.

(b) Operating lease commitments

The Group leases offices under non-cancellable operating lease agreements. These lease agreements 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	**2013**	**2012**	**2011**
Less than 1 year	213	416	416
Between 1 and 5 years	14	281	697
More than 5 years	-	-	-
Total	227	697	1,113

(c) Pledge of bank accounts

As security for the bond issue, the Company has granted the holders of OBSA a pledge on the bank accounts of SuperSonic Imagine SA. This pledge will be supplemented before 16 June 2014 by (i) a commitment by the Company to maintain at all times in its bank accounts a credit balance equal to at least €2 million, or (ii) a pledge on its industrial property rights.

(d) Other commitments given

Pledge of marketable securities:
Marketable securities amounting to €155,000 have been pledged to BNP Paribas Real Estate as a deposit on the rent of the of Aix-en-Provence business premises. This pledge was given for a period of nine years and ends on 18 July 2017.

ICARE program repayable advance and grant:
As mentioned in Note 17, 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 revenue, with a discount rate of 3.74% upon reaching €12 million, until the year ending in 2022. Repayments may therefore exceed the nominal amount.

At the balance sheet date of the financial statements, the Company is in discussions with OSEO, the funder of this program, to redefine the revenue base to be considered for future payments, because some of the initial objectives may not be successful and the Company does not expect to release all of the aid since part of the project will not be realized.

In the absence of a reliable estimate of the amount payable until 2022, because discussions are ongoing, the share of payments to be made in excess of the amount of the advance is not recorded in the balance sheet.

Since the costs were much lower than originally projected, the Group plans to repay, in 2014, €807,000 corresponding to the portion of the grant received for expenses that were not ultimately incurred (and not recognized as income by the Group), out of a total of €1.774 million in grants received (completely independently of the repayment of the advance used). As such, €807,000 was reclassified in the financial statements at 31 December 2013 as short-term liabilities.

Refundable TUCE program advance:

On 26 June 2012, the Company also received the first installment, for €77,000, of a repayable advance for the Tuce program. Repayments will be made based on future sales of products resulting from the project, i.e., 2.5% of revenue, upon reaching €1.5 million and will be spread over a maximum period of eight consecutive years. Insofar as the end of the project is planned for 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.

Expenses incurred in connection with a raising of funds:
During December, and as part of its proposed initial public offering, the Group began to seek advice and counsel. Insofar as the corresponding fees shall be due only in the event of success of the operation, it did not record a provision in the financial statements at 31 December 2013.

Financing by assignment of receivables:
At the end of financial year 2013, the Group signed two receivables financing contracts.
A Dailly-type contract dated 10 December and implemented pending the initial financing of the factoring contract. The amount financed corresponding to the maximum amount of the contract is €500,000, which was repaid in early January.
The impact of this contract in the financial statements is a financial debt of €500,000.

A factoring agreement signed on 12 December 2013 gives the option to finance 85% of the trade receivables of the parent company, within the limits of the suitable credit assurances granted.
At 31 December 2013, the amount of receivables submitted to the factor amounted to €1.707 million. However, they were funded for an amount of €329,000. The unfunded portion corresponds in part to a customer for which the factoring company has requested additional documentation considering the materiality of the receivable (which was funded in part on 2 January 2014). The unfunded portion also corresponds to a letter of credit issued to China, whose funding was delayed for administrative reasons.
The impact of this agreement in the financial statements is a financial debt of €329,000.

(e) Commitments received

The amount of trade receivables at the balance sheet date is subject to a reservation of property clause established in the general conditions of sale, to the Group's benefit.

As the Company benefits from the assistance of OSEO in the financing of its Research and Development activities, it received commitments to finance a part of its future work in the form of operating grants and repayable advances:

- Commitments received for grants break down as follows:

(in thousands of euros)	Before 2009	2009	2010	2011	2012	2013	***Cumulative amount received***	***Amount of grant on contract***	***Balance receivable***
ICARE - OSEO			1,122		652		**1,775**	**2,838**	**1,063** [(1)]
DARMUS - DGA	444	84			116		**645**	**645**	
CARDIO -ANR	65	54			54	43	**215**	**215**	
TUCCIRM -ANR	69				57		**126**	**126**	

Elastobus -OSEO		230			224		**454**	**454**	
TUCE -OSEO		810		204			**1,014**	**1,208**	**194**
Micro Elasto -ANR			56				**56**	**186**	**130**
PLIK -OSEO				40			**40**	**133**	**93**
PLIK –Pays d'Aix					24		**24**	**80**	**56**
PLIK - PACA								**80**	**80**
BITHUM -ANR					47	24	**71**	**118**	**47**
IDITOP -OSEO					100		**100**	**335**	**234**
IDITOP - PACA								**250**	**250**
Cartographics - INCA INSERM					40	67	**106**	**133**	**27**
Total	**578**	**1,179**	**1,178**	**244**	**1,314**	**133**	**4,626**	**6,800**	**2,174**

(1) See Note 35 (d) not only did the Group not intend to apply the balance receivable for this grant, but it will pay the funder part of the money received.

- The commitments received relating to the repayable advances break down as follows:

(in thousands of euros)	**Advances received**	**Repayments**	**Balance at 31 Dec 2013**	**Amount of repayable advance on contract**	**Commitments to be received**
ICARE - OSEO	863		**863**	**3,039**	**2,176**
- HIFU - OSEO	1,000	(660)	**340**	**1,300**	**300**
- PROSTATE - OSEO	35	(35)		**35**	
TUCE -OSEO	77		**77**	**407**	**330**
TOTAL	**1,975**	**(695)**	**1 280**	**4,781**	**2,806**

(f) Individual training (*Droit Individuel à la Formation*)

As at 31 December 2013, the total cumulative hours of individual training available to French Company staff amounts to 6,323.

36. Related party transactions

Key management compensation

Key management includes executive Management Board members and executive and non-executive Supervisory Board members. The compensation paid or payable to key management is as follows:

In thousands of euros	**2013**	**2012**	**2011**
	1,208	893	736
Salaries and other short-term employee benefits			
Attendance fees	48	40	40
Share-based payments	55	0	13
Total	**1,311**	**933**	**700**

The Group has no related parties other than the members of the Management and Supervisory Boards.

37. Events after the reporting period

In January, the group organized the meeting to launch its draft IPO. In the event that the transaction should be successful, significant fees will be paid to the professional firms that participated.

38. Consolidated entities

The consolidated financial statements as of 31 December 2013 include the accounts of SuperSonic Imagine, the parent company, and the following entities:

Country of incorporation	**Company**	**2013**	**2012**	**2011**
France	SuperSonic Imagine	Parent company	Parent company	Parent company
United States	SuperSonic Imagine Inc	100%	100%	100%
United Kingdom:	SuperSonic Imagine Ltd	100%	100%	100%
Germany	SuperSonic Imagine GmbH	100%	100%	100%
Italy	SuperSonic Imagine Srl	100%	100%	100%
China	SuperSonic Imagine (H.K.) Limited	100%	100%	100%

Over the past three years, the Group did not acquire any company and no change in scope has occurred, with the exception of the creation of the Chinese subsidiary (based in Hong Kong) in June 2011.

21.2 PROFORMA FINANCIAL INFORMATION

Not applicable.

21.3 HISTORICAL FINANCIAL STATEMENTS OF SUPERSONIC IMAGINE S.A.

As the Company prepared consolidated financial statements during the reference period, the Company's standalone historical financial statements are not included in this base document.

21.4 EXAMINATION OF ANNUAL HISTORICAL FINANCIAL INFORMATION

21.4.1 Audit report of the statutory auditors on the consolidated financial statements prepared according to IFRS standards for the financial years ended 31 December 2013, 2012 and 2011

"To the Chairman of the Management Board,

In our capacity as statutory auditors of SuperSonic Imagine and in accordance with your request in connection with your project of opening-up the capital of the Company, we have performed an audit of the accompanying consolidated financial statements thereof prepared in accordance with IFRS as adopted by the European Union, for the years ended 31 December 2011, 2012 and 2013.
The preparation of these consolidated financial statements is the responsibility of your Management Board. Our role is to express an opinion on these financial statements based on our audit.

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.

In our opinion, the consolidated financial statements prepared in connection with your project of opening-up the capital of the Company are an accurate presentation, in all material respects, in accordance with IFRS as adopted by the European Union, of the assets, liabilities and of the financial position of the consolidated group as of 31 December 2011, 2012 and 2013 and of the results of its operations for the years then ended."

Avignon and Paris-La Défense, 14 February 2014

French original signed by The Statutory Auditors

AREsXPERT AUDIT	ERNST & YOUNG et Autres.
Laurent Peyre	Franck Sebag

21.4.2 Other information verified by legal controllers

None.

21.5 DATE OF THE MOST RECENT FINANCIAL INFORMATION

31 December 2013.

21.6 INTERIM CONSOLIDATED FINANCIAL INFORMATION

Not applicable.

21.7 DIVIDEND DISTRIBUTION POLICY

21.7.1 Dividends paid during the last three financial years

None.

21.7.2 Dividend distribution policy

Given the Company's stage of development, it does not anticipate initiating a dividend payment policy in the short term.

21.8 ARBITRATION AND LEGAL PROCEEDINGS

On 22 October 2009, the Company signed a contract with Beijing Csroad International Technology ("Csroad") for exclusive distribution of its products in China (excluding Taiwan, Hong Kong and Macao) for a four-year term starting on the date when the authorizations for the sale of said products would be obtained from the competent authorities, which occurred on 14 July 2010. The contract is governed by French law and contains an arbitration clause before the International Chamber of Commerce. In April 2013, the Company terminated this contract, in particular noting that Csroad has not achieved its contractual objectives, and offering it to sign a new distribution agreement. After discussion between the parties, Csroad summoned the Company before the Beijing Chaoyang district court, and the intermediate court of Beijing, in particular asking to continue the contract and its extension, 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 commenced an arbitration proceeding before the International Chamber of Commerce, including for payment of damages. None of these proceedings has been concluded at this time.

Although the Company feels it has arguments that would allow it to assert its rights within the context of these proceedings, it cannot guarantee their outcome, nor exclude that such proceedings may be costly and time-consuming for its management.

To date, however, financial implications have remained limited. Given the lawsuit, Csroad has not paid the Company an amount of €474,000 in receivables relating to sold platforms. At 31 December 2013, the full amount was provisioned. However, no provision for risks and charges has been made insofar as no financial claim has been made by the distributor.

As of the registration date of the base document, there were no other governmental, legal or arbitration proceedings, including any proceedings of which the Company has knowledge, that are pending or threatened, which are likely to have or have had in the course of the last 12 months any material effects on the financial position, business or results of the Company and/or its subsidiaries.

21.9 SIGNIFICANT CHANGES IN THE FINANCIAL OR BUSINESS SITUATION

To the best of the Company's knowledge, there has been no significant change in the Group's financial or business situation since 31 December 2013.

21.10 STATUTORY AUDITORS' FEES

	Year ended 31/12/2013				Year ended 31/12/2012			
	ERNST & YOUNG et Autres		AREsXPERT AUDIT		ERNST & YOUNG et Autres		AREsXPERT AUDIT	
	€	%	€	%	€	%	€	%
Audit								
> Statutory audit, certification, review of individual and consolidated financial statements								
* Issuer	74,500	50%	22,500	51%	144,000	66%	41,000	56%
* Wholly owned subsidiaries	-	-	-	-	-	-	-	-
>Other due diligence and services directly related to the statutory auditors' mission								
* Issuer	74,500	50%	21,500	49%	75,000	34%	32,500	44%
* Wholly owned subsidiaries	-	-	-	-	-	-	-	-
Subtotal	**149,000**	**100%**	**44,000**	**100%**	**219,000**	**100%**	**73,500**	**100%**
Other services rendered by the networks to the wholly owned subsidiaries								
> Legal, tax, employment law	-	-	-	-	-	-	-	-
> Other (indicate if >10% of auditors' fees)	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**149,000**	**100%**	**44,000**	**100%**	**219,000**	**100%**	**73,500**	**100%**

22. ADDITIONAL INFORMATION

22.1 SHARE CAPITAL

22.1.1 Amount of the share capital

As of the registration date of this base document, following the division of the par value Company's shares by 10 (and the, correlative 10 times increase in the number of shares composing the share capital,) as decided on by the Combined General Shareholders' Meeting held on 16 May 2012, the Company's share capital totals €1,133,737.60, divided into 11,337,376 shares, each having a par value of €0.1, fully paid-up, comprised of:

- 674,260 ordinary shares,
- 1,797,690 Category A preferred shares,
- 542,270 Category B1 preferred shares,
- 2,909,000 Category B2 preferred shares,
- 2,021,850 Category C1 preferred shares,
- 679,820 Category C1A preferred shares,
- 1,276,430 Category C2 preferred shares and
- 1,436,056 Category D preferred shares.

By decision of the General Meeting of Shareholders held on 3 March 2014, all preferred shares will be converted into ordinary shares at a rate of one of ordinary share for one preferred share at the time the Company's shares are initially listed on the regulated market of Euronext in Paris, so that the entirety of the capital will then be in ordinary shares.

22.1.2 Non-equity securities

None.

22.1.3 Acquisition by the Company of treasury shares

As of the date of this base document, the Company did not own any of its own shares and no share of the Company was held on its behalf.

The Combined General Meeting of Shareholders of 3 March 2014 authorized the Management Board to implement, for a period of eighteen months from the date of such meeting, a buyback program for the Company's shares in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code and Market Practices approved by the Autorité des Marchés Financiers, subject to the non-retroactive condition precedent of the initial listing of the Company's shares on the regulated market of Euronext in Paris no later than 31 December 2014. The following are the principal terms of this authorization:

- maximum number of shares that may be purchased: 10% of the share capital, at any time, it being stipulated that, when the shares are purchased with the goal of facilitating the liquidity of the Company's shares, the number of shares taken into account for the calculation of this limit corresponds to the number of shares purchased, reduced by the number of shares re-sold during the authorization period; when they are bought for the purpose of being retained and used later as payment or for exchange in connection with a merger, spin-off, or contribution, the number of shares purchased may not exceed 5% of the total number of shares;

- objectives of the share buyback:

- to promote the liquidity of the Company's shares under a liquidity agreement to be entered into, as may be appropriate, with an investment services provider, complying with the ethics charter recognized by the AMF;

- to meet its obligations under stock options, free share and employee savings plans and other awards of shares to the employees and directors of the Company and its affiliates;

- to allot shares upon exercise of rights attached to securities giving access to the share capital;

- to purchase shares in order to retain and deliver them at a later stage as payment or exchange within the framework of external growth transactions;

- cancel all or a portion of the repurchased shares; or

- more generally, operate with any objective that becomes authorized by the law or any other market practice that comes to be admitted by the market authorities (specifying that in such case, the Company would inform its shareholders by press release).

- maximum purchase price (excluding expenses and commission): 300% of the share price set for the initial public offering of the Company's shares;

- maximum total amount of purchases: €5 million.

22.1.4 Securities giving rights to a share in the capital

As of the date of this base document, securities and other instruments currently issued and outstanding that give access to the Company's share capital are as follows.

22.1.4.1 Founders' warrants (Bons de souscription de parts de créateur d'entreprise (BSPCE))

	BSPCE 05-08-2005	BSPCE 03-2006	BSPCE 03-2006'	BSPCE 10-2008
Date of the general shareholders' meeting	05-Aug-05	10-Mar-06	10-Mar-06	23-Oct-08
Management Board date	10-Oct-05	10-Jul-06	09-Jul-07	05-Nov-09
Number of BSPCE authorized	2,568	34,300	34,300	79,750
Total number of BSPCE granted	2,568	26,970	4,750	29,600
Total number of shares that can be subscribed (1)	25,680	269,700	47,500	296,000
Of which the number that can be subscribed by directors (1)	*8,560*	*152,000*	*0*	*130,000*
Directors concerned: *Jacques Souquet* *Claude Cohen-Bacrie*	 *0* *8560*	 *77,000* *75,000*	 *0* *0*	 *70,000* *60,000*
Number of non-director beneficiaries (at source)	2	14	6	55
Start date for the exercise of the BSPCE	31-Dec-06	10-Jul-07	09-Jul-08	05-Nov-10
Expiration date of the BSPCE	10-Oct-15	10-Jul-16	09-Jul-17	05-Nov-19
Subscription price of a share	1.216 €	5.838 €	5.838 €	8.847 €
Terms of exercise	(2)	(2)	(2)	(2)
Number of shares subscribed at 5 March 2014 (1)	0	0	5,000	0
Cumulative number of founders' warrants (BSPCE) cancelled or void	0	3350	1000	5600
BSPCE remaining at 5 March 2014	2,568	23,620	3,250	24,000
Total number of shares that can be subscribed at 5 March 2014 (1)	25,680	236,200	32,500	240,000

(1) These figures take into account the 10-1 stock split decided upon by the Combined Shareholder's Meeting dated 16 May 2012.

(2) These BSPCE are all exercisable as of the date of this base document.

(3) Cancellations of founders' warrants are the result of the departure of the employee beneficiaries.

22.1.4.2 Share warrant (Bons de Souscription d' Actions (BSA)) plan

The nine share warrant plans still in effect to date include:

- six plans for corporate officers and/or employees and external consultants (see columns “A” through “F” in the table below),
- one plan (see column “G” below) resulting from the issuance of OBSA D conducted in December 2013 (see Section 21.1.4.5 below),
- two plans, which were originally a component of an issue of combined securities: two BSA D-2013-T2 plans (see columns “H” and “I” below) result from an ABSA D issue conducted in April and May 2013. They can be exercised only if called by the Company, which it does not intend to do before the first listing of the Company’s shares on the regulated market of Euronext Paris, when they will become automatically null and void.

	Preferential	B	C	D	E	F	G	H	I
	BSA 05-08-2005	BSA 03-2006	BSA 03-2006'	BSA 10-2008	BSA 09-2010	BSA 2013	BSA Norgine (7)	BSA D-2013-T2	
Date of the general shareholders' meeting	05-Aug-05	10-Mar-06	10-Mar-06	23-Oct-08	27-Sep-10	22-Mar-13	16-Dec-13	22-Mar-13	22-Mar-13
Management Board date	10-Oct-05	10-Jul-06	09-Jul-07	16-Apr-10	30-Sep-11	04-Oct-13		12-Apr-13	13-May-13
Number of warrants authorized	4,284	34,300	34,300	79,750	45,000	989,715	50,000	1,500,000	1,500,000
Number of warrants issued	4,284	1,700	880	16,950	12,600	27,000	50,000	1,255,502	150,000
Total number of shares that can be subscribed by exercising warrants(1)	42840	17000	8800	169500	126000	27,000	50,000	1,255,502	150,000
Of which the number that can be subscribed by directors (1)	*0*	*0*	*0*	*65,000*	*67,000*	*15,000*	*0*	*0*	*0*
Directors concerned:									
Bradley Garrett				*5,000*	*40,000*				
Hans Barella				*30,000*	*27,000*	*15,000*			
Gordon Waldron				*0* [3]					
OMNES Capital								*119,049*	
NBGI Private Equity Partners								*50,000*	
Auriga Partners								*50,000*	
EDRIP Investment Partners								*127,580*	
Merieux Participations								*53,566*	
CDC Entreprises SA								*102,159*	
Number of non-director beneficiaries	5	2	1	14	11	*2*	*1*	*24*	*2*
Start date for the exercise of the warrants	31-Dec-06	10-Jul-07	09-Jul-08	16-Apr-11	30-Sep-12	04-Oct-14	16-Dec-13	12-Apr-13	13-May-13
Expiration date of the warrants	10-Oct-15	10-Jul-16	09-Jul-17	16-Apr-20	30-Sep-21	4 Oct. 2023 or as of 1st listing of shares	16 December 2023 or 5 years after the date of 1st listing	31/12/2014 or date of 1st listing	31/12/2014 or date of 1st listing
Issue price of the warrants	Free	Free	Free	0.10 €	0.06 €	0.01 €	NA	NA	NA
Warrant exercise price[1]	1.216 €	5.838 €	5.838 €	8.847 €	€0.10[4]	€0.10[4]	€10(8).	€10(8).	€10(8).
Terms of exercise	(2)	(2)	(2)	(2)	(5)	(6)	(9)	(10)	(10)
Number of shares subscribed as of 5 March 2014 (1)	0	0	0	0	4,125	0	0	30,554	0
Cumulative number of warrants cancelled or void	642	0	0	4,900	537.5	0	0	0	0
Warrants remaining as of 5 March 2014	3,642	1,700	880	12,050	11,650	27,000	50,000	1,224,948	150,000
Total number of shares that can be subscribed as of 5 March 2014 (1)	36,420	17,000	8,800	120,500	116,500	27,000	50,000	1,224,948	150,000

(1) These figures take into account the 10-1 share split decided on by the Combined Shareholders' Meeting held on 16 May 2012.
(2) These BSA are all exercisable as of the date of this base document.

(3) Gordon Waldron waived the exercise of 3,000 BSA 10-2008 replaced by Exchange stock options (refer to Section 21.1.4.3 hereinafter).
(4) The exercise price of the $BSA_{09-2010}$, and 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 terms and conditions for exercising the $BSA_{09-2010}$ are as follows:

- *25% of the BSA $_{09-2010}$ at the end of a 12 month period calculated from the date they are granted by the Management Board,*
- *then the balance of 7.5% of the BSA $_{09-2010}$ at the end of each quarter elapsed following such initial 12 month period, over a period of 30 months,*

it being specified that all of the $BSA_{09-2010}$ shall become immediately exercisable if the Company's shares are admitted for trading on a regulated market.
(6) The terms and conditions for exercising BSA_{2013} are as follows:

- *25% of the BSA $_{2013}$ at the end of a 12 month period calculated from the date they are granted by the Management Board,*
- *then the balance of 7.5% of these BSA_{2013} at the end of each quarter elapsed following such initial 12 month period, over a period of 30 months,*

noting that all of the BSA_{2013} shall become immediately exercisable if the Company's shares are admitted for trading on a regulated market.
(7) These are BSAs that were created at the time of a bond offering with warrants, as described in Section 21.1.4.5 below.
(8) Each category D preferred share created through the exercise of the BSA D-2012-T2 is attached to a BSA Ratchet which will become null and void at the time of the 1st listing of the Company's shares on the Euronext regulated market in Paris.
(9) The "Norgine" BSAs are fully or partially exercisable as of the issuance date of the OBSA [equity-warrant bond] (see below) on 16 December 2013 and at the latest, at the farthest of the following two dates: 10 years after the issue of the OBSA or 5 years after the date of the 1st listing of the Company's shares on the Euronext regulated market in Paris.
(10) The BSA D-2013-T2 were attached to the category D preferred shares which were issued by the Management Board at meetings held on 12 April 2013 and 13 May 2013. The BSA D-2013-T2 are partially or fully exercisable at any time, upon the Company's request by notice sent to the bearer, subject to this request having been authorized by a Supervisory Board meeting, voting with a 5/8th majority, and without prejudice to 3 members of the board together exercising their right to veto this decision made with a qualified 5/8th majority.
(11) The BSA cancellations arising from death, waiver or departure of their beneficiaries.

In addition, all so-called *"ratchet warrants"* which protect their holders against the risk of dilution linked to any potential issuance of shares or other securities giving access to the share capital on the basis of a price per share that is less than the price paid by their holders, will be null and void on the date of the initial listing of the Company's shares on the Euronext regulated market in Paris.

22.1.4.3 Stock option or purchase plan

	Ordinary stock options	AGA exchange stock options (4)
Date of the general shareholders' meeting	22-Mar-13	22-Mar-13
Management Board date	04-Oct-13	04-Oct-13
Number of stock options authorized	989,715	989,715
Number of stock options allocated	381,250	254,500
Total number of shares that can be subscribed (1)	381,250	254,500
Of which the number that can be subscribed by directors (1)	292,500	243,500
Directors concerned:		
Jacques Souquet	*35,000*	*78,000*
Claude Cohen-Bacrie	*30,000*	-
Gordon Waldron	*21,000*	*165,500*
Bradley Garrett	*20,000*	-
Kurt Kelln	*186,500*	-
Number of non-director beneficiaries (at source)	72	4
Start date for the exercise of the S.O.	04-Oct-14	04-Oct-13
Expiration date of the S.O.	04-Oct-23	04-Oct-23
Subscription price of a share	€0.10(3)	€0.10(3)
Terms of exercise	(2)	(5)
Number of shares subscribed as of 5 March 2014 (1)	0	0
Cumulative number of S.O. cancelled or void	0	0
Stock options remaining as of 5 March 2014	381,250	254,500
Total number of shares that can be subscribed as of 5 March 2014 (1)	381,250	254,500

(1) These figures take into account the 10-1 share split decided upon by the Combined Shareholders' Meeting held on 16 May 2012, as these plans were made subsequent to this date.

(2) The terms for exercising the 2013 (Ordinary) Stock options are as follows:

- *25% of Ordinary Options at the end of a 12-month period, counted from their allocation by the Management Board, i.e. 4 October 2014,*
- *then the balance, 7.5% of the Ordinary Options at the end of each three month period that has elapsed following the initial 12 month period,*
- *and at the latest, within 10 years of their allocation,*

noting that all of the Ordinary Options shall become immediately exercisable at the initial listing of the Company's shares on the regulated Euronext market in Paris, or if there is a change in control.

(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 Section 21.1.4.4. below);

(5) The terms for exercising the Exchange Stock Options are as follows:

- *55% of AGA Exchange Options are exercisable as of their allocation,*

– *then the balance of 7.5% of the AGA Exchange Options may be exercised at the end of each three month period that has elapsed as of 1 October 2013,*
– *and at the latest, within 10 years of their allocation,*

noting that all of the AGA Exchange Options shall become immediately exercisable at the initial listing of the Company's shares on the Euronext regulated market in Paris, or if there is a change in control of the Company.

22.1.4.4 Free share allocations

At the date of registering this base document, the Management Board has allocated a total number of 336,500 free shares to employees and directors of the Company pursuant to authorizations granted by the General Meetings of Shareholders on 27 September 2010 and 21 October 2011, and after having taken into account the 10-1 share split, which was decided upon by the Combined General Meeting of 16 May 2012.

To date, considering:

- the cancellation of 4,500 free shares following the departure of employees during the vesting period,
- the renunciation of 7 employees and/or directors to 254,500 free shares (224,500 of which were from the plan allocated by the management board on 30 September 2011 and 30,000 of which were from the plan allocated by the Management Board on 21 October 2011), which were all replaced by a stock option plan known as the "Stock Option AGA Exchange" described in Section 21.1.4.3 above,
- for the final acquisition of 48,435 free shares,

a total of 29,065 free shares are still pending acquisition, in conformity with the following table:

Date of the meeting that authorized the allocation	Date of allocation by the Management Board	Number of shares allocated and not cancelled (1)	Number of shares still pending acquisition (1)	Vesting date	Duration of retention period	Terms and conditions of acquisition
27 September 2010	30 September 2011	77,500(2)	29,065	(4)	24 months from the vesting date of the shares	(5)
21 October 2011	21 October 2011	0(3)	0	(4)	24 months from the vesting date of the shares	(5)

(1) The figures take into account the 10-1 share split decided upon by the Combined General Meeting of Shareholders held on 16 May 2012.

(2) The number of free shares originally allocated totaled 306,500. A total of 229,000 were cancelled, 224,500 of which were replaced by AGA Exchange stock options. The remaining 4,500 were allocated to persons who have 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) The free shares are vested based on the following schedule:

- *free shares are 55% vested after the end of a 24 month period, calculated from the time they are granted by the Management Board ,*
- *followed by the balance of 7.5% of free shares after each quarter that has elapsed following the initial 24 month period, for a period of 18 months.*

As an exception, as from the listing of the Company's shares on a regulated market, the vesting period of all free shares granted by the Company would be reduced to 2 years, i.e. they would be definitively vested as of the 1st listing of all free shares.

In addition, in the event of the disability of a beneficiary as defined in Article L. 225-197-1 of the French commercial code during the vesting period, the free shares will be entirely and immediately vested for the beneficiary notwithstanding the vesting schedule above. In the event of the death of a beneficiary during the vesting period, his heirs may request, for a six (6) month period following the date of death, the immediate vesting of all the free shares, instead and in place of the beneficiary.

(5) The vesting of free shares is subject, on an as-is basis, to the consistent attendance of each beneficiary as s/he is concerned within the Group, as an employee or manager, during the vesting period. However, this attendance condition would automatically cease to apply if the Company's shares were admitted for trading on a regulated market.

22.1.4.5 Bond issue with category D preferred shares warrant

The ExtraOrdinary Shareholders' Meeting of Shareholders held on 16 December 2013 decided on a bond issue with warrants (OBSA), without the preferential subscription rights, to the benefit of Norgine B.V., with the following principal terms:

Primary characteristics of the bonds

Amount: €5 million, represented by 50,000 bonds with a par value of €100, each having a warrant attached thereto.

Amortization of the issue

a) **Normal amortization**: The OBSA are redeemable monthly at maturity over five years, with a capital amortization deferred period of 24 months, which will be increased to 36 months in the event that a revenue target would be reached between the 13th and the 24th month.

Based on a scenario that the Company management considers probable in terms of achievement of the revenues target, the deferred period of reimbursement shall be increased from 24 to 36 months. The amortization periods then starting on 17 January 2017 (principal and interest) should be constant over the remaining 24 months.

b) **Advance amortization**

Voluntary advance amortization: a complete or partial voluntary advance amortization, at the discretion of the Company, is authorized subject to prior notice from the representative of the body of bondholders 30 days in advance. This advance amortization must be for a minimum amount of €500,000.

Mandatory advance amortization: it is mandatory that an advance amortization be carried out for the remaining total amount to be amortized in the event of:

(i) a change of control (unless this change is the result of a merger or acquisition operation by one of the companies that was previously approved by the OBSA subscriber, as enumerated in the OBSA terms): or

(ii) the disposal of all or a substantial part of the Group's assets, representing at least 60% of its consolidated revenue.

Interest rate: 10.13%

Security: as security for the bond issue, the Company has granted OBSA bearers a pledge on the Company's bank accounts. This pledge must be supplemented, before 16 June 2014, (i) by either a commitment from the Company to keep a positive balance in its banks accounts at all times of at least €2 million, (ii) or a pledge on all its industrial property rights, and up to the date of full repayment of the bond issue.

Characteristics of Warrants (BSA)

Number: a warrant is attached to each bond (i.e. 50,000 warrants).

Financial year parity: each warrant entitles its bearer to subscribe to one category D preferred share with a ratchet warrant (the "BSA D-2013-R") at a price of €10 per share, noting that once the Company's shares are first listed on the Euronext regulated market in Paris, (i) each warrant shall entitle its bearer to subscribe to one ordinary share at a price of €10 per share and (ii) the BSA D-2013-R that have may have been issued shall be null and void.

Exercise period: at any time between 16 December 2013 and the farthest of the following two dates: 17 December 2023 and the fifth anniversary of the date the Company's shares are first listed. See Note 17.2 to the consolidated financial statements included in Section 20.1 of this base document.

22.1.4.6 Summary of dilutive instruments

Without taking into account the BSA D-2013-T2 plans, which the Company does not intend to call for exercise between now and the date the shares are first listed on the regulated market of Euronext in Paris, when they shall become automatically null and void, or the ratchet warrants, which will likewise become null and void at the date of the first listing, the exercise or definitive acquisition, as the case may be, of all of the securities and instruments providing access to the Company's capital would result in the issuance of 1,575,415 new company shares, i.e. a maximum dilution of 13.90% based on the current capital and voting rights, brought down to 12.20% 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)	53,438	534,380
BSA	106,922	376,220
Free shares	29,065	29,065
Stock options	635,750	635,750
TOTAL	**825,175**	**1,575,415**

22.1.5 Authorized capital

The resolutions concerning issues of securities approved by the Combined General Meeting of 3 March 2014 (delegations to the Management Board), voting on an extraordinary basis, are summarized below:

	Period of validity beginning [3] March 2014	Maximum par value (in euros)	Maximum total combined amount (in euros)
Capital increase, with preferential subscription rights to shares and/or securities which provide access to the Company's capital*	26 months	Capital increase: 1 million Debt securities 40 million	Capital increase: 1 million Debt securities 40 million
Capital increase, without preferential subscription rights to shares and/or securities which provide access to the Company's capital by public offering*	26 months	Capital increase: 1 million Debt securities 40 million	
Capital increase, without preferential subscription rights within the context of an offer to qualified investors or to a restricted group of investors as indicated in II, Article 411-2 of the Monetary and Financial Code (private placement)*	26 months	Capital increase: 750,000 Debt securities 40 million	
Authorization to set the issue price within 10% of the share capital*	26 months	-	
Increase in the number of shares to be issued in the event of a capital increase with or without a preferential subscription rights	26 months	15% of the initial issue	
Capital increase in the event of a public offering entailing an exchange component initiated by the Company*	26 months	Capital increase: 750.000 Debt securities: 40 million	
Capital increase within 10% of the capital, to pay for contributions in kind as equity securities or securities giving access to the share capital of third party companies, outside of a public exchange offer context*	26 months	10% of the Company's capital Debt securities: 40 million	
Capital increase to the benefit of employees belonging to a group savings plan	18 months	€28,905	
Increase in share capital through the incorporation of premiums, reserves, net income or other*	26 months	Capital increase: 50,000	Capital increase: 50,000
Issue of stock options in the Company for its employees and directors	38 months	96,347.90	96,347.90
Free allocations of shares in existence or which will be issued for employees and directors of the Company	38 months	48,174	
Issuance of warrants for (i) members of the Supervisory Board of the Company according to the bond allocation date who are not employees or directors of the Company or of one of its subsidiaries or (ii) people linked by a service or consulting contract to the Company or to one of its subsidiaries or (iii) members of any committee that the supervisory board ends up establishing who do not have the status of employees or directors of the Company or of one of its subsidiaries	18 months	48,174	

** Subject to the non-retroactive condition precedent that the initial listing of the Company's shares on the Euronext regulated market in Paris occur no later than 31 December 2014.*

22.1.6 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 best of the Company's knowledge, there is no option or conditional or unconditional agreement that would place such an option on the share capital of a member of the Group, with the exception of the shareholders' agreement and the contractual commitments regulating the relationship between the Company's shareholders, which will be automatically cancelled immediately before the listing of the Company's shares on the Euronext regulated market in Paris.

22.1.7 History of the share capital

22.1.7.1 Changes in the share capital since 1 January 2009

The Company registered in the Trade and Company Registry on 4 April 2005, with an initial capital of €37,000.

The share capital was subsequently increased on several occasions, amounting to, on 23 October 2008, €394,330, as a result of:

a) an issue of 8,477 Class A preferential shares

b) an issue of 98,664 Class B2 preferential shares with three share warrants attached and

c) the conversion of convertible bonds into 54,227 ordinary shares. A Shareholders' General Meeting, held on the same day, decided to convert these 54,227 ordinary shares into 54,227 Category B1 preferred shares.

The following table presents a summary of the changes in the share capital since that date.

Date	Type of activities	Number of issued or canceled shares	Capital	Issue premium or contribution	Cumulative nominal share capital	Cumulative number of total shares outstanding shares	Par value	Issue price (or exercise price) per adjusted share*
7-Apr-09	Capital increase by issuance of Class 2 preferred shares	36 978	36 978 €	3 234 465,66 €	431 308,00 €	431 308,00 €	1,00 €	8,85 €
5-Jun-09	Exercise of warrants 10-2008 part 1.2	45 211	45 211 €	3 954 606,17 €	476 519,00 €	476 519,00 €	1,00 €	8,85 €
23-Nov-09	Exercise of warrants 10-2008 part 2	67 817	67 817 €	5 931 952,99 €	544 336,00 €	544 336,00 €	1,00 €	8,85 €
27-Apr-10	Exercise of accretive warrants	42 230	42 230 €		586 566,00 €	586 566,00 €	1,00 €	0,10 €
27-Sep-10	Capital increase by issuance of Class C1 preferred shares in BSA C1-2010-R	153 204	153 204 €	13 400 753,88 €	739 770,00 €	739 770,00 €	1,00 €	8,85 €
27-Sep-10	Capital increase by issuance of Class C1a preferred shares	1 096	1 096 €	81 323,20 €	740 866,00 €	740 866,00 €	1,00 €	7,52 €
27-Sep-10	Conversion of bonds into C1 shares	66 886	66 886 €	4 962 941,20 €	807 752,00 €	807 752,00 €	1,00 €	7,52 €
25-Nov-10	Capital increase by issuance of Class C1 preferred shares in BSA C1-2010-R	48 981	48 981 €	4 284 368,07 €	856 733,00 €	856 733,00 €	1,00 €	8,85 €
30-Dec-11	Exercise of warrants C2-2010-T2	106 746	106 746 €	9 808 889,94 €	963 479,00 €	963 479,00 €	1,00 €	9,29 €
15-May-12	Exercise of warrants C2-2010-T2	20 897	20 897 €	1 562 468,69 €	984 376,00 €	984 376,00 €	1,00 €	7,52 €
16-May-12	Split of the par value of the shares		0,00 €		984 376,00 €	9 843 760,00 €	0,10 €	NA
27-Mar-13	Capital increase by issuance of Class D preferred shares in BSA D-2013	1 255 502	125 550,20 €	12 429 469,80 €	1 109 926,20 €	11 099 262,00 €	0,10 €	10,00 €
15-Apr-13	Capital increase by issuance of Class D preferred shares in BSA D-2013	150 000	15 000,00 €	1 485 000,00 €	1 124 926,20 €	11 249 262,00 €	0,10 €	10,00 €
13-May-13	Exercise of warrants D-2013-T2	30 554	3 055,40 €	302 484,60 €	1 127 981,60 €	11 279 816,00 €	0,10 €	10,00 €
30-Sep-13	Final acquisition of AGA	42 625	4 262,50 €	0,00 €	1 132 244,10 €	11 322 441,00 €	0,10 €	NA
16-Dec-13	Exercise of warrants 09-2010	4 125	412,50 €	0,00 €	1 132 656,60 €	11 326 566,00 €	0,10 €	0,10 €
16-Dec-13	Exercise of warrants 03-2006-1	5 000	500,00 €	28 690,00 €	1 133 156,60 €	11 331 566,00 €	0,10 €	5,84 €
31-Dec-13	Final acquisition of AGA	5 810	581,00 €	0,00 €	1 133 737,60 €	11 337 576,00 €	0,10 €	NA

In the table above, the capital increases through the issuance of Class D preferential shares upon exercise of BSA-2013 D recorded in March and April 2013 for an aggregate gross proceeds of €14.05 million represent only the first tranche of an overall round of funding of €28.1 million. The issuance of 1,405,502 Class D preferential shares to BSA-2013 D was carried out on the basis of a valuation of €112.5 million (including new shares).

The 2nd tranche of the round of funding can be called by the Company through the issuance of 1,405,502 BSA D-2013 warrants attached to Class D preferential shares at a price of €10 per share (of which 30,554 BSA D-2013 warrants had already been exercised in May 2013). The full exercise of the 2nd tranche of the funding of Class D would generate an additional sum of €14.05 million (of which €0.3 million was released in May 2013), corresponding to a valuation upon the fundraising for Class D of €127 million. It being moreover specified that the Company does not intend to call the exercise of the 1,374,948 D-2013-T2 warrants currently existing.

22.1.7.2 Changes in the ownership of the Company's share capital since 31 December 2010

	As at 31 December 2010		As at December 31 2011		As at 31 December 2012		As at 31 December 2013	
	Number of shares	*% of capital and voting rights **	Number of shares	*% of capital and voting rights **	Number of shares	*% of capital and voting rights **	Number of shares	*% of capital and voting rights **
Management Board	15,393	1.80%	15,479	1.61%	154,790	1.57%	188,540	1.66%
Management Board Total	***15,393***	***1.80%***	***15,479***	***1.61%***	***154790***	***1.57%***	***188,540***	***1.66%***
Management and employees								
Management	3,700	0.43%	3,700	0.38%	37,000	0.38%	40,125	0.35%
Employees	3,702	0.43%	3,701	0.38%	37,010	0.38%	57,685	0.51%
Management and employees Total	***7,402***	***0.86%***	***7,401***	***0.77%***	***74010***	***0.75%***	***97,810***	***0.86%***
Other (founders, consultants)								
Johannes Barella	1	0.00%	1	0.00%	10	0.00%	10	0.00%
Mathias Fink	5,550	0.65%	5,550	0.58%	55,500	0.56%	55,500	0.49%
Michael Tanter	5,550	0.65%	5,550	0.58%	55,500	0.56%	55,500	0.49%
Succession Georges Charpak	3,700	0.43%	3,700	0.38%	37,000	0.38%	37,000	0.33%
Marianne Leven	0	0.00%	0	0.00%	0	0.00%	10	0.00%
Armen Sarvazyan	3,700	0.43%	3,700	0.38%	37,000	0.38%	37,000	0.33%
Other Total (founders, consultants)	***18,501***	***2.16%***	***18,501***	***1.92%***	***185,010***	***1.88%***	***185,020***	1.63%
Financial Investors								
Auriga Partners (1)	144,986	16.92%	154,046	15.99%	1,540,460	15.65%	1,590,460	14.03%
Omnes Capital (formerly Crédit Agricole Private Equity) (2)	135,420	15.81%	148,337	15.40%	1,483,370	15.07%	1,602,419	14.13%
CDC Entreprises (3)	103,699	12.10%	127,293	13.21%	1,272,930	12.93%	1,375,089	12.13%
NBGI Private Equity (4)	110,039	12.84%	119,462	12.40%	1,194,620	12.14%	1,244,620	10.98%
EDRIP (including 123Venture) (5)	140,310	16.38%	158,968	16.50%	1,589,680	16.15%	1,717,260	15.15%
Wellington Partners Venture Capital (6)	57,013	6.65%	64,906	6.74%	649,060	6.59%	674,060	5.95%
Institut Régional de Développement Industriel de Midi-Pyrénées (IRDI)	7,476	0.87%	7,827	0.81%	78,270	0.80%	78,270	0.69%
iXO Private Equity (7)	27,010	3.15%	30,244	3.14%	302,440	3.07%	363,548	3.21%
Mérieux Participations	45,213	5.28%	66,744	6.93%	667,440	6.78%	721,006	6.36%
FSI							702,751	6.20%
Kuwait Life Science Company (KLSC)							75,000	0.66%
SG (8)							23,135	0.20%
Alto (9)							46,708	0.41%
Other Institutional Investors								0.00%
France Innovation Scientifique et Transfert (FIST)	8,477	0.99%	8,477	0.88%	84,770	0.86%	84,770	0.75%
Canon Inc.	35,794	4.18%	35,794	3.72%	566,910	5.76%	566,910	5.00%
Other Total Institutional Investors	***815,437***	***95.18%***	***922,098***	***95.71%***	***9,429,950***	***95.80%***	***10,866,006***	***95.84%***
Total	**856,733**	**100.00%**	**963,479**	**100.00%**	**9,843,760**	**100.00%**	**11,337,376**	**100.00%**

(1) Investment held through one fund (French FCPR) for 2011, 2012 and 2013.

(2) Investment held through nine funds (French FCPI) and one venture capital company for 2010, and 13 funds (French FCPI) and one venture capital company for 2011.

(3) Investment held through three funds (French FCPR) for 2010 and 2011.

(4) Investment held through two funds (limited partnerships) of British nationality for 2010 and 2011.

(5) Investment held through four funds (French FCPI) and one fund (French FCPR) for 2010 and 2011.

(6) Investment held through two funds (limited partnerships) of British nationality for 2010 and 2011.

(7) Investment held through five local investment funds for 2010 and 2011.

(8) Investment held through one fund.

(9) Investment held through three funds.

22.1.7.3 Breakdown of the Company's capital and voting rights

Refer to the table appearing in Section 18.1 of this base document.

22.2 ARTICLES OF INCORPORATION AND BYLAWS

Certain provisions of the bylaws described below were adopted by the shareholders' Combined General Meeting of 3 March 2014, and in some instances remain subject to the initial listing of the Company's shares on the Euronext regulated market in Paris.

It should be noted that, as set out in Chapter 18 of this base document, the preferred shares existing as of this day will be automatically converted into ordinary shares on the day that the Company's shares are first listed on the Euronext regulated market in Paris. A short summary of the rights attached to these preferred shares is given in Note 14.1 b) to the consolidated financial statements at 31 December 2013, which were prepared under IFRS and inserted in Chapter 20.1 of this base document.

22.2.1 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.

22.2.2 Management and Supervisory Bodies

22.2.2.1 Management Board

22.2.2.1.1 Composition

The Company is managed by a Management Board composed of no more than seven members, which carries out its duties under the supervision of the Supervisory Board.

The members of the Management Board are natural persons. They are not required to be shareholders.

They are appointed for a period of four years by the Supervisory Board, which appoints one of them as Chairman.

The members of the Management Board may not be older than seventy-five years of age.

Any member of the Management Board is re-eligible for a new term.

Members of the Management Board may be revoked by the Shareholders' General Meeting, as well as by the Supervisory Board. If the revocation is decided without due cause, it may give rise to damages.

If the person concerned has signed an employment contract with the Company, his revocation from the Management Board does not have the effect of cancelling this contract.

The members of the Management Board meet any time that the corporate interest so requires, and may be convened by the Chairman or by half of its members, in the location specified by the convening party. Meetings may be called by any means, including by verbal communication.

Decisions of the Management Board are taken by the majority of members present or represented. Any member of the Management Board may be represented by another member of the Management Board, with the exception of cases where the Management Board is composed of two members. In any case, a member of the Management Board may not receive more than one proxy.

22.2.2.1.2 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.

22.2.2.2 Supervisory Board

22.2.2.2.1 Composition

The Supervisory Board is composed of a minimum of three members and a maximum of eighteen members.

An employee of the Company cannot be appointed as a member of the Supervisory Board unless he has an actual position under his employment contract. No more than one third of the acting members of the Supervisory Board may have an employment contract with the Company.

The Supervisory Board members serve a term of three years, which ends at the shareholders' Ordinary Shareholders' Meeting that votes on the financial statements of the last financial year, which is held during the year in which such term expires.

Members of the Supervisory Board are re-eligible, but they may not be over 85 years of age.

In accordance with the terms of the Supervisory Board's charter, which should be adopted by the Board during its meeting on 8 June 2012, the Supervisory Board must be, insofar as possible, composed of at least two independent members; this number may be reduced to one member if the Board is composed of five or fewer members. 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 "Supervisory Board" of this base document.

22.2.2.2.2 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 Supervisory Board's charter, eventually adopted by the Supervisory Board, may provide that members of the Supervisory Board who participate in the meeting of the Board by means of videoconference or telecommunication compliant with applicable regulations can be counted as present for the purposes of calculating a quorum and the majority, subject to regulations in effect. This provision is not applicable for the adoption of the decisions listed in the fifth paragraph of Article L. 225-68 of the French commercial code.

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 charter relating to its functioning are described in Section 16.3.1 "Supervisory Board" of this base document.

22.2.2.2.3 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.

22.2.3 Rights, privileges and restrictions attached to the Company's shares

22.2.3.1 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.

22.2.3.2 Voting rights (extract of Article 9 of the bylaws)

The voting rights attached to shares are in proportion to the share of capital they represent, and each share gives its holder the right to at least one vote, subject to the application of the legal and regulatory provisions.

22.2.3.3 Rights to dividends and profits (extracts of Articles 9 and 24 of the bylaws)

Each share entitles its owner to a portion of the corporate assets, profits of the Company and the liquidation surplus proportionate to the percentage of the share capital that it represents.

At least five per cent (5%) of the Company's net income, reduced if relevant by prior losses, must be allocated to the "legal reserve". The allocation is no longer required when the amount of the legal reserve reaches one-tenth of shareholders' equity.

Distributable income consists of the financial year's net income reduced by prior losses and the allocation described in the preceding paragraph, increased by income carried forward.

The Shareholder's General Meeting records any distributable income in one or more reserves over which it controls the allocation and use, or decides to carry it forward, or to distribute it in the form of dividends.

If there are available reserves, the Shareholders' General Meeting may decide on the distribution of amounts from such reserves. In this case, the decision will specify expressly the reserve entries from which these withdrawals will be made. However, dividends are to be drawn first from the financial year's distributable net income.

The Shareholders' General Meeting, or failing which the Supervisory Board, decides the dividend payment methods.

However, the payment of dividends must occur within nine months following the close of the financial year.

The shareholders' General 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' General 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.

22.2.3.4 Preferential subscription right

The Company's shares have a preferential subscription right to capital increases under the conditions specified by the French commercial code.

22.2.3.5 Limitation on voting rights

There is no clause in the bylaws that restricts the voting rights attached to shares.

22.2.3.6 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.

22.2.3.7 Buyback by the Company of treasury shares

See Section 21.1.3.

22.2.4 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 a shareholders' ExtraOrdinary Shareholders' Meeting.

22.2.5 General shareholders' meetings

22.2.5.1 Holding meetings (Article 21 of the bylaws)

General meetings are convened and held under the conditions established by law.

When the Company wishes to call a meeting by means of electronic telecommunication instead of by mail, it must obtain the prior approval of the shareholders concerned, who must provide their respective email address.

Meetings will be held at the headquarters or at any other location specified in the meeting notice.

The right to participate in meetings is regulated by the legal and regulatory provisions in effect and in particular is subject to shares being registered in the name of the shareholder or the intermediary registered on its behalf on the third business day preceding the meeting at 12 a.m., Paris time, either in registered shares ledger held by the Company or for bearer share records held by an authorized intermediary.

Instead of personally attending the meeting, the shareholder may choose from among the following three options:

- grant a proxy,
- vote by mail, or
- send a proxy to the Company without indicating instructions,

under the conditions provided for by the law and regulations.

The Management Board may organize, subject to the conditions specified by the law and regulations in effect, both the shareholder participation and the voting in the meetings by means of videoconference or by means of telecommunication that allow them to be identified. If the Management Board decides to exercise this right for any given meeting, it will so indicate in the meeting notice (avis de réunion) and/or the convocation notice (avis de convocation). Shareholders participating in the meetings by videoconference or by any other means of telecommunication described above, pursuant to the Management Board's choice, will be considered to be present for the calculation of the quorum and the majority.

The meetings are presided over by the Chairman of the Supervisory Board or, in his absence, by the Vice President of the Supervisory Board. Failing this, the general meeting elects its Chairman.

The duties of scrutineers are performed by the two members of the meeting who are present and accept these duties, and have the largest number of votes. The office names the secretary, who is not required to be a shareholder.

An attendance record will be maintained subject to the conditions specified by law.

The ordinary shareholders' general meeting on a first convocation may make valid decisions only if the shareholders present or represented own at least one fifth of the shares with voting rights. The ordinary shareholders' general meeting on a second convocation may make valid decisions regardless of the number of shareholders present or represented.

Decisions of the ordinary shareholders' general meeting are made by the majority of votes of shareholders present or represented.

The extraordinary shareholders' general meeting on a first convocation can only make valid decisions if the shareholders present or represented own at least a quarter of the shares with voting rights. The

extraordinary shareholders' general meeting on a second convocation can only make valid decisions if the shareholders present or represented own at least one fifth of the shares with voting rights.

Decisions of the extraordinary shareholders' general meeting are made by a majority of two thirds of the shareholders present or represented.

Copies or extracts of the meeting minutes may be validly certified by the Chairman or the Vice Chairman of the Supervisory Board, by a member of the Management Board, or by the secretary of the meeting.

22.2.5.2 Meeting powers (Article 21 of the bylaws)

Ordinary and extraordinary shareholders' general meetings exercise their respective powers subject to the conditions provided by law.

22.2.6 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.

22.2.7 Statutory thresholds (Article 8.3 of the bylaws)

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.

22.2.8 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.

23. SIGNIFICANT AGREEMENTS

23.1 COOPERATION AGREEMENTS

Master Cooperation Agreement entered into by and between the Centre National de la Recherche Scientifique (CNRS), the Ecole Supérieure de Physique et de Chimie Industrielles de la Ville de Paris (ESPCI), the Université Paris Diderot - Paris 7 and SuperSonic Imagine dated 19 March 2013.

This master agreement renews those previously signed by the parties for the 2005 to 2009, 2009 to 2011 and 1 January 2012 to 31 December 2013 periods. A retroactive extension of this contract for 2014 is currently being negotiated through an amendment to the master agreement dated 19 March 2013.

The purpose of this contract is to define the terms of scientific and technical cooperation between the parties in the areas of:

- ultrasound medical imaging, with the exception of F-Ultrasound applied to neuronal activity,
- multi-wave medical imaging for which at least one wave is ultrasound, as well as ultrasound therapy, with the exception of the development of pharmaceutical agents or contrasts which can be activated by ultrasound,

with the aim notably of studying, improving and extending the field of applications of the inventions that have resulted from prior collaborations between the parties and of the patents based on which SuperSonic Imagine developed Aixplorer®.

As part of the latest agreement signed, the CNRS and ESPCI are acting both in their own name, and in the name of and on behalf of the Université Paris Diderot – Paris 7, but also as guardianship authorities of Institut Langevin (formerly "Laboratoire Ondes et Acoustiques") which is based at ESPCI. The CNRS is also participating in the name of and on behalf of the INSERM.

The parties agreed to implement the master agreement by entering into specific agreements with regard to different research programs.

Under the master agreement, the Company is granted an exclusive and worldwide right, including the right to sub-license, to use and exploit the knowledge developed when performing any specific agreements, including patents co-owned by the parties in the areas specified by the specific agreements that form the basis for intellectual property within the limits set forth by the master agreement (i.e., ultrasonic medical imaging, multi-wave medical imaging in which at least one wave is ultrasonic, and ultrasonic therapy). Outside these areas, other parties are granted an exclusive right, including the right to sub-license, to use and exploit the knowledge developed under the specific agreements.

The parties expressly agreed that the financial conditions applicable to the direct or indirect exploitation of the patents co-owned by the parties shall be as set forth under the patent exploitation agreement no. L09189 entered into by and between CNRS, Université Paris Diderot - Paris 7 and SuperSonic Imagine dated 4 December 2009 and described below.

Moreover, under the master agreement, the Company undertakes to fund the Institut Langevin annually with a minimum amount of €50,000 excluding taxes for each research theme developed, to cover Institut Langevin's operating, research and staff costs. In addition, the Company shall be in charge of the financial and administrative aspects of filing the patent applications co-owned by the parties and developped 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.

23.2 PATENT AND KNOW-HOW LICENSING AND EXPLOITATION AGREEMENTS

Contract relating to the exploitation of Patent no. L09189 entered into by and between the Centre National de la Recherche Scientifique (CNRS), the Université Paris Diderot - Paris 7 and SuperSonic Imagine dated 4 December 2009.

The purpose of this contract is to formalize the conditions under which the parties may exploit a French patent application filed on 21 February 2007 by the Company in the names of SuperSonic Imagine and CNRS under number FR07 01235 and entitled "Procedure for optimizing the focusing of waves through an element that introduces aberrations", resulting from the works performed under a collaboration master agreement entered into by and between the Company, the CNRS and the Ecole Supérieur de Physique et de Chimie Industrielles de la Ville de Paris, on 13 September 2005, regarding scientific and technical cooperation between the parties in the field of medical and therapeutic imaging using focused ultrasound.

The exploitation agreement also covers the international patent application filed on 20 February 2008 under number WO2008/113940, together with corresponding patents in foreign countries, as well as any application for renewal of, extension of or a protection certificate resulting therefrom.

The Company owns fifty percent (50%) of the above mentioned patents on which the agreement is based and the CNRS and the Université Paris Diderot - Paris 7 jointly own the remaining fifty percent (50%).

The contract became effective retroactively on 21 February 2007 and will remain in force for the valid term of the underlying patents; it may not therefore be terminated early except in the event of gross negligence by one of the parties, subject to the applicable law for this type of agreement. In addition,

the agreement would be automatically terminated if one of the parties becomes the sole owner of the patents.

Under this agreement, the Company is granted (i) an exclusive and worldwide right, including the right to sub-license, to use or exploit the patents, and (ii) the right to manufacture and market, directly or indirectly, products using all or part of the patents, in the areas of ultrasonic imaging, multi-wave medical imaging where at least one wave is ultrasonic and ultrasonic therapy.

As consideration, the Company undertakes to pay royalties on a proportional basis calculated as follows:

- royalties on indirect exploitation: annual royalty calculated on revenue of any kind earned by the Company from the licenses granted to it;

- royalties for direct exploitation:

    - annual royalties calculated on the net sales of the products sold by the Company which use all or part of the underlying patents and the patents sold by the CNRS to the Company under the patent transfer agreement n°L08186 entered into by and between the parties on 11 September 2008, until termination of the last patent so sold; and

    - annual royalties calculated on the net sales of the products sold by the Company by using all or part of the licensed patents and until the termination of the last patent licensed.

In addition, these annual royalties are accompanied by the payment of a guaranteed minimum annual fee.

Outside of the areas described above, the CNRS and the Université Paris Diderot - Paris 7 have an exclusive right, including the right to sub-license, to use and to exploit the patents. In the event of indirect exploitation, the CNRS and the Université Paris Diderot - Paris 7 owe the Company a proportional royalty on all types of revenues received from their licenses.

This agreement is governed by French law and the jurisdiction of the French courts.

Patent and know-how license agreement between SuperSonic Imagine and Armen Sarvazyan dated 19 December 2008

Under this licensing agreement, Mr. Armen Sarvazyan, also a co-founder and shareholder of the Company (shareholding < 0.35%), grants to the Company a worldwide exclusive license on two U.S. patents pertaining to two methods of elasticity imaging and the related know-how. Mr. Armen Sarvazyan thus undertakes, for the duration of the agreement, first, not to grant a similar license to a third party, and, second, not to use the intellectual property rights that are the subject of the licensing agreement himself, except for use in his personal research.

Under this license agreement, the Company is granted (i) the exclusive right, including the right to sub-license, to use and to exploit the patents and the know-how and (ii) the right to manufacture and market, directly or indirectly through a third party, products using the patents and know-how.

The agreement, which took effect on 15 October 2008, will remain in force for the period of validity of the underlying patents, which makes it a fixed term agreement that cannot be terminated early, except in the event of gross negligence by one of the parties subject to the applicable law for this type of agreement.

Armen Sarvazyan has given to the Company a certain number of representations and warranties related to the intellectual property which is the subject of the licensing agreement. In particular, he

warrants that to his knowledge, the patents covered by this agreement are not infringing upon or violating the rights of third parties.

Under this contract the Company was committed to pay a fixed amount of royalites to Mr Armen Sarvazyan in five installments, all fully paid to date with the last payment having been paid during the 2012 financial year.

This agreement is governed by French law and the jurisdiction of the Commercial Court of Paris.

Licensing agreement between Société d'Elastographie Impulsionnelle pour les Systèmes de Mesures de l'Elasticité (SEISME) and SuperSonic Imagine dated 20 July 2011

Under this licensing agreement, SEISME grants the Company a license (non-exclusive since 2013) on a French patent and an international patent application in imaging using elastography by shear waves to manufacture, have manufactured, market and have marketed any procedure or product integrating all or part of the licensed technologies in the specific area employing path formation in ultrafast imagery.

This license, which is valid in all countries where said patents are filed, is limited in several ways. The license is first limited to the following area of application:

- products and processes using shear waves according to any mode of imaging employing path formation in ultrafast imaging;

- products and processes using shear waves according to any method of imaging employing path formation in ultrafast imaging in the sector of cardiovascular imaging excluding the 1D imaging mode, since 1 January 2013.

Under this agreement, the Company is granted the right to sub-license its rights to third parties.

Since 2013, the Company is required to pay a royalty, which is calculated on the net sale price of products implementing all or part of the licensed patents, noting that this royalty will be decreased whenever the total amount of annual royalties is greater than €10,000. In the event that one or another of the patents included under the license agreement is declared null, the contract expressly provides that the royalties that are then due will remain acquired by SEISME.

The contract, which took effect on 20 July 2011, shall end at the expiration date of the valid term of the last of the patents it concerns, in other words in March 2020. Each of the parties may terminate the contract if the other party breaches its contractual obligations, and fails to stop doing so 60 days after notification.

The Company takes on its own the entire responsability regarding the exploitation of the licensed patents. SEISME cannot be held liable for damages resulting from such exploitation nor for indirect damages or financial losses caused by this exploitation.

This agreement is governed by French law and the jurisdiction of the French courts.

Development contract entered into between SuperSonic Imagine and Verasonics, Inc. on 22 November 2006 and amended by amendment dated 25 February 2013.

Under the original development agreement, the parties have agreed to develop (i) a prototype of an ultrasound imaging device based on Verasonics Inc. (a U.S. company specializing in ultrasound imaging) technology and (ii) delivery of new versions of a software simulation application used by the Company to simulate imaging modes in a research context.

The parties' cooperation in terms of project development ended on 5 September 2008. The parties each retain the exclusive ownership regarding the intellectual property rights existing prior to this agreement or developed independently after the agreement was signed. The intellectual property rights created during the collaboration between the parties become the joint property of the parties (except for certain rights in relation to previously owned by Verasonics Inc. which remain its sole property).

The Company benefits, through 31 December 2014, the contract end-date, from a worldwide exclusive license relating to the intellectual property rights controlled by Verasonics, Inc. and provided within the context of the parties' cooperation before 5 September 2008, for the purposes of using products in the ultrafast ShearWave™ and stock elastographic imaging. This license includes rights over the processor known as *Pixel Oriented Processing Engine* for its use in the aforementioned products and on the patents enumerated in the 21st family of Section 11 of this base document.

The Company benefits, under the terms of the amendment dated 25 February 2013, from a preferential option to obtain a non-exclusive license on ultrasound products, regardless of the technology in question. The Company must take the initiative for this option, noting that the royalty rate and the basis for such a non-exclusive license have already been agreed upon, and it remains up to the parties to negotiate a term for this engagement.

The Company may only sub-license the rights granted to it by Verasonic, Inc. to third parties if these third parties manufacture components of the products or sell the products.

It is only possible for the parties to terminate the contract if there is a major violation of the obligations under the contract, which is not resolved within a period of 30 days following notification, or if no payment has been made within 30 days following the 45-day period during which the Company must make the annual payment of *royalties*.

As consideration for these license rights, the Company undertakes to pay a proportional annual royalty, which is calculated on the gross revenue of the Company and its subsidiaries for sales of its ultrasound products. This royalty is accompanied by a payment by the Company of an annual guaranteed minimum.

Each of the parties' warrants that, to its knowledge, the information and data communicated to the other party in connection with this agreement do not infringe upon the intellectual property rights of third parties. As an exception to such warranty, the parties expressly limit their respective liability under the agreement to the amount of US$200,000.

In the event of a change of control affecting the Company (understood as the transfer of more than 30% of its shares to a player in medical imaging), (i) the agreement may be terminated by Verasonics Inc. if it appears likely that the products covered by this agreement risk not being actively marketed any longer, and (ii) the licenses granted to the Company may have their scope limited to the product including ShearWave™ ultrafast elastographic imaging. Any other product which does not include this procedure must be covered by a separate license (except in the case in which the assignee or purchaser of the Company is a license holder of Verasonics, Inc., in a different sector from that of this contract, which agrees to pay a *royalties* rate that is the highest between the one that previously bound it to Verasonics, Inc. and the one under this contract).

Any dispute relating to the intellectual property rights granted under a license by Verasonics, Inc. under the terms of this contract shall be the subject of a mediation or arbitration procedure in Seattle, United States, under the laws of Washington State. The arbitration shall be conducted according to the rules of the American Arbitration Association and the winning party may have the decision approved before any competent jurisdiction.

Licensing agreement between the Company and a major industrial player dated 3 March 2014

On 3 March 2014, the Company entered into a licensing agreement with a major industrial player (the "Industrial Player") pursuant to which the Company grants the Industrial Player the worldwide non-exclusive and non-transferrable right to use that may not be sub-licensed for four key patents in the field of shear wave elastography. This licensing agreement authorizes the Industrial Player, in consideration for the payment of royalties to the Company, to manufacture and market products that implement the licensed patents, according to a time-phased schedule established by mutual agreement between the parties.

The Company and the Industrial Player also mutually waive, until 30 November 2023, the enforcement of the patents in the field of medical ultrasound imaging that they own or for which they hold a license as of 1 June 2013.

The contract is concluded on a personal basis and no party may assign its contractual rights or obligations without the prior written consent of the other party, with the understanding, however, that, as an exception and under certain conditions, the Company may transfer its rights and obligations to the first person or entity to acquire its assets or shares upon a change of control.

This contract is subject to the laws of the State of New York, and any dispute relating to it is to be submitted to prior mediation, then to an arbitration tribunal or a court of the State of New York.

23.3 MASTER AGREEMENT RELATING TO PRODUCTION

Professional services contract signed with Plexus Corp. on 1 November 2013.

The Company signed with Plexus Corp. (a company under American law) a contract pursuant to which Plexus Corp. manufactures for the Company assemblies and printed circuit systems, and provides it with the services related thereto.

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 test, in particular assemblies of printed circuits used at the system level.

The parties have had a contractual relationship since June 2007; the contract signed on 1 November 2013 will expire on 13 May 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 printed circuit assemblies, 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.

23.4 MASTER AGREEMENT RELATING TO DISTRIBUTION

Distribution contract dated 3 November 2010 signed with Hologic, Inc., amended by amendment dated 1 November 2012

The Company signed a distribution agreement with Hologic, Inc., under the terms of which Hologic Inc. is the exclusive distributor of the Aixplorer® system in the United States, and handles its promotion (see description in Section 6.7.2.2 of this base document).

This contract, which came into effect on 3 November 2010, and which was extended through 1 November 2014, may be terminated (i) by voluntary agreement between the parties with 90 days prior notice, (ii) in the event of a partial assignment of assets or a change in more than 40% of the voting rights of one of the parties or (iii) if there is a violation of a major obligation of a party that is not resolved within a period of 30 days following notice thereof by the other party.

There is no penalty imposed on Hologic if a limited number of products is sold.

Hologic Inc. may not resell the products to a person that it knows or supposes will resell them or re-export them outside of the United States. Throughout the term of the contract, Hologic Inc. must not manufacture, promote and/or sell ultrasound diagnostic products in the United States which would compete with the products in question.

Hologic Inc. sets its own sale prices; the Company may only give indicative prices.

The Company guarantees that the products are free of defects, also provides maintenance for the spare parts, and holds Hologic Inc. harmless for claims that are made against it in the event of infringement, defects or delays that are attributable to the Company, non-compliance with American laws or liability due to defective products. It must furthermore have subscribed insurance against civil liability covering it up to five million U.S. dollars, which remains in effect for three years following the last delivery of a product under the terms of this contract.

The contract is subject to English law and to an arbitration clause under the rules of the International Chamber of Commerce.

24. INFORMATION PROVIDED BY THIRD PARTIES, STATEMENTS OF EXPERTS, AND STATEMENTS OF INTEREST

24.1 APPOINTMENT OF EXPERTS

None.

24.2 DESIGNATION OF THIRD PARTIES

None.

25. DOCUMENTS ACCESSIBLE TO THE PUBLIC

Copies of this base 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 base document may also be reviewed on the Company's website (www.supersonicimagine.fr) and on the Autorité des marchés financiers website (www.amf-france.org).

The bylaws, minutes of the General Meetings and other documents of the Company, as well as historical financial information and all evaluations or statements prepared by an expert at the Company's request, are available to shareholders in accordance with applicable legislation, and may be consulted, free of charge, at the Company's headquarters.

Beginning when the Company's shares are admitted for trading on the Euronext regulated market in Paris, regulatory information in the sense of the provisions of the AMF's General Regulations will also be available on the Company's website (www.supersonicimagine.com).

26. INFORMATION ON EQUITY INVESTMENTS

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 condition or its results appear in Chapters 7 “Organizational Chart” and 20 “Financial Information” of this base document.

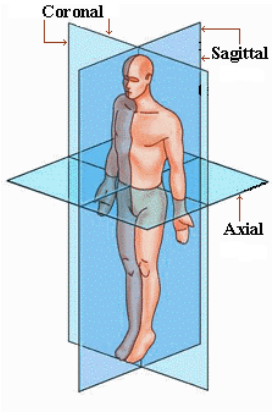
27. GLOSSARY

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.

Elastography with ShearWave™: a new type of ultrasound imaging created by SuperSonic Imagine, which displays maps of elasticity (kPa) in real time. ShearWave™ elastography is the first to use shear waves in ultrasound imaging and is the only method able to provide a local and quantitative measure of tissue elasticity in real time.

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.

Insonifier: to use a method enabling the recovery of raw data collected by an acoustic signal, which accurately reflects the subject surveyed, without processing.

Invasive: capable of creating lesions in the body. A non-invasive examination is a medical examination that does not require any penetration of the skin other than to obtain a blood sample or to inject a product.

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*): Prostate Specific Antigen. A protein produced exclusively by the prostate.

Pulse Doppler: pulse 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.

Reproducible: ShearWave^{TM} Ultrasound Elastography measures tissue elasticity and provides quantifiable data in real time, which can be directly interpreted by the user regardless of his or her level of experience. The results can be repeated as many times as required and enable effective monitoring of a patient. They do not depend on how the examination was performed, as is the case with classical ultrasound imaging.

Scintigraphy: Scintigraphy is emission imaging (namely, the radiation comes from the patient after injection of the tracer) as opposed to radiographic imaging, which is transmission imaging (the beam is external and goes through the patient).

Sensitivity: capability to detect something abnormal.

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™ Imagery: a technological breakthrough patented by SuperSonic Imagine, which enables Aixplorer® ultrasound apparatus to acquire data at a speed of up to 20,000 Hz, which is around 200 times faster than with a traditional ultrasound apparatus.

Ultrasound: reflection of sound waves (ultrasounds) on the interfaces between tissues.
USD (US$): American dollars.

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