SUPERSONIC imagine

INTERIM FINANCIAL REPORT

JUNE 30, 2020

Note

In this document, the terms "**SuperSonic Imagine**" and "**Company**" refer to SuperSonic Imagine, a French limited company (*société anonyme*) with a Board of Directors, the registered office of which is located at 510, rue René Descartes, Les Jardins de la Duranne Bât E & Bât F, 13857 Aix-en-Provence Cedex 3, France, and registered with the Trade and Companies 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 its subsidiaries.

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1. PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THIS DOCUMENT

Mr. Antoine Bara, CEO of SuperSonic Imagine
Address: 510, rue René Descartes, Les Jardins de la Duranne Bât E & Bât F, 13857 Aix-en-Provence
Email: antoine.bara@supersonicimagine.com

1.2. STATEMENT OF THE RESPONSIBLE PERSON

(ART. 222-4 3° OF THE AMF GENERAL REGULATION)

"I certify that, to my knowledge, the financial statements for most recently ended six-month period were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all companies within its scope of consolidation, and that the half-year report attached hereto presents an accurate picture of the significant events that occurred during the first six months of the fiscal year, their effect on the financial statements, and the principal transactions between related parties, and that it describes the principal risks and uncertainties for the remaining six months of the fiscal year."

Aix-en-Provence, July 23, 2020

Antoine Bara
CEO

1.3. PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Ms. Elisabeth Winter
Executive Vice President and Chief Administrative and Financial Officer
Address: 510, rue René Descartes, Les Jardins de la Duranne Bât E & Bât F, 13857 Aix-en-Provence
Email: elisabeth.winter@supersonicimagine.com

2. HALF-YEAR REPORT

2.1. PRESENTATION OF THE GROUP

2.1.1. Information about the Company

SuperSonic Imagine is a medical technology (Medtech) company specialized in ultrasound imaging. The Company designs, manufactures, and sells an ultrasound platform whose exclusive ultrafast (UltraFast™) technology has given rise to new imaging modes, which today set the standard of care for the non-invasive diagnosis of breast, liver, and prostate disease.

The first innovative UltraFast™ mode is ShearWave® (SWE™) elastography, which enables physicians, in real time, to visualize and analyze tissue hardness, essential information for the diagnosis of many diseases.

To date, more than 800 clinical papers have been published worldwide in peer-reviewed journals demonstrating the benefits of its technologies.

In 2018, SuperSonic Imagine introduced a new generation of the Aixplorer®, the MAC® 30, followed in 2019 by the MACH® 20, a version designed to target the mid-market segment of the radiology market. Most recently, in July 2020 the Group introduced the MACH® 40, a premium offering designed to improve performance and diagnostic precision, and aimed at the U.S. market.

The Aixplorer MACH® introduces a new generation of UltraFast™ imaging that allows the optimization of all innovative imaging modes: ShearWave PLUS, UltraFast™ Doppler, Angio PL.U.S, and TriVu.

With close to 2,800 ultrasound machines installed worldwide, SuperSonic Imagine is present in more than 80 countries. Its principal markets are China, the United States, and France.

The Group owns or co-owns numerous patents which it developed, acquired or operates under license.

The Group has sold products in the Aixplorer line® since 2009 and subcontracts the production of the ultrasound machines that it sells.

The Group's registered office address and scope of consolidation are set forth in Note 1.1 to the condensed consolidated interim financial statements presented in Chapter 3 of this report.

The Company has been listed on Euronext Paris since April 2014. Its shares are admitted for trading under ISIN code FR0010526814 and the ticker symbol SSI.

2.1.2. General overview

A more detailed description of the Company and of the Group is set forth in the annual financial report for the fiscal year ended December 31, 2019, which is available on the Company's website in the "Investors" section (the "**2019 Financial Report**"). The 2019 Financial Report was filed with the French Autorité des Marchés Financiers on April 8, 2020.

2.2. KEY EVENTS OF THE PERIOD

GOVERNANCE

At its meeting on January 23, 2020, the Company's Board of Directors decided to remove Michèle Lesieur as CEO and replace her with Antoine Bara. For more information on the financial terms of Ms. Lesieur's departure, see Note 1.2 to the interim condensed financial statements included in Chapter 3 of this report, as well as Section 1.1.1.5 of the 2019 Financial Report.

Following her departure, Ms. Lesieur resigned from all of her positions within the Company's subsidiaries, and was replaced by Michelangelo Stefani within the Group's subsidiaries located in Italy, the United Kingdom, and Germany.

On January 29, 2020, the Company entered into a settlement agreement with Ms. Lesieur following her removal as CEO, definitively ending the dispute between the parties regarding the reasons for the removal. To the extent necessary, the settlement agreement was approved by the Company's General Shareholders' Meeting on June 16, 2020.

Independently of her removal, Ms. Lesieur agreed to assist the Company as a consultant for a period of six months beginning February 1, 2020.

As indicated above, following the departure of Michèle Lesieur, Antoine Bara, who was a member of the Company's Board of Directors, was appointed CEO of the Company by decision of the Board of Directors dated January 23, 2020.

Mr. Bara, 48, has significant experience in the software and healthcare fields, acquired over his twenty year career. He joined the Hologic group in 2018 to run its French operations. Mr. Bara receives no compensation in respect of his position as CEO.

FINANCING

The Company and Hologic Hub Ltd. have entered into various amendments to the revolving loan agreement dated August 14, 2019:

- on February 12, 2020, a second amendment removed the acceleration events, so that the agreement remains in effect until August 12, 2024;
- on March 17, 2020, a third amendment increased the authorized maximum amount of the loan to €65 million; and
- on June 23, 2020, a fourth amendment again increased the authorized maximum amount of the loan, to €67 million.

This loan agreement enabled the Company to repay all of its financial liabilities (other than those subject to IFRS 16 - Leases) for an amount of €8.3 million during the first six months of 2020 (see Note 16 to the interim condensed financial statements included in Chapter 3).

IMPACT OF THE COVID-19 PANDEMIC

It remains difficult to quantify the precise impact of the Coronavirus epidemic on the Group's business for the fiscal year in progress.

<u>Quantitative impact in the first six months of 2020</u>

In the first six months of 2020, the Group experienced a decline in activity, in particular in its principal markets of France, China, and the United States.
The principal impacts on its income statement are as follows:

- The estimated loss as compared with the same period of the prior year totals approximately €(2.2) million in revenue;
- The effects of the lockdown restricted travel, generating a an estimated decrease of €(0.4) million in expenses.
- The ban on public gatherings generated savings estimated at €(0.1) million as compared with the first half of 2019, due to the cancellation of several trade shows during that period;
- Payroll declined by €(53,000) with the partial furloughs implemented in April.

The total impact on SuperSonic Imagine's business over the first half of 2020 is estimated at €0.5 million in additional losses over the period.

With respect to its financial condition, the Group obtained:

- a payment postponement granted by the URSSAF (the body that collects social security contributions in France) of payments initially scheduled for April through June, in an amount of €919,000. This amount will be paid during the second half of the year;
- a payment postponement granted by its French landlords with respect to its second-quarter rent, from the beginning to the end of the quarter, in an amount of €96,000.

The Group granted two of its customers six-month postponements of receivables due, for an amount of €225,000, or 5.68% of total net trade receivables.

Prospects for the second half of 2020

From a supply chain perspective, supplier delivery delays were the most pronounced during the lockdown period of March-April 2020. The trend is toward the gradual resolution of these delivery delays. However, there can be no guarantee that there will not be another deterioration in the epidemic situation, which could result in new lockdown measures in certain parts of the world. In that event, additional supply delays could occur in the coming weeks.

With respect to delivery capacity, as of the date hereof logistics flows remain active, although transit times are several days longer and prices have increased for certain connections (some lines have doubled or tripled their prices due to decreased air freight capacities). This is a rapidly evolving situation, which SuperSonic Imagine's procurement and logistics teams monitor on a daily basis, in coordination with the relevant suppliers.

The Group's cash position (which was strengthened by the revolving loan entered into between Hologic Hub Ltd. and the Company, for a total maximum amount of €67 million) should enable the Group to manage the uncertainties relating to the current epidemic.

The Group's senior management is closely monitoring epidemic developments in each of the relevant geographic regions and is taking all necessary measures to protect its employees, customers, and partners (thus participating in the worldwide effort to slow the spread of the virus). Most of its activities, including R&D, are now conducted remotely. At the same time, the Group has taken all preventive health measures in order to continue its essential logistics activities to distribute and ship orders. In order to manage the lockdown ordered by the authorities, the Group has used partial furlough measures.

In an extremely uncertain worldwide economic environment, the Group is implementing all available actions to protect itself. However, as the epidemic has affected all of the geographic zones where the Group does business, the Company cannot guarantee that the Group will not be more seriously affected, in particular with respect to the economic consequences of extended lockdown measures in France and in all of the other countries where the Group does business (in particular in the United States, which has been heavily affected by the Covid-19 crisis). As a result, the revenues, profitability, and cash flow of the Group's companies could be affected, to an extent that to date remains difficult to estimate.

2.3. BUSINESS PERFORMANCE

2.3.1. Income statement

In thousands of euros	June 30, 2020	June 30, 2019
Revenue	8,038	11,792
Other income	680	82
Income	**8,718**	**11,874**
Cost of sales	(4,837)	(6,206)
Gross margin	**3,881**	**5,668**
Gross margin on revenue [(1)]	**3,201**	**5,586**
Gross margin as a % of revenue [(2)]	**39.8%**	***47.4%***
Research and development expenses	(1,371)	(2,061)
Selling and marketing expenses	(5,027)	(5,829)
General and administrative expenses	(2,300)	(2,121)
Operating expenses	(866)	(846)
Other operating income/(expenses)	-	-
Current operating income (loss)	**(5,682)**	**(5,188)**
EBITDA [(3)]	**(4,020)**	**(3,243)**
Other non-current operating income/(expenses)	(640)	(7,550)
Operating income (loss)	**(6,322)**	**(12,740)**
Financial income	77	120
Financial expenses	(1,751)	(1,265)
Financial income (loss)	**(1,674)**	**(1,145)**
Income (loss) before tax	**(7,996)**	**(13,885)**
Income tax expense	-	(7)
Net income (loss)	**(7,996)**	**(13,891)**

[(1)] Gross margin on revenue = Revenue - Cost of sales
[(2)] Percentage gross margin on revenue = Gross margin on revenue/Revenue
[(3)] EBITDA = current operating income (loss) minus taxes, depreciation, amortization and provisions.

2.3.2. Revenue and other operating income

In thousands of euros	June 30, 2020	June 30, 2019	Change Amount	Change as a %
1st quarter	4,885	6,038	- 1,153	-19%
2nd quarter	3,153	5,754	- 2,601	-45%
Revenue - 1st Half	**8,038**	**11,792**	**- 3,754**	-32%
Other income	680	82	- 598	N/A-
Total income	**8,718**	**11,874**	**- 3,156**	-27%

In the first six months of the year, SuperSonic Imagine's revenue totaled €8.038 million, a decrease of 32% as compared with the first six months of 2019.

Revenue for the six month period was down by 48%, 25%, and 28%, respectively, in China, the United States, and France.

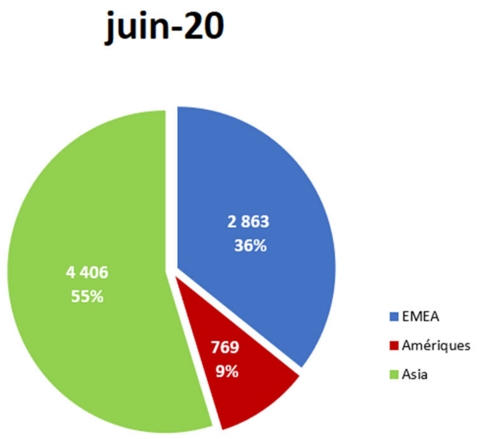
Worldwide, sales in the Americas decreased by 27%, EMEA by 31%, and Asia by 33%.

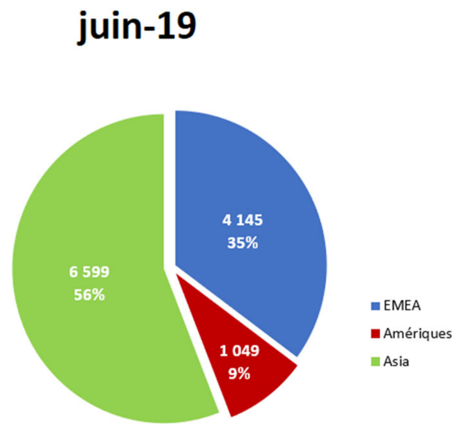
Other income, in the amount of €680,000, primarily comprises management fees invoiced to Hologic Inc., for €654,000, as well as €26,000 in income under a collaboration agreement entered into in 2018.

2.3.2.1. GEOGRAPHICAL DISTRIBUTION OF SALES

In thousands of euros	June 30, 2020	%	June 30, 2019	%
EMEA	2,863	35%	4,145	35%
Americas	769	10%	1,049	9%
Asia	4,406	55%	6,599	56%
Total	**8,038**	100%	**11,792**	100%

2.3.2.2. REVENUE BY PRODUCT – SERVICE





In thousands of euros	June 30, 2020	%	June 30, 2019	%
Sales of goods	6,724	84%	9,905	84%
Sales of services	1,314	16%	1,887	16%
Total	**8,038**	100%	**11,792**	100%

Product sales totaled €6.724 million, down 32%, while services sales declined 30%, to €1.314 million.
This decrease was essentially due to lower sales volumes in the priority markets of China, the United States, and France, in the context of the Covid-19 epidemic, as well as the decrease in Services revenue due to the December 2019 sale of the U.S. subsidiary, SuperSonic Imagine Inc., to Hologic Inc., which now records Services revenue in the United States directly.

2.3.2.3. REVENUE BY SALES CHANNEL

In thousands of euros	June 30, 2020	%	June 30, 2020	%
Direct	5,161	64%	9,010	76%
Distributors	2,877	36%	2,782	24%
Total	**8,038**	100%	**11,792**	100%

Direct sales accounting for 64% of revenue during the first six months of 2020, or €5.2 million. Indirect sales represented the remaining 36%, or €2.9 million.

2.3.2.4. COST OF SALES AND GROSS MARGIN

In thousands of euros	June 30, 2020	June 30, 2019
Revenue from Products	6,724	9,905
Revenue from Services	1,314	1,887
Other income	680	82
Total income	**8,718**	**11,874**
Cost of sales	(4,837)	(6,206)
Gross margin on total income	**3,881**	**5,668**
Gross margin as a % of total revenue	44.5%	*47,7%*
Gross margin on revenue (1)	**3,201**	**5,586**
Gross margin as a % of revenue (2)	39.8%	*47.4%*
Of which cost of equipment sales	3,756	4,623
Gross margin on equipment sales	**2,968**	**5,282**
Gross margin as a % of products revenue	44.1%	*53.3%*
Of which cost of services	1,080	1,583
Gross margin on cost of services	**234**	**304**
Gross margin as a % of services revenue	17.8%	*16.1%*

(1) Gross margin on revenue = Revenue – Cost of sales
(2) Percentage gross margin on revenue = Gross margin on revenue/Revenue

The percentage gross margin on total income decreased 3.2 points to 44.5% in H1, from 47.7% in H1 2019. Gross margin corresponds to total income (€8.718 million) minus the cost of sales (€4.837 million).

Gross margin on revenue corresponds to revenue (€8.038 million) minus the cost of equipment and service sales.

The cost of equipment sales includes:
- The cost of purchasing raw materials and components;
- The cost of manufacturing done in Malaysia and of assembly;
- The provision for warranties;
- Royalties due;
- Provisions for write-down of inventory due to obsolescence and scrapping.

The cost of services includes:
- The cost of purchasing spare parts;
- The provision for warranties;
- Overhead pertaining to after-sales service; and
- Provisions for inventory impairment of spare parts for after-sales service and parts sent back from the field.

In the first half of 2020, the **percentage gross margin on revenue** declined to 39.8%, from 47.4% in the first half of 2019. The percentage gross margin on revenue from equipment sales declined sharply (a drop of 9.2 pts), due in turn to the following:

- -3.0 pts due to the reversal of a provision recorded only in 2019;
- -6.7 pts due to an unfavorable geographic mix, in particular the decreasing weight of China, and by the significant decrease in margins in the United States due to the sale of the U.S. subsidiary, SuperSonic Imagine Inc., to Hologic Inc. (the sale of systems to Hologic Inc. in 2020 has generated lower margins than the sale of systems to end customers in the United States in 2019); and
- +0.5 pt improvement due to a large provision on inventory recorded in 2019.

On the other hand, the percentage gross margin on revenue from Services improved by 1.7 pts.
This improvement is due primarily to the sale of the U.S. subsidiary, SuperSonic Imagine Inc., to Hologic Inc. in December 2019, since that subsidiary had a weak margin on Services in 2019.

2.3.2.5. CURRENT OPERATING EXPENSES

Operating expenses for the comparative periods are broken down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Research and development expenses	(1,371)	(2,061)
Selling and marketing expenses	(5,027)	(5,829)
General and administrative expenses	(2,300)	(2,121)
Operating expenses	(866)	(846)
Other operating income/(expenses)	-	-
Current operating expenses	**(9,564)**	**(10,857)**

During the first six months of 2020, operating expenses decreased by €(1.3) million mainly due to lower R&D costs (for €0.7 million) and lower sales and marketing expenses (€0.8 million).

2.3.2.6. SALES AND MARKETING EXPENSES

In thousands of euros	June 30, 2020	June 30, 2019
Personnel	1,908	2,677
Fees, External Services	1,512	1,229
Travel and entertainment expenses	802	1,443
Depreciation, amortization & provisions	230	133
Other	575	347
Total	**5,027**	**5,829**

Sales and marketing expenses decreased by 14% as compared with the first half of 2019. This decrease was essentially due to lower travel and entertainment expenses as a result of the Covid-19 crisis and the decrease in personnel costs in the United States as a result of the sale of SuperSonic Imagine Inc. at the end of December 2019.

2.3.2.7. OPERATIONS EXPENSES

In thousands of euros	June 30, 2020	June 30, 2019
Personnel	586	658
Fees, External Services	91	99
Travel and entertainment expenses	31	18
Depreciation, amortization & provisions	28	37
Other	131	33
Total	**866**	**846**

Operating expenses totaled €0.9 million, a slight (2%) increase.

2.3.2.8. RESEARCH AND DEVELOPMENT EXPENSES

The bulk of R&D expenses are capitalized provided they satisfy the criteria in IAS 38. An individual analysis must be done of R&D expenses incurred (regardless of the accounting treatment – expense or non-current asset) and expenses recorded (expenses incurred minus sums capitalized).

Total expenses incurred break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Total Expenditures	4,217	4,503
Grants and RTC	(1,565)	(1,081)
Total expenses incurred	**2,652**	**3,423**

Research and development expenses declined, at €4.2 million incurred in the first half of 2020 as compared with €4.5 million in the first half of 2019.

The Company obtains grants and tax credits (research tax credit, innovation tax credit, and job competitiveness tax credit), which reduce the cost of research and development. The research tax credit represents virtually all of the tax credits obtained and is calculated on the basis of R&D-related expenditure.

Over the periods being compared, RTC recorded by the Company amounted to €1.3 million for the first half of 2020 and €1.4 million for the first half of 2019.

The sums capitalized, mainly comprising personnel costs, relate to the development of successive versions of the new generation ultrasound machine. The portion capitalized as intangible assets amounted to €1.3 million in the first half of 2020 and €1.4 million in the first half of 2019.

R&D expenses (namely net expenses, after capitalization), break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
R&D expenses	2,151	2,198
Grants and RTC	(780)	(137)
Total R&D expenses on the income statement	**1,371**	**2,061**

2.3.2.9. General and administrative expenses

In thousands of euros	June 30, 2020	June 30, 2019
Personnel	1,279	1,019
Fees, External Services	865	905
Travel and entertainment expenses	39	65
Depreciation, amortization & provisions	46	173
Other	71	(42)
Total	**2,300**	**2,121**

General expenses increased 9% to €2.3 million.

2.3.2.10. Current and non-current operating income (loss)

In thousands of euros	June 30, 2020	June 30, 2019
Current operating income (loss)	**(5,682)**	**(5,188)**
Other non-current operating income/(expenses)	(640)	(7,550)
Operating income (loss)	**(6,322)**	**(12,740)**

As of June 30, 2020, current operating loss increased 9.5% to €(5.7) million, as compared with €(5.2) million in the first half of 2019.

Other non-current operating expenses as of June 30, 2020 principally include indemnification paid on the departure of Michèle Lesieur, CEO, which indemnification was approved by the General Shareholders' Meeting on June 16, 2020.

As of June 30, 2019, non-current operating expense included the following exceptional expenses:

- €5.2 million relating to the settlement and costs incurred in connection with the dispute with Verasonics.
- €2.3 million in expenses incurred in connection with the acquisition of Supersonic Imagine by Hologic, Inc.

2.3.2.11. EBITDA

In thousands of euros	June 30, 2020	June 30, 2019
EBITDA	(4,020)	(3,243)

Overall, EBITDA[1] declined by 24%, for a loss of €(4.0) million for the six months ended June 30, 2020, as compared with a loss of €(3.2) million for the six months ended June 30, 2019.

2.3.2.12. FINANCIAL INCOME (LOSS)

In thousands of euros	June 30, 2020	June 30, 2019
Financial income (loss)	(1,674)	(1,145)

Financial income (loss) totaled €(1.7) million, primarily comprising interest on financial indebtedness to the majority shareholder, Hologic Hub Ltd., as well as interest and fees due in respect of the early repayment of all of the Group's external financial liabilities.

2.3.2.13. NET INCOME (LOSS)

Net income (loss) for the period was a loss of €(8) million in the first half of 2020, as compared with a loss of €(13.9) million in the first half of 2019.

** EBITDA for the period ending June 30, 2020 represents the current operating loss of €(5.7) million, before depreciation, amortization, and provisions of €(1.4) million and taxes of €(0.4) million. EBITDA thus totaled €(4.0) million as of June 30, 2020.*
** EBITDA for the period ended June 30, 2019 represents the current operating loss of €(5.2) million, before taxes of €(457,000) and depreciation, amortization and provisions of €(1.5) million. EBITDA thus totaled €(3.2) million as of June 30, 2019.*

2.3.3. Balance sheet

The balance sheet is summarized as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Total non-current assets	23,674	24,453
Total current assets	17,230	21,263
Of which cash and cash equivalents	*3,829*	*6,508*
Total assets	**40,904**	**45,717**

In thousands of euros	June 30, 2020	Dec. 31, 2019
Total shareholders' equity	(16,630)	(8,836)
Total non-current liabilities	46,690	41,628
Total current liabilities	10,844	12,925
Total liabilities and shareholders' equity	**40,904**	**45,717**

2.3.3.1. NON-CURRENT ASSETS

In thousands of euros	June 30, 2020	Dec. 31, 2019
Intangible assets	16,739	16,526
Property, plant and equipment	4,880	4,881
Rights to use property, plant and equipment under leases	416	541
Other non-current assets	1,639	2,505
Total non-current assets	**23,674**	**24,453**

The decrease in non-current assets totals €0.8 million, net of provisions and depreciation and amortization for the period, and is explained primarily by the decrease in other non-current assets (€(0.8) million) resulting from a reimbursement of the Research Tax Credit for 2019.

2.3.3.2. CURRENT ASSETS EXCLUDING CASH AND CASH EQUIVALENTS

In thousands of euros	June 30, 2020	Dec. 31, 2019
Inventories	7,892	6,474
Trade receivables	3,957	6,299
Other current assets	1,553	1,982
Total current assets excl. cash	**13,401**	**14,755**

Current assets decreased by €1.3 million, primarily due to the effects of the decreased activity over the half year resulting from Covid-19:

- + €1.4 million increase in inventories; and
- - €2.4 million relating to customer payments in accordance with expected payment terms affected by the decrease in revenue for the half year.

2.3.3.3. Cash and cash equivalents

In thousands of euros	June 30, 2020	Dec. 31, 2019
Cash on hand	3,821	6,500
Marketable securities	8	8
Cash and cash equivalents	**3,829**	**6,508**

Available cash as of June 30, 2020 was €3.8 million, as compared with €6.5 million at December 31, 2019.
Cash use is detailed in Note 2.3.4, below.

2.3.3.4. Shareholders' equity

In thousands of euros	June 30, 2020	Dec. 31, 2019
Share capital	2,417	2,403
Share premiums	5,755	5,769
Consolidated reserves	(16,806)	5,500
Income (loss)	(7,996)	(22,508)
Total shareholders' equity	**(16,630)**	**(8,836)**

Consolidated reserves were affected during the period essentially by allocation of the 2019 results, expenses relating to the free share grant plan, and actuarial gains and losses on the provision for retirement commitments.

2.3.3.5. Non-current liabilities

In thousands of euros	June 30, 2020	Dec. 31, 2019
Financial debt – Long-term portion	45,580	39,829
Staff commitments	358	414
Provisions and other non-current liabilities	648	1,085
Debts on non-current rental obligations	103	300
Total non-current liabilities	**46,690**	**41,628**

Non-current liabilities increased by €5 million, primarily due to the increase in long-term debt from the increased loan from Hologic Hub Ltd., less the effect of repaying the Group's external financial debts during the period.

2.3.3.6. Non-current liabilities

In thousands of euros	June 30, 2020	Dec. 31, 2019
Financial debt - short-term portion	648	3,178
Trade payables	4,038	4,076
Provisions and other current liabilities	5,834	5,399
Debts on current rental obligations	324	272
Total current liabilities	**10,844**	**12,925**

Current liabilities decreased by €2.1 million, primarily due to the following:

- - €2.5 million of decreased financial debt: Repayment of short-term loans at the end of March 2020, covered by the increase in long-term debt from Hologic.
- + €0.4 million, relating primarily to the deferment of the URSSAF debt, which will be paid in the second half of 2020.

2.3.4. Cash flows

The primary changes in cash flow during the first six months of 2020 and 2019 are broken down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Net cash flow linked to operating activities	(3,014)	(3,159)
Net cash flows related to investment operations	(1,287)	(3,191)
Net cash flows related to financing operations	1,585	828
Changes in net cash flow	**(2,716)**	**(5,522)**
Cash opening balance	6,508	8,593
Impact of the change in exchange rate on cash	37	(20)
Cash closing balance	**3,829**	**3,051**

Available cash totaled €3.8 million as of June 30, 2020 (as compared with €6.5 million as of December 31, 2019), for net cash use of €2.7 million, a very clear improvement as compared with the first half of 2019, with net cash use of €5.5 million.

Cash burn (operating and investment cash flow) also improved, at €0.7 million per month for the first half of this year, as compared with €1.1 million in the first half of 2019.

2.3.4.1. CASH FLOW FROM OPERATIONS

Cash flows provided from/(used in) operating activities broke down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Net income (loss)	(7,996)	(13,891)
Cash flow linked to operating activity, before changes in WCR	(4,682)	(9,628)
Inventories	(1,425)	(479)
Trade receivables	2,350	1,711
Other receivables	431	(145)
Research tax credit and operating grants	233	(457)
Trade liabilities	79	5,839
Income taxes paid	-	-
Changes in working capital requirement	1,668	6,469
Net cash flow linked to operating activities	**(3,014)**	**(3,159)**

The net cash use of €(3.0) million relating to operating activities in the first half of 2020 is primarily due to the net operating loss for the period.

Change in working capital requirement was + €1.7 million, principally explained by a €1.4 million increase in inventory, offset by a €2.4 million decrease in trade receivables.

2.3.4.2. CASH FLOWS PROVIDED FROM/(USED IN) INVESTMENTS

Cash flows used in investment activities break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Acquisitions of property, plant and equipment	(486)	(323)
Acquisitions and capitalization of intangible assets	(2,188)	(2,863)
Receipt of research tax credit allocated to capitalized R&D expenses	1,282	-
Receipt / disbursement of financial assets	105	(5)
Income from interest received and capital gain on disposals of cash instruments	-	-
Net cash flows related to investment operations	**(1,287)**	**(3,191)**

Cash use relating to R&D investments, including capitalized R&D expenses, decreased by €0.7 million over the half year. The RTC for 2019 was received during the first half of 2020 and explains the decrease in cash use relating to investment activities.

2.3.4.3. CASH FLOWS PROVIDED FROM/(USED IN) FINANCING ACTIVITIES

Cash flows provided from/(used in) financing activities break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Receipt of receivables on the share capital	30	-
Disbursements under rental obligations	(212)	(248)
New financial debt	11,500	6,268
Repayment of financial debt	(8,301)	(4,523)
Interest disbursed	(1,432)	(673)
Acquisitions/disposals of treasury shares	-	5
Net cash flows related to financing operations	**1,585**	**828**

Cash flows relating to financing operations for the period relate to repayment of the Group's external indebtedness in its entirety, for €(8.3) million), offset by the increase in the outstanding balance under the revolving loan from Hologic, for €11.5 million.

2.4. RELATED-PARTY TRANSACTIONS

Related party transactions are described more fully in Section 2.2 ("Related Party Agreements and Ordinary Course Agreements") and in Note 39 ("Related-Party Transactions") to the financial statements included in Chapter 4 of the 2019 Financial Report, available on the Company's website.

During the first six months of the fiscal year in progress, with the exception of the amendments to the revolving loan with Hologic Hub Ltd. described in Section 2.2 hereof, there were no related-party transactions that significantly affected the Company's results of operations or financial condition. In addition, and subject to the same exception, during the first six months of the fiscal year in progress, no modifications were made to the related-party transactions described in the 2019 Financial Report that could significantly affect the Company's results of operations or financial condition (see Note 33 to the interim financial statements presented in this financial report).

2.5. SUBSEQUENT EVENTS

On July 11, 2020, Hologic, Inc. announced the U.S. launch of the SuperSonic™ MACH 40 ultrasound machine, expanding its ultrasound technology product line with its first premium system. The new ultrasound machine offers excellent image quality and innovating imaging modes, and was designed to improve performance and precision.

With respect to the impact of the Covid-19 pandemic on the Group's business, please see Sections 2.2 and 2.7 of this interim financial report.

2.6. PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2020

With the exception of the items described in Sections 2.2 and 2.7 of this interim financial report concerning the impact of the Covid-19 pandemic on the Group's business, the principal risks and uncertainties did not change materially as compared with those described in Chapter 1 of the 2019 Financial Report, available on the Company's website.

2.7. TRENDS AND FUTURE PROSPECTS

The Group continues to develop the functionalities of its ultrafast Aixplorer® platform to make SuperSonic Imagine the benchmark for non-invasive care pathways for breast and liver conditions.

Accordingly, in late 2018 the Group launched its new Aixplorer MACH® platform, which enables it to enrich its product offering, streamline its product cost (because it can be used across the range of products and applications), make the product more reliable, facilitate connectivity for remote maintenance, and develop future big data applications and artificial intelligence.

After the Group introduced the Aixplorer MACH® 30 in 2018, it launched the MACH® 20 in 2019, a version designed to target the mid-market segment of the radiology market. Most recently, in July 2020 the Group introduced the MACH® 40, a premium offering designed to improve performance and diagnostic precision, and aimed at the U.S. market.

The Group thus plans to continue to prioritize investment in its sales teams in its three major markets (the United States, China, and France), while continuing to grow in other regions of the world.

Over the past four years, the Company has refocused its strategy along two main lines:

1) Clinical: liver and breast imaging; and
2) Geographic: direct sales in France and China.

Technological innovation is continually underpinned by new clinical publications in peer-reviewed journals worldwide.

The ongoing adoption of Aixplorer® in different regions of the world by more and more leading institutions reaffirms the company's strategy.

Since Hologic Hub Ltd.'s purchase of a majority stake in the Company in the second half of 2019, the Group has new vitality and new prospects.

This transaction should give the Company the resources to accelerate its sales growth, while continuing to invest in innovation and to improve its operational excellence. More specifically, the transaction should help the Company much more rapidly penetrate new markets and strengthen its presence on others (in particular the U.S. and European markets), and to reinforce its capacities and prospects in terms of research and development.

The Company's priority is to develop its Ultrasounds business within a group that shares the Company's values – the importance of innovation, contributions to improved health, and relationships with clinicians and patients.

From a supply chain perspective, supplier delivery delays were the most pronounced during the lockdown period of March-April 2020. The trend is toward resorption of these delivery delays. However, there can be no guarantee that there will not be another deterioration in the pandemic situation, which could result in new lockdown measures in certain parts of the world. In that event, additional supply delays could occur in the coming weeks.

With respect to delivery capacity, as of the date hereof logistics flows remain active, although transit times are several days longer and prices have increased for certain connections (some lines have doubled or tripled their prices due to decreased air freight capacities). This is a rapidly evolving situation, which SuperSonic Imagine's procurement and logistics teams monitor on a daily basis, in coordination with the relevant suppliers.

The Group's cash position (which was strengthened by the revolving loan entered into between Hologic Hub Ltd. and the Company, for a total maximum amount of €67 million) should enable the Group to manage the uncertainties relating to the current epidemic.

The Group's senior management is closely monitoring epidemic developments in each of the relevant geographic regions and is taking all necessary measures to protect its employees, customers, and partners (thus participating in the worldwide effort to slow the spread of the virus). Most of its activities, including R&D, are now conducted remotely. At the same time, the Group has taken all preventive health measures in order to continue its essential logistics activities to distribute and ship orders. In order to manage the lockdown ordered by the authorities, the Group has used partial furlough measures.

In an extremely uncertain worldwide economic environment, the Group is implementing all available actions to protect itself. However, as the epidemic has affected all of the geographic zones where the Group does business, the Company cannot guarantee that the Group will not be more seriously affected, in particular with respect to the economic consequences of extended lockdown measures in France and in all of the other countries where the Group does business (in particular in the United States, which has been heavily affected by the Covid-19 crisis). As a result, the revenues, profitability, and cash flow of the Group's companies could be affected, to an extent that to date remains difficult to estimate.

The Group's objectives have not changed as compared with those described in Chapter 1 of the 2019 Financial Report, available on the Company's website.

3. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2020

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Note	June 30, 2020	June 30, 2019
Revenue	4	8,038	11,792
Other income	5	680	82
Income		**8,718**	**11,874**
Cost of sales	23	(4,837)	(6,206)
Gross margin		**3,881**	**5,668**
Gross margin on revenue (1)		**3,201**	**5,586**
Gross margin as a % of revenue (2)		**39.8%**	***47.4%***
Research and development expenses	24	(1,371)	(2,061)
Selling and marketing expenses	25	(5,027)	(5,829)
General and administrative expenses	26	(2,300)	(2,121)
Operating expenses	27	(866)	(846)
Other operating income/(expenses)		-	-
Current operating income (loss)		**(5,682)**	**(5,188)**
Other non-current operating income/(expenses)	28	(640)	(7,550)
Operating income (loss)		**(6,322)**	**(12,740)**
Financial income		77	120
Financial expenses		(1,751)	(1,265)
Financial income (loss)	30	**(1,674)**	**(1,145)**
Income (loss) before tax		**(7,996)**	**(13,885)**
Income tax expense		-	(7)
Net income (loss)		**(7,996)**	**(13,891)**
Attributable to:			
Equity holders of the Company		(7,996)	(13,891)
Minority shareholders		-	-
Earnings per share:			
Basic (in euros)	31	(0.34)	(0.60)
Diluted (in euros)	31	(0.34)	(0.60)

(1) *Gross margin on revenue = Revenue - Cost of sales*
(2) *Percentage gross margin on revenue = Gross margin on revenue/Revenue*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	June 30, 2020	June 30, 2019
Net income (loss)	(7,996)	(13,891)
Actuarial gains/(losses) on retirement benefit obligations	87	-
Tax effect on actuarial gains and losses	-	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**87**	**-**
Currency translation differences	35	(5)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**35**	**(5)**
Total, other comprehensive income (loss)	**122**	**(5)**
Total comprehensive income (loss)	**(7,874)**	**(13,896)**
Comprehensive income (loss) attributable to equity holders of the Company	(7,874)	(13,896)
Third-party non-controlling interests	-	-
Total comprehensive income (loss)	**(7,874)**	**(13,896)**

STATEMENT OF FINANCIAL POSITION

Assets

In thousands of euros	Note	June 30, 2020	Dec. 31, 2019
Intangible assets	7	16,739	16,526
Property, plant and equipment	8	4,880	4,881
Rights of use under leases	9	416	541
Other non-current assets	10	1,639	2,505
Total non-current assets		**23,674**	**24,453**
Inventories	11	7,892	6,474
Trade receivables	12	3,957	6,299
Other current assets	13	1,553	1,982
Cash and cash equivalents	14	3,829	6,508
Total current assets		**17,230**	**21,263**
Total assets		**40,904**	**45,717**

Liabilities and shareholders' equity

In thousands of euros	Note	June 30, 2020	Dec. 31, 2019
Share capital	15	2,417	2,403
Share premiums	15	5,755	5,769
Consolidated reserves		(16,806)	5,500
Non-controlling interests		-	-
Net income (loss) for the period		(7,996)	(22,508)
Total shareholders' equity		**(16,630)**	**(8,836)**
Financial debt – Long-term portion	16	45,580	39,829
Staff commitments	20	358	414
Provisions and other non-current liabilities	17	648	1,085
Financial debts on non-current rental obligations	9	103	300
Total non-current liabilities		**46,690**	**41,628**
Financial debt - short-term portion	16	648	3,178
Trade payables	18	4,038	4,076
Provisions and other current liabilities	19	5,834	5,399
Financial debts on non-current rental obligations	9	324	272
Total current liabilities		**10,844**	**12,925**
Total liabilities		**57,534**	**54,553**
Total liabilities and shareholders' equity		**40,904**	**45,717**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

In thousands of euros	Note	Share Capital	Share premiums	Currency translation reserves	Consolidated reserves and net income (loss) attributable to equity holders of the Group	Total - Group share	Non-controlling interests	Total shareholders' equity
As of December 31, 2019		**2,403**	**5,769**	**18**	**(17,025)**	**(8,836)**	**-**	**(8,836)**
Actuarial gains/(losses) on retirement benefit obligations					87	87		**87**
Change in currency translation differences				35		35		**35**
Total, other comprehensive income (loss)		***-***	***-***	***35***	***87***	***122***	***-***	***122***
Net income (loss) for the period					(7,996)	**(7,996)**		**(7,996)**
Comprehensive income (loss)						**(7,874)**	**-**	**(7,874)**
Capital transactions		14	(14)			**-**		**-**
Change in treasury shares	15.3					**-**		**-**
Share-based payments	15.4				80	**80**		**80**
As of June 30, 2020		**2,417**	**5,755**	**53**	**(24,854)**	**(16,630)**	**-**	**(16,630)**

In thousands of euros	Note	Share Capital	Share premiums	Currency translation reserves	Consolidated reserves and net income (loss) attributable to equity holders of the Group	Total - Group share	Non-controlling interests	Total shareholders' equity
As of December 31, 2018		**2,342**	**19,365**	**(592)**	**(8,553)**	**12,562**	**0**	**12,562**
Change in currency translation differences		-	-	(5)	-	(5)	-	**(5)**
Change in actuarial gains (losses)								
Total, other comprehensive income (loss)		***-***	***-***	***(5)***	***-***	***(5)***	***-***	***(5)***
Net income (loss) for the period		-	-		(13,891)	**(13,891)**	-	**(13,891)**
Comprehensive income (loss)						**(13,896)**	**-**	**(13,896)**
Allocation of losses to the share premium		**-**	(13,596)		13,596	**-**	**-**	**-**
Change in treasury shares	15.3	**-**	**-**		(5)	**(5)**	-	**(5)**
Share-based payments	15.4	**-**	-		369	**369**	**-**	**369**
As of June 30, 2019		**2,342**	**5,769**	**(597)**	**(8,484)**	**(970)**	**-**	**(970)**

CONSOLIDATED CASH FLOWS

In thousands of euros	Note	June 30, 2020	June 30, 2019
Net income (loss)		**(7,996)**	**(13,891)**
Elimination of items with no impact on cash			
Amortization and depreciations of assets		1,807	1,906
Changes in the provisions for contingencies		(89)	791
Changes in the provision for retirement benefit obligations		64	42
(Income)/Expense linked to share-based payments		78	374
Interest (income)/expense, net		1,658	1,257
Change in income/expense with no impact on cash		(204)	
Changes in fair value of derivative instruments		-	(105)
Income tax expense		-	(2)
Cash flow linked to operating activity, before changes in WCR		**(4,682)**	**(9,628)**
Inventories	22	(1,425)	(479)
Trade receivables	22	2,350	1,711
Other receivables	22	431	(145)
Research tax credit and operating grants	22	233	(457)
Trade liabilities	22	79	5,839
Income taxes paid		-	-
Changes in working capital requirement:		**1,668**	**6,469**
Net cash flow linked to operating activities		**(3,014)**	**(3,159)**
Investment operations:			
Acquisitions of property, plant and equipment	8	(486)	(323)
Acquisitions and production of intangible assets	7	(2,186)	(2,863)
Receipt of research tax credit allocated to capitalized R&D expenses		1,282	-
Receipt / disbursement of financial assets	10	105	(5)
Interest (income)/expense, net		-	-
Net cash flows related to investment operations		**(1,287)**	**(3,191)**
Financing transactions:			
Receipt of receivables on the share capital	15	30	-
Disbursements under rental obligations	9	(212)	(248)
Repayment of financial debt	16	11,500	6,268
Repayment of financial debt	16	(8,301)	(4,523)
Interest disbursed		(1,432)	(673)
Acquisitions of treasury shares	15.3	-	5
Net cash flows related to financing operations		**1,585**	**828**
Changes in net cash flow		**(2,716)**	**(5,522)**
Cash and cash equivalents opening balance	14	6,508	8,593
Impact of the change in exchange rate on cash		37	(20)
Cash and cash equivalents closing balance	**14**	**3,829**	**3,051**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. KEY EVENTS AND GENERAL INFORMATION

1.1. PRESENTATION OF THE GROUP

SuperSonic Imagine is a medical technology (Medtech) company specialized in ultrasound imaging. The Company designs, manufactures, and sells an ultrasound platform whose exclusive ultrafast (UltraFast™) technology has given rise to new imaging modes, which today set the standard of care for the non-invasive diagnosis of breast, liver, and prostate disease.

The first innovative UltraFast™ mode is ShearWave® (SWE™) elastography, which enables physicians, in real time, to visualize and analyze tissue hardness, essential information for the diagnosis of many diseases.

To date, more than 800 clinical papers have been published worldwide in peer-reviewed journals demonstrating the benefits of its technologies.

In 2018, SuperSonic Imagine introduced a new generation of the Aixplorer®, the MAC® 30, followed in 2019 by the MACH® 20, a version designed to target the mid-market segment of the radiology market. Most recently, in July 2020 the Group introduced the MACH® 40, a premium offering designed to improve performance and diagnostic precision, and aimed at the U.S. market.

The Aixplorer MACH® introduces a new generation of UltraFast™ imaging that allows the optimization of all innovative imaging modes: ShearWave PLUS, UltraFast™ Doppler, Angio PL.U.S, and TriVu.

With close to 2,800 ultrasound machines installed worldwide, SuperSonic Imagine is present in more than 80 countries. Its principal markets are China, the United States, and France.

The Group owns or co-owns numerous patents which it developed, acquired or operates under license.

The Group has sold products in the Aixplorer line® since 2009 and subcontracts the production of the ultrasound machines that it sells.

SuperSonic Imagine SA, the Group's parent company, is a French corporation (*société anonyme*) with a Board of Directors, domiciled in France. Its registered office is located at Jardins de la Duranne, 510 rue René Descartes, 13290 Aix-en-Provence, France. It is registered in the Trade and Companies Register of Aix-en-Provence under the number 481 581 890 and listed on Euronext Paris (ISIN FR0010526814).

In connection with the Company's international development, six distribution subsidiaries were formed in the following countries:

- SuperSonic Imagine GmbH, Germany in March 2008;
- SuperSonic Imagine Ltd., United Kingdom in March 2008;
- SuperSonic Imagine Srl, Italy in October 2009;
- SuperSonic Imagine (H.K) Limited, Hong Kong in June 2011; and
- Supersonic Imagine (Shanghai) Medical Devices Co. Ltd, China in December 2015.

In December 2019, the Group sold its U.S. subsidiary. The Company has not presented pro forma financial statements as of June 30, 2019 with respect to the application of IFRS 5. All of the impacts of the sale on the second half of 2019 were detailed in the financial statements for the fiscal year ended December 31, 2019, and in Chapter 3, below.

1.2. KEY EVENTS OF THE PERIOD

GOVERNANCE

At its meeting on January 23, 2020, the Company's Board of Directors decided to remove Michèle Lesieur as CEO and replace her with Antoine Bara.

Following her departure, Ms. Lesieur resigned from all of her positions within the Company's subsidiaries, and was replaced by Michelangelo Stefani within the Group's subsidiaries located in Italy, the United Kingdom, and Germany.

On January 29, 2020, the Company entered into a settlement agreement with Ms. Lesieur following her removal as CEO, definitively ending the dispute between the parties regarding the reasons for the removal. To the extent necessary, the settlement agreement was approved by the Company's General Shareholders' Meeting on June 16, 2020. The impact of €640,000 was recorded in Other non-current operating expense for the period.

Independently of her removal, Ms. Lesieur agreed to assist the Company as a consultant for a period of six months beginning February 1, 2020.

As indicated above, following the departure of Michèle Lesieur, Antoine Bara, who was a member of the Company's Board of Directors, was appointed CEO of the Company by decision of the Board of Directors dated January 23, 2020.

Mr. Bara, 48, has significant experience in the software and healthcare fields, acquired over his twenty year career. He joined the Hologic group in 2018 to run its French operations. Mr. Bara receives no compensation in respect of his position as CEO.

FINANCING

The Company and Hologic Hub Ltd. have entered into various amendments to the revolving loan agreement dated August 14, 2019:

- On February 12, 2020, a second amendment removed the acceleration events, so that the agreement remains in effect until August 12, 2024;

- On March 17, 2020, a third amendment increased the authorized maximum amount of the loan to €65 million; and
- On June 23, 2020, a fourth amendment again increased the authorized maximum amount of the loan, to €67 million.

This loan agreement enabled the Company to repay all of its financial liabilities (other than those subject to IFRS 16 - Leases) for an amount of €8.3 million during the first six months of 2020 (see Note 16 to the interim condensed financial statements).

IMPACT OF THE COVID-19 PANDEMIC

It remains difficult to quantify the precise impact of the Coronavirus epidemic on the Group's business for the fiscal year in progress.

Quantitative impact in the first six months of 2020

In the first six months of 2020, the Group experienced a decline in activity, in particular in its principal markets of France, China, and the United States.
The principal impacts on its income statement are as follows:

- The estimated loss as compared with the same period of the prior year totals approximately €(2.2) million in revenue;
- The effects of the lockdown restricted travel, generating a an estimated decrease of €(0.4) million in expenses.
- The ban on public gatherings generated savings estimated at €(0.1) million as compared with the first half of 2019, due to the cancellation of several trade shows during that period;
- Payroll declined by €(53,000) with the partial furloughs implemented in April.

The total impact on SuperSonic Imagine's business over the first half of 2020 is estimated at €0.5 million in additional losses over the period.

With respect to its financial condition, the Group obtained:

- a payment postponement granted by the URSSAF (the body that collects social security contributions in France) of payments initially scheduled for April through June, in an amount of €919,000. This amount will be paid during the second half of the year;
- a payment postponement granted by its French landlords with respect to its second-quarter rent, from the beginning to the end of the quarter, in an amount of €96,000.

The Group granted two of its customers six-month postponements of receivables due, for an amount of €225,000, or 5.68% of total net trade receivables.

Prospects for the second half of 2020

From a supply chain perspective, supplier delivery delays were the most pronounced during the lockdown period of March-April 2020. The trend is toward the gradual resolution of these delivery delays. However, there can be no guarantee that there will not be another deterioration in the epidemic situation, which could result in new lockdown measures in certain parts of the world. In that event, additional supply delays could occur in the coming weeks.

With respect to delivery capacity, as of the date hereof logistics flows remain active, although transit times are several days longer and prices have increased for certain connections (some lines have doubled or tripled their prices due to decreased air freight capacities). This is a rapidly evolving situation, which SuperSonic Imagine's procurement and logistics teams monitor on a daily basis, in coordination with the relevant suppliers.

The Group's cash position (which was strengthened by the revolving loan entered into between Hologic Hub Ltd. and the Company, for a total maximum amount of €67 million) should enable the Group to manage the uncertainties relating to the current epidemic.

The Group's senior management is closely monitoring epidemic developments in each of the relevant geographic regions and is taking all necessary measures to protect its employees, customers, and partners (thus participating in the worldwide effort to slow the spread of the virus). Most of its activities, including R&D, are now conducted remotely. At the same time, the Group has taken all preventive health measures in order to continue its essential logistics activities to distribute and ship orders. In order to manage the lockdown ordered by the authorities, the Group has used partial furlough measures.

In an extremely uncertain worldwide economic environment, the Group is implementing all available actions to protect itself. However, as the epidemic has affected all of the geographic zones where the Group does business, the Company cannot guarantee that the Group will not be more seriously affected, in particular with respect to the economic consequences of extended lockdown measures in France and in all of the other countries where the Group does business (in particular in the United States, which has been heavily affected by the Covid-19 crisis). As a result, the revenues, profitability, and cash flow of the Group's companies could be affected, to an extent that to date remains difficult to estimate.

2. Summary of significant accounting policies

2.1. Basis of preparation of the Financial Statements

The interim consolidated financial statements as of June 30, 2020 have been presented in condensed form, in accordance with IAS 34, "Interim Financial Reporting."

Because they are condensed, the interim consolidated financial statements do not include all of the financial information required for complete annual financial statements, and must be read together with the consolidated financial statements for the fiscal year ended December 31, 2019, prepared in accordance with IFRS, subject to any modifications specific to the preparation of the interim financial statements described below.

2.2. SIGNIFICANT ACCOUNTING POLICIES

2.2.1. ACCOUNTING STANDARDS

The Group's consolidated financial statements were prepared in conformity with IFRS (International Financial Reporting Standards) and IFRIC and SIC interpretations, as adopted by the European Union as of June 30, 2020. The IFRS are available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias_en.htm).
The accounting policies used are identical to the ones used for the preparation of the annual consolidated financial statements for the fiscal year ended December 31, 2019, with the exception of the adoption of the new standards described below and applied as from January 1, 2020.

The Group applied the following new standards, amendments and interpretations adopted by the European Union, which are mandatory for the Group's financial statements as from January 1, 2020:

- *Amendments to the IFRS Conceptual Framework,* published on December 6, 2019;
- *Amendments to IAS 1 and IAS 8: Definition of "Material,"* published on December 10, 2019;
- *Amendments to IAS 9, IAS 39, and IFRS 7: Interest Rate Benchmark Reform*, published January 16, 2020;
- *Amendments to IFRS 3 - Definition of a business,* published on April 22, 2020;

The adoption of the new mandatory standards, amendments, and interpretations listed above had no impact on the Group's financial statements.

Finally, the Group did not apply early any other standard, interpretation, amendment or revision that had not yet been adopted by the European Union or that was not mandatory for financial statements beginning on or after January 1, 2020:

	Standard/Interpretation	IASB anticipated date of application (fiscal years beginning on or after)	EU application date (at the latest for fiscal years beginning on or after)
1	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Effective date of the amendments to IFRS 10 and IAS 28	*Delayed*	*Suspended*
2	IFRS 17 Insurance Contracts	1/01/2023	ND
3	Amendment to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	1/01/2022	NC
4	Amendment to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract	1/01/2022	NC
5	Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1/01/2022	NC
6	Annual Improvements to IFRS (2018-2020 Cycle)	1/01/2022	NC
6.1	IFRS 9: Fees in the "10 percent" Test for Derecognition of Financial Liabilities		
6.2	Illustrative Examples accompanying IFRS 16 Leases: lease incentives		
6.3	IAS 41: Taxation in Fair Value Measurements		
7	Amendments to IFRS 16: Covid-19 – Related Rent Concessions	6/1/2020	NC
8	Amendment to IFRS 4 – deferral of IFRS 9	01/01/2021	Q4/2020

The process of determining the potential impacts of these standards and interpretations on the Group's consolidated financial statements is currently pending.
Furthermore, the Group's annual consolidated financial statements do not take into account the draft standards and interpretations that remained at exposure draft stage at the IASB and IFRIC as of the reporting date.

2.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the financial statements in accordance with IFRS, the Company's management uses estimates, judgments, and assumptions; these may affect the amounts presented as assets and liabilities, potential liabilities as of the financial statement date, and the amounts presented as income and expense for the fiscal year.
These estimates are prepared on a going-concern basis and on the basis of the information

available at the time of preparation. They are continually reevaluated in light of past experience and various other factors that are considered reasonable and that form the basis for estimates of the carrying amounts of the Company's assets and liabilities. Estimates may be revised if the circumstances on which they were based change or there is new information available. Real results may differ substantially from these estimates, depending on the various assumptions and conditions.
The principal judgments arrived at by management and the principal assumptions used in the preparation of these interim financial statements are the same as those applied in preparing the financial statements for the fiscal year ended December 31, 2019.

The financial statements have been prepared on a going concern basis, bearing in mind the following elements:

- Available cash as of June 30, 2020 was €3.8 million;
- To give the Company the necessary financial means and to support its growth and development, SuperSonic Imagine and Hologic Hub Ltd. entered into a revolving loan agreement on August 14, 2019, which was amended on November 22, 2019, on February 12, 2020, on March 17, 2020, and on June 23, 2020, for a maximum cumulative amount of €67 million.
- The Group believes that this loan agreement will enable it to cover all of its operating activities and investments planned for the 12 months following the date of these financial statements.

The estimate of variable employee costs corresponds to management's best estimate, keeping in mind that the last quarter is determinative to the achievement of objectives.

3. SCOPE OF CONSOLIDATION

The scope of consolidation is identical to that for the fiscal year ended December 31, 2019. On December 27, 2019, the Company sold all of the shares of its U.S. subsidiary, SuperSonic Imagine Inc., and a receivable that the Company held against SuperSonic Imagine Inc., to Hologic Inc., a U.S. company that holds all of the share capital and voting rights of Hologic Hub Ltd. (the Company's majority shareholder). Existing cash in the subsidiary on the date of sale was €249,000. The U.S. subsidiary was consolidated in the Group's financial statements until December 27, 2019, and contributed €3.658 million in revenue and €(2.004) million in net loss for the fiscal year ended December 31, 2019, before elimination of intragroup payments. In the first half of 2019, it had contributed €1.071 million in revenue and €(704,000) in net loss, before elimination of intragroup payments.
The simplified balance sheet of the transferred subsidiary as of the sale date of December 27, 2019, was as follows:

In thousands of euros	Dec. 27, 2019
Property, plant and equipment	8
Inventories	550
Trade receivables	1,254
Other current assets	64

Cash and cash equivalents	249
Total assets	**2,125**
Total shareholders' equity	(21,306)
Intragroup current account	22,761
Trade payables	100
Other current liabilities	570
Total liabilities and shareholders' equity	**2,125**

The principal business of this subsidiary, formed in March 2007 and having its registered office in Weston, Florida (United States), was marketing and sales on behalf of the Company in the U.S. territory. This subsidiary had nine employees as of December 31, 2018.

4. Revenue

The Company's business is somewhat seasonal: approximately 35% to 40% of annual revenue is generally recorded in the fourth quarter of the year.

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Revenue by product type breaks down as follows:

In thousands of euros	June 30, 2020	%	June 30, 2019	%
Sales of goods	6,724	84%	9,905	84%
Sales of services	1,314	16%	1,887	16%
Total	**8,038**	100%	**11,792**	100%

Revenue by geographic region breaks down as follows:

In thousands of euros	June 30, 2020	%	June 30, 2019	%
EMEA	2,863	35%	4,145	35%
Americas	769	10%	1,049	9%
Asia	4,406	55%	6,599	56%
Total	**8,038**	100%	**11,792**	100%

Revenue by distribution channel is as follows:

In thousands of euros	June 30, 2020	%	June 30, 2019	%
Direct	5,161	68%	9,010	76%
Distributors	2,877	32%	2,782	24%
Total	**8,038**	100%	**11,792**	100%

For purposes of geographical analysis, Group management allocates revenue based on the location where the goods are delivered or the services are rendered (destination of sales).

Whether for 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:

The Company had €4,000 in invoices not yet issued under customer contracts as of 12/31/2019, and €19,000 as of 6/30/2020.
Deferred income recorded in respect of customer contracts totaled €983,000 as of December 31, 2019, and €1.008 million as of June 30, 2020.
The Company's orders do not take longer than 12 months to complete.

5. OTHER INCOME

Other income essentially consists of income linked to Group technology and industrial partnerships that is not recurring in nature, as it is not part of normal business activities. As of June 30, 2020, other income included:

- A collaboration agreement for €26,000; and
- Management fees reinvoiced to Hologic and its subsidiaries, for €653,000.

6. SEGMENT REPORTING

The breakdown of property, plant and equipment and intangible assets (excluding rights of use under IFRS 16) by geographic region is as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
EMEA	21,573	21,355
Asia	46	53
Total	**21,619**	**21,407**

Revenue information by segment is presented in Note 4.

7. INTANGIBLE ASSETS

Changes in intangible assets break down as follows:

In thousands of euros	Patents/licenses	Development Costs	Other	Total
Six-month period ended June 30, 2020				
Opening amount	**684**	**15,828**	**14**	**16,526**
Acquisitions	119	1,280	3	1,403
Depreciation and amortization	(84)	(1,105)	(1)	(1,190)
Closing amount	**719**	**16,003**	**16**	**16,739**
As of June 30, 2020				
Gross value	2,425	28,408	1,047	31,880
Cumulative depreciation	(1,705)	(12,405)	(1,031)	(15,141)
Net book value	**719**	**16,003**	**16**	**16,739**

As of June 30, 3030, the amount of acquisitions of other intangible assets for the period totals €1.403 million, primarily composed of €1.3 million in capitalization net of development costs for the period.

There was no impairment as defined under IAS 36 noted during the periods presented. The impact of the Covid-19 crisis did not evidence any indication of impairment, as management did not change its medium-term revenue forecasts.

The amount of internal development costs capitalized for the period totals €1.280 million, as compared with €1.362 million in the first half of 2019.
During the period, the Company continued its programs to develop new functionalities for the Aixplorer MACH® 30, which is amortized over 12 years, beginning September 30, 2018.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group made investments in R&D equipment (use of new versions of Aixplorer for research and purchase of equipment for developing new ultrasound versions), as well as IT and transport equipment.

Changes in property, plant and equipment break down as follows:

In thousands of euros	Tools, plant and technical equipment	Office and IT equipment	Other	Total
Six-month period ended June 30, 2020				
Opening amount	**4,808**	**54**	**20**	**4,882**
Acquisitions	330	152	5	486
Disposal/scrap	(84)	-	-	(84)
Depreciation and amortization	(370)	(30)	(4)	(404)
Unrealized foreign exchange gains or losses	(0)	1	(0)	(1)
Closing net amount	**4,684**	**175**	**20**	**4,880**
As of June 30, 2020				
Gross value	12,809	1,255	769	14,833
Cumulative depreciation	(8,125)	(1,080)	(749)	(9,954)
Net book value	**4,684**	**175**	**20**	**4,880**

9. RIGHTS OF USE AND DEBTS UNDER LEASE AGREEMENTS

Rights-of-use and debts under lease obligations for the six-month period break down as follows:

In thousands of euros	Dec. 31, 2019	New leases signed	Reclassifications	Disposals relating to expiring leases	June 30, 2020
Buildings	472		178		650
Equipment	33		-		33
Vehicles	289	15	(7)	(53)	245
Total rights-of-use under leases – GROSS	**795**	**15**	**172**	**(53)**	**929**
	Dec. 31, 2019	**Depreciation and amortization during the period**	**Reclassifications**	**Disposals relating to expiring leases**	**June 30, 2020**
Buildings	(92)	(162)	(27)		(281)
Equipment	(18)	(5)	(1)		(24)
Vehicles	(144)	(46)	(71)	53	(207)
Total amortization of rights-of-use under leases	**(253)**	**(213)**	**(99)**	**53**	**(512)**
Buildings	380				369
Equipment	15				10
Vehicles	147				38
Total rights-of-use under leases – NET	**542**	**-**	**-**	**-**	**416**

Debt on rental obligations under leases breaks down as follows:

In thousands of euros	Dec. 31, 2019	New leases signed during the period	Reclassifications	Payments of principal	June 30, 2020
Buildings	433		100	(161)	372
Equipment	5		11	(5)	11
Vehicles	135	15	(60)	(46)	44
Total debts on rental obligations	**572**	**15**	**51**	**(212)**	**427**
Of which current					**324**
Of which non-current					**103**

As of June 30, 2020, rights-of-use amounted to €929,000 gross and €416,000 net and involved the following items:

- Buildings: €650,000 relating to premises occupied by various Group entities, primarily in Aix-en-Provence and China.
- Equipment: €33,000
- Vehicles: €245,000

The increase in rights of use during the first half of 2020 was €213,000, the amortization of capitalized rent liabilities was €212,000, and financial interest was €16,000.
There are no restrictions or covenants in the Group's leases.
The expenses recognized for short-term leases and low value leases not restated under IFRS 16 were not material for the half year. The postponement of the second-quarter payment did not have a significant impact.

10. OTHER NON-CURRENT ASSETS

Other non-current assets break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Securities and cash pledged	163	163
Deposits paid	84	190
Assets provided for the liquidity agreement	74	74
Research Tax Credit	1,318	2,078
Total Other non-current assets	**1,639**	**2,505**

Assets provided under the liquidity agreement totaled €74,000. The liquidity agreement is described in Note 15.3.
The RTC receivable recognized as of December 31, 2019, of €2.078 million, was received in the first half of 2020.

The tax credit has changed as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Tax credit receivables at opening	2,078	2,407
Tax credits received	(2,078)	(2,407)
Tax credits for the period	1,318	2,078
Tax receivables at close	**1,318**	**2,078**

11. INVENTORIES

Inventories break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Raw materials & spare parts	4,868	3,904
WIP and finished goods	3,063	3,042
Demonstration equipment	2,013	2,009
Total gross inventories	**9,944**	**8,955**
Inventory impairment	(2,052)	(2,482)
Total Net Inventories	**7,892**	**6,474**

Inventory impairment during the period primarily corresponds to write-downs of items that were defective or returned by customers expecting an eventual repair, as well as the straight-line depreciation of demonstration materials.

12. TRADE RECEIVABLES

Trade receivables break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Trade receivables	4,770	7,045
Write-downs of bad debt	(813)	(745)
Trade receivables, net	**3,957**	**6,299**

The increase in the provision is due primarily to the provisioning of customer invoices outstanding for more than one year for China.

As of June 30, 2020, €2.400 million in receivables were overdue, including €813,000 provisioned, for a total of €1.317 million in receivables that were past due but not written down. They relate to customers for which the Company has found that there is no risk of non-collection for these receivables. Thus, the amount not yet due totaled €2.370 million.
The Company has not identified any additional impairment as a result of the economic crisis caused by the Covid-19 pandemic.

13. OTHER CURRENT ASSETS

Other current assets break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
VAT receivable	809	633
Prepaid expenses	218	336
Supplier advances and trade receivables	458	943
Share capital called but not paid up	-	30
Other receivables	68	40
Total other current assets	**1,553**	**1,982**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Cash on hand	3,821	6,500
Marketable securities	8	8
Cash and cash equivalents	**3,829**	**6,508**

Cash held in banks is principally held in euros, for €2.5 million, in USD held by the French company for €1.28 million, as well for €0.25 million in the Chinese subsidiary and €0.04 million in the UK subsidiary.

As of June 30, 2020, the Group has no overdraft facilities.

15. SHAREHOLDERS' EQUITY

Since April 10, 2014, the Company's shares have been admitted to trading on Euronext Paris under ISIN code FR0010526814 and the ticker symbol SSI.

As of December 31, 2019, there were 24,029,494 shares outstanding.

During the six-month period ended June 30, 2020, 143,600 new shares were created upon the vesting of shares issued pursuant to share grant plans (see Note 15.4), and 1,027 new shares were created upon the exercise of stock options. This raised the number of outstanding shares to 24,174,121 as of June 30, 2020.

15.1. SHARE CAPITAL

Changes in share capital break down as follows:

	December 31, 2019	Vesting of free shares granted	Exercise of stock options	June 30, 2020
Ordinary shares	24,029,494	143,600	1,027	24,174,121
Total number of shares	**24,029,494**	**143,600**	**1,027**	**24,174,121**
In thousands of euros				
Share Capital	**2,403**	**14**	**-**	**2,417**
Share premium	**5,769**	**(14)**	**-**	**5,755**

15.2. DIVIDENDS

The Company has never distributed a dividend and does not expect to do so for fiscal year 2020.

15.3. LIQUIDITY AGREEMENT

On April 15, 2017, a liquidity agreement was entered into with Gilbert Dupont. This agreement was entered into for a term of 12 months ending on April 14, 2018, automatically renewable.

As of June 30, 2020, the number of treasury shares held in connection with the liquidity agreement was 100,732, in addition to €74,000 in cash.

In connection with the tender offer for the Company's shares by Hologic Hub Ltd. between October and December of 2019, the liquidity agreement with Gilbert Dupont was suspended at the Company's request and until further notice. Therefore, no changes occurred during the first half of the year.

15.4. SHARE-BASED PAYMENTS

The Group granted two types of instruments to certain senior managers, employees, and people related to the Company by a consulting agreement:

- Share-based dilutive instruments, such as options for shares, free shares, warrants or founders' warrants. These instruments are described in Note 17.1 of the Company's consolidated financial statements for the fiscal year ended December 31, 2019; during the first six months of 2020, 191,400 free shares expired, and 143,600 free shares vested. They were created by deduction from share premium in the amount of €14,000.
- Share-based non-dilutive instruments. These instruments are described in Note 17.2 to the consolidated financial statements for the fiscal year ended December 31, 2019. There were no significant changes during the six-month period ended June 30, 2020.

No new shares were granted during the first half of the year.

The total expense recorded during the first half of the year in respect of share-based payments totaled €80,000, as compared with €374,000 during the six months ended June 30, 2019, based on the probability of vesting.

16. FINANCIAL DEBT

Financial debt breaks down as follows:

In thousands of euros	June 30, 2020	December 31, 2019
Non-current		
Repayable advance - Tuce	-	204
Repayable advance – Icare	-	1,725
Long-term loans - BPI	-	3,820
Long term loans - Hologic	45,580	34,080
Total non-current financial debt	**45,580**	**39,829**
Current		
Repay. advance Business France	-	15
Repayable advance - Tuce	-	204
Short-term loans	-	2,077
BPI loans - short-term portion	-	460
Interest incurred on Hologic loan	648	422
Total short-term financial debt	**648**	**3,178**
Total financial debt	**46,228**	**43,007**

As of June 30, 2020, financial debt was composed principally of a long-term loan from Hologic Hub Ltd., Company's majority shareholder, in the amount of €46.2 million, including accrued interest.

During the six-month period ended June 30, 2020, the Company repaid all of its external financial debt, in the amount of €8.3 million, by means of an increase of €11.5 million in the intragroup loan from Hologic Hub Ltd.
Financial debt changed as follows over the period:

In thousands of euros	Dec. 31, 2019	Payments received	Repayment	Interest provision	June 30, 2020	Of which cash impact for the period*
Repay. advance Business France	15		(15)		-	(15)
Repayable advance – Icare	1,725		(1,725)		-	(1,725)
Repayable advance - Tuce	408		(408)		-	(204)
Borrowings	2,077		(2,077)		-	(2,077)
BPI loans	4,280		(4,280)		-	(4,280)
Subtotal of disbursements						**(8,301)**
Hologic long-term loan	34,080	11,500			**45,580**	11,500
Subtotal of receipts						**11,500**
Interest incurred on Hologic loan	422		(422)	648	**648**	(422)
Total financial debt	**43,007**	**11,500**	**(8,927)**	**648**	**46,228**	**2,777**

*of which payment of capitalized interest

17. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Trade payables – non-current portion	320	727
Deferred revenue – non-current portion	328	358
Total	**648**	**1,085**

The non-current portion of suppliers principally corresponds to future payments discounted for the minimum fixed royalties on acquired patents and licenses.

The non-current portion of deferred revenue consists of maintenance contracts with a term of more than one year.

18. TRADE PAYABLES

Trade payables break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Trade payables	**4,358**	**4,803**
Of which current portion	4,038	4,076
Of which non-current portion	320	727

19. OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

In thousands of euros	June 30, 2020	Dec. 31, 2019
Social security liabilities	3,035	2,616
Deferred revenue – current portion	917	918
Provisions for contingencies - current (see details below)	435	552
Tax liabilities	954	840
Advances received on orders	472	458
Miscellaneous	20	14
Total other current liabilities	**5,834**	**5,399**

The deferred revenue pertains to (i) revenue relating to technology that is not fully recognized on the signature date of the contract but instead spread out over the relevant period; (ii) a portion of the income from operating grants staggered to reflect actual expenses; and (iii) services (primarily maintenance, after-sales service, warranty extensions) the revenue for which is recognized once the service has been provided.
Social security liabilities include the debts to the URSSAF for March through May of 2020 in the amount of €919,000, which will be paid during the second half of the year.

Current provisions for contingencies break down as follows:

In thousands of euros	Warranties	Other	Total
As of December 31, 2019	**405**	**150**	**555**
- Increase in provisions	228		228
- Used amounts reversed	(349)		(349)
As of June 30, 2020	**284**	**150**	**435**

During the period, the provisions for contingencies included in particular provisions for warranties that were current provisions. 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 reporting date for all equipment sold. Additions and reversals on the provision for warranties given to clients are recorded in the income statement in direct cost of sales.

20. RETIREMENT COMMITMENTS AND SIMILAR BENEFITS

In France, the Group makes payments to the national retirement benefit scheme and its commitment to employees concerning retirement is limited to a lump-sum payment based on the amount of time an employee has worked and paid when the employee reaches the age of retirement. This retirement benefit is determined for each employee based on the time they have worked for the Company and their final projected salary. In the United Kingdom and the United States, the Group contributes to a defined contribution scheme which limits its commitments to the payments made. These contributions are recorded in fiscal year charges.

The amounts recognized in the balance sheet are determined as follows. They relate to the retirement pay plans for French employees.

In thousands of euros	June 30, 2020	Dec. 31, 2019
Provision for retirement benefit obligations	358	414

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

In thousands of euros	*June 30, 2020*	*Dec. 31, 2019*
At opening	**414**	**529**
Cost of services rendered during the period	30	86
Financial cost	2	9
Services paid	-	-
Reductions/terminations	-	-
Actuarial gains and losses	(87)	(209)
Currency translation differences	-	-
At close	**358**	**414**

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

In thousands of euros	*June 30, 2020*	*Dec. 31, 2019*

Cost of services rendered during the period	30	86
Financial cost	2	9
Reductions/terminations	-	-
Services paid	-	-
Total	**31**	**95**

Obligations are calculated based on an assumption of voluntary retirement at 62 for non-management employees and 64 for management.

The main actuarial assumptions used are as follows:

In thousands of euros	*June 30, 2020*	*Dec. 31, 2019*
Discount rate	0.82%	0.80%
Rate of increase in salaries	3.00%	3.00%
Inflation rate	2.00%	2.00%
Social security rate: Non-management	25,00%	25,00%
Social security rate: Management	46.00%	46.00%

Assumptions regarding future mortality expectations are set based on data from published statistics and historical data in France (INSEE table TD/TV 2013 – 2015).
The mobility rates used were determined on the basis of statistics from recent years. This rate represents an average annual mobility rate of 11.5% of employees.

21. FINANCIAL INSTRUMENTS BY CATEGORY

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 reporting date. Market prices used for the Company’s financial assets are the buy prices on the market at the valuation date. The nominal value, less provisions for write-down of current receivables and payables, is assumed to approximate the fair value of these elements, as it does for floating rate financial debts.

As of June 30, 2020:

In thousands of euros	Loans and receivables at amortized cost	Financial assets at fair value through profit and loss	Total	Level
Securities and cash pledged	-	163	163	1
Deposits paid	84	-	84	N/A
Trade receivables	3,957	-	3,957	N/A
Assets provided for the liquidity agreement	-	74	74	1
Cash and cash equivalents	-	3,829	3,829	1
Total as of June 30, 2020	**4,041**	**4,066**	**8,108**	
Trade payables	-	4,358	4,358	N/A
Financial debt (excluding accrued interest)	-	45,580	45,580	N/A
Debts on rental obligations	-	427	427	N/A
Total as of June 30, 2020	**-**	**50,364**	**50,364**	

As of December 31, 2019:

In thousands of euros	Loans and receivables at amortized cost	Financial assets at fair value through profit and loss	Total	Level
Securities and cash pledged	-	163	163	1
Deposits paid	190	-	190	N/A
Trade receivables	6,299	-	6,299	N/A
Assets provided for the liquidity agreement	-	74	74	1
Cash and cash equivalents	-	6,508	6,508	1
Total December 31, 2019	**6,489**	**6,745**	**13,235**	
Trade payables	-	4,803	4,803	N/A
Financial debt (excluding repayable advances)	-	40,859	40,859	N/A
Debts on rental obligations	-	572	572	N/A
Repayable advances	-	2,148	2,148	N/A
Total December 31, 2019	**-**	**48,382**	**48,382**	

22. ANALYSIS OF CHANGE IN WCR

Breakdown of change in WCR In thousands of euros	Dec. 31, 2019	June 30, 2020	Breakdown of change: Change	Breakdown of change: Currency translation	Breakdown of change: Adjustment RTC*	Change in WCR
Inventories	6,474	7,892	(1,418)	(7)		(1,425)
Trade receivables	6,299	3,957	2,342	8		2,350
Research Tax Credit (RTC)	2,079	1,318	761		(528)	233
Other receivables	1,982	1,553	429	1		431
Trade liabilities	(10,005)	(10,085)	80	(2)		79
			2,195	**-**	**(528)**	**1,668**

* portion allocated to capitalized development costs net of RTC received and capitalized in 2019

23. COST OF SALES

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

In thousands of euros	June 30, 2020	June 30, 2019
Revenue	8,038	11,792
Cost of sales	(4,837)	(6,206)
Gross margin on revenue	3,201	5,586
Gross margin as a % of revenue	**39.8%**	***47.4%***
Total income	8,718	11,874
Cost of sales	(4,837)	(6,206)
Gross margin on total income	3,881	5,668
Gross margin as a % of total revenue	**44.5%**	***47.7%***

The percentage gross margin on revenue decreased from 47.4% in the first half of 2019 to 39.8% in the first half of 2020.

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	June 30, 2020	June 30, 2019
Personnel	658	464
Fees, External Services	200	211
Travel and entertainment expenses	19	29
Depreciation, amortization & provisions	1,100	1,389
Other	174	105
Subtotal expenses	**2,151**	**2,198**
Operating grants	(239)	(60)
Research Tax Credit	(541)	(77)
Subtotal income	(780)	**(137)**
Total	**1,371**	**2,061**

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

As of June 30, 2020:

In thousands of euros	R&D expenses	Capitalized expenses	Total Expenditures
Personnel	658	1,425	2,082
Fees, External Services	200	29	229
Travel and entertainment expenses	19	14	33
Depreciation, amortization & provisions	1,100	407	1,507
Other	174	191	365
Subtotal expenses	**2,151**	**2,066**	**4,217**
Operating grants	(239)	-	(239)
Research Tax Credit	(541)	(785)	(1,326)
Subtotal income	**(780)**	**(785)**	**(1,565)**
Total	**1,371**	**1,280**	**2,652**

As of June 30, 2019:

In thousands of euros	R&D expenses	Capitalized expenses	Total Expenditures
Personnel	464	1,726	2,190
Fees, External Services	211	48	258
Travel and entertainment expenses	29	15	43
Depreciation, amortization & provisions	1,389	293	1,682
Other	105	224	329
Subtotal expenses	**2,198**	**2,306**	**4,503**
Operating grants	(60)		(60)
Research Tax Credit	(77)	(944)	(1,021)
Subtotal income	**(137)**	**(944)**	**(1,081)**
Total	**2,061**	**1,362**	**3,423**

During the period, the Company continued its programs to develop new functionalities for the Aixplorer MACH®.

Research and development expenses recorded during the fiscal year are composed primarily of the R&T team's salaries, as well as subcontracting costs. They also include amortization on capitalized development costs.

25. SELLING AND MARKETING EXPENSES

Selling and marketing expenses break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Personnel	1,908	2,677
Fees, External Services	1,512	1,229
Travel and entertainment expenses	802	1,443
Depreciation, amortization & provisions	230	133
Other	575	347
Total	**5,027**	**5,829**

Selling and marketing expenses mainly include the following costs:

- Commercial roll-out;
- Development of the related sales force; and
- Overhead incurred by the sales subsidiaries.

26. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Personnel	1,279	1,019
Fees, External Services	865	905
Travel and entertainment expenses	39	65
Depreciation, amortization & provisions	46	173
Other	71	(42)
Total	**2,300**	**2,121**

General and administrative expenses mainly include:

- Wages of senior management, Administrative and Finance Department, IT Department, Quality Assurance & Regulatory Affairs, and the "Test" department;
- Audit, legal and consultancy fees, costs of regulatory affairs and quality assurance (obtaining certification for Group products); and
- Insurance costs (excluding those presented under sales and marketing expenses).

27. OPERATIONAL EXPENSES

The operations department's expenses break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Personnel	586	658
Fees, External Services	91	99
Travel and entertainment expenses	31	18
Depreciation, amortization & provisions	28	37
Other	131	33
Total	**866**	**846**

Its role is as follows:

- To set manufacturing policy in line with the Company's overall strategy;
- To make investment decisions regarding the production plant;
- To optimize the means of production across the Company: oversee the implementation of an IT system, develop synergies between production sites, etc.;
- To enter into industrial partnerships; and
- To oversee the company's purchasing and industrial outsourcing policy.

Operating expenses mainly include the costs of the following departments: purchasing, logistics, customer satisfaction, sales administration and the Group's Service division.

28. OTHER NON-CURRENT OPERATING INCOME/(EXPENSES)

In thousands of euros	June 30, 2020	June 30, 2019
Current operating income (loss)	**(5,682)**	**(5,188)**
Other non-current operating income/(expense)	(640)	(7,550)
Operating income (loss)	**(6,322)**	**(12,740)**

Other non-current operating income/(expenses) are recognized using the methods for the determination of non-current operating income described in Note 3.27 to the consolidated financial statements for the fiscal year ended December 31, 2019.

Other non-current operating expenses as of June 30, 2020 principally include indemnification paid on the departure of Michèle Lesieur, CEO, which indemnification was approved by the General Shareholders' Meeting on June 16, 2020.

As of June 30, 2019, other operating income (expenses) breaks down as follows:

- €5.2 million relating to the financial settlement and external costs incurred in connection with the dispute with Verasonics;
- €2.3 million in expenses incurred in connection with the acquisition of Supersonic Imagine by Hologic, Inc.

29. OPERATING EXPENSES BY TYPE

Operating expenses by type break down as follows (excluding research and development expenses capitalized as intangible assets; see details in Note 24):

In thousands of euros	June 30, 2020	June 30, 2019
Purchases including inventory variations	4,695	4,699
Depreciation and amortization	1,196	1,600
Salaries and other short-term employee benefits	4,381	4,418
Social security expense	1,098	1,333
Taxes	329	406
Subcontracting	227	548
External services	1,188	1,339
Travel and entertainment expenses	771	1,260
Buildings and office leases	277	75
Advertising, promotion and trade shows	178	440
Fees and commissions	1,393	8,862
Grants and research tax credit	(780)	(471)
Additions and reversals of provisions	403	144
Other	238	(42)
Total	**15,026**	**24,613**

30. FINANCIAL INCOME AND EXPENSE

Financial income and expenses break down as follows:

In thousands of euros	June 30, 2020	June 30, 2019
Foreign currency exchange losses	(93)	-
Financial Interest	(1,658)	(1,265)
Financial expenses	**(1,751)**	**(1,265)**
Foreign currency exchange gains	77	-
Changes in fair value of derivatives	-	113
Financial Interest	-	7
Financial income	**77**	**120**
Financial income (loss)	**(1,674)**	**(1,145)**

In addition to financial interest due for the period, financial interest paid in 2020 includes fees for the early repayment of the Group's external financial debt, in the amount of €0.4 million.

31. EARNINGS PER SHARE

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

	June 30, 2020	June 30, 2019
Loss attributable to equity holders of the Company (in thousands of euros)	(7,996)	(13,891)
Weighted average number of shares outstanding	23,174,121	23,416,627
Weighted average number of treasury shares	(100,732)	(114,963)
Weighted average number of ordinary shares used to calculate basic earnings per share	23,073,389	23,301,664
Net earnings per share (in euros)	**(0.34)**	**(0.60)**

As the result is a loss, the diluted earnings per share are identical to the basic earnings per share.

32. OFF BALANCE SHEET COMMITMENTS

Off balance sheet commitments decreased significantly as of June 30, 2020 as compared with December 31, 2019, for the following reasons:

- All financial debts (excluding debts under rental obligations and Hologic debt) were repaid during the period. Thus, all of the commitments received and removed are no longer active.
- The Company no longer pre-finances its RTC and no longer has factoring agreements in effect.

As a result, the remaining off balance sheet commitments as of June 30, 2020 are not significant at the scale of the Group.

The amount of trade receivables at the reporting date is subject to a reservation of title clause included in the general terms and conditions of sale, to the Group's benefit.

33. RELATED-PARTY TRANSACTIONS

Related-party transactions continued on the same bases as in 2019, without any significant change.

- Related parties consist exclusively of the members of the board of directors and senior management. Compensation paid during the half year did not change significantly as compared with the description in the 2019 Financial Report;
- As Hologic Hub Ltd. holds more than 10% of the share capital, all transactions with

that company and its subsidiaries are incorporated into the related parties. Debt under the loan totaled €46.228 million as of June 30, 2020, and trade receivables totaled €0.6 million. SuperSonic Imagine invoiced €1.755 million to Hologic. Financial expense received by the Hologic group totaled €1.131 million.

34. Subsequent Events

On July 11, 2020, Hologic, Inc. announced the U.S. launch of the SuperSonic™ MACH 40 ultrasound machine, expanding its ultrasound technology product line with its first premium system. The new ultrasound machine offers excellent image quality and innovating imaging modes, and was designed to improve performance and precision.

With respect to the impact of the Covid-19 pandemic on the Group’s business, please see Section 1.2, Key Events of the Period.

35. Risk Factors

With the exception of the items described in Sections 2.2 and 2.7 of this interim financial report concerning the impact of the Covid-19 pandemic on the Group’s business, the principal risks and uncertainties did not change materially as compared with those described in the 2019 Financial Report.

4. STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

TALENZ ARES AUDIT
26, boulevard Saint Roch
B.P. 278
84011 Avignon Cedex 11
S.A.S. (simplified stock company) with share capital of €131,922

Statutory Auditor
Member of the *compagnie régionale* (regional association) of Nîmes

ERNST & YOUNG et Autres
1025, rue Henri Becquerel
C.S. 39520
34520 Montpellier Cedex 2
S.A.S. (simplified stock company) with variable share capital
438 476 913 R.C.S. (trade and companies register) Nanterre

Statutory Auditor
Member of the *compagnie régionale* (regional association) of Versailles

SuperSonic Imagine

Six-month period ended June 30, 2020

Statutory auditors' report on the interim financial information

To the Shareholders:

In performance of the engagement with which your general shareholders' meeting has entrusted us and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have performed the following:

- limited review of the interim condensed consolidated financial statements of SuperSonic Imagine for the six-month period ended June 30, 2020, as attached to this report;
- verification of the information provided in the interim activity report.

These interim condensed consolidated financial statements were approved under the responsibility of your board of directors on July 21, 2020, on the basis of the information available as of that date in the context of the evolving Covid-19 crisis and the difficulty of understanding its effects and future prospects. It is our responsibility, on the basis of our limited review, to state our conclusion with respect to those financial statements.

1. Conclusion with respect to the financial statements

We have carried out our limited review in accordance with the professional standards applicable in France. A limited review consists essentially of conducting discussions with members of management in charge of financial and accounting matters and implementing analytic procedures. This work is less extensive than that required for an audit conducted pursuant to professional standards applicable in France. As a result, assurance that the financial statements as a whole are free from material misstatement in the context of a limited review is a lower standard of assurance than that obtained through an audit.

On the basis of our limited review, we did not observe any significant anomalies liable to threaten the compliance of the interim condensed consolidated financial statements with IAS 34, – IFRS standards as adopted in the European Union with respect to interim financial information.

2. Specific checks

We also conducted checks of the information contained in the half-year activity report approved on July 21, 2020, commenting on the interim condensed consolidated financial statements with respect to which we conducted our limited review.

We have no comments to make as concerns its accuracy and conformity with the interim condensed consolidated financial statements.

Avignon and Montpellier, July 23, 2020

The Statutory Auditors

TALENZ ARES AUDIT

Johan Azalbert

ERNST & YOUNG et Autres

Frédérique Doineau

Xavier Senent


INTERIM FINANCIAL REPORT- JUNE 30, 2020
SuperSonic Imagine - Les Jardins de la Duranne - 510, rue René Descartes - F-13857 - Aix-en-Provence - France
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