A French *société anonyme* with a Board of Directors
and share capital of €2,417,442.90
Registered office: 510, rue René Descartes – Les Jardins de la Duranne Bât E & Bât F
13857 Aix-en-Provence Cedex 3
481 581 890 RCS Aix-en-Provence

Annual Report for the year ended December 31, 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, whose registered office is located at 510, rue René Descartes, Les Jardins de la Duranne Bât E & Bât F, 13857 Aix-en-Provence Cedex 3, France, 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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PART 1 - MANAGEMENT REPORT ON THE FISCAL YEAR ENDED DECEMBER 31, 2020

1. BUSINESS OF THE GROUP

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 brought a new generation of the Aixplorer®, the MACH® 30, followed in 2019 by the MACH® 20, a version designed to target the mid-market radiology segment. 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. breast-imaging 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 54 countries. Its principal markets are China, the United States, and France.

The Group owns or co-owns numerous patents that 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, with its registered office at Jardins de la Duranne, 510 rue René Descartes, 13290 Aix-en-Provence France. It is registered with the Aix-en-Provence Trade and Companies Register under number 481 581 890 and listed on Euronext Growth Paris (ISIN FR0010526814 - ALSSI).

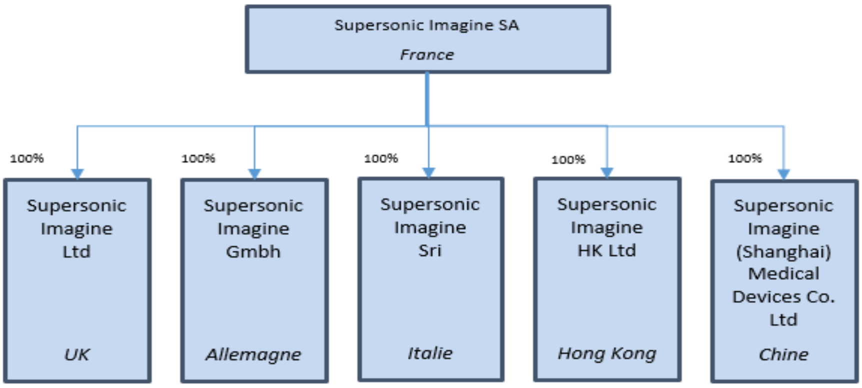
Following the August 1, 2019, off-market acquisition of a total of 10,841,409 shares of SuperSonic Imagine at a price of €1.50 per share (representing as of that date approximately 45.93% of the share capital and theoretical voting rights of the Company on a non-diluted basis), Hologic Hub Ltd. filed a draft tender offer document with the AMF to acquire the Company's remaining shares, at the same price per share. The AMF approved the draft tender offer document on October 8, 2019.

Following the definitive close of the tender offer on December 13, 2019, Hologic Hub Ltd. held 19,186,609 shares of the Company, representing approximately 79.85% of the Company's share capital and voting rights.

To the Company's knowledge, as of December 31, 2020, Hologic Hub Ltd. held 19,501,413 shares of the Company, representing approximately 81% of the Company's share capital and voting rights.

1.1.1 Organizational Chart

As of the date of this document, the Group comprises the Company and five subsidiaries as follows:



SuperSonic Imagine SA: formed in March 2005 and with its registered office in Aix-en-Provence. The Company is specialized in the research and development and the sale of ultrasound medical imaging systems. As of December 31, 2020, the Company had 113 employees. The Company has a representative office in Beijing, China.
SuperSonic Imagine, Gmbh: a German subsidiary incorporated in March 2008 and headquartered in Munich. This entity markets the Group's product offering in Germany and develops and manages a network of distributors covering the Northern Europe region. Represented by Michelangelo Stefani, this subsidiary had no employees as of December 31, 2020.
SuperSonic Imagine (HK) Ltd: formed in June 2011 in Hong Kong, the purpose of this subsidiary is to develop the Group's business activities in the Asia-Pacific region excluding China. Represented by Michelangelo Stefani[1], it had one employee as of December 31, 2020.
SuperSonic Imagine Ltd: formed in March 2008 in the United Kingdom, it is represented by Michelangelo Stefani, and had no employees as of December 2020.
SuperSonic Imagine Srl: formed in October 2009, this Italian subsidiary is represented by Michelangelo Stefani[2] and is currently inactive. The proposal to develop a direct sales force has been abandoned. It had no employees as of December 31, 2020.
SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd: a Chinese subsidiary created in December 2015 in order to develop sales in that country. This entity is represented by Michelangelo Stefani and had 51 employees as of December 31, 2020.

Key figures for the subsidiaries as of December 31, 2020 are as follows:

[1] As of the date of this report, the process of appointing a new manager is in progress.
[2] As of the date of this report, the process of appointing a new manager is in progress.

In thousands of euros		**SuperSonic Imagine Ltd**	SuperSonic Imagine GmbH	SuperSonic Imagine Srl	SuperSonic Imagine (HK) Ltd	SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd.
Share capital		1	25	10	1	2,002
Shareholders' equity other than share capital		(2,158)	(3,196)	(34)	227	(4)
Percentage of share capital held		100%	100%	100%	100%	100%
Carrying amount of shares held	Gross	2	25	10	1	2,000
	Net	-	-	-	1	2,000
Loans and advances provided and outstanding, net		-	-	-	(238)	(2,989)
Securities and guarantees provided by the company		-	700	12	-	-
2020 Revenue		20	371	-	233	4,181
2020 Net income (loss)		(34)	(87)	(2)	17	410
Dividends received by the company		-	-	-	-	-

On December 27, 2019, the Company had sold all of the shares of its U.S. subsidiary, SuperSonic Imagine Inc., to Hologic Inc. (a U.S. company indirectly holding all of the share capital of Hologic Hologic Hub Ltd., the majority shareholder of the Company). These sale is described in Note 42 to the consolidated financial statements for the fiscal year ended December 31, 2020.

1.1.2 Market and competition

According to an ultrasound market study published by Omdia in 2020, five principal players (GE Healthcare, Philips Healthcare, Canon Medical Systems. Mindray, and Siemens Healthcare) together have 84%% of the market in radiology, including obstetrics and shared services (radiology/cardiology).

Historically, the ultrasound market has been divided into three segments–premium/high-end, mid-range, and low-end–and the segments defined by performance and price.

The highest-performing ultrasound machines with the most innovative features have high market prices.

For the last few years there has been an additional category of ultrasound machines: battery-operated portable ultrasound machines, which are part of the point-of-care ("POC") market. These systems are most frequently used for out-patient care and at the patient's bedside.

1.2. Business of the Group

1.2.1 Research and Development ("R&D"):

The R&D division broadly consists of five divisions working together very closely.

The "Ultrasound" division
The objective of this first division is to develop innovative imaging methods based on clinical needs.

The "Hardware" division
Aixplorer® is a platform that includes mechanics and electronics to which software is added. This requires software developments to ensure that the platform's components function properly together and provide integrated measurement, computation and signal processing functions.

The "Software" division
One of the Company's major assets is its choice of software architecture for its ultrasound imaging, enabling a reduction in the use of electronic boards (which have less processing power, thus limiting the development of new applications). SuperSonic Imagine, with its UltraFast™ technology, uses video game technology able to process a large quantity of data with a rapid, high-quality display.
Within their respective fields, they operate at two levels:

- Continuous improvement of the product line (development of new probes and application software); and
- Over the longer term, the next generation ultrasound scanner as well as targeted collaborative projects.

The "Systems" division
The Systems division is responsible for technical specifications, integration of the various subsystems into the complete system, and verification of the system in light of customer and functional needs expressed by marketing.
It also provides support for both production and after-sale service operations.

The "IP" division
The IP division manages all of the Group's intellectual property activities.
In 2018, the Company brought to market a new generation of ultrasound scanner, the Aixplorer MACH® 30, with a brand new modular architecture and design incorporating several technological innovations.
The Group's R&D strategy covers not only these technological innovations (software architecture for conventional and innovative imaging modes), but also clinical investigations, which demonstrate the advantages of these innovations in addressing specific issues relating to diagnosis, screening and therapeutic follow-up, and thus broadening the role of imaging in medicine. This clinical innovation strategy is a strong and very effective differentiator in a market historically shared by four major imaging players (GE, Philips, Siemens and Canon). It also allows it to target specific medical specialty markets which are gradually starting to use imaging (such as cardiology, hepatology, urology and endocrinology.
From 2005 to 2016, a large proportion of the Company's resources was dedicated to the development of Aixplorer®. In 2017, the Company decided to upgrade its technology platform, involving a major investment. In 2018 this investment bore fruit, with the introduction of a new flagship product, Aixplorer MACH® 30, intended to replace Aixplorer®, followed by the MACH®20 in 2019, a version designed to target the mid-market radiology segment, and, most recently, in July 2020, the MACH® 40, expanding the Group's line of ultrasound technologies with its first premium system. The new ultrasound machine, aimed at the U.S. market, offers excellent image quality and innovating imaging modes, and was designed to improve performance and precision.
For 2020 alone, the total gross expenditure on research and development eligible for the Research

Tax Credit amounted to €6.6 million, and the net amount of grants received was €2.1 million. Some of these research and development activities were conducted through collaborative projects with public research laboratories (particularly the Langevin Institute, CNRS and Inserm), independent laboratories, university hospital centers, higher education and research establishments and private companies. These collaborative projects dovetail with the Company's technological development strategy since they enable it to conduct feasibility studies which, if positive, may lead to the innovation being integrated into the Aixplorer MACH® product family.
The Group plans to continue investing in R&D for future versions of the new platform. Steps are being taken to harmonize the Group's information systems with those of the Hologic group.

1.2.2 Direct and indirect distribution:

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

- A "direct" approach (through the Group's entities), primarily in France;
- An "indirect" approach composed of a network of Hologic distributors, when the Hologic Group is present in the target country, such as the United States[3]; and
- A specific approach in China, through a representative office in Beijing, and a subsidiary (WFOE) based in Shanghai.

The current sales network:

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

- Participation at the local level in professional conferences and industry and trade shows;
- Organization of workshops to train existing and prospective customers; and
- Organization of on-site demonstrations at targeted medical centers.
- The aim is to implement a strategy of wide-scale roll-out of its equipment and make the most of the opportunities offered by a Premium/High-end market estimated to be worth almost USD 4.3 billion in 2019 (source: IHS Markit 2018).

After-sales service:

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

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

[3]On December 27, 2019, the Company sold its U.S. subsidiary, SuperSonic Imagine Inc., in order to monetize a receivable whose repayment was uncertain and to improve the Group's overall sales performance. From a sales and organizational standpoint, this sale (which was followed by the subsidiary's merger into the Hologic group) enables the Group's sales forces to combine with the sales forces of the Hologic group's Breast and Skeletal Health division (of which the SuperSonic Imagine products are now a part). SuperSonic Imagine Inc. had experienced difficulties in fully penetrating the U.S. ultrasound products market, while the Hologic group is a leader in the United States in mammography and has significant resources to serve as the Company's U.S. distributor.

The Group has after-sales engineers based in China, the United States, France, Taiwan, and Germany. The Company's after-sales technical support teams (based in Aix) also provide support to the Hologic service teams in the United States.

1.2.3 Marketing:

With ten employees, the marketing department manages all activities relating to project development and tracking worldwide demand for ultrasound solutions. This includes press services, communications, and publications; numerical, social, and market analysis; clinical and sales training; and medical training and the development of clinical evidence. In addition, this team focuses on future growth, including the development of new products around the world, through strong relationships with end users, scientists, R&D, the Group's principal external partners, and the internal teams.

Partner training sites

In France, the United States, and China, the Group has set up spaces dedicated to the training of core clients, to provide training sessions to all physicians who have access to the MACH®and Aixplorer® in their establishments.

A strong presence at major international conferences

The Company participates in international conferences that correspond to its priority targets. Since 2011, SuperSonic Imagine has participated in 40 international conventions per year. The most representative annual conferences are:

- European Congress of Radiology (ECR);
- Les Journées Françaises de Radiologie (JFR), where the Company unveiled the Aixplorer MACH® 30 to radiologists in 2018 and the MACH® 20 for the first time in 2019;
- Annual Meeting of the Radiology Society of North America (RSNA);
- European Federation of Societies for Ultrasound in Medicine and Biology Ultrasound (Euroson);
- World Federation for Ultrasound in Medicine and Biology (WFUMB), held every two years;
- EASL (European Association for the Study of the Liver);
- AASLD (American Association for the Study of the Liver); and
- AIUM (American Institute of Ultrasound in Medicine).

Prior to these conferences, the Company encourages practitioners to submit scientific communication projects to a selection committee, which contain the results of studies to be presented to their peers. In addition, an increasing number of excerpts from the work of specialists concerning the use of Aixplorer® and Aixplorer MACH® applications are presented at these conferences.

For the major conferences, the Company organizes a symposium where it invites practitioners to present the results of their experience with Aixplorer® and Aixplorer MACH®.

Press relations are an important communication channel for the Company, which primarily targets the trade press, but also develops relationships with the general public.

The Company attaches particular importance to communication with the general public, which, once educated, can start to recommend its products. For that reason, the Company plans to more extensively target women's magazines, men's magazines, health magazines and magazines read by retirees.

1.2.4 Production:

Subcontracting of assembly to a top subcontractor for increased production flexibility

Since 2013, the production of the Aixplorer® platform has been fully subcontracted to Plexus, a global leader in medical device assembly (with a GMP (Good Manufacturing Practice) certificate from the Food and Drug Administration (FDA)), with direct provision by suppliers of some components, such as printed circuit boards or plastic parts. It is the largest manufacturer of electronic medical devices worldwide for companies in the ultrasound sector and also supplies other major clients (such as CISCO). The Plexus plant in Malaysia has been responsible for production since 2014.

Plexus produces Aixplorer® and Aixplorer Mach® devices in their standard configuration. This represents approximately 95% of assembly, in accordance with the specifications defined by SuperSonic Imagine to ensure high-end quality.

The Group's teams are responsible for final quality control and product configuration, according to each customer's specifications, in addition to final product testing before shipping.

SuperSonic Imagine wishes to continue transferring the steps it currently handles in-house to its partners, in order to improve response times to customers while achieving further savings on transport costs.

The Group will ultimately focus on product design, control of manufacturing processes, quality testing and supply chain, including selection, and relationships with critical suppliers.

Carefully selected subcontracting partners

To maximize customer satisfaction, the production of the most complex and technical sub-assemblies is outsourced to SuperSonic's strategic partners. The Company is responsible for monitoring and liaising with these partners. (This is particularly the case for the power supply, control panels and probes).
SuperSonic Imagine strives to identify and select suppliers that have the industrial capacities to support its commercial ambitions. The choice of partners is driven by technical, regulatory and environmental constraints, by production capacity, in line with the Group's ambitions, and by economic considerations and profitability. The selection of partners is made jointly by each of the subgroups in the R&D division in close communication with the procurement department. The R&D department works upstream with subcontractors to produce the first prototypes. The development work is thus done in partnership with them, so as to ensure that the design of the product is compatible with the constraints of their manufacturing processes. Once the pre-manufacturing phase (subcontractor manufacturing processes) has been validated by the R&D teams, the Supply Chain function takes over.

In terms of logistics, SuperSonic Imagine uses different service providers depending on local (country) constraints. Delays in manufacturing are taken into account in order to minimize inventories while ensuring delivery times to customers in line with market standards.

Quality Assurance

SuperSonic Imagine has been ISO 13485 certified since 2008. The outside body that issued the ISO 13485 certificate is LNE/G-MED, which is based in Paris, France. The most recent certificate for the 2016 version of the standard is dated November 8, 2019. Certification covers activities related to the design, development, production, distribution, installation and after-sales service of the products.

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

The Group has also implemented a process of monitoring and evaluation of its suppliers. Critical subcontractors (which supply custom products or have a significant impact on product quality and safety) are committed to a close relationship with the Company. They are required to comply with the specifications established by the Group and to notify or submit for approval any change in their manufacturing chain (raw materials, manufacturing methods and processes, relocation or subcontracting, etc.).

At the same time, the Group's subcontractors are subjected to regular assessments based on various criteria (organization, financial exposure, etc.) by means of assessment questionnaires, and sometimes by means of on-site audits performed by SuperSonic Imagine, depending on their criticality and their own certification.

Since Q4 2019, SuperSonic Imagine has also been ISO 14001 certified, confirming and formalizing the Company’s environmental approach. This certification covers the same activities as ISO 13485: 2016.

In addition to this business certification, SuperSonic Imagine products are certified under the CB Scheme program in accordance with IEC 60601-1-2, IEC 60601-1-6, IEC 60601-1 and IEC 60601-2-37.

SuperSonic Imagine products also comply with the applicable U.S. standards under the NRTL (Nationally Recognized Test Laboratory) mark. In addition, they meet the compliance requirements of products imported into Brazil defined by the National Institute of Metrology, Quality and Technology (INMETRO). This certification signals our commitment to product safety to regulators and to our customers.

The SuperSonic Imagine laboratory is on the list of laboratories recognized by TUV SUD (TUV SUD (Technischer Überwachungs Verein, or TUV, a technical auditing association). It is certified under TPS ACT program, which certifies that the laboratory meets the requirements of the ACT program based on certification and testing standards.

2. PRESENTATION OF THE GROUP'S RESULTS AND KEY PERFORMANCE INDICATORS

The information below concerning the review of the Group's results and financial position is based solely on the consolidated financial statements under IFRS that appear in Part 3 (Consolidated Financial Statements prepared in accordance with IFRS for the fiscal year ended December 31, 2020) of this annual report.

2.1. INCOME STATEMENT

The income statement for the period can be summarized as follows:

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Revenue	17,175	26,411
Other income	2,058	343
Income	**19,233**	**26,754**
Cost of sales	(10,501)	(14,303)
Gross margin	**8,732**	**12,451**
Gross margin on revenue (1)	***6,674***	**12,108**
Gross margin as a % of revenue (2)	***38.86%***	***45.8%***
Research and development expenses	(3,235)	(2,894)
Selling and marketing expenses	(14,654)	(12,319)
General and administrative expenses	(5,229)	(4,039)
Operating expenses	(1,778)	(1,634)
Other operating income/(expenses)	3	8
Current operating income (loss)	**(16,161)**	**(8,426)**
EBITDA (3)	**(12,716)**	**(4,887)**
Other non-current operating income/(expenses)	(640)	(9,326)
Operating income (loss)	**(16,801)**	**(17,752)**
Financial income	24	537
Financial expenses	(3,134)	(5,276)
Financial income (loss)	**(3,110)**	**(4,740)**
Income (loss) before tax	**(19,911)**	**(22,492)**
Income tax expense	(11)	(16)
Net income (loss)	**(19,922)**	**(22,508)**

(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.

2.1.1 Revenue and other operating income

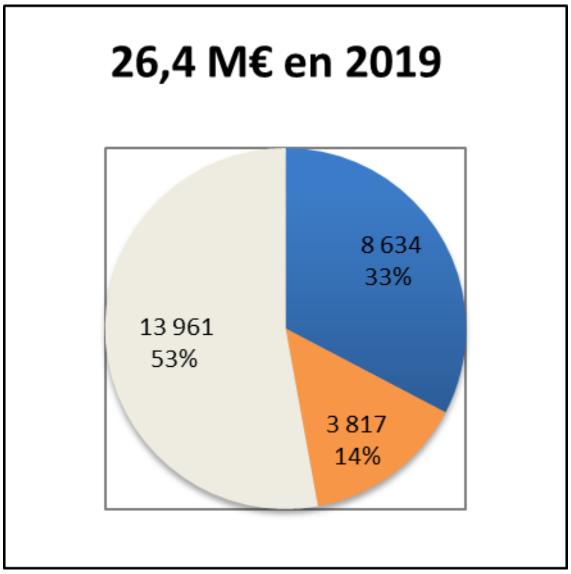
In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019	Change Amount	Change (%)
Revenue	17,175	26,411	-9,236	-35%
Other income	2,058	343	+1,715	N/A

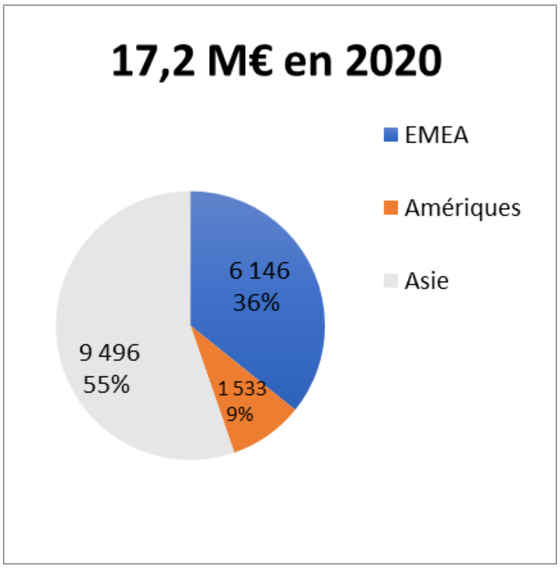
Group revenue, which was €17.175 million in 2020, was down 35% from 2019.
Revenue decreased by 45%, 61%, and 20%, respectively, in China, the United States, and France.
Worldwide, sales in the Americas decreased by 60%, EMEA by 29%, and Asia by 32%.
Other income, in the amount of €2.058 million primarily comprises management fees invoiced to Hologic Inc., for €1.787 million, as well as €233,000 in income under a collaboration agreement entered into in 2018 and miscellaneous other income, including services and royalties.

Geographical distribution of sales

In thousands of euros	**Dec. 31, 2020**	%	Dec. 31, 2019	%	Change
EMEA	6,146	36%	8,634	33%	-29%
Americas	1,533	9%	3,817	14%	-60%
Asia	9,496	55%	13,961	53%	-32%
Total	**17,175**	**100%**	**26,411**	100%	**-35%**

Asia and EMEA continue to increase their shares, primarily due to a more pronounced decrease in sales in the U.S. than elsewhere.





Of the Group's three principal markets, China confirmed its position as the Group's largest market, despite a decrease in its annual income of (45)%, to €7.1 million. France also showed a more contained decrease (20)%, to €2.8 million, due to better resistance despite the public health situation, whereas the United States was the most affected market, showing a sharp decline in sales, which were down (61)% to €1.5 million, after a year of strong growth in 2019.

With the exception of France, the EMEA region shrank by (29)%, due to a sizable drop in sales in the Switzerland and Germany region. The Asia region was down (32)%, while the Americas region showed a (60)% decrease.
As of December 31. 2020, the Company had close to 3,000 systems deployed throughout the world, an increase of 11% in its installed base.

Revenue by sales channel

Revenue by distribution channel is as follows:

In thousands of euros	**Dec. 31, 2020**	%	Dec. 31, 2019	%
Direct	9,899	58%	20,766	79%
Distributors	7,275	42%	5,645	21%
Total	**17,175**	**100%**	**26,411**	**100%**

Direct sales accounted for 58% of revenue in 2020, or €9.9 million. Indirect sales represented 42% of revenue, or €7.3 million.

Revenue by Product – Service

In thousands of euros	**Dec. 31, 2020**	%	Dec. 31, 2019	%
Sales of goods	14,596	85%	22,540	85%
Sales of services	2,579	15%	3,871	15%
Total	**17,175**	**100%**	**26,411**	**100%**

Product sales totaled €14.596 million, a decrease of 35%, while sales of Services declined 33%, to €2.579 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.

2.1.2 Cost of sales and gross margin

In thousands of euros	**Dec. 31, 2020**	**Dec. 31, 2019**
Revenue from Products	14,596	22,540
Revenue from Services	2,579	3,871
Other income	2,058	343
Total income	**19,233**	**26,754**
Cost of sales	(10,501)	(14,303)
Gross margin on total income	**8,732**	**12,451**
Gross margin as a % of total revenue	*45.4%*	*46.5%*
Gross margin on revenue *(1)*	**6,674**	**12,108**
Gross margin as a % of revenue (2)	*38.9%*	*45.8%*

(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 was essentially stable, with a small decrease of (1.1) points to 45.4% in 2020, from 46.5% in 2019. Gross margin corresponds to total income (€19.233 million) minus the cost of sales (€10.501 million).

Gross margin on revenue corresponds to revenue (€17.175 million) minus the cost of sales.

The cost of 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.

Over the course of 2020, the percentage gross margin on revenue decreased to 38.9%, as compared with 45.8% in 2019 (a decrease of (6.9) points, broken down as follows:

- (1.4) point due to the increase in a provision for impairment of inventory, recorded in 2020;
- (5.5) points due to an unfavorable geographic mix, in particular the decreasing weight of China (to 41% as compared with 48% in 2019), and by the decrease in margins in the United States due to the sale of the U.S. subsidiary, SuperSonic Imagine Inc., to Hologic Inc. in December 2019 (the sale of systems to Hologic Inc. in 2020 generated lower margins than the sale of systems to end customers in the United States in 2019).

2.1.3 Current operating expenses

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

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Research and development expenses	(3,235)	(2,894)
Selling and marketing expenses	(14,654)	(12,319)
General and administrative expenses	(5,226)	(4,039)
Operating expenses	(1,778)	(1,634)
Other operating income/(expenses)	-	8
Current operating expenses	**(24,893)**	**(20,878)**

Over the course of 2020, operating expenses increased by €(4) million due to an increase in research and development costs (for €0.3 million), general and administrative expenses for €1.2 million, and selling and marketing expenses for €2.3 million.

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	**Dec. 31, 2020**	Dec. 31, 2019
Total Expenditures	8,473	8,425
Grants and RTC	(2,651)	(2,059)
Total expenses incurred	**5,822**	6,366

Total research and development expenses declined, with €5.8 million incurred in 2020 as compared with €6.4 million in 2019.
The Company obtains grants and tax credits (the research tax credit), which reduce the cost of research and development. The research tax credit is calculated on the basis of R&D-related expenditure.
Over the periods being compared, RTC recorded by the Company amounted to €2.4 million for 2020 and €1.9 million for 2019.
The sums capitalized, mainly comprising personnel costs for €2.8 million, relate to the development of successive versions of the new generation ultrasound machine. The net portion capitalized as intangible assets amounted to €2.6 million in 2020 and €3.5 million in 2019.

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

In 2020:

In thousands of euros	**R&D expenses**	Capitalized expenses	Total Expenditures
Personnel	1,436	2,830	4,267
Fees, External Services	467	94	561
Travel and entertainment expenses	22	18	40
Depreciation, amortization & provisions	1,938	1,005	2,943
Purchases and consumables	-	-	-
Other	315	348	663
Subtotal expenses	**4,178**	**4,295**	**8,473**
Operating grants	(292)	-	(292)
Tax credits and innovation tax credits	(651)	(1,708)	(2,359)
Subtotal income	**(994)**	**(1,708)**	**(2,651)**
Total	**3,235**	2,587	5,822

In 2019:

In thousands of euros	**R&D expenses**	Capitalized expenses	Total Expenditures
Personnel	873	3,232	4,105
Fees, External Services	450	82	531
Travel and entertainment expenses	69	41	110
Depreciation, amortization & provisions	2,133	940	3,073
Other	145	460	605
Subtotal expenses	**3,670**	**4,755**	**8,425**
Operating grants	(164)	-	(164)
Research Tax Credit	(612)	(1,282)	(1,895)
Subtotal income	**(776)**	**(1,282)**	**(2,059)**
Total	**2,894**	3,472	6,366

Sales and marketing expenses

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	3,872	5,735
Fees, External Services	7,710	2,521
Travel and entertainment expenses	1,332	2,795
Depreciation, amortization & provisions	987	519
Other	754	748
Total	**14,654**	12,318

Sales and marketing expenses increased by 19% as compared with 2019. The increase is primarily linked to the increase in the use of external services. Over the course of 2020, SuperSonic Imagine signed non-exclusive distribution agreements with several entities in the Hologic group (see Note 40 in Part 3). Under those agreements, the distribution entities are considered to be Limited Risk Distributors and are guaranteed a distribution margin (operating income/revenue) of 3%. In that regard, a charge of €4.946 million was recorded in selling and marketing expenses in 2020, relating to the standardization of the distribution margins of the distribution entities.

The increase was offset by the decrease in personnel costs in the United States due to the sale of the Group's subsidiary SuperSonic Imagine Inc. at the end of December 2019 and by the decrease in travel and entertainment expenses due to the COVID-19 crisis.
Selling and marketing expenses mainly include the following costs:

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

General and administrative expenses

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	3,043	1,937
Fees, External Services	1,885	1682
Travel and entertainment expenses	59	152
Depreciation, amortization & provisions	413	362
Other	(176)	(94)
Total	**5,229**	4,039

General and administrative expenses mainly include the following costs:

- Salaries of Senior Management, Finance Department, Human Resources Department, IT Department, and Quality Assurance & Regulatory Affairs Department;
- Audit, legal and consultancy fees, costs of regulatory affairs and quality assurance (obtaining certification for Group products); and
- Insurance and rental costs (excluding those covered by the sales subsidiaries and accordingly presented under sales and marketing expenses).

General expenses increased 29% to €5.2 million.

Operating expenses

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	1,333	1,282
Fees, External Services	211	168
Travel and entertainment expenses	28	51
Depreciation, amortization & provisions	79	67
Other	127	66
Total	**1,778**	1,634

Operating expenses mainly include the following costs:

- Salaries of the manufacturing, purchasing, logistics, sales administration, service, and troubleshooting departments. These encompass production planning, inventory management, preparation and distribution of price lists, customer and distributor training as well as improvements in after-sales service processes.

Operating expenses totaled €1.8 million, a [slight] increase of 9%.

2.1.4 Other operating income and expense

Other operating income and expenses were not significant over the two fiscal years presented and are composed mainly of operational currency gains and losses. Current and non-current operating income (loss)

2.1.5 Operating income (loss)

In thousands of euros	**Dec. 31, 2020**	**Dec. 31, 2019**
Current operating income (loss)	**(16,161)**	**(8,426)**
Other non-current operating income/(expenses)	(640)	(9,326)
Operating income (loss)	**(16,801)**	**(17,752)**

As of December 31, 2020, current operating income (loss) was up €1 million, or 5% to (€16.8 million, as compared with €(17.8) million in 2019.
Other non-current operating expense as of December 31, 2020 principally include indemnification paid on the departure of Michèle Lesieur, CEO, which indemnification was provided for in the settlement agreement entered into on January 29, 2020, between Ms. Lesieur and the Company and approved by the General Shareholders' Meeting on June 16, 2020.

As a reminder, non-current operating expenses in 2019 included primarily:

- Expenses relating to settlement of the Verasonics dispute, for €5.3 million. On May 16, 2019, the Company had announced that it had reached a settlement agreement with Verasonics to terminate the various legal proceedings and disputes between the companies concerning the ownership rights relating to Aixplorer®;
- Costs relating to the change in majority shareholder, for €2.8 million; and
- Cancellation of the ERP project (intangible assets) for €1.225 million.

2.1.6 EBITDA

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
EBITDA	**(12,716)**	**(4,887)**

The Group defines EBITDA as current operating income (loss) minus taxes, depreciation and amortization, and provisions.

Overall, EBITDA declined sharply, for a loss of €(12.7) million in 2020, as compared with a loss of €(4.9) million in 2019.
2020 EBITDA represents the current operating loss of €(16.2) million, before taxes of €(967,000) and depreciation, amortization and provisions of €(2.5) million.

2019 EBITDA represents the current operating loss of €(8.4) million, before taxes of €(888,000) and depreciation, amortization and provisions of €(2.6) million. 2019 EBITDA thus totaled €(4.9) million.

2.1.7 Financial income (loss)

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Foreign currency exchange losses	(37)	(109)
Financial Interest	(3,097)	(5,168)
Financial expenses	**(3,134)**	**(5,276)**
Foreign currency exchange gains	20	-
Financial Interest	4	13
Gain on sale of the U.S. subsidiary	-	524
Financial income	**24**	**537**
Financial income (loss)	**(3,110)**	**(4,740)**

Financial income (loss) totaled €(3.1) million, primarily comprising interest on financial indebtedness to the majority shareholder, Hologic Hub Ltd., for €2.552 million, as well as interest and fees due in respect of the early repayment of all of the Company's external financial liabilities, for €400.
The 2019 loss is explained primarily by the early repayment of the bonds issued to Kréos, which had generated a financial loss of €2.6 million in 2019, and by the sale of the subsidiary, SuperSonic Imagine Inc., to Hologic for a price of €2.7 million, which generated a gain with a book value of €524,000.

2.1.8 Income tax

Given the losses recorded for the last two years, the Company has not recorded any income tax expense, with the exception of a flat tax in China totaling €11,000 in 2020, as compared with €16,000 in 2019. It obtained a Research Tax Credit, which is partly deducted from research and development expenses in the IFRS consolidated financial statements (see Note 2.1.3 above) and partly deducted from non-current operating expenses.

Available loss carryforwards totaled €175.8 million, primarily including €170.3 million for the French entity, €3.2 million for the German entity, and €2.3 million for the English subsidiary. These loss carryforwards were not used as deferred tax assets, due to the losses in recent years.

2.1.9 Net income (loss) and net earnings (loss) per share

Consolidated net loss totaled €19.992 million in 2020, as compared with €22.508 million in 2019. In the absence of non-controlling interests, the net loss attributable to the equity holders of the parent company is equal to the net loss.
The net loss per share issued (weighted average number of shares outstanding) was €0.83 in 2020 and €0.96 in 2019.

2.2. Balance Sheet

The balance sheet is summarized as follows:

In thousands of euros	2020	2019
Total non-current assets	25,090	24,453
Total current assets	15,009	21,263
Of which cash and cash equivalents	*2,414*	*6,508*
Total assets	**40,100**	**45,717**

In thousands of euros		
Total shareholders' equity	(28,632)	(8,836)
Total non-current liabilities	55,416	41,628
Total current liabilities	13,316	12,925
Total liabilities and shareholders' equity	**40,100**	**45,717**

2.2.1 Non-current assets

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Intangible assets	17,276	16,526
Property, plant and equipment	4,820	4,881
Rights to use property, plant and equipment under leases	318	541
Other non-current assets	2,676	2,505
Total non-current assets	**25,090**	**24,453**

Non-current assets remained steady over the period and include the RTC payable over 3 years for €2,400.

2.2.2 Current assets excluding cash and cash equivalents

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Inventories	7 921	6,474
Trade receivables	3,678	6,299
Other current assets	996	1,982
Total current assets excl. cash	**12,595**	**14,755**

Current assets decreased by €2.1 million, primarily due to the effects of the decreased activity over the period due to Covid-19:

- €1.4 million increase in net inventories; and

- €(2.6) million relating to customer payments in accordance with expected payment terms affected by the decrease in revenue for the period.

2.2.3 Cash and cash equivalents

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Cash on hand	2,407	6,500
Marketable securities	8	8
Cash and cash equivalents	**2,414**	**6,508**

Available cash as of December 31, 2020 was €2.4 million, as compared with €6.5 million at December 31, 2019.
The breakdown of cash use is detailed in Section 2.3, below.

2.2.4 Shareholders' equity

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Share capital	2,417	2,403
Share premiums	5,755	5,769
Consolidated reserves	(16,833)	5,500
Income (loss)	(19,922)	(22,508)
Total shareholders' equity	**(28,632)**	**(8,836)**

As of December 31, 2020, there were 24,029,494 shares outstanding. In 2019, 612,559 new shares had been created following the exercise of stock options and share subscription warrants, and 308 shares were added as a correction for 2018.

During the 2020 fiscal year, 143,600 new shares were created upon the vesting of a tranche of free shares issued pursuant to share grant plans that the Company had put in place in March 2017 (126,800 new shares) and in April 2018 (16,800 new shares). An additional 1,335 new shares were created upon the exercise of stock options. This raised the number of outstanding shares to 24,174,429 as of December 31, 2020.

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.

2.2.5 Non-current liabilities

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Financial debt – Long-term portion	54,580	39,829
Staff commitments	520	414
Provisions and other non-current liabilities	295	1,085
Debts on non-current rental obligations	21	300
Total non-current liabilities	**55,416**	**41,628**

Non-current liabilities increased by €14 million, primarily due to the increase in long-term debt from the increased loan from Hologic Hub Ltd., for €20.5 million, less the effect of repaying the Group's external financial debts during the period, for €8.3 million.

In 2020, financial liabilities changed as follows:

In thousands of euros	Dec. 31, 2019	Subscription	Redemption in cash	Interest provision	Debt forgiveness	Dec. 31, 2020
Repayable advance Business France	15	-	(15)	-	-	-
Repayable advance – Icare	1,725	-	(1,725)	-	-	-
Repayable advance - Tuce	408	-	(204)	-	(204)	-
Short-term loans	2,077	-	(2,077)	-	-	-
Long-term BPI loans	4,280	-	(4,280)	-	-	-
Long-term loans from the majority shareholder	34,080	20,500	-	-	-	54,580
Interest incurred on long-term loans from the majority shareholder	422	-	(422)	339	-	761
Total financial debt	**43,007**	20,500	(8,505)	339	(204)	**55,341**

During the periods presented, the Group has not engaged in any hedging operations.

2.2.6 Current liabilities

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Financial debt - short-term portion	761	3,178
Trade payables	3,513	4,076
Provisions and other current liabilities	8,732	5,399
Debts on current rental obligations	310	272
Total current liabilities	**13,316**	**12,925**

Current liabilities were stables, primarily due to the following:

- €(2.4) million of decreased financial debt, short-term portion: Repayment of short-term loans at the end of March 2020, offset by the increase in long-term debt from Hologic.
- €(0.5) million in decreased trade payables, due to lower business volumes;
- €3.3 million in increased other current liabilities, including €1.5 million, due primarily to the payment lag for URSSAF debt, which will be paid in 2021, and €1.9 million in receivables due to Hologic Inc.

2.3. Cash flows

The primary changes in cash flow in 2020 and 2019 are broken down as follows:

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Net cash flow linked to operating activities	(8,984)	(13,236)
Net cash flows related to investment operations	(4,111)	(1,297)
Net cash flows related to financing operations	9,081	12,567
Changes in net cash flow	**(4,014)**	**(1,967)**
Cash opening balance	6,508	8,593
Impact of the change in exchange rate on cash	(81)	(118)
Cash closing balance	**2,414**	**6,508**

Available cash totaled €2.4 million as of December 31, 2020 (as compared with €6.5 million as of December 31, 2019), for net cash use of €4 million, a decline as compared with 2019, with net cash use of €(2) million.
Cash burn (operating and investment cash flow) improved, at €(13.1) million over the period, as compared with €(14.5) million in 2019.

2.3.1 Cash flow from operations

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

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Net income (loss)	(19,922)	(22,508)
Cash flow linked to operating activity, before changes in WCR	**(13,256)**	(12,714)
Inventories	(1,452)	(360)
Customers	2,626	2,622
Other receivables	986	(303)
Research tax credit and operating grants	153	(1,075)
Trade liabilities	1,959	(1,397)
Income taxes paid	0	(10)
Changes in working capital requirement	4,272	(512)
Net cash flow linked to operating activities	**(8,984)**	**(13,236)**

The net cash use of €(8.9) million relating to operating activities 2020 is primarily due to the net operating loss for the period (€19.9) million.
Change in working capital requirement was €4.3 million, principally explained by a €1.5 million increase in inventory, offset by a €2.6 million decrease in trade receivables and a €1.9 million increase in trade payables.

2.3.2 Cash flows provided from/(used in) investments

Cash flows used in investment activities break down as follows:

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Acquisitions of property, plant and equipment	(893)	(703)
Acquisitions and capitalization of intangible assets	(4,601)	(5,562)
Receipt of research tax credit allocated to capitalized R&D expenses	1,282	2,438
Receipt / disbursement of financial assets	-	73
Income from interest received and capital gain on disposals of cash instruments	101	(13)
Receipt from changes in scope of consolidation	-	2,469
Net cash flows related to investment operations	**(4,111)**	**(1,297)**

Cash use relating to R&D investments, including capitalized R&D expenses, increased by €2.8 million over the period. The RTC for 2019 was received during the first half of 2020, for a total of €2.1 million, of which €1.3 million related to capitalized R&D costs.

2.3.3 Cash flows provided from/(used in) financing activities

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

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
Receipt of receivables on the share capital	30	31
Disbursements under rental obligations	(430)	(453)
New financial debt	20,500	36,836
Repayment of financial debt	(8,301)	(19,803)
Interest disbursed	(2,718)	(4,052)
Acquisitions/disposals of treasury shares	-	8
Net cash flows related to financing operations	**9,081**	**12,567**

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 €20.5 million.

2.4. Key Events of the Year

2.4.1 Transfer to Euronext Growth

The Company's ordinary shareholders' meeting held on October 30, 2020, behind closed doors, approved the planned transfer of the Company's listing from the Euronext Paris regulated market (Compartment C) to the Euronext Growth Paris multilateral trading platform.

The reason for the transfer was for the Company to have its shares admitted to trading on a market that was better suited to its size, its market capitalization, and its public float. The transfer to Euronext Growth will enable the Company to reduce the obligations and constraints that were burdening it, and, as a result, to decrease its listing costs, while keeping its shares traded on a financial market. The transfer also enabled the Company to use French accounting standards, beginning with its financial statements for the periodf June 30, 2021.

The request for the admission of the Company's shares to Euronext Growth was approved by the Euronext Listing Board on December 18, 2020.

At the close of the trading session on December 29, 2020, the Company's shares were delisted from the Euronext Paris regulated market and admitted to Euronext Growth in Paris as from December 30, 2020.

As from December 30, 2020, SuperSonic Imagine's new ticker symbol is ALSSI. The ISIN code remains unchanged: FR0010526814.

The main consequences of the transfer are described in Note 16 to the 2020 consolidated financial statements, in Part 3 of this Annual Report.

2.4.2 Corporate Governance/Board of Directors

Change of CEO

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. With respect to the financial terms of Ms. Lesieur's removal as CEO:

- The remaining fixed portion of her annual compensation for 2019 (a gross annual amount of €275,000), which remained due pursuant to a payment reminder, as well as the fixed portion of her annual compensation for 2020 (a gross annual amount of €275,000), calculated on a pro rata basis from January 1, 2020 (the first day of the 2020 fiscal year) through January 23, 2020 (the date of her termination), for a total gross amount of €87,500, were paid to her;
- Because the performance conditions (based on revenue, EBITDA and profit margin) for payment were not satisfied, Ms. Lesieur did not receive any severance payment;
- As a result of her departure, Ms. Lesieur irrevocably lost the benefit of her rights to the grant of free performance shares of the Company for those tranches that have not yet vested (it being noted that the total number of Ms. Lesieur's vested free performance shares as of January 23, 2020 was 60,000 shares);
- The question of and full payment of her 2019 bonus (a total gross amount of €125,000) due upon the closing of a merger or acquisition of the Company (namely, the 2019 closing of Hologic Hub Ltd.'s acquisition of control of the Company) were approved by the Company's Ordinary General Shareholders' Meeting held on June 16, 2020, in accordance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code.

The Company entered into a settlement agreement with Ms. Lesieur on January 29, 2020, definitively ending the dispute between the parties following her departure as Chief Executive Officer. The settlement agreement, entered into in accordance with Articles 1103, 1104, and 2044 *et seq*. and 2052 of the French Civil Code, provided, first, that the Company would pay a settlement amount of €500,000 gross, in consideration of which Ms. Lesieur released all claims relating to her position and departure and, second, that Ms. Lesieur would not compete with the Company for a period of 12 months following the complete cessation of her work on behalf of the Company and the Group, including as a consultant, in return for the payment of a gross monthly payment of €8,333.33.

The settlement agreement was approved by the Company's Combined General Shareholders' Meeting on June 16, 2020. The €640,000 impact of this settlement agreement was recorded in fiscal year 2020 in Other non-current operating expenses.

Independently of the items referred to above, Ms. Lesieur agreed to assist the Company as a consultant, in connection with a specific assignment that is distinct from the position as a corporate officer that she had previously occupied within the Company, for a period of six months beginning February 1, 2020. The total amount of fees paid for this assignment was €50,000, excluding tax.

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[4], the United Kingdom, Germany, Shanghai, and Hong Kong[5].

Appointment of an observer to the Board of Directors

On March 17, 2020, John LaViola was appointed by the Company's Board of Directors to serve as an observer on the Board for a term of three years, to end at the close of the Annual Shareholders' Meeting to be held in 2023 to approve the financial statements for the fiscal year ending December 31, 2022[6].

Ratification of the cooptation of members of the Board of Directors

At the Company's Combined General Shareholders' Meeting on June 16, 2020, the shareholders voted to ratify the cooptations of the following:

- Patricia Dolan, coopted as a non-independent director to replace Danièle Guyot Caparros, who stepped down, for the remainder of Ms. Guyot Caparros's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020. Ms. Dolan stepped down from her position as a member of the Board of Directors on December 30, 2020[7];

- Michelangelo Stefani, coopted as a non-independent director to replace Mérieux Participations, represented by Thierry Chignon, which stepped down, for the remainder of Mérieux Participations's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;

- Antoine Bara (CEO of the Company since January 23, 2020), coopted as a non-independent director to replace Bpifrance Investissement, represented by Philippe Boucheron, which stepped down, for the remainder of Bpifrance Investissement's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

The composition of the Board of Directors, as well as the rules governing preparation for and conduct of meetings, are as described in Part 2 of this document.

2.4.3 Financing

During the 2020 fiscal year, the Company and Hologic Hub Ltd. entered into various amendments to the English-language revolving loan agreement initially entered into on August 14, 2019 and amended on November 22, 2019 (the "Loan Agreement"):

- On February 12, 2020, a second amendment eliminated the acceleration event in Section 6 of the Loan Agreement, which permitted Hologic Hub Ltd. to demand that the Company repay the outstanding loan (as well as any other obligation) at any time (with the maturity date thus being automatically moved up to the date on which the lender makes the demand) (i) on or after February 12, 2020, with five (5) business days' prior notice, if

[6] At its meeting on January 19, 2021, the Board of Directors took note of Mr. LaViola's resignation from his position as an observer on the Board of Directors, which had occurred in December 2020.
[7] At its meeting on January 19, 2021, the Board of Directors coopted Souad Belarbi as a non-independent director to replace Ms. Dolan for the remainder of her term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

Hologic Hub Ltd. holds less than 90% of the share capital and voting rights of the Company on such date; or (ii) if there is an acceleration under the Loan Agreement. The remainder of the Loan Agreement remained unchanged (including the provisions relating to events of default);

- 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 conditional advances and external financial liabilities for an amount of €8.3 million during the first six months of 2020.

The outstanding amount of this loan was €54.6 million as of December 31, 2020.

After the closing date, the maximum amount of this loan was increased to €73 million, by amendment dated January 19, 2021.

2.4.4 Legal Proceedings

As of the date of this document, the Company is not aware of any other administrative, judicial, or arbitral proceedings that are pending or threatened and that are likely to have or have had in the course of the last 12 months any material effect on the financial position or profitability of the Company and/or Group.

2.4.5 Impact of the Covid-19 pandemic in 2020

Quantitative impact on 2020

During the 2020 fiscal year, the Group experienced a decline in activity in its principal markets of France, China, and the United States.
The total impact on SuperSonic Imagine's business in 2020 is estimated at €2.8 million in additional losses over the period. This impact consists of a €7.2 million decrease in revenue from Products, €2.4 million in savings on costs of sales, and €2 million in savings on structural costs. The main structural costs affected are commissions, transportation, promotional costs, and travel and entertainment expenses.
The impact on revenue and on costs was determined by comparing Year N (2020) with Year N-1 (2019).

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 2020 and October through November 2020, in an amount of €1.5 million. This amount will be paid during the 2021 fiscal year.
• a payment postponement granted by its French landlords with respect to its 2020 second-quarter rent, paid at the end rather than the beginning of the quarter, for an amount of €96,000.

The Group granted two of its customers six-month postponements of receivables due, for an amount of €225,000 as of the end of June 2020. These receivables were repaid during the second half of 2020. No other postponements were granted as a result of Covid in 2020.

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 €73 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 a worldwide economic environment that remains extremely uncertain, 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.

2.4.6 Quality Assurance and Regulatory Obligations

In October 2019, the Company obtained Section 510(k) clearance from the FDA for the V2 version of Aixplorer MACH® 30, as well as for Aixplorer MACH® 20. As of December 31, 2020, the Company was awaiting FDA approval for Aixplorer MACH® 40.

2.4.7 Commercial

Revenue for the fiscal year was €17.2 million, a decrease of (35)% as compared with 2019.

On September 15, 2020, Hologic, Inc. announced that SuperSonic Imagine's high-end ultrasound machines would include Hologic's catalogue in Germany, Austria, and Switzerland. In that regard, Hologic has just expanded its portfolio of innovative and high-performance imaging solutions, thanks to the Aixplorer MACH® ultrasound machines. These machines are characterized by high-performance architecture, turned towards the future, and are equipped to be able to accommodate upcoming integrations and innovations in the area of artificial intelligence. They combine several advanced technologies designed for improved early detection of breast cancer and of liver disease, increased diagnostic reliability, and more efficient workflows.

In 2019 the Company marketed two major products as part of its sales strategy: Version 2 of the Aixplorer MACH® 30, a next generation ultrasound machine using Ultrafast™ imaging, introduced the previous year. It consolidated the product's high-end positioning, improving its performance and introducing new biomarkers (Att PLUS, SSp PLUS, and Vi PLUS) for chronic liver diseases; and The Aixplorer MACH® 20, designed to target a new segment, the mid-market radiology segment. It is based on the same technological platform as the Aixplorer® MACH® 30 and offers this market segment excellent performance including SuperSonic Imagine's main innovations (in particular the ShearWave PLUS mode).
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.

2.4.8 Technology and Clinical publications

Technological innovation is continually underpinned by new clinical publications in peer-reviewed journals worldwide. At present, there are over 800 publications on the breast and the liver.

2.5. SIGNIFICANT EVENTS SINCE THE END OF THE FISCAL YEAR

FINANCING

On January 19, 2021, the Loan Agreement entered into on August 14, 2019, between SuperSonic Imagine SA and Hologic Hub Ltd., its majority shareholder, was amended to increase the maximum amount of the loan from €67 million to €73 million.

GOVERNANCE

At its meeting on January 19, 2021, the Board of Directors:

- Took note of Patricia Dolan's resignation from her membership positions on the Company's Board of Directors, Audit Committee, and Nomination and Compensation Committee;
- Took note of John. LaViola's resignation from his position as an observer on the Board of Directors;
- Decided to coopt Souad Belarbi as a member of the Board of Directors to replace Patricia Dolan, who was stepping down, on the recommendation of the Nomination and Compensation Committee. Souad Belarbi was appointed for the remainder of Ms. Dolan's term of office, *i.e.* until the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020. It is specified that the ratification of Ms. Belarbi's cooptation as a member of the Board of Directors will be submitted to the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;
- Decided to appoint Andrew Chard, on the recommendation of the Nomination and Compensation Committee, as a member of the Company's Audit Committee.

2.6. 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® 30 platform, which enabled it to enrich its product offering and streamline its manufacturing costs (because it can be used across the range of products and applications). The product's reliability is one of the platform's greatest strengths, reinforced by new connectivity features enabling remote maintenance. Finally, this platform will be able to quickly integrate future big data applications and to use 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.
At the same time, the Group plans to continue prioritizing investment in sales teams in its three major markets (the United States, China and France) while continuing to grow in other regions.

Over the past four years, the Company has refocused its strategy along two main lines: breast and liver imaging, and the development of its sales network.

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.

The Company's goal is to become the Hologic Group's flagship ultrasound product, relying, like the rest of the Group, on innovation, contributions to health improvements, and the importance of relationships with clinicians and patients.

2.7. Risk Factors

The principal risks and uncertainties faced by the Group are detailed below.

2.7.1 Risks related to the markets on which the Group operates

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

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

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

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

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

The Group competes with very large players.

The ultrasound medical imaging market is characterized by a strong concentration around a few large players with considerable financial means. Five of these (General Electric Healthcare, Philips Healthcare, Canon Medical Systems, Mindray, and Siemens Healthcare) held a combined 84% of the market in 2020 (Source: Omdia Study).

Although the new commercial partnership with the Hologic group, which offers breast and skeletal health products and services, has created new opportunities to reduce its competitive risk, the Group remains subject to competition from diversified groups with offerings that cover all imaging and associated service needs.

The possibility can not be excluded that a competitor with considerable financial means may sharply reduce the price of all or part of its products that compete with the Group's, in particular through economies of scale, to try to limit or curtail the penetration of the Group's products in such markets, and that Group will be unable to match the prices.

2.7.2 Risks related to the Group's business

Risks related to the Group's commercial deployment

The Group's development will partly depend on its ability to step up its commercial deployment in its main existing markets and in new markets.

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

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

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

- The investment involved in acquiring an Aixplorer® or Aixplorer MACH® system;
- Their lack of experience in the use of Aixplorer® or Aixplorer MACH®; and
- An insufficient amount of favorable clinical data published.

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

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

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

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

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

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

In such geographical areas, there is therefore a risk that the Group may be unable to maintain high-quality maintenance services for its installed systems, which could have a material adverse effect on the Group and its business, financial position, results, development and prospects. Nevertheless, the recent partnership with the Hologic group's assistance department creates new opportunities to reduce these risks.

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

The Group's commercial deployment is reliant on direct and/or indirect sales forces, depending on the geographical region.

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

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

Moreover, in geographical regions where it relies on, or intends to rely on, distributors, the Group cannot guarantee that it will be able to keep its existing distributors and enter into new distribution agreements, or that the available distributors will have the required ultrasound imagery skills and dedicate the resources required for the successful marketing of its products. In general, such

distributors are medical equipment and devices distributors who have numerous products to promote and market, thereby leaving a limited amount of time for each product. In order to limit this risk, part of the direct sales force is tasked with providing support to Group distributors in order to help them conduct commercial actions such as participation in trade shows and demonstration workshops in healthcare institutions. Nevertheless, the worldwide commercial cooperation with the Hologic group should reduce these sales and distribution risks, in particular in the United States.
At the end of December 2020, the indirect sales network included 74 distributors (including 18 in China).
The Group may experience difficulties with recruiting new distributors, renewing or terminating contracts with some of them, or be faced with solvency problems of these distributors.
The use of territorial exclusivity clauses in some of the distribution agreements could be challenged by French and European legislation. Thus, under certain circumstances, those clauses could be considered illegal, in particular if they are perceived as abusive product price-fixing by the Company or as an obstacle to free competition. The exclusive distribution agreements contracted with independent distributors for sales carried out in the European Union could then be null and void and/or give rise to financial penalties against the Group if some of their clauses were found to be unlawful.
The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results, development and prospects in the medium and long term.

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

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

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

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

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

- A reduction in or postponements of orders from public-sector customers, even where the Company was selected following a call for tenders;
- Extended payment deadlines for these clients; and/or
- A reduction in reimbursements for all or part of the costs of the medical services performed with the Company's products, thereby limiting its technology's market penetration.

The international geopolitical context may also have a negative impact on sales.

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

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

Intellectual property risks

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

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

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

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

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

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

The Company cannot guarantee that:

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

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

Similarly, the Group's competitors may also deny that certain components of the Group's products are open access, thus requiring the Company to modify its engineering or license patents from third parties.

In addition, third parties (or even employees of the Company) may use or attempt to use the elements of the Company's technology protected by intellectual property rights, which would create a harmful situation for the Company. The Company may therefore be forced to initiate judicial or administrative proceedings against third parties to enforce its legal rights, including intellectual property rights (patents, trademarks, designs, or domain names). Some competitors that have more funds than the Company may be better able to bear the costs of litigation.

In addition, the Group's trademarks are major components of its identity and products. Despite the registration of the "SuperSonic Imagine" trademark (especially in France, Europe, the United States and China), the "Aixplorer MultiWave™®" trademark (especially in France, Europe, the United States and Japan), "Aixplorer®" (in France and the United States) and "Aixplorer MACH®" (in France, Europe, China and the United States), third parties may use or attempt to use these trademarks or other Group trademarks, thereby causing prejudice to the Group's business and image.

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

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

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

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

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

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

Other licensing agreements

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

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

For the success of its business, it is important for the Group to be able to have unencumbered use of its products and technology with respect to third-party patents or intellectual property rights.

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

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

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

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

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

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

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

As of December 31, 2020, no opposition had been filed against any Group patents.

Risks related to the manufacturing process of the Group's products

The Group depends on subcontractors for the supply of part of the components of the Aixplorer® and Aixplorer MACH® systems.

The Aixplorer® and Aixplorer MACH® systems include components and raw materials of various types, including mechanical, electronic and acoustic components.

In order to safeguard its manufacturing process, the Group established a strategic partnership with one of the major circuit board manufacturers in the field of sonography (Plexus), which has a significant supply of electronic components. This subcontractor is also responsible for the final assembly of the Aixplorer® systems for SuperSonic Imagine, i.e. it brings together all the system components: the circuit boards it manufactures, user interface, mechanics, and screen. This subcontractor also works for competitors of the Company, producing all or part of some of their products. In medical sonography, all manufacturers concentrate the manufacturing of each of their products taken individually with a single subcontractor, specifically because of the low number of products manufactured. Their subcontractor diversification works at product range level and each product within the range can be manufactured by different entities.

The risk posed by this subcontractor is low for two reasons:

- If a Plexus facility were no longer able to produce, the Company could select another of the same subcontractor's facilities, such as its Scotland plant, which the Company has used in the past; and
- If the Group had to change manufacturers, it could purchase from the competitors of its current subcontractors. The transition would take a few months, during which time Plexus would be required to continue deliveries to SuperSonic Imagine in accordance with a supply plan, a commitment that would be in place for a period of nine months.

In addition, the Group is careful to use multiple sources for its main components: in particular its ultrasound probes (twin sourcing with Vermon in France and Humanscan in South Korea) and also has a 12-month sourcing commitment in the event of the cessation of activities or termination of the subcontracting agreement.

With respect to mechanical components, the Group believes that it has a low risk of dependence because there are multiple subcontractors in this market in Asia.

Certain components that the Company deems critical, such as power supplies and control panels (user interfaces) are single-source components, largely because of the joint development work between the Company and the supplier to ensure that these components are customized specifically for Aixplorer® and Aixplorer MACH®. As the required skills to make these components are standard, it is possible to find alternative suppliers on the market, with a development and training period that should be compatible with termination notice periods (which are generally 12 months long). The risk is therefore low.

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

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

Moreover, the manufacturing of the Group's products is particularly complex and demanding, notably because of applicable regulations and the specifications imposed by the Group. All of the processes used for the manufacturing of the Group's equipment and consumables have been patented by the Group, and are therefore covered by the certificates obtained by the Group for CE marking (European Community marking certificates issued by the GMED, required to place medical devices on the market in Europe) and by Food and Drug Administration (FDA) approval.

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

The Group also outsources the assembly of its products to the global market leader in medical device assembly. This supplier, which holds the FDA GMP (Good Manufacturing Practice) label, is an important player in the sector and counts two large key multinational companies from the imaging sector among its customers.

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

Should the Group's relationship with one of its suppliers or subcontractors be terminated for any reason, the Group might be unable to find a subcontractor with the same skills within the required time frame or on satisfactory commercial terms.

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

- Non-compliance of the products manufactured by such third parties with regulatory requirements and quality standards;
- Violation by such third parties of their agreements with the Group; or
- Termination or non-renewal of the agreements for reasons beyond the Group's control.

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

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

Should commercial deployment intensify, it is possible that the Group would increase its level of subcontracting, entailing similar risks.

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

Risks Relating to the Coronavirus (Covid-19) Epidemic

Since the beginning of the Covid-19 epidemic, the Group has experienced a decline in activity in its principal markets of France, the United States, and China.

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 €73 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.

The worldwide economic environment remains extremely uncertain, as the epidemic has reached all of the geographic regions where the Group does business and makes predictions difficult. The Group cannot guarantee that it will not be more seriously affected by lockdown measures and prohibitions on appointments with healthcare professionals in all of the countries where the Group does business (in particular in the United States, which has been heavily affected by the Covid-19 epidemic). 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.

Risks related to the Group's customers

The installed base of over 3,000 systems sold were marketed to a portfolio of customers composed of both healthcare institutions (hospitals and clinics) and medical imaging centers, and of independent practitioners, research centers and distributors.

As healthcare institutions and medical imaging centers generally function on budget lines, the Group has very rarely been confronted with insolvency problems. The same is true for independent practitioners.

With respect to distributors, during the selection process, the Group verifies the soundness of their financial position and ensures that they comply with local regulations governing the distribution of medical devices. Excluding the entities of the Hologic group, to date, the largest of them is one of the Chinese distributors. However, the Group cannot exclude the possibility that one or more of its distributors could default in their payment obligations to the Group.

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

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

For these reasons, the Group believes that it is not significantly dependent on any one customer.

Lastly, most of the distribution agreements allow the Company the option of unilaterally terminating the agreement in the event of a change in control of the distributor.

In the current context relating to the Covid-19 epidemic, the Group has experienced a decline in activity in France, the United States, and China.

Risks related to product liability claims

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

To date, no such claims or legal actions have been filed against the Group, which holds liability insurance policies for defective products up to a maximum of €10 million.

The Company cannot guarantee that its current insurance will be sufficient to cover any liability claims that may be filed against it. Should the Company be found liable and be unable to obtain and maintain appropriate insurance coverage at an acceptable cost, or to protect itself in any way against liability claims for defective products, there could be serious damage to its image, product marketing, and, more generally, its business, results of operations, financial condition, development, and prospects.

Risks related to the product warranty on products sold by the Group

In parallel with the setup and upkeep of a Quality Management System (QMS) certified compliant with international norm ISO 13485: 2016, aimed at ensuring that its products comply with strict quality criteria, the Group gives its customers a warranty of at least one year following the commissioning of Aixplorer® and Aixplorer MACH® units sold. This warranty may be extended to a maximum of five years, depending on the customers' needs, with the exception of ultrasound transducers. This warranty covers defects of component materials and the compliance of the delivered products with the technical specifications and description.

Although the Company believes that the risks of implementing this contractual guarantee are reasonably provisioned (see Notes 3.17 and 22 to the consolidated financial statements prepared under IFRS in Part 3 (Consolidated Financial Statements prepared in accordance with IFRS for the fiscal year ended December 31, 2020) of this document), it cannot guarantee that these provisions are sufficient to cover the implementation of the contractual guarantee by all its customers. Should the Company be found liable, and be unable to obtain and maintain appropriate provisions, or protect itself in any way against such contractual warranty claims, the marketing of the products would be adversely affected. In a broader way, this would have a material adverse effect on the Group's activities, results, financial position, development and prospects.

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

Risks of dependence on key people

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

The Group's success largely depends on the commitment and expertise of its managers in general, its sales teams and its qualified R&D scientific personnel.

The departure of one or more of these persons or other key employees of the Group could give rise to:

- Losses of know-how and the weakening of certain activities, especially if such persons were to join competitors; or

- Deficiencies in terms of technical skills which may slow down activities and, in the longer term, alter the Group's capacity to reach its objectives.

To address this risk, the Group has set up dedicated contractual provisions adapted to its business and which comply with labor law requirements: non-compete and non-solicitation clauses, as well as transfer of intellectual property and confidentiality clauses. It has also set up personnel incentive and loyalty-building measures in the form of performance-related pay and the granting of securities giving access to the Company's share capital.

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

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

Financial risks

All figures below are taken from the Group's consolidated financial statements prepared in accordance with IFRS. For more information, see Part 3 (Consolidated Financial Statements prepared in accordance with IFRS for the fiscal year ended December 31, 2020) of this document.

Liquidity, Interest rate, and credit risks

The Group's liquidity risk refers to the risk that the Group's financial resources might be insufficient to enable the Group to meet its financial obligations as they come due and pursuant to their usual terms.

The Group's indebtedness is described in Note 18 in Part 3 (Consolidated Financial Statements prepared in accordance with IFRS for the fiscal year ended December 31, 2020) of this document.

To enable the Company to finance its working capital requirement and to repay its debt, on August 14, 2019, the Company and Hologic Hub Ltd. entered into a revolving loan agreement (amended on November 22, 2019, February 12, 2020, March 17, 2020, June 23, 2020, and January 19, 2021) for a maximum amount of €73 million and a maturity date of August 12, 2024.

Cash flow forecasting is performed by the Finance department. On the basis of regularly updated projections, Group management monitors the Group's liquidity requirements to ensure it has sufficient cash available to meet operational needs.

Such forecasting takes into consideration the Group's financing plans. The Group's surplus cash is invested in interest-bearing current accounts, time deposits and money market deposits through the choice of instruments with appropriate maturities or sufficient liquidity to provide sufficient flexibility as determined by the above-mentioned forecasts.

As of December 31, 2020, and as of the date hereof, the Company's principal indebtedness, to Hologic Hub Ltd., bears interest at a fixed rate.

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk linked to cash, cash equivalents and current financial instruments is not significant given the quality of the co-contracting financial institutions.

Customer credit risk is monitored by management on an individual basis and gives rise, for a portion of export receivables, to the purchase of suitable insurance coverage.

Risks related to the Research Tax Credit

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

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

As of December 31, 2020, the receivable relating to the RTC totals €2.3 million, corresponding to the RTC for 2020. Since the Company lost its status as a European Union SME when Hologic acquired majority control of it in 2019, the 2020 RTC will not be payable for another three years.

Foreign exchange risk

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

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

All of the Group's sales are denominated in EUR excluding sales in China and the United States, made in dollars.

The Group's exposure to fluctuations in EUR/USD exchange rates is limited to the extent that the dollar amounts collected cover supplier invoices in that currency.

During the periods presented, the Group has not engaged in any hedging transactions.

Dilution Risk

The Company may, in the future, decide to issue new shares or grant free shares or new financial instruments giving access to the Company's share capital, in particular in connection with its incentive policy for executives and employees.

Any additional grant or issuance would give rise to additional dilution to the Company's shareholders.

Legal risks

The Company manages in-house the legal aspects of its business, as well as its compliance with regulatory requirements (market authorizations, insurance, intellectual property, registration of trademarks and domain names, etc.). In that regard, the Company may use intermediaries, service providers or specialized advisors to supplement its expertise, or outsource certain tasks to them, especially with regard to intellectual property. The Company thus calls on local consultants, distributors and regulatory representatives for the submission of certification applications to certain local regulatory authorities. It also uses intellectual property specialists to assist in the completion and filing of applications, as well as insurance brokers. Since the acquisition by the Hologic group at the end of 2019, the Company has had access to the Hologic group's legal experts.

Risks related to the regulations applicable to the Group's medical devices and potential changes to those regulations

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

Complying with this regulatory process may prove long and costly, without any guarantee that approvals will be granted, that they will be granted within a reasonable period time, or that the Company will be able to maintain them. If the certification or market approval for the Group's products were to be refused, suspended or withdrawn, sales could be delayed or prohibited in the relevant countries.

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

Group from selling its products in the event of a withdrawal, suspension or non-renewal of a market approval, or could slow the process, notably by making production or development more complex and more costly.

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

Risks related to authorizations already obtained or procedures underway

Risks related to the regulatory environment in Europe – CE marking

The Group's products are classified in Europe as medical devices and are governed, *inter alia*, by the provisions of European Council Directive 93/42/EC of June 14, 1993 on medical devices, which harmonizes the conditions for the marketing and free circulation of the Group's products within the European Economic Area. European Union regulations on medical devices are changing. The new [standard], [Regulation] [EU] 2017/745, known as the EU MDR, enters into force in May 2021, after a one-year delay following Regulation (EU) 2020/561, due to the health crisis.

The EU MDR requires a significant overhaul to our quality assurance process. We will be audited by our notified body during the summer of 2021, in accordance with the new standard.

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

While the Company's current products have already been granted CE marking, the products under development will need to undergo the same regulatory procedures and their placement on the market could be delayed if their CE certifications are not obtained within the required time frame.

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

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

Moreover, requests for the renewal of certifications relating to the CE mark require the ongoing compliance of the quality management system (ISO), adaptation to regulatory changes, the update of risk management measures and compliance with the essential requirements of applicable European directives.

ISO 13485 certification is valid for three years and the CE mark for five years. The new certification under ISO 13485:2016 was obtained in July 2018, with the CE mark expanded in the second quarter of 2018 to incorporate the Aixplorer MACH® product line. In July 2019, an audit by GMed (Groupement pour l'évaluation des dispositifs médicaux - Medical Device Evaluation Group, created by the French Ministries of Industry and Health, together with the LCIE (Laboratoire Central des Industries Electriques - Central Electrical Industries Laboratory)) renewed the Group's CE marking.

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

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

Risks related to the regulatory environment in the United States.

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

The sale of products such as those manufactured by the Group on the U.S. market is subject to an FDA pre-market notification procedure and to the quality system requirements laid down in 21 CFR 820. These products are medical devices that present a moderate potential risk (FDA class II), for which it is possible to demonstrate substantial equivalence with a medical device already approved on the U.S. market. The Company can thus use the so-called "510(k)" procedure to submit an application to the FDA. After approval of the application, the medical device is registered in a database maintained by the FDA.

The Company has already obtained several FDA approvals for its existing products, which cover the quantitative assessment and viewing of tissue stiffness. Of particular note was the specific authorization granted in January 2018 to sell its products for liver diseases. The Company obtained Section 510(k) clearance from the FDA for the first software version of the Aixplorer MACH® in June 2018, and for the V2 software version of Aixplorer MACH® 30 and Aixplorer MACH® 20 in 2019. As of December 31, 2020, the Company was awaiting FDA approval for Aixplorer MACH® 40.

The Company was inspected by the FDA in November 2014 as part of routine inspections carried out by that agency. This inspection focused on the Company's evaluation processes. No major comments were made against the Company in connection with the inspection. A second routine FDA inspection took place in July 2018. No comments, even minor, were made against the Company. There have been no further inspections by the FDA since July 2018.

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

Risks related to the regulatory environment in other countries.

The placement of medical products on the market in other countries requires specific procedures in order to obtain the necessary approvals.

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

The Group has already obtained market approval for its existing products in certain countries outside the European Union and the United States, including Japan, China, Brazil, Russia and South Korea.

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

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

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

- Product design;
- Preclinical tests and clinical trials of the products;
- Product manufacturing, quality control and quality assurance;
- Product labeling, including user instructions;
- Product storage;
- Product identification and traceability;
- Data preservation procedures; and
- Post-market surveillance and reporting of incidents linked to the use of the products.

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

The principle of full traceability of all product components, as well as the setup and upkeep by the Company of a certified Quality Management System (QMS) complying with international norm ISO 13485: 2016, as well as an optimized production system (Lean Manufacturing), are designed to guarantee product quality and full compliance of all products with applicable regulations.

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

Environmental risks

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

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

The WEEE Directive on Waste, Electrical and Electronic Equipment (2012/19/EU) requires manufacturers to organize and finance the collection, treatment and recycling of their products at the end of their life cycle. Under this Directive, all waste from the Group's equipment and products is reprocessed by a specialized third-party company.

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

Adaptation to climate change

Due to its geographic location, the Group's industrial plants are not exposed to the consequences of climate change.

2.8. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

2.8.1 Work performed to prepare the description of internal control and risk management procedures

The description of internal control and risk management procedures was prepared based on the contributions (interviews and document review) of the main operational managers of the Group, which were coordinated by the financial administration. These procedures may be modified as a result of the 2019 change of control of the Company.

Internal control guidelines used by the Group

The Group relies on the AMF's reference framework, as updated in July 2010, and on the report on corporate governance and executive compensation for small and medium-sized enterprises published by the AMF on November 18, 2013.

This model constitutes the guidelines for Group control.

In compliance with the AMF's definition, internal control is a Group mechanism, which is defined and implemented under its responsibility. It seeks to ensure compliance with laws and regulations, the application of the instructions and guidelines set by the senior management, the proper functioning of the Group's internal processes, in particular those contributing to the safeguarding of its assets, and the reliability of its financial information. More generally, it contributes to the control of the Group's activities, the effectiveness of its operations and the efficient use of its resources.

The internal control mechanism must provide for:

- A structure that contains a clear definition of the responsibilities, having adequate resources and skills and relying on information systems, procedures or appropriate operating methods, tools and practices;
- A risk management mechanism designed to identify, analyze and handle the main risks identified with regard to the Group's objectives;
- Control activities that are proportionate to the specific challenges of each process, which are designed to reduce the risks likely to impact achievement of the Group's objectives;
- The internal dissemination of pertinent, reliable information that would allow each person to perform his/her responsibilities; and
- Ongoing monitoring of the internal control mechanism as well as a regular examination of its functioning.

As with any control system, internal control provides reasonable and not absolute assurance that the entity's objectives will be met. Among the limits inherent to it, internal control cannot prevent erroneous or poor decisions from being made, nor can it prevent external events that could create obstacles to the achievement of operational objectives.

Scope of the Group's internal control

The Group's internal control mechanism covers the Company and all of the Group's subsidiaries.

General organization of internal control and risk management

- Control environment

The Group's control environment is based on a set of mechanisms which rely on both management's commitment and on a culture of internal control at all levels of responsibility. The Group's internal control environment also relies on the Group's key documents and mechanisms, which structure the functioning of critical processes and which are binding on all employees:

- The Group's ethics rules, which include commitments to customers, employees and shareholders, and clarify Management's philosophy and the principles on which its actions are based;

- Rules that are common to all of the Group's companies, enacted by the Board of Directors. In the majority of cases, the Group chooses to centralize powers and contractual relationships within the Company. These rules specify the provisions that apply to the Company and its subsidiaries, including in the following areas:
  - Terms of management compensation;
  - Delegations of purchasing authority;
  - Investments;
  - More generally, the Board of Directors' close monitoring of the Group's day-to-day operations.

HR Policy/Management of jobs and skills

The organization, distribution of roles and responsibilities, and the assessment of abilities are based on a periodically updated job description for each position, annual assessments (including setting objectives for the upcoming year), and the determination of training needs and requests.

Given its size and the geographic location of its activities, the Group has no mobility policy as such, but it promotes internal mobility by giving Group employees priority in applying for new positions within the Group.

Workforce management is included in the budgetary process, and any increase in headcount must be approved in December of the year preceding the year of hiring, when the budget is approved.

In the event of an urgent need, new hires must also be approved in accordance with a specific process, including operational and budgetary plans, as well as the use of a dedicated form covering all information about the new hire (including his/her analytical assignment and position in the organizational chart).

Ethics and rules of professional conduct

The Group's employees must conduct their professional activities in accordance with the following business values:

- Technological innovation;
- Respect for individuals, guarding against any form of discrimination or harassment; and
- Teamwork.

These values are documented in the Group's Charter, which includes a Code of Conduct and a Code on Interactions with Health Professionals, and an IT charter.

These regulations establish the general principles and other rules which apply to employees of a company, and to any person intervening in and/or within the context of the company (i) in terms of discipline and ethics and (ii) in terms of hygiene and safety. The regulations are distributed to all Group employees and are read and approved by them.

Lastly, in order to reaffirm the Group's commitment to the fight against corruption (which is the subject of recent regulations applicable to medical sector companies, including the Sunshine Act and the Anti-Bribery Act), the Audit Committee has also approved an Anti-Corruption Charter which is applied alongside the Code of Conduct. To that end, the Group also includes a dedicated clause and a questionnaire in all of its contracts with distributors.

- <u>Risk management procedures</u>

A description of the main areas of risk that could be faced by the Group appears in Section 2.7 of Part 1 of this document, relating to the risk factors in this report.
The Group has established risk management procedures designed to identify, evaluate, rank and manage the major risks to which the Group is exposed. This mechanism incorporates the establishment of coverage plans, control points or follow-up measures, in line with the Group's strategy and objectives.

Implemented by operational staff, led by the Chief Executive Officer, and monitored, upon the CEO's request, by the Board of Directors and its Audit Committee, the Group's risk management procedures are a key element of the Group's internal control procedures.

- Control activities

The Group's control activities have the following objectives:

- To ensure that the activity of the Company and its subsidiaries falls within the framework defined by applicable laws and regulations, the guidelines provided by the Chief Executive Officer and the Board of Directors, and the internal rules and commitments of the Company;
- To prevent and control the risks incurred by the Group (not only accounting and finance risks, but also operational risks), and to protect and preserve its business activities and more generally the Group's assets; and
- To produce reliable accounting, financial, and management information as quickly as possible while complying with applicable standards and regulations.
- The architecture of the internal control procedures, for which the Chairman of the Board of Directors is responsible, consists of a set of rules, procedures and tools that cover the Group's major processes and enable it to control operational risks.

Quality management system

The Group is subject to a large number of standards and regulations worldwide, the three most important of which are described below:

- ISO 13485 (applicable in Europe and Canada in particular) and Quality System Regulations 21 CFR 820 (applicable in the United States) governing quality management relating to medical devices as a whole. The major principles of these standards are the establishment of procedures that ensure the ongoing improvement of processes and customer satisfaction;
- ISO 14971, applicable to activities involving medical devices and concerning the management of design risks; and
- ISO 14001, validating and affirming the Company's environmental approach.

Within this context, the Quality/Regulatory Department is in charge of regulatory oversight specific to the Group's sector of activity, and of compliance of its processes and products with European requirements, U.S. FDA requirements, and the requirements of all other countries in which the Group is authorized to sell its ultrasound systems. The Quality/Regulatory Department identifies and evaluates the risks of noncompliance, assigning a level of criticality defined by the Regulatory Affairs Department based on the model for tracking frequency, severity and detectability. These procedures encompass all stages of a product's life cycle: development, design, production (efficiency of production processes, supplier audit, etc.) and service (updating, repair and maintenance).

- Information system security

In order to ensure strong resilience against computer system failures, the Group is equipped with a high-availability infrastructure (if one server fails, another takes over instantaneously). Moreover, the entire server infrastructure is backed up each night, and then periodically outsourced to a major data storage and archiving provider.
The Group also has next-generation firewalls allowing it to secure data and monitor access to it.

- Purchasing

The Group has established a workflow process to approve supplier invoices through a dedicated software program. Each person involved in the purchase process is assigned a role and a maximum approval authorization.
Invoices may not be paid until they have been approved through the Group's automated software-based procedures. For better visibility, all invoices for which a particular person is responsible are computerized and archived, including the associated EDM (Electronic Data Management). The person responsible for them may view them using advanced search criteria.

- Monthly Reporting

Reporting is monthly, focusing on both finance and on the Group's operational data. It presents a very high level of analytical detail showing financial indicators by geographical segment and by operational department and sub-department. Once reporting is complete, actual expenses are compared with budgeted expenses and sent to each budgetary manager.

All of this information gives the Group good control of its costs and expenses based on the metrics that management deems relevant.

- Regulatory oversight of equipment sales

The Group is subject to a variety of local regulations relating to the authorization to market the equipment that it sells. In an effort to prevent any regulatory violations that could affect the Group's revenue and competitive position, the Regulatory Affairs Department has established a regularly updated database that centralizes all of the regulations applicable in the various markets where the Group's subsidiaries do business.

- Information and communication

The Group uses the following tools in order to collect and disseminate relevant information that enables employees to perform their responsibilities:

- A general meeting at which the Chief Executive Officer presents the significant events of the period. Department managers regularly present their activities and short- and medium-term challenges, so that each person's technical and human concerns may be shared, along with emerging risks, presentations on compliance and other best practices. Staff representatives also take the floor in order to bring up any issues relating to human resources management or working conditions.
- Multi-year training programs that are regularly enhanced and updated and are open to all employees, on all operating subjects, such as the major innovations of the Aixplorer® (Elastography, ShearWave, etc.) and the key research and development elements underpinning the development of new products, so that each employee understands the production and logistical constraints, as well as the safety and professional risk prevention rules.
- Document database that can be consulted by all employees, allowing them to share key information relating to the quality management system and product design. This database includes, for example, the supplier forms that must be filled out when selecting a new provider, existing written procedures such as the purchasing procedure, or even the price list.
- A Group intranet, allowing all employees quick access to a large amount of practical information, such as professional tools and documents, a presentation of the Company and organizational charts. The aim of the intranet includes promoting information sharing between the various departments and facilitating the integration of new people into the Group.

- Management of internal control

Internal control is managed at all levels of the Group. The role of the main players is presented below.

The Board of Directors and Audit Committee
The Board of Directors and Audit Committee ensure that the Group's internal control policy is implemented.

In particular, the tasks of the Group's Audit Committee include monitoring the effectiveness of internal control and risk management systems.
To that end, the Group's Audit Committee regularly reviews the risk portfolio. In addition, the Audit Committee provides its opinion about the organization of the internal control mechanism, takes note of the recommendations for improving internal accounting and financial control, which may be made by the Statutory Auditors, and may consult with any operational manager of the Group to assess the points of control in place within the various processes of the Group.

Senior management
Senior management ensures that the Group's internal control policy is effectively implemented, through:

- Management and follow-up of internal control work performed throughout the Group as a whole, and in particular by monitoring defined action plans. Presentations on internal control may be submitted to the senior management upon request from operational staff or at the initiative of the Finance Department.
- Supervising updates to the risk portfolio.
- In accordance with the internal control procedures, the senior management examines and authorizes major projects concerning:
    - Strategic decisions related to the production process;
    - Creation of partnerships with any new strategic supplier;
    - Negotiation of contracts related to the Company's intellectual property; and
    - Creation of subsidiaries.

Functional and operational departments of the Group
In compliance with the Group's internal control policy, internal control falls under the direct responsibility of each of the Group's functional and operational departments. Given its current size, control of the various actions for improving internal control based on the risk portfolio, is led by the Finance Department and overseen by senior management.

2.8.2 Internal control procedures relating to the preparation and processing of financial and accounting information

Key processes impacting the reliability of the Group's financial information

The main points of internal control established in the processes that have a direct impact on the production of financial information are as follows:

Production of quarterly reports

Quarterly reports are distributed to all members of the Audit Committee and Board of Directors, who then review them and may ask questions. These reports primarily include:

- A sales breakdown for the period elapsed, by geographic segment;
- The balance sheet, income statement and cash flow statement from the consolidated financial statements, as well as the income statements presented by geographic segment and by department, which are presented in comparison to the budget for the current year; and
- Detailed comments on:

- Significant events during the period;
- All items presenting discrepancies deemed significant;
- Changes in the workforce; and
- Changes in trade receivables, inventory and working capital requirement.

On a quarterly basis at a minimum, the income statement from each department or sub-department is sent to the relevant supervisor, presenting the income and expenses for the year, in comparison with the budget that was established for the same period.

- Management of disbursements

The Group has established a paperless invoice management system, with four levels of employees authorized to approve invoices for payment. Each level of approval has a maximum amount, beyond which it is necessary to get the approval of a person from a higher level.

- Management of cash inflows and customer risk

The entire cash inflow and customer risk process is covered through close and ongoing interactions between the sales administration and the finance team. The export customer risk is primarily handled through COFACE hedges or letters of credit.

When new customers or distributors are incorporated, the Company may be forced to conduct a credit analysis in order to grant payment conditions that are in line with the financial positions of these customers or distributors.

Lastly, the Finance Department conducts a weekly review of trade receivables in order to track down third parties in arrears by phone or by e-mail.

Key points of the internal control system for production of the financial information published

Internal control related to the production of financial information focuses on six main areas:

- Budgetary process;
- Production of financial information for each of the Group's companies;
- Production of consolidated information;
- Production of monthly reports;
- Statutory Auditors; and

- Budgetary process.

The Group's budget is established for one year and is determined by department, sub-department, and geographic segment, for each month of the year.
The budget consists of an income statement, balance sheet, cash flow statement, payroll, forecasts of supplier orders, as well as an investment plan.

The budgetary process is assigned to the Chief Financial Officer and consists of the following steps:

- In September, the schedule for the budgetary process is presented to the Board of Directors, and then sent to all of the Group's budgetary managers;
- In October, each budgetary manager sends his/her proposal to the Chief Financial Officer to be reviewed and consolidated;
- In November, the consolidated budget is reviewed by senior management, which entails preparing several drafts with the budgetary managers, until the final version is approved;
- The Chief Financial Officer presents his/her draft budget to the Audit Committee:
- In December, the budget is presented to the Board of Directors for approval.
- Production of financial information for each of the Group's companies

All of the Group's accounting and financial information is produced by a financial team, under the responsibility of the Chief Financial Officer.
The Group has a centralized and internalized shared services center based in Aix-en-Provence, which handles all of the Group's accounting and administrative operations (for the Company, its subsidiaries, and the Chinese representative office). Only the German subsidiary produces its accounting information with the assistance of a local public accountant. At the end of 2019, the U.S. subsidiary was merged into Hologic Inc. (the Company's indirect shareholder). In 2020, the Group continued to process all accounting and administrative operations for the activity transferred to Hologic Inc.

For payroll, taxes and other issues specific to the countries in which the Group is established, the central accounting team works in close connection with as many local offices as there are subsidiaries outside of France, in the UK, Italy, and Hong Kong and Shanghai, for China.

Lastly, payroll for the French company is outsourced to a specialized firm.

The annual financial statements for the French parent company are reviewed and presented by a public accountant.

The accounting for all of the Group's subsidiaries is completed using a single accounting software program.

Year-end operations follow a list of instructions that is determined and updated monthly according to the activity for the period that has elapsed. This list assigns each task to a member of the accounting team, while planning a back-up solution ("cross-training") for the critical phases of this process.

- Production of consolidated information

Consolidation is likewise carried out internally, under the authority of the consolidation manager, applying IFRS and using dedicated accounting software.

In an effort to optimize the time frames for producing financial information, as well as the reliability of the chain of production of this information, the accounting data for the Group's companies is directly imported into the consolidation software. The latter also integrates the budgetary data and automatic data extraction tools.
Each month, an analysis of the events of the period is performed in order to present a correct interpretation in the consolidated financial statements, in compliance with IFRS. In the event of a complex problem, these interpretations are discussed and approved upstream with the Group's Statutory Auditors.

- Production of half-year reports

The half year are produced in cooperation with the Company's various managers (such as the Human Resources Manager, the Supply Chain Manager, and any other person depending on the situation during the period) and are centralized by the Consolidation Manager.

Before being distributed to the Audit Committee and the Board of Directors, the half year report is reviewed by senior management. Once approved, the reports are posted on SuperSonic's website.

- Statutory Auditors

In compliance with regulations, the financial statements are certified by the Board of Auditors.

Moreover, the duties of the Statutory Auditors include conducting a review of internal accounting and financial controls procedures and making any useful recommendations for improving effectiveness.

2.9. OTHER ACTIVITIES CONCERNING THE PARENT COMPANY

2.9.1 Business

For more information, see Section 1.2 in Part 1 of this report.

2.9.2 Results of Operations

In connection with the closing of the annual financial statements for the fiscal year ended December 31, 2020, the Board of Directors noted that the Company showed a net loss of (€19,274,424.54) and proposed to allocate the amount of the loss to retained earnings, bringing retained earnings from a negative amount of €(18,047,048.59) to a negative amount of €(37,321,473.13); as a result, the Company would have negative shareholders' equity in the amount of €(28,378,492.49).

It is noted that the Extraordinary General Shareholders' Meeting held on June 16, 2020, after approving the financial statements for the fiscal year ended December 31, 2019, which showed a loss that decreased the Company's shareholders' equity to below one-half of the share capital, decided not to wind up the Company early but instead to continue to conduct the Company's business. As such, the Company is required, no later than the close of the second fiscal year following the fiscal year during which those losses were noted, namely December 31, 2022, to bring its shareholders' equity back to an amount at least equal to one-half of the share capital.

For the fiscal year ended December 31, 2020, revenue totaled €18.649 million, as compared with €25.673 million in the previous year, a decrease of (27)%.
Other operating income amounted to €7.402 million, as compared to €8.661 million in the previous year.
Purchases and changes in inventory totaled €8.914 million, as compared to €12.198 million in the previous year.
Other external purchases and expenses totaled €16.851 million, as compared with €12.257 million for the previous year, a decrease of 37%.
Taxes were €551,000, as compared with €413,000 for the previous year, an increase of 33%.
Wages and salaries totaled €8.153 million, as compared with €7.189 million in the previous year, an increase of 13%.
Social security contributions totaled €3.192 million, as compared with €3.004 million for the previous year, an increase of 6%.
Depreciation and amortization amounted to €6.555 million, compared to €5.670 million the previous year.
Operating expense totaled €44.519 million, as compared with €42.546 million for the previous year, an increase of 5%.
Operating income for the year was €(18.469) million, as compared with €(8.211) million the previous year.
Taking into account a financial loss of €(2.262) million (compared with €(4.388) million the previous year), pre-tax result for the fiscal year was €(20.731) million, as compared with €(12.599) million the previous year, for an increase in loss of 65%.
After taking into account:

- Non-recurring income (loss) of €(893,000), as compared with €(7.617) million for the previous year; and
- Corporate income tax of €(2.349) million, as compared with €(2.169) million for the previous year,
- the result for the fiscal year was a loss of €(19.274) million, as compared with a loss of €(18.047) million in the previous year.

As of December 31, 2020, the Company's balance sheet totaled €41.880 million, as compared with €45.636 million the previous year.
Financial indebtedness as December 31, 2020 was €58.583 million, as compared with €42.565 million in the previous year.
For more information about the annual financial statements, see Part 4 of this document.

2.9.3 Five-year results of SuperSonic Imagine S.A.

The Company's results for the last 5 years were as follows:	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020
CAPITAL AT YEAR-END					
Share Capital in K€	1,627	2,321	2,342	2,403	2,417
Number of existing ordinary shares	16,271,481	23,209,127	23,416,627	24,029,494	24,174,429
Number of existing priority dividend shares	-	-	-	-	
Maximum number of future shares to be created	1,081,861	2,647,455	4,454,047	765,782	402,147
-by conversion of bonds	50,000	681,579	2,621,152	-	-
-by exercise of a subscription right and free share grant plans	1,031,861	1,965,876	1,832,895	765,782	402,147
OPERATIONS AND RESULTS IN K€					
Revenue before taxes	22,146	23,835	23,352	25,673	18,649
Result before taxes, employee participation, depreciation and amortization, and provisions	(5,436)	(8,658)	(8,746)	(50,813)	(18,673)
Income tax	(2,227)	(2,129)	(2,356)	(2,169)	(2,349)
Employee participation for the fiscal year	-	-	-	-	-
Result after taxes, employee participation, depreciation and amortization, and provisions	(9,964)	(10,192)	(13,597)	(18,047)	(19,274)
Distributed earnings	-	-	-	-	-
EARNINGS PER SHARE (in euros)					
Result after taxes and employee participation but before depreciation and amortization and provisions	(0.197)	(0.281)	(0.273)	(2.024)	(0.675)
Result after taxes, employee participation, depreciation and amortization, and provisions	(0.612)	(0.439)	(0.581)	(0.751)	(0.797)
Per-share dividend distributed	-	-	-	-	
PERSONNEL					
Average headcount during the fiscal year	104	114	121	116	113
Amount of payroll for the fiscal year in K€	7,081	7,402	7,326	7,189	8,153
Total amount paid in employee benefits for the fiscal year in K€	2,760	997	3,009	3,004	3,192

2.9.4 Risk management

The risks and uncertainties that the Company faces are the same as those for the Group, as described in Section 2.7 of Part 1 of this document, as the Company represents a large share of the scope of consolidation.

2.9.5 Dividend distribution policy

The Company has not distributed dividends in the past three fiscal years (the years ended December 31, 2017, 2018, and 2019).
The Company does not plan to distribute a dividend in 2021 (for the 2020 fiscal year).

2.9.6 Non-deductible expenses

Pursuant to Articles 223 quater and 39.4 of the French General Tax Code (CGI), the amount of non-tax-deductible expenses and charges amounted to €37,870. These mainly concern the share of non-deductible leases of passenger vehicles.

2.9.7 Information on supplier and customer payment times

	Invoices received due but unpaid on the reporting date					**Invoices sent and due but unpaid on the reporting date**				
	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total**	**0 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total**
(A) Late payment tranches										
Number of invoices	96	27	1	9	133	67	10	9	171	257
Total amount of invoices in question including VAT (K€)	453	40	2	118	614	552	55	99	1,498	2,205
% of total purchases in the fiscal year including VAT	1.3%	0.1%	0.0%	0.3%	1.7%					
% of revenue for the fiscal year including VAT						2.9%	0.3%	0.5%	7.8%	11.5%
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables										
Number of invoices excluded										
Total amount of invoices excluded										
(C) Reference payment time limits used (contractual or statutory – Article L. 441-10 of the French Commercial Code)										
Reference payment time limits used to calculate overdue payments	Contractual time limits: depending on the supplier					Contractual time limits: depending on the customer				

2.9.8 Shareholder Information

Information about the distribution of the Company's share capital, employee investment in the Company's share capital, and transactions entered into by senior management in 2020 are described in the corporate governance report in Part 2 of this report.

2.9.9 Stock Buyback Program

On April 18, 2017, the Company (whose shares are listed on Euronext Paris) entered into a liquidity agreement with brokerage firm Gilbert Dupont. The agreement has a 12-month term, renewable automatically, and complies with the Code of Ethics published by the AMF on March 8, 2011 and approved by the AMF on March 21, 2011.

At the Company's Annual and Extraordinary General Shareholders' Meeting on June 16, 2020, the shareholders, in their 22nd resolution, authorized the Board of Directors to implement a stock buyback program not to exceed 10% of the total number of shares making up the Company's share capital on the date of the buyback. The program was authorized for a duration of 18 months.

The stock buyback program is governed by Articles L. 225-209 *et seq*. (now L. 22-10-62 *et seq*.) of the French Commercial Code and by European Regulation No. 596/2014 of April 16, 2014. The Board of Directors may use its stock buyback authorization for the following purposes:

- To promote the liquidity of the Company's shares under a liquidity agreement to be entered into, with an investment services provider, complying with the code of ethics recognized by the AMF;
- To meet its obligations under share purchase options, free share and employee savings plans and other awards of shares to the employees and directors of the Company and its affiliates;
- To allot shares upon exercise of rights attached to securities giving access to the share capital;
- To purchase shares in order to retain and deliver them at a later stage in payment or exchange in acquisitions; and
- To cancel some or all of the shares bought back in the manner indicated therein.

The authorization granted to the Board of Directors by the General Shareholders' Meeting gives the Company the power to purchase its own shares, up to a maximum of 10% of its share capital, for a maximum price (excluding fees and commissions) of €3 per share and up to a maximum total of €4,500,000, it being noted that this purchase price shall be adjusted as necessary to reflect changes to the share capital (in particular the incorporation of reserves, grants of free shares, share splits or reverse splits) made during the period of validity of this authorization;

In addition, on June 16, 2020, the Company's General Shareholders' Meeting authorized the Board of Directors, on the same terms as in previous years and for a period of 24 months:

- To decrease the Company's share capital by one or more cancellations of all or some of the shares acquired by the Company in connection with is buyback program for its own shares, up to a limit of 10% of the share capital per 24-month period; and
- To record the difference between the buyback value of the cancelled shares and their par value in available premiums and reserves.

To that effect, the General Shareholders' Meeting gave all powers to the Board of Directors to set the terms and conditions of the capital decrease or decreases to be carried out following any cancellation transactions.

As of December 31, 2020, the Company held 100,732 of its own shares that it acquired in connection with the liquidity agreement (or approximately 0.4% of the share capital) for a total purchase price of €146,000.

No shares of the Company were cancelled in 2020.

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. As the liquidity agreement remains suspended, no shares were sold or bought in that connection during the 2020 fiscal year.

PART 2 - CORPORATE GOVERNANCE REPORT

To the Shareholders:

This purpose of this report is to inform you as to the composition of the Board of Directors, the conditions pursuant to which it prepares and organizes its work, its governance rules, and the policy and composition of its executive compensation.
Prepared pursuant to Article L. 225-37 of the French Commercial Code, it is presented to you together with the management report.
The Company complies with the recommendations of the Corporate Governance Code for small-caps and mid-caps published by MiddleNext in September 2016 (the "**MiddleNext Code**"). The Company's Bylaws and the Charter of the Board of Directors can be found on the Company's website.

3. CORPORATE GOVERNANCE

3.1. COMPOSITION AND CONDITIONS OF PREPARATION

3.1.1 Management of the Company

The Board of Directors decided at its meeting of May 28, 2018 to separate the Company's executive management from the chairmanship of the Board of Directors. Since May 28, 2018, therefore, the Company has been managed and run by a Chief Executive Officer who is now also a member of the Board of Directors. The Chief Executive Officer is fully empowered to act on the Company's behalf in any circumstances. He exercises these powers within the limit of the corporate purpose and without prejudice to the powers expressly allocated by law to Shareholders' Meetings and to the Board of Directors, and specifically the limitations laid down in the Board's Charter.
In addition to the powers reserved for the Board of Directors by law, the Board's Charter approved on November 22, 2018 provides that before implementation by senior management, the Board of Agreement must approve strategic investments and other transactions that could have a significant impact on the Company's income, balance sheet, or risk profile, including the following:

- the creation of a new subsidiary or the acquisition of an equity investment in a company;
- the acquisition of all or nearly all of the assets of any entity, or the entry into a strategic alliance, a significant technology licensing agreement, or any other cooperative relationship with another company;
- any entry into a commercial agreement that would limit the Company's business and/or would grant it exclusivity outside the ordinary course of business;
- any acquisition, sale, assignment, or other transfer of intellectual property rights or research and development results, or any license to such rights (in connection with a licensing agreement or an exit license) outside the ordinary course of business;
- entering into any loan or other indebtedness of the same nature, other than commercial credit or credit arising in the ordinary course of businesses, that is not provided for in the annual consolidated budget;
- the hiring or removal of any corporate officer or employee of the Company whose gross annual compensation exceeds €200,000, outside the annual consolidated budget;
- the determination of compensation (including variable compensation, hiring bonuses, severance payments, and/or payments under non-compete clauses) and other significant terms of employment (including, where applicable, the entry into or amendment of any service agreement) of any officer or employee of the Company whose annual gross compensation exceeds €200,000, and not provided for in the annual consolidated budget;
- a guarantee of the obligations of any person or entity;
- the creation or granting of a pledge, mortgage, or any other form of security on one of its assets;
- the commencement or settlement of any significant claim, prosecution, action, matter, or proceeding;
- the entry into, amendment, or termination of any transaction with any shareholder, affiliate, or other related party;
- any significant change in the Company's business;
- the approval or modification of any stock option plan or similar incentive compensation plan;
- the preparation of the annual consolidate budget for the Company and its subsidiaries;
- the acquisition, sale, or lease of real property or premises;
- the creation of any retirement or pension plan for employees other than those that are mandatory;
- any change in accounting principles that is not mandatory; and

- the creation of any committee of the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. The Company is bound by the actions of the Chief Executive Officer, even if such actions are *ultra vires*, unless the Company can prove that the third party knew that the action was *ultra vires*, or could not have been unaware of that fact given the circumstances. However, the publication of the bylaws alone shall not constitute sufficient evidence. However, the Chief Executive Officer may not grant any surety, endorsement or guarantee for the benefit of third parties without the express permission of the Board of Directors.
In accordance with the bylaws, the Chief Executive Officer may delegate any or all of his powers, subject to his responsibility.

3.1.2 Composition of the Board of Directors

In accordance with the Company's bylaws and the Charter of the Board of Directors approved on November 22, 2018, the Board of Directors must be composed of between three and 18 members. As of the date hereof, it comprises five members, including two independent members. The Board of Directors does not include a member representing the employees.
Board members are appointed for terms of three years. The term of office of a director ends following the Ordinary Shareholders' Meeting having voted on the financial statements for the prior fiscal year held in the year in which that director's term of office expires.
The number of directors who are more than 75 years of age may not be greater than one-third of the directors in office. When this limit is exceeded during a term of office, the oldest director is automatically deemed to have resigned at the end of the next Shareholders' Meeting.
Directors are always eligible for re-election; they may be removed at any time by decision of the General Shareholders' Meeting.
In accordance with the terms of its Charter, the Board of Directors must, insofar as possible, have at least two independent directors, as is recommended in Recommendation R3 of the MiddleNext Code. This number may be reduced to one member if the Board has five or fewer members.
The Board of Directors elects a Chairman from among its members. The Chairman must be a natural person. It determines his term of office, which cannot exceed his term of office as director, and may dismiss him at any time. The Board determines his compensation, if any.

Composition of the Board of Directors as of the date of this report

Name	Position on the Board of Directors	Main positions held outside the Group	Dates of term in office	Audit Committee	Nomination and Compensation Committee
Michael Brock	Chairman of the Board of Directors and independent director	Consultant	**Date of first appointment**: May 28, 2018 (previously a member of the Supervisory Board since October 31, 2016) **Date of expiration of term:** Annual Ordinary Shareholders' Meeting voting on the financial statements for the year ended December 31, 2020	Chairman of the Committee	Member of the Committee
Ghislaine Gueden	Independent director	Coaching and management consulting	**Coopted by the Board of Directors**: February 13, 2019 **Ratification**: May 13, 2019 **Date of expiration of term:** Ordinary Shareholders' Meeting voting on the financial statements for the fiscal year ended December 31, 2020	-	Chairwoman of the Committee
Antoine Bara	Director and CEO (representing the majority shareholder)	Director of Hologic France	Coopted by the Board of Directors[8]: August 2, 2019 **Ratification**: June 16, 2020 **Date of expiration of term:** Ordinary Shareholders' Meeting voting on the financial statements for the fiscal year ended December 31, 2020	-	-
Michelangelo Stefani	Director (representing the majority shareholder)	Vice-President Legal, International of Hologic Inc.	**Coopted by the Board of Directors[9]: August 2, 2019** **Ratification**: June 16, 2020 **Date of expiration of term:** Ordinary Shareholders' Meeting voting on the financial statements for the	-	Member of the Committee

8 Antoine Bara was appointed for the remainder of the term of office of Bpifrance Investissement, *i.e.* until the end of the Ordinary Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2020.
9 Michelangelo Stefani was appointed for the remainder of the term of office of Mérieux Participations, *i.e.* until the end of the Ordinary Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2020.

Name	Position on the Board of Directors	Main positions held outside the Group	Dates of term in office	Audit Committee	Nomination and Compensation Committee
			fiscal year ended December 31, 2020		
Souad Belarbi	Director (representing the majority shareholder)	Director of Public Affairs and Market Access at Hologic	**Coopted by the Board of Directors**[10] : January 19, 2021 **Ratification**: Ordinary Shareholders' Meeting voting on the financial statements for the fiscal year ended December 31, 2020 **Date of expiration of term:** Ordinary Shareholders' Meeting voting on the financial statements for the fiscal year ended December 31, 2020	-	-

Independent members

The Company applies Recommendation R3 of the MiddleNext Code regarding the presence of independent members of the Board of Directors.

- Michael Brock (Chairman) and Ghislaine Gueden, are independent directors within the meaning of the MiddleNext Code, since they:
  - Are neither employees nor corporate officers of the Company or of a company in its Group, and have not had such status during the last five years;
  - Are not customers clients, suppliers, or bankers of the Company, or for whom the Company or its Group would represent a significant share of its business, and have not been over the past two years;
  - Are not major shareholders of the Company or holders of significant voting rights;
  - Do not have any close family ties with a company officer or a major shareholder; and
  - Have not been a statutory auditor of the Company in the last six years.

Gender Parity

The Board of Directors is currently composed of three men and two women, which means that 40% of its members are women. The Company is thus in compliance with Article L.225-18-1 of the French Commercial Code, and the Board of Directors intends to pay particular attention to compliance with these rules.

<u>Appointment of an observer to the Board of Directors</u>

On March 17, 2020, John LaViola was appointed by the Company's Board of Directors to serve as an observer on the Board, with immediate effect, for a term of three years, to end at the close of the Annual Shareholders'

10 Souad Belarbi was appointed for the remainder of Ms. Dolan's term of office, *i.e.* until the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

Meeting to be held in 2023 to approve the financial statements for the fiscal year ending December 31, 2022. The Board of Directors decided that the observer would receive no compensation for his services.

In accordance with Article 15 of the Company's bylaws, the observer, who had been chosen for his skills, was assigned the role of reviewing the questions that the Board of Directors or its chair submit for its his review. The observer was able to attend meetings of the Board of Directors and to take part in deliberations in an advisory capacity only. The observer would receive no compensation for his services. The appointment of John LaViola as an observer had been ratified by the Company's Combined General Shareholders' Meeting on June 16, 2020.

At its meeting on January 19, 2021, the Board of Directors took note of Mr. LaViola's resignation from his position as an observer on the Board of Directors.

Biographies of the members of the Board of Directors

Michael Brock:
Michael Brock, Chairman of the Company's Board of Directors, appointed in November 2016, was the Chairman and CEO of the Danish company BK Medical, a major player in ultrasound imaging in the areas of urology and surgery.

In 1979, he joined Bruel & Kjaer (which later became B-K Medical), where he ran the Sales and Marketing group within the Sounds and Vibration segment. He was rapidly promoted to President of that segment, and then President of the Environment and Transducer division. In 1997, Mr. Brock joined the GN group as the President of Madsen Electronics A/S, a small company specialized in audiology measuring equipment. Under his leadership, the company grew to be the world leader in auditory diagnostic instruments and software. In 2001, Madsen Electronics became GN Otometrics A/S.
Michael Brock had been the Chairman and CEO of the Danish company BK Medical, a subsidiary of Analogic Corporation, since 2004. He had previously served as Chairman of GN Otometrics, a subsidiary of GN Resound A/S.
Mr. Brock is an electronic and acoustical engineer with a degree from the Technical University of Denmark.

Ghislaine Gueden:
Ghislaine Gueden has more than 36 years of operational experience with the U.S. XEROX group, a world player in technologies and services.
She has held positions in sales, finance, marketing, and human resources. She joined Xerox's Executive Committee in 1999 as the Director of Marketing, and became the Director of Human Resources in 2004. In 2010 she took over responsibility for development, compensation, and benefits in the Department of Human Resources at the European headquarters in London.
In 2012 she was appointed President of Xerox France and, in that position, created an effective marketing policy in a highly competitive environment, effecting large transformations, in particular moving the company away from technologies and towards services.
She was a member of the Supervisory Board of GEREP, a brokerage and management company in the area of social protection. She has also developed a coaching and management consulting business for corporate executives.
A graduate of the EDHEC business school, Ms. Gueden is also an HEC-certified coach.

Antoine Bara:
Antoine Bara joined the Hologic group in 2018 and became the head of Operations in France in January 2019, to develop the group's business. In January 2020, he was appointed CEO of SuperSonic Imagine. He has more than 20 years of experience in the information services and health care industries, primarily with Pharmagest Interactive, which he joined in 2010 to manage operations in the Rhône Alpes region and then in the greater South-West & Occitania region beginning in 2011. He was involved in the transformation of the Company's marketing policy and the launch of new services for pharmacy groups. Mr. Bara is a graduate of the Institute of Business and Management.

Souad Belarbi:

Souad Belarbi is the Director of Public Affairs and Market Access for the Hologic group, based in Paris, for which she covers the following regions: Europe, Middle East, and Africa.
Before joining the Hologic group in 2018, Ms. Belarbi had worked for the Johnson & Johnson group in France, Europe, and Asia. She held several positions: public affairs, health economics, marketing, and sales.
Ms. Belarbi holds degrees in Health Economics from the University of York, Paris Dauphine, and Université René Descartes.

Michelangelo Stefani:
Michelangelo F. Stefani is the vice president of Legal, international for the Hologic group, based in Brussels. In his current position, Mr. Stefani is the head of legal affairs and international compliance for Hologic.
Before joining Hologic in 2016, Mr. Stefani served as vice president and director of compliance at Medtronic, and as vice president and international attorney for the Covidien group, supporting the President of Emerging Markets and his management team in emerging market regions. Prior to joining the Covidien group, Mr. Stefani was an attorney for the EMEA region with the Tyco International group.
Mr. Stefani was admitted to the Brussels Bar in 1995 and was a contract associate with Morgan, Lewis & Bockius in Brussels.

Members of the Board of Directors who stepped down from their positions during the fiscal year ended December 31, 2020

Patricia Dolan:
Patricia Dolan practiced corporate law for 20 years, with an emphasis on securities and corporate governance, advising on a broad range of U.S. and international legal questions faced by multinational corporations.
Until 2020, she had been vice president and secretary of Hologic, Inc. since 2015. At Hologic, she advised the Board of Directors and senior management on corporate governance, executive compensation, corporate risk management, and compliance with U.S. securities laws, among other topics. Before joining Hologic, she was vice president, securities adviser, and deputy secretary of Covidien plc (now Medtronic plc), handling matters of corporate governance, compliance with U.S. securities laws, and legal questions and reports on treasury transactions in Irish companies, among others. Before joining Hologic, Ms. Dolan was a partner at the firm of Nixon Peabody LLP (formerly Hutchins, Wheeler & Dittmar) in Boston, Massachusetts. During her time at Nixon Peabody, Ms. Dolan was seconded for one year to Telstra Corporation, Australia's largest telecommunications company, and, at the time, the largest public sector company in Australia.
Ms. Dolan holds an undergraduate degree in English from Yale University and a law degree from the Duke University School of Law.

Biography of the observer on the Board of Directors *(who stepped down from his position during the fiscal year ended December 31, 2020)*

John LaViola:
Mr. LaViola has been conducting medical device research and development for more than 35 years, covering a wide range of clinical fields at organizations of various sizes and complexities, from startups to multinationals.
Until 2020, he was vice president of business development and the head of strategic innovation in the breast and skeletal health solutions division at Hologic. He was responsible for mergers and acquisitions, technology partnerships, and commercial alliances, as well as for innovation strategy relating to products and services for Hologic's largest commercial unit. Before holding that position, Mr. LaViola was the head of research and development (R&D), as vice president of R&D beginning in 2008, and prior to that as Senior Director, beginning in 2002. In addition to leading multiple acquisition and partnership projects for Hologic, he obtained various U.S. and worldwide patents for inventions in the areas of patient monitoring, diagnostics, and imaging.
Mr. LaViola holds an undergraduate degree from the University of Connecticut and a masters from the University of New Haven.

3.1.3 Other positions

Other positions currently held outside the Group			
	Type of position SB: Supervisory Board BD: Board of Directors	**Company**	**Listed Company**
Michael Brock	Chairman and CEO Chairman Chairman Director Director	DDD Diagnostic A/S Trod Medical SA Biolid Group Aps Xena Network A/S Ibsen Photonics	No No No No No
Ghislaine Gueden	-	-	-
Antoine Bara	-	-	-
Souad Belarbi	-	-	-
Michelangelo Stefani	BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Managing Director) BD (Director) BD (Director) BD (Manager) BD (Director) BD (Director) BD (Director) BD (Director) BD (co-manager) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Designated Partner)	Beijing Hologic Technology Co., Ltd. (BHT) Beijing TCT Medical Technology Co., Ltd. ("Xinbai") Benassar Diagnóstica-Equipamientos Médicos Unipessoal, Lda. Cytyc Cayman Limited Emsor, Sociedad de responsabilidad limitada Hologic (Australia & New Zealand) Pty Limited Hologic (Shanghai) Medical Devices Co., Ltd Hologic Asia Limited Hologic Asia Pacific Limited Hologic Austria GmbH Hologic BV Hologic Canada ULC Hologic Caribbean (Barbados) SRL Hologic Denmark ApS Hologic Deutschland GmbH Hologic Europe Middle East and Africa SA Hologic Finance Ltd. Hologic France SARL Hologic GGO 4 Ltd. Hologic Global Holding Ltd. Hologic Hitec-Imaging GmbH Hologic Holdings Limited Hologic HUB Ltd. Hologic Iberia S.L Hologic India LLP	No No No No No No No No No No No No No No No No No No No No No No No No No

	BD (Director)	Hologic International Holdings B.V	No
	BD (Director)	Hologic IP Ltd.	No
	BD (Director)	Hologic Ireland Limited	No
	BD (Director and Chairman)	Hologic Italia S.r.l.	No
	BD (Representative Director)	Hologic Japan KK (Hologic Japan, Inc.)	No
	BD (Director)	Hologic Ltd.	No
	BD (Director)	Hologic Malaysia SDN. BHD.	No
	BD (Director)	Hologic Medical Technologies (Beijing) Co., Ltd.	No
	BD (Managing Director)	Hologic Medicor GmbH	No
	BD (Director)	Hologic Medicor Suisse GmbH	No
	BD (General Manager)	Hologic Middle East, Dubai	No
	BD (Director)	Hologic Netherlands B.V.	No
	BD (Director)	Hologic Taiwan Ltd.	No
	BD (Director)	Hologic Singapore Pte Ltd.	No
	BD (Director)	Hologic Suisse SA	No
	BD (Administrative Manager)	Hologic Surgical Products Costa Rica, Sociedad de Responsabilidad Limitada	No
	BD (Director)	Hologic Sweden AB	No
	BD (Director)	Hologic UK Finance Ltd.	No
	BD (Director)	Navigation Three Limited	No
	BD (Director)	Sentinelle Medical ULC	No
	BD (Director)	TCT International Co., Ltd.	No
Patricia. Dolan (stepped down from her position as a member of the Board of Directors on December 30, 2020)	Shareholder Representative	Beijing Hologic Technology Co., Ltd. (BHT)	No
	Vice-President and Secretary	BioLucent, LLC	No
	Director	Bioptics, Inc.	No
	Vice-President and Secretary	Bioptics, Inc.	No
	Vice-President and Secretary	Cytyc Corporation	No
	Director	Cytyc Corporation	No
	Vice-President and Secretary	Cytyc Prenatal Products Corp.	No
	Director	Cytyc Prenatal Products Corp.	No
	Authorized Signatory	Cytyc Surgical Products, LLC	No
	Vice-President and Secretary	Cytyc Surgical Products, LLC	No
	Manager	Cytyc Surgical Products, LLC	No
	Vice-President and Secretary	Direct Radiography Corp.	No
	Director	Direct Radiography Corp.	No
	Vice President and Secretary	Faxitron Bioptics, LLC	No
	Director	Focal Therapeutics, Inc.	No
	Vice President and Secretary	Focal Therapeutics, Inc.	No
	Vice President and Secretary	Gen-Probe Incorporated	No

	Director Vice President and Secretary Director Vice President and Secretary Director Vice President and Secretary Director Authorized Signatory Vice President and Secretary Vice President and Secretary Vice President and Secretary Vice President and Secretary Vice President and Secretary Vice President and Secretary Vice President and Secretary Vice President and Secretary Director	Gen-Probe Incorporated Gen-Probe Prodesse, Inc. Gen-Probe Prodesse, Inc. Gen-Probe Sales & Service, Inc. Gen-Probe Sales & Service, Inc. Health Beacons, Inc. Health Beacons, Inc. Hologic (MA), LLC Hologic (MA), LLC Hologic GGO 1, LLC Hologic GGO 2, LLC Hologic GGO 5, LLC Hologic US Finance Co LLC Hologic, Inc. Palomar Medical Technologies, LLC Suros Surgical Systems, Inc. Suros Surgical Systems, Inc.	No No No No No No No No No No No No No Yes No No No
John LaViola (stepped down from his position as a member of the Board of Directors on December 11, 2020)	Vice President Director Member of the advisory committee	Hologic, Inc. Ariane Medical Systems, Ltd Fairfield University	Yes No No

Other positions outside the Group during the last five fiscal years and which have now ended			
	Type of position BD: Board of Directors SB: Supervisory Board	**Company**	**Listed Company**
Michael Brock	Chairman Chairman Chairman	Omni-Drive Solum Group Vesicon S.A.	No No No

	Director Director Director	Brunata Unisense Floating Power Plant	No No No
Ghislaine Gueden	SB member	GEREP	No
Antoine Bara	-	-	-
Souad Belarbi	-	-	-
Michelangelo Stefani	BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Managing Director) BD (Representative Director) BD (Director) BD (Director) BD (Manager) BD (Director) BD (Managing Director) BD (Director) BD (Director) BD (Manager) BD (Chairman) BD (Director) BD (Director) BD (Manager) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director) BD (Director)	Beijing Mingwood Biotechnology Co., Ltd. Beijing Century Jinbai Technology Co., Ltd. (the "Lab") Cynosure Spain S.L. Beijing TCT Jinbai Technology Co., Ltd. Century Likang (Beijing) Technologies Co., Ltd. Cynosure Australia Holdings Limited Cynosure B.V. Cynosure KK Cynosure China Holdings Limited Cynosure France Holdings Limited Cynosure France SARL Cynosure Germany Holdings Limited Cynosure GmbH Cynosure Korea Limited Cynosure Korea Holdings Limited Cynosure Maroc SARL Cynosure Mexico, S. de R.L. de C.V. Cynosure Netherlands Holdings Limited Cynosure Pty Ltd Cynosure Portugal, Unipessoal, Limitada Cynosure Spain S.L. Cynosure Spain Holdings Limited Cynosure UK Holdings Limited Cynosure UK Ltd Gen-Probe Australia Pty. Ltd. Hangzhou Zuanbai Technology Co., Ltd. Hologic (China) Enterprise Management Consulting Co., Ltd. Hologic Asia Pacific Holdings Limited Hologic Australia Holdings Limited Hologic Austria Holdings Limited Hologic Belgium Holdings Limited Hologic Canada Holdings Limited Hologic Emsor Holdings Limited Hologic Foreign Holdings Limited Hologic Manchester Limited Hologic Medicor Holdings Limited Hologic Partners Limited Hologic SA Hologic Switzerland Holdings Limited	No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No No

	BD (Director)	Suzhou Cynosure Medical Devices Company Ltd.	No
Patricia Dolan	Vice President	Covidien PLC	Yes
John LaViola	Vice President	Hologic, Inc.	Yes

3.1.4 Conditions of preparation and organization of the work of the Board of Directors

Information to directors

To ensure the presence of the directors, in 2020 the Board of Directors set an informational schedule of meetings of the Board and its committees for the year.

Notices of meetings of the Board of Directors, specifying the agenda and including the meeting packet, are sent to the directors and, where applicable, the statutory auditors, a sufficient time in advance.

Work of the Board of Directors in 2020

The Board of Directors sets the Company's strategic direction and oversees its implementation in accordance with its corporate interest, taking into consideration the social and environmental effects of its business. Subject to the powers expressly reserved for Shareholders' Meetings and within the scope of the corporate purpose, it may deal with any matter pertaining to the proper functioning of the company and takes decisions on any matter within its remit.

The frequency of meetings of the Board of Directors reflects the various developments in the Company's business. Thus, the Board of Directors meets as often as the Company's situation warrants it.

From January 1 through December 31, 2020, the Company's Board of Directors met 10 times with an average rate of attendance by Board members of 96%. By comparison, during the fiscal year ended December 31, 2019, the Company's Board of Directors met 12 times, and the average attendance rate was 87%. The increased number of meetings in 2019 was due in particular to the completion of the tender offer initiated by Hologic Hub Ltd. for the Company's shares.

The Board of Directors met on the following dates: January 23, February 4, March 17 at 1:00 pm, March 17 at 1:30 pm, April 14, May 4, June 22, July 21, September 22, and November 2, 2020.

Members of the Board of Directors in 2020	Attendance rates
Michael Brock	100%
Ghislaine Gueden	100%
Antoine Bara	80%
Michelangelo Stefani	100%
Patricia Dolan	100%

During the fiscal year ended December 31, 2020, the Board of Directors addressed matters that included the following:

- Approval of the interim and annual financial statements;
- Review of the reports of the various committees and related decisions;
- Approval of the budget;
- Authorization and review of related-party agreements;
- Removal of the Chief Executive Officer
- Appointment of a Chief Executive Officer and of a new member of the Nomination and Compensation Committee; appointment of an observer;

- Drafting of compensation policy applicable to the Company's executive officers;
- Annual evaluation of the work of the Board of Directors and of the Board committees;
- Taking note of the exercise of share subscription warrants and options;
- Project to transfer the listing of the Company's shares from the Euronext Paris regulated market to the Euronext Growth Paris multilateral trading platform;
- Review of the Company's financial, commercial, production and quality information.

Charter of the Board of Directors:

The Charter of the Company's Board of Directors and its committees exists to provide, in addition to applicable legal and regulatory provisions and the Company's bylaws, procedures for the functioning of the Board of Directors and its committees. In accordance with Recommendation R7 of the MiddleNext Code, the Charter approved by the Board of Directors on November 22, 2018 can be viewed in its entirety on the Company's website. The Charter sets forth the functional procedures and the powers of the Board of Directors and its committees, and the code of conduct for the members of the Board of Directors.

Evaluation of the Board of Directors:

The Board of Directors conducts regular self-assessments of its functioning and work. This self-assessment is formally carried out in accordance with the recommendations of the MiddleNext Code each year, with the assistance of independent third parties, as needed.

The most recent assessment of the Board of Directors took place in the first half of 2020.

The table below shows the Company's position in relation to all of the recommendations of the MiddleNext Code.

Recommendations of the MiddleNext Code	**Adopted**	Will not be adopted	Discussion pending
I. "Supervisory" power			
R1: Ethics of Board members	X		
R2: Conflicts of Interest	X		
R3: Board composition – Independent members	X		
R4: Information provided to Board members	X		
R5: Organization of Board and Committee meetings	X		
R6: Establishment of Committees	X		
R7: Establishment of a Board Charter	X		
R8: Selection of each director	X		
R9: Terms of Board members	X		
R10: Director compensation	X		
R11: Establishment of the assessment of the Board of Directors' work	X		
R12: Shareholder relations	X		
I. Executive power	X		
R13: Definition and transparency of compensation to Executive Directors	X		
R14: Executive succession planning	X		
R15: Concurrent holding of employment contracts and directorships	X		
R16: Severance pay	X		
R17: Supplementary pension plans	N/A		
R18: Stock options and allocation of free shares	X		
R19: Review of areas requiring special attention	X		

The Board of Directors familiarized itself with the items presented under "Points to be Watched" and "Recommendations" of the MiddleNext Code, in accordance with Recommendation R19 of that Code, and is called to review them on a regular basis.

The Company accordingly believes that it has taken into consideration all the recommendations of the MiddleNext Code except for those relating to supplementary pensions insofar as none have been granted to date.

3.1.5 Specialized Committees

Audit Committee

Composition

The Audit Committee may include only members of the Board of Directors or any person with the necessary skills to carry out the required tasks. It is composed of two members, at least one of whom must have special skills in financial or accounting members and must be independent.
To date, the Audit Committee has two members, one of whom is an independent member of the Board of Directors best suited to fulfill the functions of members of the Company's Audit Committee, given that, for reasons of good governance, the Board of Directors did not believe it advisable to appoint Antoine Bara to the Audit Committee, since he was not only a member of the Board of Directors but also the Company's CEO.

To date, the members of the Audit Committee are:

- Michael Brock, (chairman of the Audit Committee and of the Board of Directors); and
- Andrew Chard, appointed on January 19, 2021 to replace Patricia Dolan, who stepped down from her positions on December 30, 2020. Mr. Chard is currently a Senior Director of Hologic Ltd. for the EMEA region.

Michael Brock is an independent member of the Board of Directors; thus, independent members make up one-half of this committee.

Responsibilities

Without prejudice to the matters within the remit of the Board of Directors, the Audit Committee is responsible for:

- Supervising the process used to prepare financial information;
- Assuring the effectiveness of the internal control and risk management systems;
- Supervising the legal audit of the annual and semi-annual parent company and consolidated financial statements performed by the statutory auditors;
- Issuing a recommendation on the statutory auditors nominated for appointment at the General Shareholders' Meeting and reviewing the terms of their compensation;
- Ensuring that the independence of the statutory auditors is respected;
- Examining the conditions for use of derivative products;
- Regularly informing themselves of significant legal disputes;
- Examining the Company's procedures for receiving, retaining and handling claims relating to accounting matters and accounting controls carried out internally; considering questions arising from the audit of the financial statements, as well as documents transmitted by employees on an anonymous and confidential basis that may call into question practices in accounting matters or in the audit of the financial statements;
- More generally, providing advice and formulating any appropriate recommendations in the areas mentioned above; and
- Authorizing in advance any services provided by the statutory auditors outside of statutory auditing.

Functioning

The Audit Committee meets at least twice a year, with the Statutory Auditors if its Chairman deems it useful, following a schedule set by its Chairman, to examine the annual parent company and consolidated financial statements and the interim financial statements, on the basis of an agenda established by its Chairman and sent to the members of the Audit Committee. In any event, it meets prior to the Board meeting called to examine the interim and annual financial statements. It also meets at the request of its Chairman, or of the Chairman or Vice Chairman of the Board of Directors, and at the request of the Chief Executive Officer.

During the fiscal year ended December 31, 2020, the Audit Committee met three times, and the average attendance rate of Audit Committee members was 100%.
The Audit Committee may hear from any member of the Company's management and proceed with any internal or external audit on any subject that it believes falls within its remit. The Chairman of the Audit Committee will give prior notice of such action to the Chief Executive Officer and the Chairman of the Board of Directors. In particular, the Audit Committee is empowered to interview individuals who participate in the preparation of the financial statements or in their audit (the Chief Financial Officer and other senior members of the finance department).
The Audit Committee interviews the statutory auditors. This interview may take place without the presence of any representative of the Company.

Reports

The Chairman of the Audit Committee will ensure that the minutes of the Committee's activities are provided to the Board of Directors, allowing it to be fully informed and thereby facilitating its discussions.
The report of the Board Chairman on corporate governance and internal control contains a presentation of the Committee's activity during the previous fiscal year.
If, in the course of its work, the Audit Committee becomes aware of significant risks that do not appear to have been handled properly, the Chairman will immediately alert the Chairman of the Board of Directors.

Work in 2020:

During the fiscal year ended December 31, 2020, the Audit Committee addressed matters that included the following:

- Examination of the annual financial statements for the fiscal year ended December 31, 2019 (parent company and IFRS consolidated financial statements);
- Monitoring of working capital and inventory levels;
- Preparation and supervision of financial communications;
- Monitoring of quality and production issues;
- Corporate risk analysis; and
- Examination of interim financial statements.

Nomination and Compensation Committee

Composition

The Nomination and Compensation Committee consists of members appointed by the Board of Directors, including the Board Chairman. Independent members represent, insofar as possible, the majority of its members.
As of the date of this document, the members of the Nomination and Compensation Committee were:

- Ghislaine Gueden (Chairwoman of the Nomination and Compensation Committee);
- Michael Brock, Chairman of the Board of Directors; and
- Michelangelo Stefani, director;

Ghislaine Gueden and Michael Brock are independent members of the Board of Directors; thus, independent members make up more than one-half of this committee.

Responsibilities

The Nomination and Compensation Committee is responsible for:

- Making recommendations and proposals to the Board of Directors on:
  - Executive compensation, retirement or savings plans, benefits in kind and other monetary rights, including termination benefits. The Committee proposes the amounts and structure of

compensation, particularly rules for establishing the variable portion, taking into account the strategy, objectives and results of the Company plus market practices; and

- Plans for free shares, stock options and any other similar incentive mechanisms, particularly any individual grants to executives;

- Examining the total amount of compensation and the system for dividing it among the members of the Board of Directors;
- Preparing and presenting the reports, as needed, required by the Board of Directors' charter;
- Preparing all other recommendations that may be requested by the Board of Directors or Chief Executive Officer with respect to compensation; and
- Generally, the Nomination and Compensation Committee provides all advice and makes all appropriate recommendations in the above subject areas.

Functioning

The Nomination and Compensation Committee meets in accordance with a schedule set by its Chairman, on the basis of an agenda established by its Chairman and sent to the members of the Nomination and Compensation Committee. It also meets at the request of the Chairman or Vice Chairman of the Board of Directors, and at the request of the Chief Executive Officer.
During the fiscal year ended December 31, 2020, the Nomination and Compensation Committee met twice and the average attendance rate of members of the Nomination and Compensation Committee was 100%.
The Nomination and Compensation Committee may request from the Chief Executive Officer the assistance of any senior manager of the Company whose skills could facilitate the handling of a topic on the agenda. The Chairman of the Nomination and Compensation Committee or the Chairman of the Meeting shall remind any participant of such participants' confidentiality obligations.

Reports

The Chairman of the Nomination and Compensation Committee will ensure that the minutes of the Committee's activities are provided to the Board of Directors, allowing it to be fully informed and thereby facilitating its discussions.
The report of the Board Chairman on corporate governance and internal control contains a presentation of the Committee's activity during the previous fiscal year.

Work in 2020:

During the fiscal year ended December 31, 2020, the Nomination and Compensation Committee addressed the following matters:

- Review of objectives for 2020;
- Organization of the Board of Directors;
- Recommendation on the appointment of a new Chief Executive Officer and terms of that appointment;
- Recommendation regarding the indemnities due in the event of the departure of the Chief Executive Officer;
- Recommendation regarding the setting of compensation for members of the Board of Directors; and
- Recommendation regarding the compensation of the Chairman of the Board of Directors.

3.1.6 Conflicts of Interest

Article 12 of the Charter of the Company's Board of Directors provides mechanisms for the prevention and management of conflicts of interest.
It is noted, in particular, that every member of the Board of Directors has a duty to inform the Board of any direct or indirect conflict of interest, even if only potential, and must, as applicable, abstain from participation in discussions and votes for any matter with respect to which the member would have such a conflict of interest. The Chairman of the Board of Directors may also expressly ask a director who has reported the

existence of a conflict of interest to temporarily leave the meeting when the Board is preparing to discuss matters related to the conflict of interest in question.
When the Board of Directors determines that there is a conflict of interest that had not previously been brought to its attention by the member or members in question, the Board may decide (after initiating discussions to confirm that there is actually a conflict of interest) to temporarily exclude the member or members in question from any meeting at which matters relating to the conflict of interest in question must be discussed.
As of the date of this document, the Company is aware of the following potential conflicts of interest:
Michelangelo Stefani, Souad Belarbi, and Antoine Bara, non-independent members of the Board of Directors, were appointed to the Company's Board on the proposal of Hologic Hub Ltd., the controlling shareholder of the Company, and are also employees or officers of the Hologic group (the group to which Hologic Hub Ltd., the Company's controlling shareholder, belongs).[11]
The Company's Board of Directors also includes independent directors who serve as officers of unaffiliated groups, some of which, with respect to Mr. Brock, are medical sector companies.
As of the date of this document and to the Company's knowledge:

- Subject to (i) entry into related-party agreements (which are subject to the legal oversight process) and/or (ii) the declaration of specific conflicts of interest in accordance with Article 12 of the Charter, these situations are not likely to affect the independent judgment, decision-making, or actions of the directors involved (who act, in any event, in the Company's corporate interest); and
- There are no other potential conflicts of interest between the duties of the members of the Board of Directors to the Company and their private interests and/or other duties.

It is noted that in any event, each director is required, pursuant to market abuse regulations, to report to the Company and to the AMF any transactions involving the Company's shares that they carry out directly or indirectly.
Transactions with related parties are more fully described in Section 2 of Part 2 of this document, as well as in Note 40 in Part 3 (Consolidated Financial Statements prepared in accordance with IFRS for the fiscal year ended December 31, 2020) of this document.

3.2. Specific procedures for shareholder participation in the General Shareholders' Meeting

In accordance with Article 19 of the Company's bylaws, Shareholders' Meetings are called and held pursuant to the terms provided for by law. Meetings may be held at the Company's registered office or at any other location specified in the meeting notice. The right to participate in meetings is regulated by applicable legal and regulatory provisions and is subject, in particular, to the shares being registered in the name of the shareholder or of the intermediary registered on its behalf on the second business day preceding the meeting at midnight, Paris time, or in the bearer share records held by an authorized intermediary.
Shareholders may attend the meeting personally or may choose from among the following three options:

- Appointing a proxy in the manner permitted by laws and regulations;
- Voting by mail, or
- Sending a proxy to the Company without voting instructions, as provided for by law and regulations.

The Board of Directors may organize, subject to the conditions specified by the law and regulations in effect, both the shareholder participation and the voting in the meetings by means of video conference or by means of telecommunication that allow them to be identified. If the Board of Directors decides to exercise this right for any given meeting, it will so indicate in the meeting notice (*avis de réunion*) and/or the convocation notice (*avis de convocation*). Shareholders participating in the meetings by video conference or by any other means of telecommunication described above, pursuant to the Board of Directors' choice, will be deemed present for purposes of calculating the quorum and majority.
Due to the Covid-19 epidemic and the resulting government-imposed restrictions on travel and on gatherings, the methods of organization and shareholder participation in the Company's Annual Shareholders' Meeting held on June 16, 2020, and the Ordinary Shareholders' Meeting of the Company held on October 30, 2020, were adjusted.
In accordance with Article 4 of Order 2020-321 of March 25, 2020, and pursuant to the authorization granted by Emergency Law No. 2020-290 of March 23, 2020 on management of the Covid-19 epidemic, which was

[11] In that regard, it is noted that Michelangelo Stefani is a director of Hologic Hub Ltd. (the Company's controlling shareholder).

extended until November 30, 2020, by Decree No. 2020-925 of July 29, 2020, the Company's General Shareholder Meetings held on June 16, 2020, and October 30, 2020, were both held, by decision of the Board of Directors, behind closed doors; the shareholders were not present either physically or by telephone or audiovisual conference.

4. RELATED-PARTY AGREEMENTS AND ORDINARY-COURSE AGREEMENTS

4.1. RELATED-PARTY AGREEMENTS

The Company has entered into the following agreements within the scope of L. 225-37-4 2° of the French Commercial Code that remained in effect during the 2020 fiscal year:

Loan agreement

On August 14, 2019, to enable the Company to finance its working capital requirement and to repay its debt, the Company and Hologic Hub Ltd. entered into an English-language revolving loan agreement (amended on November 22, 2019, February 12, 2020, March 17, 2020, June 23, 2020, and January 19, 2021) with the following principal terms:

- maximum total amount: €73 million
- maturity date: August 12, 2024
- interest rate: 5.47% per three-month interest period;
- early repayment: at any time without premium or penalty, provided that any early repayment is in a minimum amount of €500,000 and in multiples of €500,000 thereafter.

In addition, we note that in connection with its entry into the Loan Agreement in its capacity as a subsidiary of Hologic Hub Ltd., the Company acceded to an Intercompany Demand Promissory Note dated May 29, 2015, entered into between Hologic Inc. (the parent company of the Hologic group) and its subsidiaries in connection with a Credit and Guaranty Agreement dated May 29, 2015 (and later amended) between Hologic, Inc., Hologic GGO 4 Ltd., and Bank of America, N.A. The Intercompany Demand Promissory Note subordinates certain cash flows between members of the group to the obligations arising under the Credit and Guaranty Agreement. The Board of Directors authorized the accession on August 13, 2019. This related-party agreement was approved by the Company's Ordinary Shareholders' Meeting on June 16, 2020.

As of December 31, 2020, the outstanding balance of the loan was €54.580 million, and interest incurred was €761,000. Interest expense recorded for the fiscal year ended December 31, 2020 totaled €2.552 million.

Amendment No. 1 to the Loan Agreement

On November 22, 2020, the Company and Hologic Hub Ltd. entered into an amendment to the revolving loan agreement dated August 14, 2019, in order to raise the maximum amount of the loan from €30 million to €50 million.

It should be noted that this amendment to the loan agreement dated November 22, 2019, was not submitted for the prior authorization of the Board of Directors. The amendment was ratified by the Board of Directors on March 17, 2020. This related-party agreement was approved by the Company's Ordinary Shareholders' Meeting on June 16, 2020.

Amendment No. 2 to the Loan Agreement

On February 12, 2020, the Company and Hologic Hub Ltd. entered into a second amendment to the revolving credit agreement dated August 14, 2019, in order to remove the acceleration events, so that the agreement remains in effect until August 12, 2014. This related-party agreement was approved by the Company's Ordinary Shareholders' Meeting on June 16, 2020.

Amendment No. 3 to the Loan Agreement

On March 17, 2020, the Company and Hologic Hub Ltd. entered into a third amendment to the revolving loan agreement dated August 14, 2019, in order to raise the maximum amount of the loan to €65 million. This related-party agreement was approved by the Company's Ordinary Shareholders' Meeting held on June 16, 2020.

Amendment No. 4 to the Loan Agreement

On June 23, 2020, the Company and Hologic Hub Ltd. entered into a fourth amendment to the revolving loan agreement dated August 14, 2019, in order to raise the maximum amount of the loan to €67 million. This related-party agreement will be submitted for approval as a related-party agreement at the Company's next General Shareholders' Meeting

Amendment No. 5 to the Loan Agreement

On January 19, 2021, the Company and Hologic Hub Ltd. entered into a fifth amendment to the revolving loan agreement dated August 14, 2019, in order to raise the maximum amount of the loan to €73 million. This related-party agreement will be submitted for approval as a related-party agreement at the Company's next General Shareholders' Meeting

As a reminder, it is noted that on December 27, 2019, the Company, as seller, entered into an English-language purchase agreement (the "Purchase Agreement") with Hologic Inc., an indirect shareholder holding more than 10% of the Company's share capital, as buyer, relating to (i) all of the shares of SuperSonic Imagine Inc., the Company's U.S. subsidiary; and (ii) a receivable held by the Company against that subsidiary. The price for the shares and for the assigned receivable, the face value of which is approximately €22,760,000 as of the assignment date, was set at a total amount of €2,718,000 pursuant to a valuation report prepared by PricewaterhouseCoopers, subject to a possible upward adjustment of the price in the event of an increase in the amount of the receivable. This related-party agreement was approved by the Company's Ordinary Shareholders' Meeting on June 16, 2020.

Information regarding agreements between the company officers and the Company

As of the date of this document, there are no agreements between the Company and its corporate officers.

It is also noted that in accordance with Recommendation R-2 of the MiddleNext Code, before authorizing each agreement within the scope of Article L. 225-37-4 2° of the French Commercial Code, the Board of Directors considered whether it should retain an independent expert; the Board of Directors did not deem it necessary for the agreements referred to in this section.

4.2. Ordinary Course Agreements

The following ordinary course agreements entered into in previous years continued in 2020:

Assistance and service agreements:

A service agreement was entered into on January 1, 2011 between the Company and its subsidiaries SuperSonic Imagine Inc.[12], SuperSonic Imagine GmbH and SuperSonic Imagine Limited.
This agreement covers the provision of services rendered by the Company to its subsidiaries in the following areas:

[12] Following the acquisition, followed by the merger of SuperSonic Imagine Inc. into Hologic Inc. (the parent company of Hologic Hub Ltd) on December 27, 2019, in 2020 the Company continued to provide the services it had previously rendered to SuperSonic Imagine Inc. to Hologic Inc. See the below paragraph in that regard.

- Administrative services;
- Sales and marketing services;
- Financial and legal assistance;
- Cash management services; and
- Human resources.

An amendment to the agreement was entered into on January 1, 2013 to specify (i) the services that would be provided and (ii) the payment terms.

In consideration of these services, the Company invoices its subsidiaries the following amounts:

- Invoicing of the total service cost +12% for administrative services; and
- Invoicing of the total service cost +8% for other points covered by the agreement.

During the fiscal year ended December 31, 2020, the Company invoiced the following amounts to each of its subsidiaries under this agreement:

- €192,000 to SuperSonic Imagine GmbH; and
- €11,000 to SuperSonic Imagine Limited.

Cash management agreement:

A cash management agreement was entered into on January 1, 2011 between the Company and its subsidiaries SuperSonic Imagine Inc.[13], SuperSonic Imagine GmbH, SuperSonic Imagine Limited, SuperSonic Imagine Srl and SuperSonic Imagine (HK) Limited through which it grants them loans and cash advances.

In return for this funding, the Company invoices its subsidiaries for interest calculated on these loans and cash advances at the 3-month Euribor rate plus a 1% margin. Unpaid interest is compounded.

As of December 31, 2020, the following advances to subsidiaries were outstanding:

- €3.273 million to SuperSonic Imagine GmbH;
- €2.179 million to SuperSonic Imagine Limited; and
- €44,000 to SuperSonic Imagine Srl.

As of December 31, 2020, the following advances by subsidiaries to the SuperSonic Imagine parent company were outstanding:

- €238,000 by SuperSonic Imagine (HK) Limited.
- €2.989 million by SuperSonic (Shanghai) Medical Devices Co. Ltd.

During the fiscal year ended December 31, 2020, the Company charged the following interest to each of its subsidiaries:

- €22,000 to SuperSonic Imagine GmbH;
- €15,000 to SuperSonic Imagine Limited;
- None to SuperSonic Imagine Srl;
- None to SuperSonic Imagine (HK) Limited;
- None to SuperSonic (Shanghai) Medical Devices Co. Ltd.

Commercial services and support agreement

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

An amendment to the agreement was entered into on January 1, 2013, to specify the payment terms.

In consideration for these services, the subsidiary invoices the Company the total cost of the services plus 8%. As such, during the fiscal year ended December 31, 2020, SuperSonic (HK) Limited billed the Company €233,000.

[13] Following the acquisition, followed by the merger of SuperSonic Imagine Inc. into Hologic Inc. (the parent company of Hologic Hub Ltd.) on December 27, 2019, SuperSonic Imagine Inc. is no longer a party to this agreement.

On January 1, 2016, the Company signed a service agreement with its subsidiary SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd to cover the provision of commercial, sales and marketing services to the Company by its subsidiary.
As such, the services provided by the subsidiary are billed to the Company with a mark-up of 8%. The cost of the services billed during the fiscal year ended December 31, 2020 totaled €3.685 million.

Commercial and marketing services agreement
A commercial and marketing services agreement was entered into on December 21, 2015 between the Company and its subsidiaries SuperSonic Imagine GmbH and SuperSonic Imagine Limited.
An additional agreement was entered into in January 2016 between the Company and SuperSonic (Shanghai) Medical device Co. Ltd.
This agreement covers the services provided by the sales and marketing force of the subsidiaries to other Group companies.
As such, during the fiscal year ended December 31, 2020, SuperSonic (GmbH) Limited billed the Company €111,000. No amounts were billed in 2020 by SuperSonic Imagine Limited under this agreement.

The following ordinary course agreements entered into in previous years continued in 2020:

Commercial relations with Hologic Inc. and the other Hologic Group companies
Following the sale of SuperSonic Imagine Inc. to Hologic Inc. (the parent company of Hologic Hub Ltd), followed by the merger of the former into the latter, the commercial relations that the Company maintained with SuperSonic Imagine Inc. continued with Hologic Inc., in order to ensure the distribution of its products in the United States. Over the course of 2020, SuperSonic Imagine signed non-exclusive distribution agreements with several entities in the Hologic group (Hologic Inc., Hologic Pty Ltd, Bennasar Demu Lda, Emsor SRL, Hologic Austria GmbH, Hologic Medicor Suisse GmbH). Under those agreements, the distribution entities are considered to be Limited Risk Distributors and are guaranteed a distribution margin (operating income/revenue) of 3%.
During the fiscal year ended December 31, 2020, product sales invoiced to these entities by SuperSonic Imagine totaled €1.590 million.
The amount invoiced to SuperSonic Imagine by these distribution entities in order to equalize their distribution margins totaled €4.946 million.
On July 1, 2020, SuperSonic Imagine GmbH and Hologic Medicor GmbH entered into a license agreement pursuant to which SuperSonic Imagine GmbH grants the right and access to intangible property (customer relationships and portfolio) to Hologic Medicor. Hologic Medicor pays royalties of 4.8% of its net income related to that customer portfolio. Proceeds recorded in 2020 in respect of this agreement totaled €38,000.

Following the sale of SuperSonic Imagine Inc. to Hologic Inc., followed by the merger of the former into the latter on December 27, 2019, a service agreement was entered into on October 30, 2020, with retroactive effect as of January 1, 2020, between SuperSonic Imagine and Hologic Inc. This agreement covers the provision of services rendered by the Company to Hologic Inc. in the following areas:

- Accounting and financial services;
- Customer invoicing and account management, and management of payments received;
- Management of trade payables;
- Tax management; and
- Other back office services.

In consideration of these services, the Company invoices its Hologic Inc. at cost plus 4%.

During the fiscal year ended December 31, 2020, the amount that the Company invoiced to Hologic Inc. in respect of this agreement totaled €1,787.

5. INDEMNIFICATION PAID AND AGREEMENTS ENTERED INTO WITH A FORMER CORPORATE OFFICER

5.1. SETTLEMENT AGREEMENT ENTERED INTO FOLLOWING THE REMOVAL OF MICHÈLE LESIEUR

At its meeting on January 23, 2020, the Company's Board of Directors decided to remove Michèle Lesieur as CEO.

With respect to the financial terms of Ms. Lesieur's removal as CEO:

- The remaining fixed portion of her annual compensation for 2019 (a gross annual amount of €275,000), which remained due pursuant to a payment reminder, as well as the fixed portion of her annual compensation for 2020 (a gross annual amount of €275,000), calculated on a pro rata basis from January 1, 2020 (the first day of the 2020 fiscal year) through January 23, 2020 (the date of her termination), for a total gross amount of €87,500, were paid to her; and
- Because the performance conditions (based on revenue, EBITDA and profit margin) for payment were not satisfied, Ms. Lesieur did not receive any severance payment;
- As a result of her departure, Ms. Lesieur irrevocably lost the benefit of her rights to the grant of free performance shares of the Company for those tranches that have not yet vested (it being noted that the total number of Ms. Lesieur's vested free performance shares as of January 23, 2020 was 60,000 shares);
- The question of and full payment of her 2019 bonus (a total gross amount of €125,000) due upon the closing of a merger or acquisition of the Company (namely, the 2019 closing of Hologic Hub Ltd.'s acquisition of control of the Company) were approved by the Company's Ordinary Shareholders' Meeting held on June 16, 2020, in accordance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code.

Following her departure from the Company, Ms. Lesieur resigned from all of her company officer positions with the Company's subsidiaries.

Following the decision of the Company's Board of Directors to remove Ms. Lesieur from her position as CEO, she indicated to the Company that she formally contested the grounds for the removal, arguing in particular that the removal caused her significant financial harm.

Following negotiations between Ms. Lesieur and the Company, the Company believed that it was in its interest to enter into a settlement agreement to prevent the dispute from becoming a litigation.

On January 29, 2020, the Company and Ms. Lesieur entered into a settlement agreement in accordance with Articles 2044 *et seq*. of the French Civil Code in order to end the dispute between them. Pursuant to the agreement, the Company paid Ms. Lesieur a settlement payment in a gross amount of €500,000. In return, Ms. Lesieur agreed to a release of all of her claims and/or causes of action against the Company.

Pursuant to the settlement agreement, Ms. Lesieur also undertook not to compete with the Company for a period of 12 months following the complete cessation of her work on behalf of the Company and the Group, including as a consultant, in return for the payment of a gross monthly payment of €8,333.33, or a total gross amount of €100,000.

The settlement agreement was the subject of an *ad hoc* resolution submitted to the shareholders at the General Shareholders' Meeting voting held on June 16, 2020, and received approval from the shareholders.

5.2. CONSULTANCY AGREEMENT WITH THE FORMER CEO

Independently of the items referred to above, Ms. Lesieur agreed to assist the Company as a consultant, in connection with a specific assignment that is distinct from the position as a corporate officer that she had previously occupied within the Company.
The agreement, entered into on January 29, 2020 (for a term of six months beginning February 1, 2020), related to a specific assignment that is distinct from the positions that she previously held as CEO (and therefore unrelated to that position). The total amount of fees paid for this assignment was €50,000, excluding tax.

6. COMPENSATION OF EXECUTIVES AND OFFICERS

Due to the admission of the Company's financial instruments to the Euronext Growth Paris multilateral trading platform and the simultaneous delisting of its financial instruments from the Euronext Paris regulated market on December 30, 2020, the provisions of Articles L. 225-37-3, L. 225-82-2, and L. 225-100, II and III, of the French Commercial Code (the so-called "say on pay" provisions) no longer apply to the Company.
However, the Board of Directors continues to refer to the recommendations of the MiddleNext Code in determining the compensation and benefits to be granted to corporate officers. In accordance with those recommendations and with legal and regulatory requirements, it complies, in particular, with the following three principles:

- Exhaustiveness: fixed portion, variable portion (bonus), stock options, free shares, retirement benefits, and individual benefits are taken into account, where applicable, in reviewing overall compensation;
- Consistency and social equity: the policy applicable to the compensation of directors and of the CEO is consistent with the policy applicable to other executives and employees of the Company and its subsidiaries, and takes into account the terms governing the compensation employment of the employees of the Company and its subsidiaries;
- Balance and moderation:
  - The structure of executive and non-executive compensation, its composition, and its amount, are in the corporate interest and contribute to the Company's medium- and long-term commercial strategy, as well to the Company's sustainability; each component of compensation is reasoned and serves the Company's general interest;
  - Proportionality of the compensation policy to the Company's financial condition;
  - Alignment of the compensation policy with the interests of the Company's shareholders';
  - A fair balance that takes into account the Group's general interest in light of market practices and the executives' roles and responsibilities;
- Transparency: Complete annual information provided to shareholders about the components of the compensation granted or paid during the previous fiscal year, in accordance with applicable regulations.

The compensation payable to the members of the Board of Directors for their work with the Company is composed solely of the fixed components described below. It does not include any benefits in kind, any one-off or variable compensation, or any in shares or warrants to subscribe for shares. However, members of the Board of Directors will have the right to reimbursement of their travel and hospitality costs upon presentation of receipts.
The members of the Board of Directors do not benefit from any additional retirement plans or any compensation or indemnification for non-competition or severance. The members of the Board of Directors are not parties to any employment agreements or other service agreements with the Company or any of its subsidiaries.

It is noted, to the extent necessary, that the non-independent members of the Board of Directors also hold corporate offices or salaried positions within the Hologic group, for which they receive compensation; those offices and positions have no relationship to their positions within the Company.

Compensation of the Chairman of the Board of Directors

On February 10, 2021, on the recommendation of the Nomination and Compensation Committee, the Board of Directors maintained Michael Brock's annual compensation in his capacity as Chairman of the Board of Directors at a fixed gross amount of €45,000.

The objective of the compensation paid to the Chairman of the Board of Directors is to offer overall compensation that is understandable and transparent, competitive and motivating, in line with market practices as well as with the responsibilities entrusted to him.

Compensation of the members of the Board of Directors (ex attendance fees)

The Company's Annual General Shareholders' Meeting held on June 16, 2020, authorized a total amount of €100,000 in annual compensation for the members of the Board of Directors for fiscal year 2020, which will be allocated by the Board of Directors to the directors.

The determination of the compensation of members of the Board of Directors is based on their number and the quality of their presence (physical presence or by video conference) at each meeting of the Board of Directors, as well as, if applicable, the Audit Committee and the Nomination and Compensation Committee.

The amount of attendance fees paid to the independent members of the Board of Directors is thus paid at a rate of 100% for in-person attendance (or €2,500), of 50% for presence by video conference (or €1,250), and 0% in the event of absence.

The maximum amount of compensation for attendance at the Board of Directors that may be received by an independent director is thus limited to an annual maximum of €25,000.

As such, subject to the decision of the Board of Directors on allocation in accordance with the principles set forth above:

- Michael Brock, an independent director, receives compensation for his attendance at meetings of the Board of Directors, as well as of the Audit Committee and the Nomination and Compensation Committee, up to a limit of €25,000;
- Ghislaine Gueden, an independent director, receives compensation for her attendance at meetings of the Board of Directors, as well as of the Nomination and Compensation Committee, up to a limit of €25,000;
- Antoine Bara, a non-independent director, receives no compensation for his attendance at meetings of the Board of Directors, or the Committees;
- Patricia Dolan, a non-independent director, receives no compensation for her attendance at meetings of the Board of Directors or the Committees; Ms. Dolan resigned as a member of the Board of Directors on December 20, 2020;
- Souad Belarbi, a non-independent director, receives no compensation for her attendance at meetings of the Board of Directors;
- Michelangelo Stefani, a non-independent director, receives no compensation for his attendance at meetings of the Board of Directors or the Committees.

6.1. COMPENSATION AND BENEFITS PAID OR ALLOCATED TO THE COMPANY'S OFFICERS FOR FISCAL YEAR 2020

6.1.1 Compensation and benefits paid or allocated to members of the Company's Board of Directors for fiscal year 2020

Compensation for the members of the Board of Directors was allocated by the Board as follows:

Corporate officers Non-executives	FY 2020	FY 2019
Michael Brock		
Compensation (ex attendance fees)	€17,500	€25,000
Other compensation	€45,000	€45,000
Ghislaine Gueden		
Compensation (ex attendance fees)	€15,000	€25,000
Other compensation		
Antoine Bara		
Compensation (ex attendance fees)		
Other compensation		
Michelangelo Stefani		
Compensation (ex attendance fees)		
Other compensation		
Patricia Dolan (1)		
Compensation (ex attendance fees)		
Other compensation		
Guy Frija (2)		
Compensation (ex attendance fees)		€16,250
Other compensation		
Danièle Guyot-Caparros (2)		
Compensation (ex attendance fees)		€25,000
Other compensation		
TOTAL	77.500	136,250

(1) Ms. Dolan resigned from her position as a member of the Company's Board of Directors on December 30, 2020. On January 19, 2021, the Board of Directors, taking note of this resignation, and as permitted by Article L. 225-24 of the French Commercial Code, appointed Souad Belarbi (a Hologic employee) as a director on a temporary basis and effective immediately, subject to ratification by the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

(2) Following the closing of the acquisition by Hologic Hub Ltd. of a block representing approximately 46% of the Company's share capital as of the date thereof, Guy Frija and Danielle Guyot-Caparros stepped down as members of the Company's Board of Directors on August 2, 2019.

Compensation paid to the non-executive officers		
Corporate officers Non-executives	FY 2020 Amounts paid	FY 2019 Amounts paid
Michael Brock		
Compensation (ex attendance fees)	€25,000	€25,000
Other compensation	€45,000	€33,750
Ghislaine Gueden		
Compensation (ex attendance fees)	€25,000	
Other compensation	-	
Antoine Bara (1)		
Compensation (ex attendance fees)	-	
Other compensation	-	
Michelangelo Stefani (1)		
Compensation (ex attendance fees)	-	
Other compensation	-	
Patricia Dolan (1)		
Compensation (ex attendance fees)	-	
Other compensation	-	
Sabine Lochmann Beaujour (1)		2,500
Compensation (ex attendance fees)	-	
Other compensation	-	
Alexia Perouse (1)		22,500
Compensation (ex attendance fees)	-	
Other compensation	-	
Guy Frija (1)	16,500	16,250
Compensation (ex attendance fees)	-	
Other compensation	-	
Danièle Guyot-Caparros (1)	25,000	12,500
Compensation (ex attendance fees)	-	
Other compensation	-	
TOTAL	€136,250	€112,500

(1) On August 2, 2019, following the closing of the acquisition by Hologic Hub Ltd. of a block representing approximately 46% of the Company's share capital as of the date thereof, Bpifrance Investissement (represented by Philippe Boucheron), Mérieux Participations (represented by Thierry Chignon), Guy Frija, and Danielle Guyot-Caparros stepped down as members of the Company's Board of Directors. The Board of Directors, taking note of these resignations, and as permitted by Article L. 225-24 of the French Commercial Code, appointed Michelangelo Stefani, Patricia Dolan, and Antoine Bara (all Hologic employees) as directors on a temporary basis and effective immediately, subject to ratification by the General Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2019.

Stock subscription or purchase options granted to each director by the Company or any Group company during the fiscal years ended December 31, 2019 and 2020

None

Stock subscription or purchase options exercised by each director by the Company or any Group company during the fiscal years ended December 31, 2019 and 2020
None

Free shares granted to each director during the fiscal years ended December 31, 2019 and 2020
None

6.1.2 Compensation and benefits paid or allocated to the Company's CEO for fiscal year 2020

- **With respect to Michèle Lesieur**

Fixed compensation
Ms. Lesieur, in her capacity as Chief Executive Officer, received the fixed portion of her annual compensation for fiscal year 2020, calculated on a pro rata basis from January 1, 2020 until January 23, 2020, a gross amount of €16,041.67. It is noted that her annual fixed compensation was a gross amount of €275,000 for the 2019 fiscal year.

Annual variable compensation

No variable compensation was due to Ms. Lesieur in her capacity as CEO in respect of the fiscal year ended December 31, 2020.

It is noted that variable compensation in a maximum gross amount of €125,000, due in its entirety in the event of the completion of a merger or acquisition resulting in a change of control of the Company, was paid to her after the Board of Directors took note, at its meeting on March 17, 2020, of the completion of the change of control that occurred in 2019.

The principle and the full payment of that variable compensation were submitted to the Company's Ordinary Shareholders' Meeting on June 16, 2020 (17th resolution, approved by 99.98%).
The principles and criteria for determining, distributing and awarding the various components of the CEO's total compensation and benefits of any kind are discussed and approved by the Board of Directors. The variable compensation criteria are determined by the Board of Directors with a view to aligning interests within the Company and in particular with the Company's medium- and long-term strategy and the interests of shareholders.

Benefits in kind/cash
For the 2020 fiscal year, Ms. Lesieur received a cash housing allowance in an annual gross amount of €927.17 and a car allowance in an annual gross amount of €1,065.10.

Free share grant
As a result of her departure, Ms. Lesieur irrevocably lost the benefit of her rights to the grant of free performance shares of the Company for those tranches that have not yet vested.
It is noted, to the extent useful, that the total number of Ms. Lesieur's vested free performance shares in connection with the sole share grant plan of which she was a beneficiary was 60,000 shares.

Indemnities, benefits, and compensation granted to the CEO by reason of cessation or change in position/one-time compensation
In connection with Ms. Lesieur's removal as CEO of the Company, the Board of Directors took note, at its meeting on January 23, 2020, that the performance criteria (based on revenue, EBITDA, and profit margin) serving as conditions for granting her a severance payment equal to 12 months of gross compensation (fixed and variable) were not satisfied, on the basis of the financial information then available, and that as such Ms. Lesieur was not eligible to receive that indemnification.
As a result, the Company made no severance payment to Ms. Lesieur. The information relating to Ms. Lesieur's departure is detailed in Section 3.1 of Part 2 of this document.

Compensation paid or granted by a company within the scope of consolidation, within the meaning of Article L. 233-16 of the French Commercial Code
The CEO did not receive any such compensation.

- **With respect to Antoine Bara**

At its meeting on January 23, 2020, the Company's Board of Directors decided to remove Michèle Lesieur as the Company's CEO. Following that removal, Antoine Bara, also a member of the Company's Board of Directors, was appointed CEO of the Company (beginning January 23, 2020) until the meeting of the Board of Directors following the General Shareholders' meeting voting on the financial statements for the fiscal year ending December 31, 2022. It is specified that Mr. Bara also holds salaried positions within the Hologic group (the group to which Hologic Hub Ltd., the Company's majority shareholder, belongs).

Thus, the Board of Directors decided, on the recommendation of the Nomination and Compensation Committee, taking into account the financial condition of the Company and its subsidiaries, not to allocate any fixed, variable, or one-time compensation to the Company's CEO in his capacity as such for fiscal year 2020. The CEO, in his capacity as such, does not benefit from any additional retirement plan or any commitment by the Company corresponding to components of compensation, indemnification, or benefits due or liable to be due by reason of a cessation or change of position, or thereafter (including any non-compete fee).

It is noted that the CEO is not a party to any employment agreements or other service agreements with the Company or any of its subsidiaries.

Table summarizing the compensation of the executive officers over the last two fiscal years

Summary of compensation granted to each corporate officer				
	FY 2020		FY 2019	
In euros	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Michèle Lesieur - Chief Executive Officer until January 23, 2020				
Fixed annual compensation	16,042	103,334	275,000	192,500
Variable compensation (1)		125,000	125,000	
Extraordinary compensation	541,670	541,670		
Compensation (ex attendance fees)				
Benefits in kind	1,992	1,992	17,227	17,227
Total	**559,704**	**771,996**	**417,227**	**209,727**
Antoine Bara - CEO				
Fixed annual compensation				
Variable compensation				
Extraordinary compensation				
Compensation (ex attendance fees)				
Benefits in kind				
Total				
Total	**559,704**	**771,996**	**417,227**	**209,727**

(1) At its meetings on February 13, 2019, and June 20, 2019, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, modified the objectives the achievement of which determines the right to payment of variable compensation of up to a maximum gross amount of €125,000. In that regard, it was decided that the CEO's variable compensation would be due in its entirety in the event of a merger or acquisition resulting in a change in control of the Company.
At its meeting on March 17, 2020, the Board of Directors, noting that a change of control had occurred in 2019 (following which Hologic Hub Ltd. became the owner of approximately 80.85% of the share capital and voting rights of the Company[14]), took note of the fact that the objectives referred to above had in fact been achieved.
The principle and full payment of her 2019 bonus (a total gross amount of €125,000) due upon the closing of a merger or acquisition of the Company were approved by the Company's Ordinary Shareholders' Meeting held on June 16, 2020, in accordance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code.

[14] On the basis of the Company's share capital on the closing date of the tender offer, December 16, 2019.

Table summarizing the indemnities and benefits of the executive officers

	Employment agreement	Additional retirement plan	Indemnities or benefits due or likely to be due as a result of a termination or change of position	Indemnity relating to a non-compete clause
Michèle Lesieur - Chief Executive Officer **Start of term**: May 28, 2018 **End of term**: January 23, 2020	**NO**	**NO**	**YES**(1)	**NO**
Antoine Bara - CEO **Start of term**: January 23, 2020 **End of term**: in progress	**NO**	**NO**	**NO**	**NO**

(1) In connection with Ms. Lesieur's removal as CEO of the Company, the Board of Directors took note, at its meeting on January 23, 2020, that the performance criteria (based on revenue, EBITDA, and profit margin) serving as conditions for granting her a severance payment equal to 12 months of gross compensation (fixed and variable) were not satisfied, on the basis of the financial information then available, and that as such Ms. Lesieur was not eligible to receive that indemnification. As a result, the Company made no severance payment to Ms. Lesieur. For more information, see Section 3.1 of Part 2 of this document.

Table summarizing the compensation, options, and free shares granted to each executive officer

In euros	FY 2020	FY 2019
Michèle Lesieur - Chief Executive Officer from May 28, 2018 until January 23, 2020		
Compensation payable for the year	559,704	417,227
Value of stock options granted during the year		
Value of performance shares granted during the year		
Total	**559,704**	**417,227**
Antoine Bara - Chief Executive Officer as from January 23, 2020		
Compensation payable for the year		
Value of stock options granted during the year		
Value of performance shares granted during the year		
Total		
Total	**559,704**	**417,227**

Free shares that vested for the CEO during the fiscal years ended December 31, 2019 and 2020

Last Name	First Name	Number of free shares vested 2020	Number of free shares vested 2019
Lesieur	Michèle	0	0
Bara	Antoine	0	0

7. STOCK MARKET ETHICS CHARTER

The Company has had an ethics charter since 2014, the year of its IPO.

8. GENERAL INFORMATION ABOUT THE SHARE CAPITAL

8.1. BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The capitalization table below presents a breakdown of the Company's share capital and voting rights, on an undiluted basis as of December 31, 2020:

	As of December 31, 2020			
	Number of shares	% of the capital	Number of voting rights	% of voting rights
Executives and employees	**60,800**	0.3%	**60,800**	0.3%
Hologic Hub Ltd.	19,501,413	80.7%	19,501,413	81%
Other	4,511,484	18.7%	4,511,484	18.7%
Treasury shares	100,732	0.4%	0	0.0%
Total	**24,174,429**	**100.0%**	**24,073,697**	**100.0%**

To the Company's knowledge, as of December 31, 2020, Hologic Hub Ltd. held 19,501,413 shares of the Company, representing approximately 81% of the Company's share capital and voting rights.
To the Company's knowledge, there has been no significant change in ownership of the Company's share capital or voting rights since December 31, 2020.

8.2. SHARE CAPITAL HELD BY EMPLOYEES

In accordance with Article L. 225-102 of the French Commercial Code, we inform you that as of December 31, 2020, 0.3% of the Company's share capital was held by employees.
In March 2017 and in April 2018, the Company created free share grant plans for the benefit of its employees and officers. As of the date of this document, a total of 351,100 free performance shares were fully vested to the benefit of employees and officers of the Company under these plans, representing approximately 1.45% of the Company's share capital and voting rights, in connection with authorizations granted by the General Shareholders' Meeting, and has granted 275,200 free performance shares that have not yet vested to employees and officers of the Company, representing approximately 1.14% of the Company's share capital and voting rights. The free shares vest in annual tranches of 20%, following which they are subject to a 12-month retention period. Since Hologic Hub Ltd.'s acquisition of control of the Company, the vesting of free shares has not been subject to performance conditions, but remains subject to the condition that the beneficiary remain as an office or employee of the Company. Thus, except under special circumstances with the approval of the Board of Directors, beneficiaries irrevocably lose the unvested tranches of their free shares:

- In the event of a resignation effective before the end of a vesting period, the loss of the free shares occurs on the date that the beneficiary's employment agreement or corporate office ends; or
- In the event of dismissal or termination for any reason whatsoever before the end of the Vesting period, the loss of the free shares occurs on the date on which notice of dismissal or termination is given.
- In October 2013 and September 2014, the Company created three share subscription option plans for the benefit of certain employees and officers. To the Company's knowledge, as of the date of this

document, there are 128,282 share subscription options in circulation, the exercise of which would give rise to subscription for a total of 126,947 shares representing approximately 0.53% of the Company's share capital and voting rights (21,258 shares pursuant to the plans dated October 4, 2013 and 105,689 shares pursuant to the plan dated September 19, 2014), for an exercise price of €0.10 per share with respect to the share subscription options granted in 2013 and €8.18 per share for the share subscription options granted in 2014.

As of the date hereof, no dilutive instruments in circulation are held by either the CEO or any of the directors. As of the date hereof, there are no dilutive instruments in circulation, except for the free shares and share subscription options described above.

8.3. Crossing of equity thresholds during the fiscal year

In accordance with Article 8.3 of the Company's bylaws and Articles L. 233-7 *et seq*. of the French Commercial Code, Hologic Hub Ltd. notified the Company that it had crossed the thresholds (i) upward, of 81%, on March 27, 2020; (ii) downward, of 81%, on April 14, 2020; and (iii) upward, of 81%, on May 11, 2020[15].

To the Company's knowledge, there was no other significant change in ownership of the Company's share capital or voting rights during the fiscal year ended December 31, 2020.

8.4. Exceeding statutory thresholds - voting rights

Any natural person or legal entity, acting alone or in concert, that comes to hold, in any manner whatsoever, within the meaning of Articles L. 233-7 et seq. of the French Commercial Code, directly or indirectly, a fraction equal to three per cent (3%) of the Company's share capital or voting rights, must notify the Company by providing the information specified in Article L. 233-7-I of the French Commercial Code (in particular, the total number of shares and the voting rights that it owns) by registered mail with request for acknowledgment of receipt, or by any other equivalent means for persons residing outside of France, sent to the Company's headquarters within four trading days of the threshold being crossed.

This obligation also applies, subject to the conditions above, every time a further threshold of three percent (3%) of the company's capital or voting rights is reached or crossed, for whatever reason, including a crossing of a threshold above the statutory threshold of 5%.

Any shareholder whose ownership in the share capital or voting rights decreases below one of the thresholds described above is also required to inform the Company within the same period of four trading days, in the same manner as described above.

In the event of non-compliance with these provisions, at the request of one or more shareholders holding at least five percent (5%) of the company's share capital or voting rights, the shares exceeding the fraction which should have been declared are deprived of their voting rights at Shareholders' Meetings for two years from the date on which the notice is duly served.

As of the publication date of this annual report, the voting rights of each shareholder were the same as the number of shares held by each of them. No double voting right has been established and the Company has no intention of granting one.

There are no bylaw provisions or shareholders' agreement, to the Company's knowledge, that could result in restrictions on voting rights or on the transfer of shares.

[15] For the purposes of reporting the crossing of thresholds, pursuant to Article L. 233-9 of the French Commercial Code, the Company's treasury shares were combined with the shares held by Hologic Hub Ltd.

8.5. Transactions in the Company's shares by corporate officers

Pursuant to Article L. 621-18-2 of the French Monetary and Financial Code, the following transactions in the Company's shares were carried out by executives or persons closely related to them during the 2020 fiscal year:

Name of the executive or closely related person/Position	Name of the executive to whom the person is closely related person	Date	Place	Type of transaction	Financial instrument	Average price per share (€)	Number of shares acquired	Transaction related to the exercise of options for shares or grants of free shares or performance shares
Hologic Hub Ltd.	Michelangelo Stefani	February 11, 2020	Euronext Paris	Acquisition	Shares	1.4422	7,950	No
Hologic Hub Ltd.	Michelangelo Stefani	February 12, 2020	Euronext Paris	Acquisition	Shares	1.4682	4,123	No
Hologic Hub Ltd.	Michelangelo Stefani	February 13, 2020	Euronext Paris	Acquisition	Shares	1.4521	1,750	No
Hologic Hub Ltd.	Michelangelo Stefani	February 14, 2020	Euronext Paris	Acquisition	Shares	1.4864	8,375	No
Hologic Hub Ltd.	Michelangelo Stefani	March 20, 2020	Euronext Paris	Acquisition	Shares	1.2878	39.159	No
Hologic Hub Ltd.	Michelangelo Stefani	March 23, 2020	Euronext Paris	Acquisition	Shares	1.2809	12.997	No
Hologic Hub Ltd.	Michelangelo Stefani	March 24, 2020	Euronext Paris	Acquisition	Shares	1.3345	11,280	No
Hologic Hub Ltd.	Michelangelo Stefani	March 25, 2020	Euronext Paris	Acquisition	Shares	1.3853	16,390	No
Hologic Hub Ltd.	Michelangelo Stefani	March 26, 2020	Euronext Paris	Acquisition	Shares	1.4499	5,154	No
Hologic Hub Ltd.	Michelangelo Stefani	March 27, 2020	Euronext Paris	Acquisition	Shares	1.4977	80,735	No
Hologic Hub Ltd.	Michelangelo Stefani	March 30, 2020	Euronext Paris	Acquisition	Shares	1.5000	50,949	No
Hologic Hub Ltd.	Michelangelo Stefani	March 31, 2020	Euronext Paris	Acquisition	Shares	1.5000	5,050	No
Hologic Hub Ltd.	Michelangelo Stefani	April 16, 2020	Euronext Paris	Acquisition	Shares	1.4848	6,540	No
Hologic Hub Ltd.	Michelangelo Stefani	April 17, 2020	Euronext Paris	Acquisition	Shares	1.4731	2,479	No
Hologic Hub Ltd.	Michelangelo Stefani	April 20, 2020	Euronext Paris	Acquisition	Shares	1.4418	425	No
Hologic Hub Ltd.	Michelangelo Stefani	April 21, 2020	Euronext Paris	Acquisition	Shares	1.4900	100	No
Hologic Hub Ltd.	Michelangelo Stefani	April 22, 2020	Euronext Paris	Acquisition	Shares	1.4900	75	No
Hologic Hub Ltd.	Michelangelo Stefani	April 23, 2020	Euronext Paris	Acquisition	Shares	1.4900	100	No
Hologic Hub Ltd.	Michelangelo Stefani	April 24, 2020	Euronext Paris	Acquisition	Shares	1.4866	14,233	No
Hologic Hub Ltd.	Michelangelo Stefani	April 27, 2020	Euronext Paris	Acquisition	Shares	1.4500	839	No
Hologic Hub Ltd.	Michelangelo Stefani	April 28, 2020	Euronext Paris	Acquisition	Shares	1.4500	655	No
Hologic Hub Ltd.	Michelangelo Stefani	April 29, 2020	Euronext Paris	Acquisition	Shares	1.4556	3,235	No
Hologic Hub Ltd.	Michelangelo Stefani	April 30, 2020	Euronext Paris	Acquisition	Shares	1.4700	1,900	No
Hologic Hub Ltd.	Michelangelo Stefani	May 4, 2020	Euronext Paris	Acquisition	Shares	1.4500	11,081	No
Hologic Hub Ltd.	Michelangelo Stefani	May 5, 2020	Euronext Paris	Acquisition	Shares	1.4500	3,084	No
Hologic Hub Ltd.	Michelangelo Stefani	May 6, 2020	Euronext Paris	Acquisition	Shares	1.4500	1,151	No

Name of the executive or closely related person/Position	Name of the executive to whom the person is closely related person	Date	Place	Type of transaction	Financial instrument	Average price per share (€)	Number of shares acquired	Transaction related to the exercise of options for shares or grants of free shares or performance shares
Hologic Hub Ltd.	Michelangelo Stefani	May 8, 2020	Euronext Paris	Acquisition	Shares	1.4500	262	No
Hologic Hub Ltd.	Michelangelo Stefani	May 11, 2020	Euronext Paris	Acquisition	Shares	1.4835	2,550	No
Hologic Hub Ltd.	Michelangelo Stefani	May 12, 2020	Euronext Paris	Acquisition	Shares	1.4910	12,100	No
Hologic Hub Ltd.	Michelangelo Stefani	May 13, 2020	Euronext Paris	Acquisition	Shares	1.4650	1,719	No
Hologic Hub Ltd.	Michelangelo Stefani	May 14, 2020	Euronext Paris	Acquisition	Shares	1.4650	4,029	No
Hologic Hub Ltd.	Michelangelo Stefani	May 15, 2020	Euronext Paris	Acquisition	Shares	1.4850	1,200	No
Hologic Hub Ltd.	Michelangelo Stefani	May 22, 2020	Euronext Paris	Acquisition	Shares	1.4825	1,915	No
Hologic Hub Ltd.	Michelangelo Stefani	May 26, 2020	Euronext Paris	Acquisition	Shares	1.4800	100	No
Hologic Hub Ltd.	Michelangelo Stefani	May 28, 2020	Euronext Paris	Acquisition	Shares	1.4800	1,120	No

8.6. Control of the Company

As of the publication date of this annual report, Hologic Hub Ltd., a company indirectly held by Hologic Inc. (Nasdaq: HOLX), a U.S. company, is the Company's controlling shareholder within the meaning of Article L. 233-3 of the French Commercial Code.
To the Company's knowledge, there is no concerted shareholder action or agreement that could lead to a change of control.
To the Company's knowledge, there is no agreement that, if modified or terminated in the event of a change of control of the Company, would have a significant impact on the Company.

8.7. Pledges of Company shares

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

8.8. Agreement providing indemnification for members of the Board of Directors or employees

No agreements have been put in place by the Company to provide indemnification for members of the Board of Directors or employees in the event that they resign or their employment ends due to a tender offer.

8.9. Stock Information

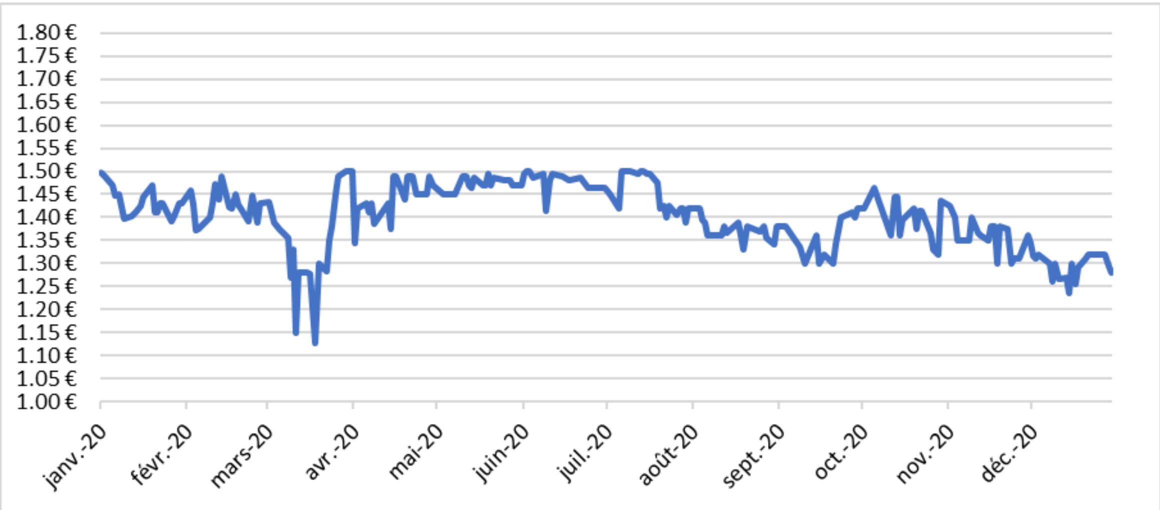
The Company's ordinary shareholders' meeting held on October 30, 2020, behind closed doors, approved the planned transfer of the Company's listing from the Euronext Paris regulated market (Compartment C) to the Euronext Growth Paris multilateral trading platform.
The reason for the transfer was for the Company to have its shares admitted to trading on a market that was better suited to its size, its market capitalization, and its public float. The transfer to Euronext Growth will

enable the Company to reduce the obligations and constraints that were burdening it, and, as a result, to decrease its listing costs, while keeping its shares traded on a financial market. The transfer also enabled the Company to use French accounting standards, beginning with its financial statements for the period ending June 30, 2021.
The request for the admission of the Company's shares to Euronext Growth was approved by the Euronext Listing Board on December 18, 2020.
The main consequences of the transfer are described in Note 16 in Part 3 of this document, Consolidated Financial Statements for the fiscal year ended December 31, 2020.
Since December 30, 2020, the Company's shares have been admitted to trading on the Euronext Growth multilateral trading platform in Paris, under ISIN code FR0010526814 (Ticker Symbol: "ALSSI").
On December 31, 2020, the share price was €1.28, representing a market capitalization of €30.9 million. On December 31, 2021 (when the shares were still trading on Euronext Paris), the share price was €1.454, representing a market capitalization of €34.9 million. There was a high of €1.50 and a low of €1.126 during the 2020 fiscal year.

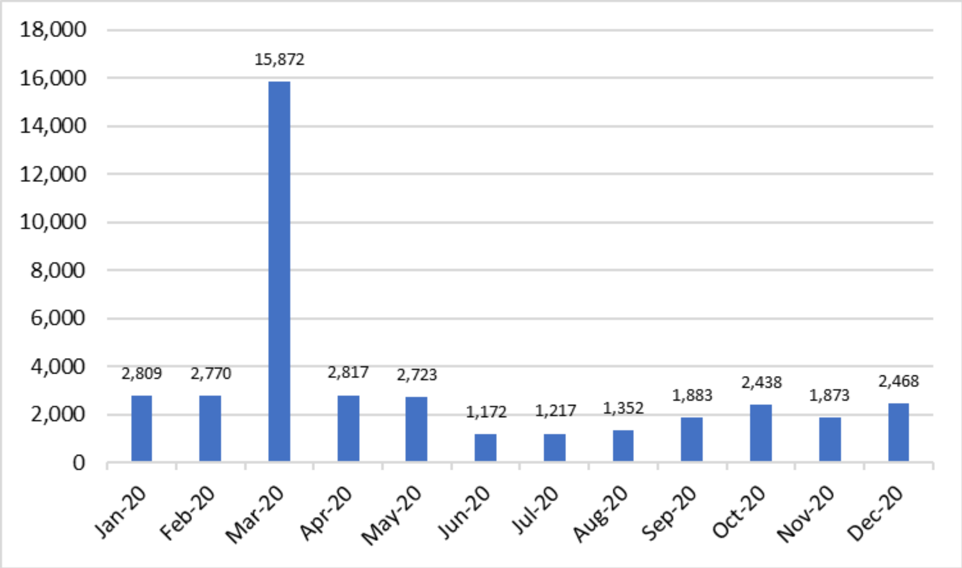
Information concerning the stock price and trades is shown below.

	Average price	Average number of shares traded
Jan 2020	€1.43	2,809
Feb 2020	€1.43	2,770
Mar 2020	€1.34	15,872
Apr 2020	€1.45	2,817
May 2020	€1.47	2,723
Jun 2020	€1.48	1,172
Jul 2020	€1.45	1,217
Aug 2020	€1.37	1,352
Sep 2020	€1.36	1,883
Oct 2020	€1.40	2,438
Nov 2020	€1.36	1,873
Dec 2020	€1.30	2,468
2020	**€1.40**	**3,369**

During the 2020 fiscal year, the stock price varied as follows:



The average number of shares traded changed, as follows:



8.10. Rules applicable to the appointment and replacement of members of the Board of Directors and amendment of the bylaws

8.10.1 Rules applicable to the appointment and replacement of members of the Board of Directors

The rules applicable to the appointment and replacement of members of the Board of Directors are described in Section 1 of Part 2 of this document.

8.10.2 Rules applicable to amendment of the bylaws

In accordance with the law, only the Extraordinary General Shareholders' Meeting is authorized to amend any provisions of the bylaws. Any clause to the contrary is null and void.

8.10.3 Powers of the Board of Directors

The powers of the Board of Directors are described in Section 1 of Part 2 of this document.

8.11. Table summarizing delegations of authority in effect

Type of delegation	Date of the General Shareholders' Meeting	Duration of validity / expiration	Limits	Price-determination procedures	Available balance
Authorization to the Board of Directors for the Company to buy back its own shares	June 16, 2020 22nd Resolution	18 months (9)	Maximum price of €3 per share, global limit of €4,500,000 Up to a limit of 10% of		(8)

Type of delegation	Date of the General Shareholders' Meeting	Duration of validity / expiration	Limits	Price-determination procedures	Available balance
			the share capital		
Authorization to the Board of Directors to decrease the share capital by cancellation of shares in connection with the authorization to buy back its own shares	June 16, 2020 23rd Resolution	24 months	10% of the share capital per 24-month period		(7)
Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or any other securities, with a preferential subscription right for shareholders	May 13, 2019 16th Resolution	26 months	€1,200,000 for equity securities and €15,000,000 for debt securities (1)		(7)
Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or any other securities, without a preferential subscription right for shareholders	May 13, 2019 17th Resolution	26 months	€600,000 for equity securities and €15,000,000 for debt securities (1)	(2)	(7)
Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or any equity-linked security, without a preferential subscription right for shareholders, as part of an offer to qualified investors or a restricted group of investors in accordance with Article L. 411-2 of the French Monetary and Financial Code.	May 13, 2019 18th Resolution	26 months (9)	€480,000 (1) up to 20% of the share capital per 12-month period for equity securities and €15,000,000 for debt securities (1)	(2)	(7)
Authorization to the Board of Directors, in the event of the issuance of shares or any other securities giving access to the share capital without a preferential subscription right for shareholders, to set the issuance price within a limit of 10% of the share capital and within the limits provided for by the General	May 13, 2019 21st Resolution	26 months (9)	Within a limit of 10% of the share capital per 12-month period	(3)	(7)

Type of delegation	Date of the General Shareholders' Meeting	Duration of validity / expiration	Limits	Price-determination procedures	Available balance
Shareholders' Meeting pursuant to Resolutions 16 to 20					
Delegation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without a preferential subscription right, in connection with Resolutions 16 to 20	May 13, 2019 22nd Resolution	26 months	Within the limit of 15% of the initial issuance (1)	Same price as the initial issuance	(7)
Delegation of authority to the Board of Directors to issue ordinary shares and equity-linked Company securities in the event that the Company initiates a tender offer with an exchange offer component	May 13, 2019 23rd Resolution	26 months	€600,000 for equity securities and €15,000,000 for debt securities (1)		(7)
Delegation of power to the Board of Directors to issue ordinary shares of the Company or securities giving access by any means, immediately and/or in the future, to ordinary shares of the Company, up to a limit of 10% of the share capital, in consideration of contributions in kind of shares or securities giving access to shares of third-party companies other than in the case of an exchange offer	May 13, 2019 24th Resolution	26 months	Up to 10% of the existing share capital as of the date of the transaction for equity securities and €15,000,000 for debt securities (1)		(7)
Delegation of authority to the Board of Directors to increase the share capital by incorporation of premiums, reserves, profits or otherwise	May 13, 2019 26th Resolution	26 months	€50,000		(7)
Authorization to the Board of Directors to grant Company share subscription or purchase options	May 13, 2019 27th Resolution	38 months	1,500,000 shares (6) and the total number of shares that could be subscribed for upon	(5)	(7)

Type of delegation	Date of the General Shareholders' Meeting	Duration of validity / expiration	Limits	Price-determination procedures	Available balance
			exercise of the share subscription options granted and not yet exercised may never be greater than one-third of the share capital,		
Authorization for the Board of Directors to grant free shares, whether existing or to be issued	May 13, 2019 28th Resolution	38 months	1,000,000 shares and up to a limit of 10% of the share capital (4)		(7)

(1) These amounts are not cumulative. The cumulative maximum limit authorized by the General Shareholders' Meeting held on May 13, 2019, for capital increases in par value pursuant to the delegations granted in Resolutions 16 to 20 and Resolutions 22 to 24 is €1,200,000. The total par value of issuances of securities representing claims against the Company and giving access to the Company's share capital pursuant to the delegations granted by the General Shareholders' Meeting held on May 13, 2019, in Resolutions 16 to 20 and 22 to 24 may not exceed €30,000,000.
(2) The issuance price for the shares and other securities must be at least equal to the minimum set by applicable laws and regulations at the time the delegation is used, which is currently the weighted average of the stock price over the last three trading days preceding the pricing, less, if applicable, the maximum 5% discount authorized by law and corrected in the event of a difference on the dividend date, it being specified that the issuance price for securities giving access to the share capital will be such that the amount immediately received by the company, plus, if applicable, the amount that it may later receive, must be, for each share issued as a result of the issuance of such securities, at least equal to the issuance price defined above.
(3) For so long as the Company's shares are listed on a regulated market, the issuance price for its shares, or the amount that the Company receives per share.
a) The issuance price for the shares shall be at least equal to the volume-weighted average price over the last three (3) trading sessions prior to pricing, to which may be applied a maximum discount of 25%, taking into account, where applicable, the dividend date, provided, that (i) in the case of an issuance of securities giving access to the share capital, the issuance price for the shares that may result from their exercise, conversion, or exchange may be set, at the discretion of the Board of Directors by reference to a calculation formula defined by it and applicable on a later date than the issuance of such securities (for example, at the time of their exercise, conversion, or exchange) to which the maximum discount referred to above may be applied, if the Board of Directors deems advisable, on the application date of the formula (rather than on the pricing date for the issuance);
b) The issuance price for securities giving access to the share capital shall be such that the amount received immediately by the Company, plus, if applicable, the amount that it may receive later shall be, for each share issued as a result of the issuance of such securities, at least equal to the issuance price defined in paragraph a) above.
(4) These amounts are not cumulative. The maximum total authorized issuances is 1,500,000 shares, pursuant to the delegations given by the General Shareholders' Meeting held on May 13, 2019, pursuant to Resolutions 27 to 29.
(5) The purchase or subscription price per shall will be set by the Board of Directors on the date on which the option is granted, within the limited provided for by law and the relevant resolution, but may not be less than 95% of the average listed price over the 20 trading sessions preceding the date of the decision by the Board

of Directors to grant the options, rounded to the next lower euro, and may not be less, with respect to share purchase options, than 80% of the average purchase price of Company shares held by the Company, rounded to the next lower euro.

(6) The issuance price of a share subscription warrant will be determined by the Board of Directors on its issuance date on the basis of its characteristics and must be equal to at least 5% of the volume-weighted average price over the 5 trading sessions on the Euronext Paris regulated market preceding the date on which the Board of Directors grants the warrants. For so long as the Company's shares are admitted to trading on a regulated market, the subscription price for an ordinary Share of the Company upon exercise of a share subscription warrant, which shall be determined by the Board of Directors at the time of the grant of the share subscription warrants, must be at least equal to the highest of the three following amounts:

a) the sale price of one share at the close of such regulated market on the day preceding the date on which the Board of Directors decides to grant the share subscription warrants;

b) the average share price over the last 20 trading sessions preceding the date on which the Board of Directors decides to grant the share subscription warrants; or

c) if one or more capital increases have been carried out less than six months prior to the decision by the Board of Directors to grant the share subscription warrants in question, the subscription price for an ordinary share of the Company used in connection with the most recent of such capital increases, evaluated as of the grant date of each share subscription warrant.

(7) These delegations were not used during the fiscal year ended December 31, 2020.

(8) This delegation was used in connection with the liquidity agreement entered into with Gilbert Dupont and suspended at the Company's request until further notice. As of the date hereof, the Company holds 100,732 of its own shares pursuant to that liquidity agreement.

(9) Without prior authorization by the General Shareholders' Meeting, the Board of Directors may not use this delegation or authorization as from the date on which a third party files a draft tender offer for the Company's shares and until the end of the offer period.

(10) The categories of persons satisfying the characteristics in question are defined as follows in the resolution as approved:

(i) Companies, institutions, or entities, whatever their corporate form, whether French or foreign, a significant part of whose business is in the healthcare and/or medical equipment and devices and/or pharmaceutical and/or biotechnology industries; and/or

(ii) Natural persons or legal entities (including companies), trusts or investment funds (including, without limitation, any FCPI, FPCI, FCPR, or FIP), or other placement vehicles of whatever form, whether governed by French law or foreign law, that habitually invest in the healthcare and/or medical equipment and devices and/or pharmaceutical and/or biotechnology industries; and/or

(iii) French or foreign investment service providers, or any foreign institution having an equivalent status, able to guarantee the completion of an issuance intended for placement to the categories of persons referred to in (i) and/or (ii) above, and, in such connection, to subscribe for the issued shares.

(11) The categories of persons satisfying the characteristics in question are defined as follows in the resolution as approved: any credit institution, investment services provider or member of a bank placement syndicate, or investment fund or company in the business of guaranteeing the completion of a capital increase or of any issuance that could lead to a capital increase in the future that may be carried out pursuant to this delegation in connection with the entry into a financing agreement for equity or debt.

9. INCENTIVE AGREEMENTS

No incentive or profit-sharing agreements put in place by the Company were in effect during fiscal years 2019 or 2020.

PART 3 - CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Consolidated income statement

In thousands of euros	Note	Dec. 31, 2020	Dec. 31, 2019
Revenue	6	17,175	26,411
Other income	7	2,058	343
Income		**19,233**	**26,754**
Cost of sales	25	(10,501)	(14,303)
Gross margin	**25**	**8,732**	**12,451**
Gross margin on revenue (1)	***25***	***6,674***	***12,108***
Gross margin as a % of revenue (2)	***25***	***38.86%***	***45.84%***
Research and development expenses	26	(3,235)	(2,894)
Selling and marketing expenses	27	(14,654)	(12,319)
General and administrative expenses	28	(5,229)	(4,039)
Operating expenses	29	(1,778)	(1,634)
Other operating income/(expenses)	30	3	8
Current operating income (loss)		**(16,161)**	**(8,426)**
Other non-current operating income/(expenses)	31	(640)	(9,326)
Operating income (loss)		**(16,801)**	**(17,752)**
Financial income	35	24	537
Financial expenses	35	(3,134)	(5,277)
Financial income (loss)	**35**	**(3,110)**	**(4,740)**
Income (loss) before tax		**(19,911)**	**(22,492)**
Income tax expense	36	(11)	(16)
Net income (loss)		**(19,922)**	**(22,508)**
Attributable to:			
Equity holders of the Company		(19,922)	(22,508)
Non-controlling interests			-
Earnings per share:			
Basic (in euros)	37	(0.83)	(0.96)
Diluted (in euros)	37	(0.83)	(0.96)

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

Consolidated statement of comprehensive income

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Net income (loss)	**(19,922)**	**(22,508)**
Other comprehensive income (loss)		
Actuarial gains/(losses) on retirement benefit obligations	(39)	209
Tax effect on actuarial gains and losses		-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**(39)**	**209**
Currency translation differences	(1)	(30)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(1)**	**(30)**
Currency translation differences transferred to results of operations following the exit of the U.S. subsidiary	-	641
Other comprehensive income (loss)	**(41)**	**820**
Total comprehensive income (loss)	**(19,963)**	**(21,688)**
Comprehensive income (loss) attributable to equity holders of the Company	(19,963)	(21,688)
Third-party non-controlling interests	-	-
Total comprehensive income (loss)	**(19,963)**	**(21,688)**

Consolidated statement of financial position

Assets

In thousands of euros	Note	Dec. 31, 2020	Dec. 31, 2019
Intangible assets	8	17,276	16,526
Property, plant and equipment	9	4,820	4,881
Rights of use under leases	10	318	541
Other non-current assets	11	2,676	2,505
Total non-current assets		**25,090**	**24,453**
Inventories	12	7,921	6,474
Trade receivables	13	3,678	6,299
Other current assets	14	996	1,982
Cash and cash equivalents	15	2,414	6,508
Total current assets		**15,009**	**21,263**
Total assets		**40,100**	**45,717**

Liabilities and shareholders' equity

In thousands of euros	Note	Dec. 31, 2020	Dec. 31, 2019
Share capital	16.1	2,417	2,403
Share premiums	16.1	5,755	5,769
Consolidated reserves	16.4	(16,883)	5,500
Non-controlling interests		-	-
Income (loss)	16.4	(19,922)	(22,508)
Total shareholders' equity		**(28,632)**	**(8,836)**
Financial debt – Long-term portion	18	54,580	39,829
Retirement obligations	19	520	414
Provisions and other non-current liabilities	20	295	1,085
Non-current lease liabilities	10	21	300
Total non-current liabilities		**55,416**	**41,628**
Financial debt – Short-term portion	18	761	3,178
Trade payables	21	3,513	4,076
Provisions and other current liabilities	22	8,732	5,399
Current lease liabilities	10	310	272
Total current liabilities		**13,316**	**12,925**
Total liabilities		**68,732**	**54,553**
Total liabilities and shareholders' equity		**40,100**	**45,717**

Consolidated statement of changes in shareholders' equity

In thousands of euros	Note	Attributable to equity holders of the Group						
		Share Capital	Share premiums	Currency translation reserves	Consolidated reserves and net income (loss) attributable to equity holders of the Group	Total attributable to equity holders of the Group	Non-controlling interests	Total shareholders' equity
As of January 1, 2019		**2,341**	**19,366**	**(593)**	**(8,553)**	**12,562**	**-**	**12,562**
Actuarial gains/(losses) on retirement benefit obligations		-	-	-	209	**209**	-	**209**
Change in currency translation differences		-	-	610	-	**610**	-	**610**
Total, other comprehensive income (loss)		***-***	***-***	***610***	***209***	***820***	***-***	***820***
Net income (loss) for the period		-	-	-	(22,508)	**(22,508)**	-	**(22,508)**
Comprehensive income (loss)		**0**	**0**	**610**	**(22,298)**	**(21,688)**	**-**	**(21,688)**
Capital transactions	16.1	61	-	**-**	-	**61**	-	**61**
Allocation of losses to the share premium	16.1	**-**	(13,596)	**-**	13,596	**-**	**-**	**-**
Change in treasury shares	16.3	**-**	-	**-**	8	**8**	-	**8**
Share-based payments	17	**-**	-	**-**	241	**241**	**-**	**241**
Miscellaneous		**-**	-	**-**	(19)	**(19)**	**-**	**(19)**
As of December 31, 2019		**2,403**	**5,769**	**18**	**(17,025)**	**(8,836)**	**-**	**(8,836)**

In thousands of euros	Note	Attributable to equity holders of the Group						
		Share Capital	Share premiums	Currency translation reserves	Consolidated reserves and net income (loss) attributable to equity holders of the Group	Total attributable to equity holders of the Group	Non-controlling interests	Total shareholders' equity
As of January 1, 2020		**2,403**	**5,769**	**18**	**(17,025)**	**(8,836)**	**-**	**(8,836)**
Actuarial gains/(losses) on retirement benefit obligations					(39)	**(39)**	-	**(39)**
Change in currency translation differences				(1)		**(1)**	-	**(1)**
Total, other comprehensive income (loss)				***(1)***	***(39)***	***(41)***	***-***	***(41)***
Net income (loss) for the period					(19,922)	**(19,922)**	-	**(19,922)**
Comprehensive income (loss)				**(1)**	**(19,962)**	**(19,963)**	**-**	**(19,963)**
Capital transactions	16.1	14	(14)			**-**	-	**-**
Change in treasury shares	16.3					**-**	-	**-**
Share-based payments	17				165	**165**	**-**	**165**
As of December 31, 2020		**2,417**	**5,755**	**17**	**(36,822)**	**(28,632)**	**-**	**(28,632)**

Consolidated cash flow statement

In thousands of euros	Note	Dec. 31, 2020	Dec. 31, 2019
Net income (loss)		**(19,922)**	**(22,508)**
Elimination of items with no impact on cash			
Amortization and depreciations of assets and rights of use	8/9/10	3,452	3,630
Changes in the provisions for contingencies and retirement	19/22	79	88
Gain or loss on disposal of assets	30/35	81	656
(Income)/Expense linked to share-based payments	17	165	241
Interest (income)/expense, net	35	3,093	5,162
Elimination of items with no impact on cash		(204)	-
Income tax expense	36	-	16
Cash flow linked to operating activity, before changes in WCR		**(13,256)**	**(12,714)**
Inventories	24	(1,452)	(360)
Trade receivables	24	2,626	2,622
Other receivables	24	986	(303)
Research tax credit and operating grants	24	153	(1,075)
Trade liabilities	24	1,959	(1,397)
Changes in working capital requirement:		**4,272**	**(512)**
Income taxes paid			(10)
Net cash flow linked to operating activities		**(8,984)**	**(13,236)**
Investment operations:			
Acquisitions and production of property, plant and equipment	9	(893)	(703)
Acquisitions and production of intangible assets	8	(4,601)	(5,562)
Receipt of research tax credit allocated to capitalized R&D expenses		1,282	2,438
Proceeds from the disposal of property, plant and equipment and intangible assets		-	73
Receipt / disbursement of financial assets	11	101	(13)
Proceeds from disposal of subsidiary	42	-	2,469
Net cash flows related to investment operations		**(4,111)**	**(1,297)**
Financing transactions:			
Profit from transactions on share capital	16.1	30	31
Payments with respect to rental liabilities	10	(430)	(453)
New financial debt	18	20,500	36,836
Repayment of financial debt	18	(8,301)	(19,803)
Financial interest paid	35	(2,718)	(4,052)
Acquisitions of treasury shares	16.3	-	8
Net cash flows related to financing operations		**9,081**	**12,567**
Changes in net cash flow		**(4,014)**	**(1,967)**
Cash and cash equivalents opening balance	15	6,508	8,593
Impact of the change in exchange rate on cash		(81)	(118)
Cash and cash equivalents closing balance	**15**	**2,414**	**6,508**

Notes to the consolidated financial statements

1. General Information

1.1. Presentation of the SuperSonic Imagine Group

SuperSonic Imagine is a medical technology (Medtech) company specialized in ultrasound imaging. The Group 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 and analyze tissue hardness, essential information for the diagnosis of many diseases.

In 2018 SuperSonic Imagine brought the next generation of the Aixplorer® to market: the MACH®30, followed by the MACH®20 in 2019, a version designed to target the mid-market radiology segment, and, most recently, in July 2020, the MACH® 40, expanding the Group's line of ultrasound technologies with its first premium system. The new ultrasound machine, aimed at the U.S. market, offers excellent image quality and innovating imaging modes, and was designed to improve performance and precision.

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.

The Group is present in more than 54 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 agreements.

SuperSonic Imagine and its subsidiaries (together, "the Group") have sold products from the Aixplorer® product line since 2009.

The Group subcontracts production of the ultrasound systems it sells.

SuperSonic Imagine S.A., 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 with the Aix-en-Provence Trade and Companies Register under number 481 581 890 and listed on Euronext Growth Paris (ISIN FR0010526814 - ALSSI).
Following the August 1, 2019, off-market acquisition of a total of 10,841,409 shares of SuperSonic Imagine at a price of €1.50 per share (representing as of that date approximately 45.93% of the share capital and theoretical voting rights of the Company on a non-diluted basis), Hologic Hub Ltd. filed a draft tender offer document with the AMF to acquire the Company's remaining shares, at the same price per share. The AMF approved the draft tender offer document on October 8, 2019.
Following the definitive close of the tender offer on December 13, 2019, Hologic Hub Ltd. held 19,186,609 shares of the Company, representing approximately 79.85% of the Company's share capital and voting rights.
To the Company's knowledge, as of December 31, 2020, Hologic Hub Ltd. held 19,501,413 shares of the Company, representing approximately 81% of the Company's share capital and voting rights.

In connection with its international development, the Group has five distribution subsidiaries in the following countries (see Note 42):
(a) SuperSonic Imagine GmbH, Germany, formed in March 2008;
(b) SuperSonic Imagine Ltd., United Kingdom, formed in March 2008;
(c) SuperSonic Imagine Srl, Italy, formed in October 2009;
(d) SuperSonic Imagine (H.K) Limited, Hong Kong, formed in June 2011;
(e) SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd., China, formed in December 2015.

The Company also has a representative office based in Beijing, comprising a team of more than 50 people, responsible for coordinating the local distributor network.
In December 2019, the Company had sold its U.S. subsidiary to Hologic Inc., a U.S. company indirectly holding all of the share capital of Hologic Hub Ltd. (the Company's majority shareholder). All of the impacts of the sale for the 2019 fiscal year are detailed in the financial statements for the fiscal year ended December 31, 2019, and in Note 42, below.

1.2. Key Events of the Year

TRANSFER TO EURONEXT GROWTH

The Company's ordinary shareholders' meeting held on October 30, 2020, behind closed doors, approved the planned transfer of the Company's listing from the Euronext Paris regulated market (Compartment C) to the Euronext Growth Paris multilateral trading platform.

The reason for the transfer was for the Company to have its shares admitted to trading on a market that was better suited to its size, its market capitalization, and its public float. The transfer to Euronext Growth will enable the Company to reduce the obligations and constraints that are burdening it, and, as a result, to decrease its listing costs, while keeping its shares traded on a financial market. The transfer also enabled the Company to use French accounting standards, beginning with its financial statements for the period ending June 30, 2021.

The request for the admission of the Company's shares to Euronext Growth was approved by the Euronext Listing Board on December 18, 2020.

At the close of the trading session on December 29, 2020, the Company's shares were delisted from the Euronext Paris regulated market and admitted to Euronext Growth in Paris as from December 30, 2020.

As from December 30, 2020, SuperSonic Imagine's new ticker symbol is ALSSI. The ISIN code remains unchanged: FR0010526814.

The principal consequences of the transfer are described in Note 16.

GOVERNANCE

Change of CEO

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. With respect to the financial terms of Ms. Lesieur's removal as CEO, the Company indicated that:

- The remaining fixed portion of her annual compensation for 2019 (a gross annual amount of €275,000), which remained due pursuant to a payment reminder, as well as the fixed portion of her annual compensation for 2020 (a gross annual amount of €275,000), calculated on a pro rata basis from January 1, 2020 (the first day of the 2020 fiscal year) through January 23, 2020 (the date of her termination), for a total gross amount of €87,500, were paid to her;
- Because the performance conditions (based on revenue, EBITDA and profit margin) for payment were not satisfied, Ms. Lesieur did not receive any severance payment;
- As a result of her departure, Ms. Lesieur irrevocably lost the benefit of her rights to the grant of free performance shares of the Company for those tranches that have not yet vested (it being noted that the total number of Ms. Lesieur's vested free performance shares as of January 23, 2020 was 60,000 shares); and
- The question of and full payment of her 2019 bonus (a total gross amount of €125,000) due upon the closing of a merger or acquisition of the Company (namely, the 2019 closing of Hologic Hub Ltd.'s acquisition of control of the Company) were approved by the Company's Ordinary General Shareholders' Meeting held on June 16, 2020, in accordance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code.

The Company entered into a settlement agreement with Ms. Lesieur on January 29, 2020, definitively ending the dispute between the parties following her departure as Chief Executive Officer. The settlement agreement, entered into in accordance with Articles 1103, 1104, and 2044 *et seq*. and 2052 of the French Civil Code, provided, first, that the Company would pay a settlement amount of €500,000 gross, in consideration of which Ms. Lesieur released all claims relating to her position and departure and, second, that Ms. Lesieur would not compete with the Company for a period of 12 months following the complete cessation of her work on behalf of the Company and the Group, including as a consultant, in return for the payment of a gross monthly payment of €8,333.33.

The settlement agreement was approved by the Company's Combined General Shareholders' Meeting on June 16, 2020. The impact of this settlement agreement was recorded in fiscal year 2020 in Other non-current operating expenses (see Note 31).

Independently of the items referred to above, Ms. Lesieur agreed to assist the Company as a consultant, in connection with a specific assignment that is distinct from the position as a corporate officer that she had previously occupied within the Company, for a period of six months beginning February 1, 2020. The total amount of fees paid for this assignment was €50,000, excluding tax.

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[16], the United Kingdom, Germany, Shanghai, and Hong Kong.

Appointment of an observer to the Board of Directors

On March 17, 2020, John LaViola was appointed by the Company's Board of Directors to serve as an observer on the Board, with immediate effect, for a term of three years, to end at the close of the Annual Shareholders' Meeting to be held in 2023 to approve the financial statements for the fiscal year ending December 31, 2022. The Board of Directors decided that the observer would receive no compensation for his services.

In accordance with Article 15 of the Company's bylaws, the observer, who had been chosen for his skills, was assigned the role of reviewing the questions that the Board of Directors or its chair submit for its his review. The observer was able to attend meetings of the Board of Directors and to take part in deliberations in an advisory capacity only. The observer received no compensation for his services. The appointment of John LaViola as an observer had been ratified by the Company's Combined General Shareholders' Meeting on June 16, 2020.

At its meeting on January 19, 2021, the Board of Directors took note of Mr. LaViola's resignation from his position as an observer on the Board of Directors.

Ratification of cooptations of members of the Board of Directors

At the Company's Combined General Shareholders' Meeting on June 16, 2020, the shareholders voted to ratify the cooptations of the following:

- Patricia Dolan, coopted as a non-independent director to replace Danièle Guyot Caparros, who stepped down, for the remainder of Ms. Guyot Caparros's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;

- Michelangelo Stefani, coopted as a non-independent director to replace Mérieux Participations, represented by Thierry Chignon, which stepped down, for the remainder of Mérieux

[16] As of the balance sheet date, the process of appointing a new manager was in progress.

Participations's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;

- Antoine Bara (CEO of the Company since January 23, 2020), coopted as a non-independent director to replace Bpifrance Investissement, represented by Philippe Boucheron, which stepped down, for the remainder of Bpifrance Investissement's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;

- Ms. Dolan resigned from her position as a member of the Board of Directors on December 30, 2020. Souad Belarbi was appointed for the remainder of Ms. Dolan's term of office, *i.e.* until the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020. It is specified that the ratification of Ms. Belarbi's cooptation as a member of the Board of Directors will be submitted to the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

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 conditional advances and external financial liabilities (excluding those accounted for under IFRS 16, Leases) for an amount of €8.3 million during the first six months of 2020 (see Note 18, below).

The outstanding amount of this loan was €54.6 million as of December 31, 2020.

After the closing date (see Note 41), the maximum amount of this loan was increased to €73 million, by amendment dated January 19, 2021.

IMPACTS OF THE COVID-19 PANDEMIC

During the 2020 fiscal year, the Group experienced a decline in activity in its principal markets of France, China, and the United States.
The total impact on SuperSonic Imagine's business in 2020 is estimated at €2.8 million in additional losses over the period. This impact consists of a €7.2 million decrease in revenue from Products, €2.4 million in savings on costs of sales, and €2 million in savings on structural costs. The main structural

costs affected are commissions, transportation, promotional costs, and travel and entertainment expenses.
The impact on revenue and on costs was determined by comparing Year N (2020) with Year N-1 (2019).

With respect to its financial condition, the Company 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 2020 and October through November 2020, in an amount of €1.5 million. This amount will be paid monthly during the 2021 fiscal year.
• a payment postponement granted by its French landlords with respect to its 2020 second-quarter rent, paid at the end rather than the beginning of the quarter, for an amount of €96,000.

The Group granted two of its customers six-month postponements of receivables due, for an amount of €225,000 as of the end of June 2020. These receivables were repaid during the second half of 2020. No other postponements were granted as a result of Covid in 2020.

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 €73 million) enables the Group to manage the uncertainties relating to the current epidemic.

The worldwide economic environment remains extremely uncertain, as the epidemic has reached all of the geographic regions where the Group does business and makes predictions difficult. The Group cannot guarantee that it will not be more seriously affected by lockdown measures and prohibitions on appointments with healthcare professionals in all of the countries where the Group does business (in particular in the United States, which has been heavily affected by the Covid-19 epidemic). 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. Basis for preparing the Company's Consolidated Financial Statements under IFRS

On February 10, 2021, the Board of Directors approved these consolidated financial statements. These financial statements will only be final after they are approved by the General Shareholders' Meeting, to be held during the first half of 2021.

2.1. Basis of preparation of the Financial Statements

The Group's consolidated financial statements were prepared in conformity with IFRS (International Financial Reporting Standards) and IFRIC and SIC interpretations, as adopted by the European Union and their application was mandatory at December 31, 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 application of the new standards described in Note 3 below and applied as from January 1, 2020.

On December 31, 2011, the Company prepared consolidated financial statements under IFRS for the first time. These first consolidated financial statements had been prepared in accordance with IFRS 1, "First-time adoption of International Financial Reporting Standards." The date of transition adopted by the Company was January 1, 2009. The Group has not used any of the exemptions set out in IFRS 1.

The consolidated financial statements were prepared under the historical cost convention, with the exception of certain financial assets and liabilities which are recognized at fair value.

The presentation currency of the Group is the euro. The consolidated financial statements are presented in thousands of euros with all values rounded to the nearest thousand, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.2. Going concern

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

- The Company's historical loss-making situation may be explained by the innovative nature of the products developed, which involve several years of research and development, and by funding of its sales force. The Company has been in the active marketing phase of its products since 2009;
- The available cash at December 31, 2020 was €2.4 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. After the closing date (see Note 41), the maximum amount of this loan was increased to €73 million, by amendment dated January 19, 2021. The Group believes that this loan agreement, as well as the financial support provided by Hologic, its majority shareholder, more generally, will enable it to cover all of its activities for the 12 months following the date of these financial statements.

3. Summary of significant accounting policies

The accounting policies used are identical to the ones used for the preparation of the annual IFRS consolidated financial statements for the fiscal year ended December 31, 2019, with the exception of the adoption of new standards, amendments and interpretations described below, 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 16 – Covid 19 Related Rent Concessions*, published May 28, 2020 (applicable as from June 1, 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 material 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	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.

3.1. Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the Group's control over another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.
They are de-consolidated from the date that control ceases. Gains and losses on the transfer of subsidiaries are determined by comparing the fair value of the sale price to the consolidated carrying amount of the subsidiary on the date of loss of exclusive control, and are recorded in the income statement under financial income (loss). Cumulative currency translation adjustments, historically

recorded in other comprehensive income [OR] in shareholders' equity are then recycled and included in the proceeds from the sale.
Thus, the total gain or loss from the sale includes:
- the gain or loss on the interests sold; and
- the recycling of items previously recorded directly in other comprehensive income.

Since all subsidiaries were created by the Group, no goodwill has been recorded since the creation of the Company.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated for the assets transferred and are considered as an indicator of impairment loss. Accounting policies of subsidiaries have been changed to ensure consistency with the Group's policies.

The Group has no non-controlling interests or holdings in any associates or joint ventures.

3.2. Segment reporting

The Group, which only markets products from the Aixplorer® product line, primarily operates in France, the United States, Asia, Europe, and the Middle East.

Research and development expenses, production expenses, regulatory expenses and most marketing and administrative expenses are incurred in France. At this stage, these expenses are not subject to a strict allocation by geographic region where the Company's products are marketed. As a result, the performance of the Group is currently analyzed at the consolidated level.

Non-current assets and revenue by geographic region are detailed in Note 6.

3.3. Conversion of Foreign Currency Transactions

a) Functional and presentation currency of financial statements

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional currency and the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement in the "Financial income" or "Financial expenses" line items if they relate to financial items, and in "Other operational income (expense)" if they relate to operational items.

c) Group Companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency that differs from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet line item presented are translated at the closing rate on the reporting date;
- Income and expenses for each income statement line item are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- Exchange differences resulting from the two points above are recorded as separate components of shareholders' equity in Currency Translation Reserves under Consolidated Reserves.

d) Net investment

Receivables held against consolidated foreign subsidiaries the payment of which is not foreseeable are considered net investments in foreign currencies. As such, in accordance with IAS 21, unrealized foreign exchange gains and losses on these receivables denominated in functional currencies translated into euros for the purposes of consolidation have been recorded in Other Comprehensive Income (Loss) and in Currency Translation Reserves. They are recycled into financial income (loss) on the date of sale of the investment in question.

3.4. Intangible assets

a) Licenses and patents

Acquired technologies are recorded at acquisition cost less accumulated depreciation charges determined based on the duration of the legal protection of each technology.

In the case of payments taking the form of future royalties, a debt corresponding to the discounted future minimum payments is recorded in Other Current and Non-Current Liabilities against the cost of the acquisition if the future royalties can be reliably estimated. Variable royalties are expensed under the "Cost of sales" line for the fiscal year in which they are incurred.

Acquired technologies are depreciated in the income statement under "Research and development expenses" to the extent they are used for research projects.

Where an acquired technology is no longer used, the corresponding gross value and cumulative depreciation are removed from assets.

b) Research and development

Research charges are expensed as incurred.

In accordance with IAS 38, expenses corresponding to project developments – design and test of new or improved solutions – are recognized as an intangible asset when the following criteria are met:

- The Group has the intention, financial capacity and technical capability to see the development project through;
- The Group has the resources necessary to finish the development and to use or market the product developed;
- There is a high probability that the future economic benefits attributable to the products developed will flow to the Group; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development expenses that do not meet the criteria are recognized as an expense for the period.

Capitalized development, which is principally composed of employee expenses, is depreciated in the income statement in the line "Research and Development expenses" on a straight-line basis over the duration of the estimated residual life of the product. This estimate of residual life is reviewed at each balance sheet date, and adjusted if necessary. The costs of ongoing developments are tested annually to ensure their recoverable amount exceeds their carrying amount.

c) Other intangible assets

Other intangible assets correspond to acquired software which is depreciated over 12 months, with the exception of the ERP which is depreciated over its expected useful life. Costs linked to the acquisition of software licenses are recorded as assets based on the costs incurred to acquire and put into service the software concerned.

3.5. Property, plant and equipment

The Group's business premises principally comprise the head office located in Aix-en-Provence (France) and the premises of the Chinese subsidiary in Shanghai. None of these premises is fully owned.

Equipment primarily consists of equipment for research and development, as well as production equipment made available to the subcontractor.

Furniture and administrative equipment consist of IT equipment and office furniture.

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis over the estimated useful lives as follows:

Fixtures and fittings	3 to 10 years
Research equipment and materials	18 months to 5 years
Production equipment and materials	5 years
Furniture, office and IT equipment	3 to 5 years

Residual values and useful lives are reviewed and adjusted if necessary at each reporting date.

Gains and losses on the transfer of assets are determined by comparing the proceeds from the transfer to the carrying amount of the asset transferred and are recorded in the income statement.

3.6. Impairment of non-financial assets and cash-generating units

The Group does not hold any goodwill or any property, plant and equipment or intangible asset that is non-depreciable or that has an indefinite useful life.

Non-financial assets including intangible assets and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

3.7. Financial assets

a) Non-consolidated securities

The non-consolidated securities are recognized at fair value through profit and loss, and the Group did not take the one-off option, on the date of application of IFRS 9 or upon initial recognition, to recognize them at fair value through other comprehensive income.

b) Loans and receivables

Non-current loans and receivables are recognized at amortized cost using the effective interest rate method. Upon initial recognition, impairment is systematically recognized for expected credit losses from events that may occur over the coming twelve months. In the event of a significant deterioration in the credit quality of a counterparty, the initial impairment is supplemented to cover all expected losses over the residual maturity of the receivable. Trade and operating receivables are recognized at amortized cost. They are impaired using the IFRS 9 simplified model.

3.8. Inventories

Since the production of ultrasound devices is outsourced, the Group mainly holds inventories of finished goods and spare parts as well as demonstration equipment to be sold.

Inventory is valued at the purchase price and recorded according to the FIFO method. Impairment is recognized for items whose net realizable value is lower than the carrying amount.

Inventories are reduced to their net realizable value if it is lower than their cost. Net realizable value represents the estimated sale price in normal conditions of activity, less cost of sales.

3.9. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less, they are classified as current assets.
Upon initial recognition, impairment is systematically recognized for expected credit losses from events that may occur over the coming twelve months. In the event of a significant deterioration in the credit quality of a counterparty, the initial impairment is supplemented to cover all expected losses over the residual maturity of the receivable. Trade receivables are recognized at amortized cost. They are impaired using the IFRS 9 simplified model.

3.10. Cash and cash equivalents

Cash and cash equivalents include: cash and sight deposits, deposits and loans maturing within three months, marketable securities not exposed to a significant risk of changes in value that can be readily converted into cash.
They are recognized at fair value through profit and loss. Investments in equities and bonds as well as deposits and loans maturing in over three months are excluded from cash and presented on the balance sheet under current or non-current financial assets.

3.11. Share Capital

Share capital is composed of ordinary shares, which are all classified as shareholders' equity. Marginal costs directly attributable to the issuance of new shares or options are shown, as needed, in shareholders' equity as a deduction, net of tax, from the proceeds.

The Group issued dilutive instruments which have been taken into account in the determination of the diluted earnings per share (see Note 37).

3.12. Compound instruments

Liabilities at fair value through profit and loss
When the Company issues share warrants (BSA) that do not result in the subscription of a fixed number of shares against a fixed amount of cash or another financial asset, these instruments cannot be characterized as equity instruments and are therefore presented on a separate line in the balance sheet

and recorded at fair value in accordance with IFRS 9. Subsequent variations in value are recorded in the income statement as either financial income or expenses.

3.13. Measurement and accounting of financial liabilities

Financial liabilities as of the closing date included only a loan from the Company's majority shareholder, Hologic Hub Ltd., as well as lease liabilities relating to the application of IFRS 16, Leases.

Borrowings and other financial liabilities are initially recorded at fair value and then remeasured at amortized cost, calculated using the effective economic interest method.

Transaction costs which are directly attributable to the acquisition or issue of a financial liability are recorded as a decrease of this financial liability. These expenses are then amortized actuarially over the life of the liability, based on the effective economic interest. The effective economic interest is the rate which equalizes the expected cash flows from future cash expenditure to the current net carrying amount of the financial liability so as to deduct its amortized cost.

3.14. Employee benefits

- **Retirement obligations**

The Group has both defined benefit (mainly for French employees) and defined contribution plans. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The retirement plans that are not defined contribution plans are defined benefit plans. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Actuarial profits/losses on retirement benefit obligations in Other comprehensive income in the period in which they arise.

In France, the Group's commitments to employees concerning retirement are limited to a lump-sum payment based on the amount of time an employee has worked and paid when the employee reaches the age of retirement. This retirement benefit is determined for each employee based on the time they have worked for the Company and their final projected salary.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that this advance results in a reduction in future payments or a cash refund.

The Group provides no other retirement benefits or rights to its employees.

- **Termination benefits**

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes these termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.15. Provisions

- **Provisions for contingencies**

Provisions for contingencies correspond to commitments resulting from litigation and other risks, the maturity and amount of which are uncertain, which the Company may be faced with as part of its activities.

Provisions are recognized when the Company has a legal or implicit obligation to a third party as a result of past events, for which it is probable or certain that an outflow of resources to the third party will be required to settle the obligation, without at least an equivalent value expected to be received in exchange, and when future outflows of liquidity may be reliably estimated.

The amount recorded as a provision is the best estimate of the expense necessary to extinguish an obligation, discounted at the date of the financial statements if necessary.

- **Provision for warranties**

Product sales made by the Group are covered by a one-year warranty. 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.
No provisions are recorded for future operating losses.

3.16. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as non-current liabilities if they mature more than 12 months after the reporting date, and as current liabilities if payment is due within 12 months or less after the reporting date.

3.17. Revenue recognition

For both sales by distributors sales by Group sales representatives, the accounting treatment of revenue remains the same, and in compliance with standards on revenue recognition, including IFRS 15:

- **Revenue from the sales of systems**

The Group's products are generally sold through contracts or via purchase orders issued by customers which include fixed, determinable prices that do not contain a right of return or any significant post-delivery obligation, nor any other clause inducing deferred revenue.

Group contracts with customers for equipment sales generally comprise a single performance obligation. The Group concluded that the proceeds of equipment sales should be recognized when control over the asset is transferred to the customer, typically upon delivery of the equipment.

Product distributors do not benefit from any contractual right of return on acquired products beyond the statutory 12-month warranty on products.

- **Revenue for services**

Revenue for services (principally maintenance, after-sales service, and warranty extensions) is recognized over the period when services are rendered and when collectibility is reasonably assured. Revenue for maintenance services is recognized in a linear manner over the term of the maintenance contract.

Revenue from contracts with multiple elements, such as those including services, is recognized as each element is earned based on the relative fair value of each element.

- **Revenue from the Group's technology and industrial partnerships**

Revenue from the Group's technology and industrial partnerships represents a third source of income. It corresponds to the access rights to the technology developed by the Group or partnerships to access that technology. The income is non-recurring in nature, and, as such, is presented on a separate line in the income statement under Other Income.

This income corresponds to a limited number of contracts for which the proceeds are recognized according to the terms and conditions negotiated.

Each contract is subjected to a technical analysis that determines how the revenue will be recognized. Based on this analysis, the associated profit will be recognized in full upon the signing of the contract or spread over the relevant periods.

- **Provision for warranties**

Group product sales are covered by a one-year warranty, as required by law, for the general repair of defects that existed when sold. Accordingly, most of the warranties provided by the Group are classified as assurance-type warranties under IFRS 15, which the Group recognizes in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. These statutory warranties are recognized by means of a provision for contingencies upon recognition of the income from the sale of the product. 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.

However, in certain non-standard contracts, the Group provides warranties for over one year. These warranties are recognized as service-type warranties and, accordingly, are recognized as separate performance obligations to which the Group allocates a portion of the transaction price on the basis of the relative individual sales price. Income is then recognized over time.

- **Cost of winning and performing contracts**

The marginal costs of winning customer contacts are capitalized and then amortized when the performance obligations under the contract are satisfied, and only where material, which is almost never the case given the nature of the Group's contracts.
Contract performance costs are capitalized if the costs are directly connected with an ongoing contract or an anticipated identifiable contract; and that they generate or enhance a resource needed to satisfy future performance obligations; and that they are recoverable. They are amortized when the performance obligations under the contract are satisfied.

3.18. Cost of sales

The item Cost of sales includes expenses directly attributable to the production of Aixplorer® systems, as well as services related to sales. This includes mainly:

- Product cost (purchase of components and assembly);
- The cost of the Group's Production department, which oversees the supply chain;
- Provision for warranties on systems sold;
- Royalties due for the technological elements that the Company exploits under licenses; and
- The provision for write down of inventory due to obsolescence and scrapping.

3.19. Selling and marketing expenses

Selling and marketing expenses mainly include the following costs:

- Commercial roll-out; and
- Development of the related sales force.

They also include most of the overhead incurred by the sales subsidiaries.

3.20. General and administrative expenses

General and administrative expenses mainly include:

- Wages of senior management, Administrative and Finance Department, IT Department, Quality Assurance & Regulatory Affairs; and
- Audit, legal and consultancy fees and other costs relating to regulatory affairs and quality assurance (obtaining certification for Group products) as well as insurance and rental costs (excluding those included in selling and marketing expenses).

3.21. Operating costs

The Company wished to track and present the Operations group. This department consists primarily of the Company's industrial arm.

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.

3.22. Tax credits and other government grants

Tax credits (including the Research Tax Credit and the Innovation Tax Credit) are provided by the government to give incentives for companies to perform technical and scientific research. These tax credits are recorded as reductions in the expenses recognized in the income statement when (i) the Group can receive them irrespective of taxes paid or owed in the future; (ii) the costs corresponding to the eligible programs have been incurred; and (iii) supporting documentation is available.

The portion of the research tax credit relating to capitalized development expenses is considered an investment grant and recorded as a reduction of the intangible asset.

These tax credits are included in "Other receivables – current" or "non-current" based on the timing of expected cash inflows.

In addition, grants may be available to companies that perform technical and scientific research. Such grants are typically subject to performance conditions over an extended period of time. The Group recognizes these grants in the income statement as a reduction of "Research and development expenses" (i) over the cost of the corresponding research and development program and (ii) when confirmation of the grant has been received.

Subsidies for research and development activities can take the form of repayable advances. A non-repayable loan with conditions is treated like a government grant (recorded on a pro rata basis in the income statement as a reduction of research and development expenses) if there is reasonable assurance that the company will meet the conditions relating to the exemption from repaying the loan. Otherwise, it is classified in Financial debt and measured at amortized cost. Insofar as the Company pays no interest on these advances, they were initially recognized at fair value, that is to say, with a discount equal to the market rate so as to reduce their effective interest rate to that of ordinary debt. The difference between the fair value of the advance and its nominal value constitutes a subsidy recorded as a reduction of R&D expenses as the subsidized expenses are incurred.

3.23. Leases

Since January 1, 2018, the Group has applied IFRS 16, which sets out the principles for the recognition, measurement, presentation and disclosures in the notes on leases and requires lessees to recognize their leases using a single model directly in the balance sheet, without distinction between finance leases and operating leases.
A lease involves (i) an identified asset and (ii) control by the Group of the right-of-use over this asset. Control over the right-of-use is recognized for the Group when it can benefit from substantially all the benefits flowing from the asset during the lease and it has the right to decide the purpose for which the asset will be used and the manner in which it will be used.
On the effective date of the lease, the Group recognizes:

- A debt (the lease liability), representing the sum of the present values of the remaining payments over the life of the lease, such payments including fixed lease payments and, as the case may be, sums payable by virtue of the exercise of options, residual value guarantees, and discounted at the Group's marginal borrowing rate; and
- An asset representing the right to use the underlying asset throughout the lease (the right to use the leased asset, recorded in non-current assets), initially measured at the amount of the liability recognized. To this are added payments already made by the lessee, the costs of arranging the lease and future refurbishment costs.

The Group then recognizes separately the interest on the lease liability and the amortization expense on the asset connected with the right-of-use. The lease liability, once initially measured, is recognized using a technique approximating amortized cost at the effective interest rate. The result is an interest expense corresponding to the application of the initial discount rate to the amount of the liability at the start of the fiscal year. The payments made by the Group are deducted from the amount of the debt.
The right-of-use is amortized and impaired in accordance with the respective provisions of IAS 16 "Property, plant and equipment" and IAS 36 "Impairment of Assets". With respect to amortization, the schedule cannot exceed the term of the lease if the Group is not to become the owner of the underlying asset.
The Group applied the following optional exemptions:

- Exemption for short-term leases under twelve months for certain asset categories;
- Exemption for low value leases (replacement value under USD 5,000);

The Group elected not to split out non-lease components because it feels they are not material.
The right-of-use and the debt are presented on separate lines in the balance sheet.
Subsequent measurement of the right-of-use is recognized using the cost model.
The Group remeasures the lease liability upon occurrence of certain events (for example, the term of the lease, a change in future lease payments resulting from a change in the index or rate used to determine the payments). The Group then adjusts the amount of the lease liability by adjusting the right-of-use asset.

3.24. Share-based payments

- **Plans paid out in equity instruments:**

The Group operates a number of share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services rendered in exchange for the granting of options is recognized as an expense, in accordance with IFRS 2. The total amount to be recorded corresponds to the fair value of the instruments granted.

When the instruments are exercised, the Company issues new shares. The amounts received when the options are exercised are credited to Share Capital (nominal value) and Share premiums, net of any directly attributable transaction costs.

- **Cash-settled plans:**

The Group has established two compensation plans, under which it receives services from its employees. These plans will be paid out in cash, but the amount payable is indexed according to the share price. The fair value of the employee services rendered in exchange for the granting of options is recognized as an expense, with the corresponding debt being recorded under Other Current Liabilities or Other

Non-Current Liabilities, depending on their maturity dates, in accordance with IFRS 2. The total amount to be recorded corresponds to the fair value of the instruments granted.

When the instruments are exercised, the Company does not create any shares but rather pays the amounts due in cash. Where appropriate, it reduces the corresponding debt.

3.25. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except for the portion related to items recognized in Other comprehensive income or directly in shareholders' equity. In this case, tax is also recognized in Other comprehensive income or directly in shareholders' equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in the countries where the Group's companies operate and generate taxable income. The Group's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of the adjustments expected to be made by the tax authorities.

Deferred income tax is recognized using the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that a future taxable profit will be available, against which the temporary differences can be utilized.
Deferred income tax arising from temporary differences on investments in subsidiaries is recorded, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not expire in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Pursuant to IFRIC 23, if it is not probable that a treatment will be accepted by the tax authorities, the uncertainties regarding the recording of income tax on the income statement are reflected in the determination of tax assets and liabilities, using the most predictive method for resolving the uncertainty (the most probable amount or the weighted average of the possible scenarios).

3.26. Earnings per share

Earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares after deducting the weighted average number of treasury shares.
Diluted earnings per share are computed by dividing net income attributable to equity holders of the Company by the average number of ordinary shares issued after deducting the weighted average number of treasury shares, adjusted for the effects of all dilutive potential shares.

Dilutive instruments are taken into account when, and only when, their dilutive effect decreases earnings per share or increases loss per share.

3.27. Non-current operating income (expense)

There is an entry for the item Other non-current operating income (expenses) only if a major event that occurred during the accounting period is likely to distort the reading of the Company's performance. As a result, it includes a very limited number of incomes or expenses that are unusual, abnormal and infrequent that the Company discloses separately in its income statement to facilitate understanding of current operating performance and allow the reader of the financial statements to have useful information to forecast future results.

It may include, for example:

- Significant and unusual capital gains or losses on disposals – or impairment – of non-current assets, property, plant and equipment or intangible assets;
- Certain restructuring or reorganization expenses that would distort the readability of current operating income; and
- Other operating income and expenses, such as a provision for litigation for a considerable amount.

Items identical in nature to those mentioned above that do not meet the characteristics specified are classified as current operating income.

4. Financial risk management

4.1. Financial risk factors

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

- **Foreign exchange risk**

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

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

The Group's sales are denominated in EUR, except for sales in China and sales by the Hologic group in the United States, which are in dollars.

The Group's exposure to fluctuations in EUR/USD exchange rates is limited to the extent that the dollar amounts collected cover supplier invoices in that currency.

During the periods presented, the Group has not engaged in any hedging transactions.

- **Credit risk**

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk linked to cash, cash equivalents and current financial instruments is not significant given the quality of the co-contracting financial institutions.

Customer credit risk is monitored by management on an individual basis and gives rise, for a portion of export receivables, to the purchase of suitable insurance coverage.

- **Liquidity risk**

Cash flow forecasting is performed by the Finance department. On the basis of regularly updated projections, Group management monitors the Group's liquidity requirements to ensure it has sufficient cash available to meet operational needs.

Such forecasting occurs on a monthly basis and takes into consideration the Group's financing plans. The Group's surplus cash is invested in interest-bearing current accounts, time deposits and money market deposits through the choice of instruments with appropriate maturities or sufficient liquidity to provide sufficient flexibility as determined by the above-mentioned forecasts.

5. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

- Going concern

See Note 2.2.

- Amortization and impairment of intangible assets

Intangible assets mainly relate to the acquisition of technologies and development work on the various versions of Aixplorer® as well as the new MACH®30 and MACH®20 products. These assets are depreciated on a straight-line basis over their useful life, which is reviewed at every reporting date.

The need to write down intangible assets is confirmed when there are signs of impairment. The recoverable value is then estimated.

As of the closing date on December 31, 2020, management's view was that there were no signs of impairment and that the value of its intangible assets remained justified.

A loss of €1.2 million was recorded as of December 31, 2019, corresponding to the net book value of the intangible assets that were disposed of due to the cancellation of the ERP replacement project following Hologic's acquisition of a majority stake in the Company.

- Share-based payments

The Group grants options to subscribe for the Company's shares, as well as free shares to Group executives and employees and to persons associated with the Company by consulting agreements. The determination of the fair value of share-based payments is based on a binomial option-pricing model and/or the Black & Scholes model, which take into account assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, the fair value of the Company's stock, expected share price volatility over the term of the instrument and current and future behavior of holders of these instruments. There is an inherent high degree of subjectivity involved when using such option-pricing models to determine the fair value of share-based payments under IFRS 2.

The valuation assumptions are presented in Note 17.

- Accounting for income taxes

The Group is subject to the income tax laws of France and those of the foreign jurisdictions in which it has business operations. These tax laws are often complex and subject to different interpretations by the taxpayer and the relevant taxation authorities. The Group must make judgments and interpretations about the application of these tax laws when determining the provision for income taxes.

Deferred tax assets, which correspond primarily to loss carry-forwards, are only recorded when it is probable that the Group will record a taxable profit in the future. The Group must exercise its judgment when determining the probability of the existence of a future taxable profit. This analysis is performed on a tax jurisdiction by tax jurisdiction basis.

6. Information by geographic region

Revenue by product type breaks down as follows:

In thousands of euros	**Dec. 31, 2020**	%	Dec. 31, 2019	%
Sales of goods	14,596	85%	22,540	85%
Sales of services	2,579	15%	3,871	15%
Total	**17,175**	100%	26,411	100%

Revenue by geographic region breaks down as follows:

In thousands of euros	**Dec. 31, 2020**	%	Dec. 31, 2019	%
EMEA	6,146	36%	8,634	33%
Americas	1,533	9%	3,817	14%
Asia	9,496	55%	13,960	53%
Total	**17,175**	100%	26,411	100%

In 2020, the countries in which the Group earned more than 10% of its revenue were China (€7.075 million), the United States (€1.463 million) and France (€2.824 million).

In 2020, the countries in which the Group earned more than 10% of its revenue were China (€12.796 million), the United States (€3.795 million) and France (€3.530 million).

For 2020 and 2019 the Group's top five customers represented a combined 51% and 56% of consolidated revenue, respectively.

Three Chinese customers each accounted for over 10% of the Group's revenue, with a combined invoiced amount of €6.372 million in 2020.

In 2019, the only customer representing over 10% of consolidated revenue was also in Asia, with an invoiced amount of €8.799 million.

Revenue by distribution channel breaks down as follows:

In thousands of euros	**Dec. 31, 2020**	%	Dec. 31, 2019	%
Direct	9,899	58%	20,766	79%
Distributors	7,275	42%	5,645	21%
Total	**17,175**	100%	26,411	100%

The breakdown of property, plant and equipment and intangible assets (excluding rights of use under IFRS 16) by geographic region for the two fiscal years ended December 31, 2020 and 2019 is as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
EMEA	22,091	21,355
Americas		
Asia	5	53
Total	**22,096**	21,407

For purposes of geographical analysis, Group management has allocated revenue based on the location where the goods are delivered or the services are rendered (destination of sales). Property, plant and equipment and intangible assets are allocated according to their geographic location.

7. 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 December 31, 2020:
- A collaboration agreement for €135,000;
- Miscellaneous income (services, royalties) for €136,000; and
- Management fees reinvoiced to Hologic and its subsidiaries, for €1.787 million.

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Other income	2,058	343

8. Intangible assets

As of December 31, 2020, aggregate gross development costs amounting to €29.715 [million] (€16.458 million net) primarily related to the development of Aixplorer® versions V3 to Ultimate (amortized on a straight-line basis to end-2021), as well as capitalized expenses for the next generation Aixplorer MACH®ultrasound system amortized since early October 2018 (when sales began), with a useful life of 12 years.

The amount of internal development costs capitalized for the fiscal year ended December 31, 2020 stood at €2.587 million corresponding exclusively to the new version of the Aixplorer® MACH®30 and the MACH®20, as compared with €3.472 million capitalized for the fiscal year ended December 31, 2019.

The amount of acquisitions of other intangible assets for the period totals €303,000, primarily composed of costs incurred in the development phase of the ERP replacement project.

A loss of €1.270 million had been recorded as of December 31, 2019, corresponding to the net book value of the intangible assets that were disposed of due to the cancellation of an old ERP replacement project following Hologic's acquisition of a majority stake in the Company.

There was no other impairment noted during the periods presented. The impact of the COVID crisis did not evidence any indication of impairment, as management did not change its medium-term revenue forecasts.

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

In thousands of euros	Patents/Licenses/Software	Development Costs	Total
Year ended December 31, 2020			
Opening amount	699	15,828	16,526
Acquisitions	303	2,587	2,891
Depreciation and amortization	(183)	(1,957)	(2,140)
Closing amount	**818**	**16,458**	**17,277**
As of December 31, 2020			
Gross value	3,653	29,715	33,368
Cumulative depreciation	(2,834)	(13,257)	(16,091)
Net book value	**818**	**16,458**	**17,277**

In thousands of euros	**Patents/licenses**	**Development Costs**	**Total**
Year ended December 31, 2019			
Opening amount	1,386	14,663	16,049
Acquisitions	801	3,475	4,276
Disposal/sale	(1,270)		(1,270)
Depreciation and amortization	(219)	(2,310)	(2,529)
Closing amount	**698**	**15,828**	**16,526**
As of December 31, 2019			
Gross value	3,512	27,128	30,640
Cumulative depreciation	(2,814)	(11,300)	(14,114)
Net book value	**698**	**15,828**	**16,526**

The capitalized internal development costs break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	2,830	3,232
Fees, External Services	94	82
Travel and entertainment expenses	18	41
Depreciation, amortization & provisions	1,005	940
Purchases and consumables	-	-
Other	348	460
Subtotal expenses	**4,295**	**4,755**
Operating grants	-	-
Research Tax Credit	(1,708)	(1,282)
Subtotal income	**(1,708)**	**(1,282)**
Capitalized R&D costs	**2,587**	**3,472**

9. Property, plant and equipment

In 2019 and 2020, the Company mainly purchased research and production equipment (test bench, control set, various tools, etc.).

Changes in property, plant and equipment break down as follows for the last two years:

In thousands of euros	**Tools, plant and technical equipment**	Office and IT equipment	Other	Total
Year ended December 31, 2020				
Opening amount	4,808	54	20	**4,881**
Acquisitions	661	217	28	906
Disposals	(84)	-	-	(84)
Depreciation and amortization	(800)	(73)	(9)	(882)
Unrealized foreign exchange gains or losses	(0)	(2)	(0)	(2)
Closing net amount	**4,585**	**195**	**39**	**4,820**
As of December 31, 2020				
Gross value	11,204	1,320	793	13,317
Cumulative depreciation	(6,619)	(1,125)	(754)	(8,497)
Net book value	**4,585**	**195**	**39**	**4,820**

In thousands of euros	**Tools, plant and technical equipment**	Office and IT equipment	Other	Total
Year ended December 31, 2019				
Opening amount	4,748	90	28	**4,865**
Acquisitions	699	-	5	**704**
Disposals	(4)	(2)	-	**(6)**
Depreciation and amortization	(630)	(30)	(13)	**(673)**
Deconsolidation	(5)	(5)	-	**(10)**
Unrealized foreign exchange gains or losses	-	-	-	**-**
Closing net amount	**4,808**	**54**	**20**	**4,881**
As of December 31, 2019				
Gross value	10,627	1,105	814	**12,546**
Cumulative depreciation	(5,819)	(1,052)	(794)	**(7,665)**
Net book value	**4,808**	**54**	**20**	**4,881**

10. Rights of use and liabilities under lease agreements

Rights-of-use and lease liabilities for the 2020 fiscal year were changed as follows:

In thousands of euros	Dec. 31, 2019	New leases signed	Reclassifications	Disposals relating to expiring leases	December 31 2020
Buildings	472	16	178	-	666
Equipment	33	-	30	-	63
Vehicles	289	15	(7)	(88)	210
Total rights-of-use under leases – GROSS	**795**	**32**	**201**	**(88)**	**939**

	Dec. 31, 2019	Depreciation and amortization during the period	Reclassifications	Disposals relating to expiring leases	December 31 2020
Buildings	(92)	(325)	(27)	-	(444)
Equipment	(18)	(19)	(6)	-	(44)
Vehicles	(144)	(85)	6	88	(134)
Total amortization of rights-of-use under leases	**(253)**	**(430)**	**(26)**	**88**	**(621)**
Buildings	380				222
Equipment	15				20
Vehicles	147				76
Total rights-of-use under leases – NET	**542**	**-**	**-**	**-**	**318**

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	December 31 2020
Buildings	433	16	101	(324)	225
Equipment	5		36	(20)	21
Vehicles	135	15	20	(85)	85
Total debts on rental obligations	**572**	**32**	**157**	**(430)**	**330**
Of which current	272				310
Of which non-current	300				21

At December 31, 2020, rights-of-use amounted to €939,000 gross and €318,000 net and involved the following items (gross):

- Buildings €666,000 relating to premises occupied by various Group entities in Aix-en-Provence and China.
- Equipment €63,000
- Vehicles €210,000

The residual average term as from December 31, 2020 was less than one year (9 months for buildings and 6 months for vehicles),

Rights-of-use increased by €430,000 in 2019, with amortization of lease liabilities principal of €430,000 and financial interest of €23,000 recorded in financial income (expense).

Rights-of-use increased by €426,000 in 2019, with amortization of lease liabilities principal of €453,000 and interest of €64,000 recorded in financial income (expense).

The average marginal borrowing rate used to discount the liability from new leases entered into 2020 is 2% for buildings and 1% for equipment and vehicles.
There was no sale and lease-back during the fiscal year.
There was no sub-leasing during the fiscal year.
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 fiscal year.
The postponement of the second-quarter 2020 payment did not have a significant impact.

11. Other non-current assets

Other non-current assets break down as follows:

In thousands of euros	**Dec. 31, 2020**	*Dec. 31, 2019*
Securities and cash pledged	163	163
Deposits paid	89	190
Assets provided for the liquidity agreement	74	74
Research Tax Credit Receivable	2,351	2,078
Total Other non-current assets	**2,676**	**2,505**

Assets provided under the liquidity agreement totaled €74,000. The liquidity agreement is described in Note 16.3.

The 2019 research tax credit of €2.351 million was recorded in Non-current assets as of December 31, 2020 because the Company lost its status as a European Union SME when Hologic acquired majority control of it in 2019, the 2020 RTC will not be payable for another three years.
The 2019 RTC receivable of €2.078 million was received in 2020.
As of December 31, 2019, the amount of RTC for the past fiscal year had been pre-financed for 55% of its estimated value, namely €1.116 million. As a result, the financial statements include a short-term liability for this amount (see Note 18). There was no pre-financing put in place for the 2020 RTC.

The tax credit has changed as follows:

In thousands of euros	**December 31, 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	2,351	2,078
Tax receivables at close	**2,351**	**2,078**

12. Inventories

Inventories break down as follows:

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

Raw materials & spare parts	5,528	3,904
WIP and finished goods	3,079	3,042
Demonstration equipment	2,059	2,009
Total gross inventories	**10,666**	**8,955**
Inventory impairment	(2,745)	(2,482)
Total Net Inventories	**7,921**	**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.

Movements concerning the provisions for loss on inventories are recorded in the income statement in the Costs of sales and break down as follows:

In thousands of euros	Dec. 31, 2020	Dec. 31, 2019
As of January 1	(2,482)	(2,363)
Changes in scope of consolidation		82
Provisions for impairment of inventories	(1,777)	(1,010)
Reversals of impairments used	1,514	810
As of December 31	**(2,745)**	**(2,482)**

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

13. Trade receivables

Trade receivables break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Trade receivables	4,853	7,045
Write-downs of bad debt	(1,176)	(745)
Trade receivables, net	**3,678**	**6,299**

As of December 31, 2020, €2.386 million in receivables were overdue, including €1.176 million provisioned, for a total of €1.210 million in receivables that were past due but not impaired. They relate to customers for which the Company has found that there is no risk of non-collection for these receivables.

As of December 31, 2019, €1.825 million in receivables were overdue, including €744,000 provisioned, for a total of €1.081 million in receivables that were past due but not impaired.

The breakdown of these receivables by duration is as follows:

In thousands of euros	**Total**	Not due	1 to 30 days	30 to 60 days	60 to 90 days	90+ days
2020	**4,853**	**2,529**	**466**	**57**	**93**	**1,707**
2019	7,045	5,220	349	257	112	1,107

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

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Euro	3,425	4,074
US Dollar	1,387	2,971
Other currencies	41	-
Total	**4,853**	7,045

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The amount of trade receivables at the reporting date is covered under a reservation of property clause in the general conditions of sale, to the benefit of the Company.

Changes in the provision for doubtful trade receivables, both current and non-current, were as follows:

In thousands of euros	**2020**	2019
At opening	**(745)**	**(1,906)**
Increase in provision for doubtful receivables	(887)	(260)
Reversals of impairments used	-	1,127
Reversals of provisions not used	456	159
Changes in scope of consolidation	-	135
Closing	**(1,176)**	(745)

The Group has not identified any additional significant impairment as a result of the economic crisis caused by the Covid-19 pandemic.

- **Customer contract assets**

The Company had invoices not yet issued in respect of customer contracts as of December 31, 2020 for €159,000, and had €4,000 in such invoices as of December 31, 2019, recorded in Trade receivables.

- **Customer contract liabilities**

Deferred income recorded in respect of customer contracts totaled €1.107 million as of December 31, 2020, and €983,000 as of December 31, 2019, recorded in Other non-current liabilities for €290,000, and in Other current liabilities for €817,000.
Prepaid income recorded in respect of customer contracts totaled €2.647 million as of December 31, 2020, and €458,000 as of December 31, 2019, recorded in Other current liabilities.

The financing portion of customer contracts is not significant.

The Company's orders do not take longer than 12 months to complete.

14. Other current assets

Other current assets break down as follows:

In thousands of euros	*Dec. 31, 2020*	*Dec. 31, 2019*
VAT receivable	182	633
Prepaid expenses	212	336
Supplier advances and trade receivables	513	943
Share capital called but not paid up	-	30

Other receivables	89	40
Total other current assets	**996**	**1,982**

15. Cash and cash equivalents

Cash and cash equivalents break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Cash on hand	2,406	6,500
Marketable securities	8	8
Cash and cash equivalents	**2,414**	6,508

Cash held in banks is principally held in euros, for €1.848 million, in USD held by the French parent company for €353,000, as well for €173,000 in the Chinese subsidiary and €3,000 in the UK subsidiary.

As of December 31, 2020, the Group had no unused short-term overdraft facilities and had a maximum balance of €67 million on the intragroup loan, of which €54.6 million had been drawn down as of December 31, 2020.

16. Shareholders' equity

Since April 10, 2014, the Company's shares had been admitted to trading on the Euronext Paris regulated market (Compartment C) under ISIN code FR0010526814 and ticker symbol SSI.

The transfer of the Company's listing from the Euronext Paris regulated market (Compartment C) to Euronext Growth Paris, a multilateral trading platform within the meaning of Article 525-1 of the AMF General Regulation, has been effective since the trading session on December 30, 2020.
The transfer is intended to enable the Company to have its shares admitted to trading on a market that was better suited to its size, its market capitalization, and its public float. The transfer to Euronext Growth Paris enables the Company to reduce the obligations and constraints that are burdening it, and, as a result, to decrease its listing costs, while keeping its shares traded on a financial market.

The Company's Ordinary Shareholders' Meeting held on October 30, 2020, approved the planned transfer of the SuperSonic Imagine's listing from Euronext Paris to the Euronext Growth and gave the Board of Directors all powers to carry out the transfer.
The request for the admission of the SuperSonic Imagine's shares to Euronext Growth in Paris was approved by the Euronext Listing Board on December 18, 2020. The listing of the Company's shares on Euronext Growth Paris was carried out using an accelerated procedure for admission to trading of the Company's existing shares, without an issuance of new shares.

As from December 30, 2020, SuperSonic Imagine's new ticker symbol is ALSSI. The ISIN code remains unchanged: FR0010526814.

The principal consequences of the transfer are as follows:

- With respect to periodic disclosure:
- The half-year report, including the half-year consolidated financial statements and a business report relating to such half-year financial statements, will be released within four months following the end of the second quarter of the Company's fiscal year, rather than the period of three months following the end of the first half of the fiscal year applicable to companies whose

shares are admitted to trading on a regulated market; in addition, review of the half-year financial statements by the statutory auditors will no longer be required.

- Reduced mandatory disclosure in the management report and the corporate governance report;
- The ability to choose between French accounting standards and IFRS for preparation of the Company's consolidated financial statements. The Company intends to use French accounting standards beginning with the publication of its half-year accounts as of June 30, 2021.

* With respect to ongoing disclosure:

- Because Euronext Growth is a multilateral trading platform, the Company remains subject to legal provisions applicable to ongoing disclosure to the market, and in particular Regulation (EU) 596/2014 of the European Parliament and the Council of April 16, 2014 on market abuse (the "MAR Regulation"). All companies listed on Euronext Growth must ensure that regulated information is effectively and fully disclosed.
- Moreover, the Company's executives and people with close ties to those executives remain subject to the obligation to report their transactions in the Company's equity and debt securities, in accordance with Article 19 of the MAR Regulation.

* With respect to the protection of minority shareholders:

The Company is now subject to regulations applicable to companies listed on Euronext Growth, namely:

- Subject to any exceptions, minority shareholders will be protected on Euronext Growth by the mechanism of the mandatory tender offer in the event of the crossing, directly or indirectly, alone or in concert, of the threshold of 50% of the Company's share capital or voting rights;
- Only the crossing (upward or downward) of the thresholds of 50% and 95% of the share capital or voting rights will have to be reported to the AMF and to the Company, subject, if applicable, to the crossing of thresholds required by the bylaws to be reported to the Company.
- However, both the right of tender offers and the obligation to report the crossing of applicable thresholds applicable to companies whose shares are admitted to trading on a regulated market remain applicable for three years following the admission of the Company's shares to the Euronext Growth Paris organized multilateral trading platform.

* With respect to general shareholders' meetings:

The formalities concerning general shareholders' meetings are slightly looser, in particular on the following points:

- Documents relating to general shareholders' meetings and provided to the shareholders must be posted on the Company's website, no longer 21 days prior to the date of the meeting but only on the date for which the meeting is called;
- The Company will no longer be required to issue a press release announcing the availability of the preparatory documents for the general meeting;
- The Company will no longer be required to post the results of the votes and the report of the general shareholders' meeting on its website;

* With respect to executive compensation:

The Company will no longer be subject to the rules regarding say on pay providing for a prior vote by the shareholders on the Company's executive compensation policy, an after-the-fact vote on the compensation report, and the approval of the compensation paid to individual executives.

* With respect to governance:

The Company will no longer be subject to Articles L. 823-19 *et seq*. of the French Commercial Code regarding the Audit Committee.

* On the liquidity of the Company's shares:

Since Euronext Growth is not a regulated market, the transfer to Euronext Growth in Paris may result in changes to the liquidity of the Company's shares that has prevailed since the Company was listed on the Euronext Paris regulated market.

16.1. Share Capital

As of December 31, 2020, there were 24,029,494 shares outstanding. In 2019, 612,559 new shares had been created following the exercise of stock options and share subscription warrants (see the description of these plans in Note 17), and 308 shares were added for 2018.

In 2020, 143,600 new shares were created upon the vesting of shares issued pursuant to share grant plans. 1,335 new shares were created upon the exercise of stock options (see the description of the plans in Note 17). This raised the number of outstanding shares to 24,174,429 as of December 31, 2020.
To the Company's knowledge, as of December 31, 2020, Hologic Hub Ltd. held 19,501,413 shares of the Company, representing approximately 80.7% of the Company's share capital and voting rights on the basis of its share capital as of December 31, 2020.

Changes in share capital break down as follows:

In thousands of shares	**January 1, 2020**	Vesting of free shares granted	**Exercise of stock options**	Dec. 31, 2020
Ordinary shares	24,029,494	143,600	1,335	24,174,429
Total number of shares	**24,029,494**	**143,600**	**1,335**	**24,174,429**
In thousands of euros				
Share Capital	**2,403**	14	0	**2,417**
Share premium	**5,769**	(14)	-	**5,755**

Change in share capital over the last two fiscal years

Transaction	Share capital (In thousands of euros)	Share premium (In thousands of euros)	Number of shares
As of January 1, 2019	**2,342**	**19,365**	**23,416,627**
Reclassification of retained earnings as a deduction from the share premium	0	(13,596)	0
Exercise of Stock options	58	0	576,225
Exercise of warrants	4	0	36,642
As of December 31, 2019	**2,403**	**5,769**	**24,029,494**
Exercise of Stock options	0	-	1,335
Vesting of free shares granted	14	(14)	143,600
As of December 31, 2020	**2,417**	**5,755**	**24,174,429**

16.2. Dividends

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

16.3. 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 December 31, 2020, the number of treasury shares held under the liquidity agreement was 100,732, in addition to €74,000 in cash, as compared with 100,732 shares and €74,000 as of December 31, 2019.

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.

16.4. Consolidated reserves

Consolidated reserves break down as follows:

In thousands of euros	2020	2019
As of January 1	**(17,008)**	**(9,146)**
Profit (loss) for the year	(19,922)	(22,508)
Currency translation differences	(1)	610
Share-based payments – Expenses for the fiscal year	165	241
Exercise of stock options	-	-
Actuarial profits/(losses) on retirement commitments	(39)	209
Change in treasury shares	-	8
Allocation of negative retained earnings to the share premium	-	13,596
Miscellaneous	-	(19)
As of December 31	**(36,804)**	**(17,008)**
Of which:		
Retained earnings (losses)	(18,677)	3,688
Loss for the year	(19,922)	(22,508)
Statutory reserve	-	-
Treasury stock	(626)	(626)
Total comprehensive income (loss)	47	229
Share-based payments	2,374	2,209
As of December 31	**(36,804)**	**(17,008)**

In France, companies must transfer 5% of their annual profit to a legal reserve until the reserve reaches 10% of the share capital. Since the Group has not generated any profits in the past, no contribution has been made.

17. 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 and free shares. These are described below in Note 17.1; and
- Share-based non-dilutive instruments. These are described below in Note 17.2.

No new shares were granted in 2020.

17.1. Share-based dilutive instruments

17.1.1. Conditions of plans granted

As of December 31, 2020, the following share-based payments were granted by the Company:

Ordinary shares/Stock options:

Plan – Date of grant	**Vesting conditions**	Exercise price per share	Number of instruments: awarded at outset Exercisable as of Dec. 31, 2020	Expiration date
2013 ordinary options October 4, 2013	Exercisable up to 25% after 12 months starting from the grant date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	381,250 21,258	Oct. 4, 23
AGA Exchange 2013 options October 4, 2013	Exercisable up to 55% starting from the grant date then for the rest up to 7.5% at the end of each quarter starting October 1, 2013. (1)	€0.10	254,500 0	Oct. 4, 23
09-2014 options September 19, 2014	Up to 6.25% of options may be exercised at the expiration of each successive 3-month period that has elapsed from the date of grant, and at the latest within the 10 years following the date of grant.	€8.18 (2)	411,850 105,689	Sep. 18, 24

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.
(2) Exercise price adjusted following the capital increase of the Company on May 15, 2017.

Free shares:

Plan – Date of grant	**Vesting conditions**	Exercise price per share	Number of instruments awarded at outset	Expiration date
Free performance shares March 31, 2017	Vested and delivered to the beneficiaries in tranches of 20% at the end of 12, 24, 36, 48 and 60 month vesting periods from the Grant. (1)	-	1,037,500	N/A
Free performance shares April 2018	Vested and delivered to the beneficiaries in tranches of 20% at the end of 12, 24, 36, 48 and 60 month vesting periods from the Grant. (1)	-	114,000	N/A

(1) Except in special circumstances approved by the Board of Directors, beneficiaries irrevocably lose their performance shares for unvested tranches:

- *If they resign effective before the end of a vesting period, the loss of the performance shares takes effect on the date that the beneficiary's employment contract or corporate office ends; or*
- *If they are dismissed or terminated for any reason whatsoever before the end of the Vesting period, the loss of the performance shares takes effect on the date of notification of dismissal or termination, as the case may be.*

During the vesting periods, the beneficiaries will not own the shares granted to them and may not transfer the rights arising from such grants. The free shares will be delivered to their beneficiaries at the end of this vesting period.

Performance shares will only be delivered to beneficiaries who remain as employees or officers of the Company or of an affiliate throughout the vesting period for each tranche, except where otherwise provided for under the plan.

In March 2018, 207,500 new shares were created for delivery of the first tranche following achievement of the performance targets.
In March 2019, no new shares were created for delivery of the second tranche of the 2017 plan, since the performance conditions had not been achieved.

In March 2019, no new shares were created for delivery of the first tranche of the 2018 plan, since the performance conditions had not been achieved.

The rules of the 2017 and 2018 free share plans included the following provision: *"In the event of a change of control of the Company (as such term is defined in Article L.233-3 of the French Commercial Code), the Performance Condition shall no longer apply; only those provisions of the Plan that relate to presence [at the Company] shall apply."*
As a result, the Hologic group's acquisition of control of the Company in 2019 cancelled all of the performance conditions applicable to the free share plans instituted in 2017 and 2018.

The number of free shares that expired in 2020 is 218,700, and the number of free shares that vested in March and April 2020 under the 2017 and 2018 plans was 143,600 shares. They were created by deduction from share premium in the amount of €14,000.

17.1.2. Changes in outstandings for dilutive instruments

a) Share Subscription Options/Stock Options

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

	2020		2019	
Share Subscription Options (OSA)	**Exercise price in € per share**	**Number of options**	**Exercise price in € per share**	**Number of options**
As of January 1	6.76	128,282	0.20	701,174
Granted	-	-	-	-
Expired	-	-	-	-
Exercised	0.1	-1,335	0.10	-572,892
As of December 31	**6.83**	**126,947**	**6.76**	**128,282**
Exercisable	**6.83**	126,947	6.76	128,282

b) Free shares

The number of free shares in circulation breaks down as follows:

	2020		2019	
Free shares (AGA)	**Exercise price in € per share**	**Number of free shares**	**Exercise price in € per share**	**Number of free shares**
As of January 1	-	637,500	-	896,500
Granted	-	-	-	-
Null and void	-	-218,700	-	-259,000
Granted during the period	-	-143,600	-	-
As of December 31	-	275,200	-	637,500

17.1.3. Plan valuation

The valuation of share subscription options and free shares is as follows:

Plan	Valuation model	Share price at the grant date (in euros)	Annual risk-free interest rate	Expected volatility	Expected maturity (years)	Discount for non-transferability	Unit fair value (in euros)
Ordinary shares/Stock options:							
2013 ordinary options	B&S and binomial	0.10	2.42%	35.00%	10	30.48%	0.030
AGA Exchange options	B&S and binomial	0.10	2.42%	35.00%	10	30.48%	0.030
Options 09-2014	B&S	8.40	0.35%	37.51%	7	0.00%	3.980
Free shares:							
2017 free performance shares		1.52					1.52 to 1.768
2018 free performance shares		1.768					1.768

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

17.2. Share-based non-dilutive instruments

On July 1, 2014, the Group granted Stock Appreciation Rights (SAR) to the employees at the Chinese representative office.

The principle is as follows:
Each of the nine recipients received a fixed number of SARs, of which they acquired the rights in accordance with the procedures set forth in the table below. These SARs are exercisable through October 23, 2023 (subject to conditions on continued employment within the Group).

The Group shall pay the grantee upon written request, and for each year of the allotted SARs, the lower amount between the following two amounts:

- The market price of the Company's stock on the eve of the request for exercise, less €0.10; and
- €20.

At the reporting date, the SARs allotted were valued at €25,000; the valuation was the same as of December 31, 2019.

17.2.1. Conditions of plans granted

Plan – Date of grant	Vesting conditions	Number of instruments: awarded at outset. Exercisable at Dec. 31, 2019	Expiration date
Stock Appreciation Right			
SAR 07-2014 July 1, 2014	Exercisable in thirds on July 1 of each year (2014, 2015, 2016), or immediately exercisable in the event of a change in control	10,000 10,000	Oct. 23, 23
SAR 07-2014 July 1, 2014	Fully exercisable on July 1, 2014.	5,000 5,000	Oct. 23, 23

17.2.2. Changes in outstandings for non-dilutive instruments

SAR	2020	2019
	Number of instruments	Number of instruments
As of January 1	15,000	15,000
Granted	-	-
Null and void	-	-
Exercised	-	-
Expired	-	-
As of December 31	**15,000**	**15,000**
Exercisable	**15,000**	15,000

17.3. Plan charges by fiscal year

The total expense recorded in 2020 in respect of share-based payments totaled €165,000, as compared with €244,000 in 2019, based on the probability of vesting.

Expenses recognized in the financial statements in prior fiscal years are as follows:

In thousands of euros	**2014 and earlier**	2015	2016	2017	2018	2019	2020	Total
Free shares	20	-	-	321	199	244	165	949
Stock options	443	30	-	-	-	-	-	473
SAR	113	(71)	3	(9)	(11)	-	-	25
Total	**576**	(41)	3	313	188	244	**165**	1,447

18. Financial debt

Financial debt breaks down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Non-current		
Repayable advance - Tuce	0	204
Repayable advance – Icare	0	1,725
Long-term loan from the majority shareholder	54,580	34,080
Long-term BPI loans	0	3,820
Total non-current	**54,580**	**39,829**
Current		
Repay. advance Business France	0	15
Repayable advance - Tuce	0	204
Short-term bank loans	0	2,077
Current portion of long-term BPI loans	0	460
Interest incurred on long-term loan from the majority shareholder	761	422
Total current	**761**	3,178
Total financial debt	**55,341**	43,007

As of December 31, 2020, financial debt was composed principally of a long-term loan (see Note 18.1, below) from Hologic Hub Ltd. in the amount of €55.3 million, including accrued interest.

In, 2020, the Company repaid all of its external financial debt, in the amount of €8.3 million, by means of an increase of €20.5 million in the intragroup loan from Hologic Hub Ltd., described in Note 18.1. The amount of the €8.3 million repayment breaks down as folows:

- Repayable advance Business France 15,000
- Repayable advance - Icare €1.725 million
- Repayable advance - Tuce €408,000, of which €204,000 had been written off, recognized as a subsidy for the year
- Bank loans €2.077 million
- BPI loans €4.280 million

Financial debt changed as follows over the fiscal year:

In thousands of euros	**Dec. 31, 2019**	**Subscription**	Redemption in cash	Interest provision	Debt forgiveness	**Dec. 31, 2020**
Repayable advance Business France	15	-	(15)	-	-	-
Repayable advance – Icare	1,725	-	(1,725)	-	-	-
Repayable advance - Tuce	408	-	(204)	-	(204)	-
Short-term bank loans	2,077	-	(2,077)	-	-	-
Long-term BPI loans	4,280	-	(4,280)	-	-	-
Long-term loans from the majority shareholder	34,080	20,500	-	-	-	54,580

Interest incurred on long-term loan from the majority shareholder	422	-	(422)	339	-	761
Total financial debt	**43,007**	20,500	(8,505)	339	(204)	**55,341**

18.1. Revolving loan agreement with the majority shareholder

To enable the Company to finance its working capital requirement and to repay its debt, in particular to Kreos, BPI, and banks, the Company and Hologic Hub Ltd. entered into an English-language revolving loan agreement (the "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. After the closing date (see Note 41), the maximum amount of this loan was increased to €73 million, by amendment dated January 19, 2021.

The loan's terms and conditions are as follows:

- Maturity date: August 12, 2024
- Fixed rate: 5.47% per annum
- Interest payments: Quarterly
- Pledges: None
- Holdback: None
- Early repayment: at any time without premium or penalty, provided that any early repayment is in a minimum amount of €500,000 and in multiples of €500,000 thereafter.

At December 31, 2020, the Company had drawn down €54.6 million under the Loan Agreement.

In thousands of euros	**Total Dec. 31, 2019**	Total Dec. 31, 2019
Share capital	54,580	34,080
Interest incurred	761	422
Total	**55,341**	34,502

In addition, we note that in connection with its entry into the Loan Agreement in its capacity as a subsidiary of Hologic Hub Ltd., the Company acceded to an Intercompany Demand Promissory Note dated May 29, 2015, entered into between Hologic Inc. (the parent company of the Hologic group) and its subsidiaries in connection with a Credit and Guaranty Agreement dated May 29, 2015 (and later amended) between Hologic, Inc., Hologic GGO 4 Ltd., and Bank of America, N.A. The Intercompany Demand Promissory Note subordinates certain cash flows between members of the Group to the obligations arising under the Credit and Guaranty Agreement.

19. 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, the Group contributes to a defined contribution plan which limits its commitments to the payments made. These contributions are recorded in fiscal year charges.

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

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Provision for retirement benefit obligations	520	414

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

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
As of January 1	**414**	**529**
Cost of services rendered during the period	63	86
Financial cost	3	9
Services paid	-	-
Reductions/terminations	-	-
Actuarial gains and losses	40	(209)
Currency translation differences	-	-
As of December 31	**520**	**414**

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

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Cost of services rendered during the period	63	86
Financial cost	3	9
Reductions/terminations	-	-
Services paid	-	-
Total	**66**	95

The main actuarial assumptions used are as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Discount rate	0.33%	0.80%
Rate of increase in salaries	3.0%	3.0%
Inflation rate	2.0%	2.0%
Social security rate: Non-management	25.0%	25.0%
Social security rate: Management	46.0%	46.0%

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

Assumptions regarding future mortality expectations are set based on data from published statistics and historical data in France (INSEE table TD/TV 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.

20. Other non-current liabilities

Other non-current liabilities are detailed below:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Trade payables – non-current portion	5	727
Deferred revenue – non-current portion	290	358
Total	**295**	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.

21. Trade payables

Trade payables break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Trade payables	**3,518**	**4,803**
Of which current portion	3,513	4,076
Of which non-current portion	5	727

22. Other current liabilities

Other current liabilities break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Social security liabilities	4,163	2,616
Deferred revenue – current portion	817	918
Provisions for contingencies - current (see details)	568	552
Tax liabilities	462	840
Advances received on orders and customer credits	2,696	458
Miscellaneous	26	14
Total other current liabilities	**8,732**	5,399

Due to the health crisis, the Company obtained a payment postponement representing five months of URSSAF charges, for a remaining amount due as of December 31, 2020 of €1.511 million, as compared with €281,000 as of December 31, 2019.

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.

Current provisions for contingencies break down as follows:

In thousands of euros	**Warranties**	Other	Total
As of January 1, 2019	436	150	**586**
- Increase in provision	783	-	**783**
- Used amounts reversed	(817)	-	**(817)**
- Unused amounts reversed	-	-	**-**
- Currency translation gains or losses	-	-	**-**
As of December 31, 2019	**402**	**150**	**552**
As of January 1, 2020	402	150	**552**
- Increase in provisions	522	170	**692**
- Used amounts reversed	(676)	-	**(676)**
- Unused amounts reversed	-	-	**-**
- Currency translation gains or losses	-	-	**-**
As of December 31, 2020	**248**	**320**	**568**

At the reporting date, 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.

A €150,000 provision was recorded for litigation arising in respect of events prior to December 31, 2017, which remains in place as of December 31, 2020. A €170,000 provision was recorded in 2020 for renovation of the buildings at the registered office in Aix-en-Provence, following the termination of the lease, effective September 30, 2021.

The provision for retirement pay is fully presented in non-current liabilities (see Note 19).

23. 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 December 31, 2020:

In thousands of euros	**Loans and receivables at amortized cost**	Financial assets at fair value through profit and loss	Total
Securities and cash pledged	-	163	163
Deposits paid	89	-	89
Trade receivables	3,678	-	3,678
Assets provided for the liquidity agreement	-	74	74
Cash and cash equivalents	-	2,414	2,414
Total December 31, 2020	**3,771**	**2,652**	**6,419**

	Liabilities at fair value through profit and loss	**Financial liabilities valuated at amortized cost**	**Total**
Trade payables	-	3,518	3,518
Lease liabilities	-	330	330
Intragroup loan (excluding interest incurred)	-	54,580	54,580
Total December 31, 2020	-	58,428	58,428

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
Securities and cash pledged	-	163	163
Deposits paid	190	-	190
Trade receivables	6,299	-	6,299
Assets provided for the liquidity agreement	-	74	74
Cash and cash equivalents	-	6,508	6,508
Total December 31, 2019	**6,489**	**6,745**	**13,235**

	Liabilities at fair value through profit and loss	**Financial liabilities valuated at amortized cost**	**Total**
Trade payables	-	4,803	4,803
Long-term loan	-	38,782	38,782
Lease liabilities	-	572	572
Short-term debt	-	2,077	2,077
Repayable advances	-	2,148	2,148
Total December 31, 2019	-	48,382	**48,382**

24. Analysis of change in WCR

Breakdown of change in WCR In thousands of euros	Dec. 31, 19	Dec. 31, 20	Breakdown of change: Change	Breakdown of change: [Currency]	Breakdown of change: Adjustment RTC*	Change in WCR
Inventories	6,474	7,921	(1,447)	(5)		(1,452)
Trade receivables	6,299	3,678	2,621	5		2,626
Research Tax Credit (RTC)	2,079	2,351	(272)		425	153
Other receivables	1,982	996	986	(1)		986
Trade liabilities	(10,005)	(11,972)	1,967	(8)		1,959
			3,855	**(9)**	**425**	**4,272**

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

25. Cost of sales

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

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Revenue from Products	14,596	22,540
Revenue from Services	2,579	3,871
Other income	2,058	343
Total income	**19,233**	**26,754**
Cost of sales	(10,501)	(14,303)
Gross margin on total income	**8,732**	**12,451**
Gross margin as a % of total revenue	*45.4%*	*46.5%*
Gross margin on revenue (1)	**6,674**	**12,108**
Gross margin as a % of revenue (2)	*38.9%*	*45.8%*

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

The gross margin on total revenue represents total revenue (€19.233 million) minus the cost of sales (€10.501 million).
In 2020, €2.058 million was recognized under other revenue in relation to an industrial partnership agreement and management fees invoiced to the Group's majority shareholder, Hologic.

The gross margin on revenue represents revenue less cost of sales, *i.e.* €6.674 million in 2020, and €12.108 million in 2019.

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; and
- 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.

26. Research and development expenses

Research and development expenses break down as follows (excluding development expenses capitalized as intangible assets):

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	1,436	873
Fees, External Services	467	450
Travel and entertainment expenses	22	69
Depreciation, amortization & provisions	1,938	2,133
Purchases and consumables	-	-
Other	315	145
Subtotal expenses	**4,178**	**3,670**
Operating grants	(292)	(164)
Research Tax Credit	(651)	(612)
Subtotal income	**(944)**	**(776)**
Total	**3,235**	**2,894**

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

In 2020:

In thousands of euros	**R&D expenses**	Capitalized expenses	Total Expenditures
Personnel	1,436	2,830	4,267
Fees, External Services	467	94	561
Travel and entertainment expenses	22	18	40
Depreciation, amortization & provisions	1,938	1,005	2,943
Purchases and consumables	-	-	-
Other	315	348	663
Subtotal expenses	**4,178**	**4,295**	**8,473**
Operating grants	(292)	-	(292)
Tax credits and innovation tax credits	(651)	(1,708)	(2,359)
Subtotal income	**(994)**	**(1,708)**	**(2,651)**
Total	**3,235**	2,587	5,822

In 2019:

In thousands of euros	**R&D expenses**	Capitalized expenses	Total Expenditures
Personnel	873	3,232	4,105
Fees, External Services	450	82	531
Travel and entertainment expenses	69	41	110
Depreciation, amortization & provisions	2,133	940	3,073
Other	145	460	605
Subtotal expenses	**3,670**	**4,755**	**8,425**
Operating grants	(164)	-	(164)
Research Tax Credit	(612)	(1,282)	(1,895)
Subtotal income	**(776)**	**(1,282)**	**(2,059)**
Total	**2,894**	3,472	6,366

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.

27. Selling and marketing expenses

Selling and marketing expenses break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	3,872	5,735
Fees, External Services	7,710	2,521
Travel and entertainment expenses	1,332	2,795
Depreciation, amortization & provisions	987	519
Other	754	748
Total	**14,654**	12,319

Selling and marketing expenses mainly include the following costs:

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

- Over the course of 2020, SuperSonic Imagine signed non-exclusive distribution agreements with several entities in the Hologic group (see Note 40). Under those agreements, the distribution entities are considered to be Limited Risk Distributors and are guaranteed a distribution margin (operating income/revenue) of 3%. In that regard, a charge of €4.946 million was recorded in selling and marketing expenses in 2020, relating to the [standardization of the distribution margins of the distribution entities.]

28. General and administrative expenses

General and administrative expenses break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	3,043	1,937
Fees, External Services	1,885	1,682
Travel and entertainment expenses	59	152
Depreciation, amortization & provisions	413	362
Other	(176)	(94)
Total	**5,229**	**4,039**

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).

29. Operating expenses

The operations department's expenses break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Personnel	1,333	1,282
Fees, External Services	211	168
Travel and entertainment expenses	28	51
Depreciation, amortization & provisions	79	67
Other	127	66
Total	**1,778**	1,634

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.

30. Other operating income/(expenses)

Other operating income and expenses were not significant over the two fiscal years presented and are composed mainly of operational currency gains and losses.

31. Other non-current operating income/(expenses)

Other non-current operating income/(expenses) are recognized using the methods described in Note 3.27 for the determination of non-current operating income.

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Verasonics dispute settlement	-	(5,252)
Costs relating to the change in majority shareholder	-	(2,807)
Reclassification of costs of ERP replacement to losses related to the change in majority shareholder	-	(1,225)
Miscellaneous	(640)	(41)
Other non-current operating income/(expenses)	**(640)**	(9,326)

Non-current operating expenses in 2020 included primarily:

- Indemnification paid on the departure of Michèle Lesieur, CEO, which indemnification was approved by the General Shareholders' Meeting on June 16, 2020;

As a reminder, non-current operating expenses in 2019 included primarily:

- Expenses relating to settlement of the Verasonics dispute, for €5.3 million. On May 16, 2019, the Company had announced that it had reached a settlement agreement with Verasonics to terminate the various legal proceedings and disputes between the companies concerning the ownership rights relating to Aixplorer®;
- Costs relating to the change in majority shareholder, for €2.8 million; and
- Cancellation of the ERP project (intangible assets) for €1.225 million.

32. Operating expenses by type

Operating expenses by type break down as follows (excluding development expenses capitalized as intangible assets; see details in Note 26):

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Purchases including inventory variations	8,849	11,094
Depreciation and amortization	2,599	2,713
Salaries and other short term employee benefits	7,896	8,461
Social security expense	2,581	2,768
Taxes	566	700
Subcontracting	5,388	1,112
External services	2,425	2,949
Travel and entertainment expenses	1,255	2,545
Buildings and office leases	250	87
Advertising, promotion and trade shows	302	763
Fees, commissions and royalties	3,439	10,497
Grants and research tax credit	(944)	(1,094)
Additions and reversals of provisions	650	(790)
Net Book Value of assets for disposal	-	1,225
Other	138	1,475
Total	**35,394**	44,506

33. Employee benefit expenses

Employee benefit expenses break down as follows (excluding development expenses capitalized as intangible assets, see details in Note 26):

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Salaries and other short term employee benefits	7,896	8,217
Social security expense	2,581	2,768
Share-based payments	165	244
Retirement obligations	66	86
Total	**10,708**	11,315

As of December 31, 2020, the Group employed 165 people, compared to 173 as of December 31, 2019.

34. EBITDA

In thousands of euros	Dec. 31, 20	Dec. 31, 19
EBITDA	**(12,716)**	**(4,887)**

The Group defines EBITDA as current operating income (loss) minus taxes, depreciation and amortization, and provisions.

Overall, EBITDA was down 160%, or decline of €7.8 million, for a loss of €12.7 million in 2020 as compared with a loss of €4.9 million in 2019.

2020 EBITDA represents the current operating loss of €(16.2) million, before taxes of €(967,000) and depreciation, amortization and provisions of €(2.5) million.
2020 EBITDA thus totals €(12.7) million.

2019 EBITDA represents the current operating loss of €(8.4) million, before taxes of €(888,000) and depreciation, amortization and provisions of €(2.6) million.
2019 EBITDA thus totals €(4.9) million.

35. Financial income and expenses

Financial income and expenses break down as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Foreign currency exchange losses	(37)	(109)
Financial Interest	(3,097)	(5,168)
Financial expenses	**(3,134)**	**(5,276)**
Foreign currency exchange gains	20	-
Financial Interest	4	13
Gain on sale of the U.S. subsidiary	-	524
Financial income	**24**	**537**
Financial income (loss)	**(3,110)**	**(4,740)**

2020 saw a €3.110 million loss compared with €4.740 million in 2019, a €1.630 million improvement.

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.

The 2019 loss is explained primarily by the early repayment of the bonds issued to Kréos, which had generated a financial loss of €2.6 million in 2019, and by the sale of the subsidiary, SuperSonic Imagine Inc., to Hologic for a price of €2.7 million, which generated a gain with a book value of €524,000.

36. Income tax expense

The amount of tax on Group income is different from the theoretical amount which would result from the tax rate calculated based on the tax rates applicable in France for the reasons set out in the table below.

Available loss carryforwards totaled €176.1 million, primarily including €170.6 million for the French entity, €3.2 million for the German entity, and €2.3 million for the English subsidiary. These loss carryforwards were not capitalized in deferred tax assets, accordance with the principles described in Note 3.25.

In France, the use of these tax losses is capped at 50% of the taxable profit of the period. This limit is applicable to the part of profit above €1 million. The unused balance of the tax losses is carried forward to the following periods and is usable under the same conditions with no time limit.

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Income (loss) before tax	(19,912)	(22,491)
Tax calculated based on the tax rate applicable at the parent company (28% for 2020 and 31% for 2019)	(5,575)	(6,972)
Tax effect on:		
Loss carry-forwards for the period not capitalized and assets not recorded for temporary differences	6,174	7,542
Research tax credit not subject to income tax	(658)	(644)
Non tax-deductible share based payment	46	75
Flat-rate taxation of the representative office in China	24	15
Capital increase expenses allotted to the share premium	-	-
Other permanent differences	-	-
Differences in tax rates	-	-
Effective income tax expense (income)	**11**	16

37. Earnings per share

37.1. Basic

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

	Dec. 31, 2020	Dec. 31, 2019
Loss attributable to equity holders of the Company (in thousands of euros)	(19,922)	(22,508)
Weighted average number of ordinary shares outstanding	24,149,368	23,549,849
Weighted average number of treasury shares	(100,732)	(107,789)
Weighted average number of ordinary shares used to calculate basic earnings per share	24,048,636	23,442,060
Basic earnings per share (in euros)	**(0.83)**	(0.96)

37.2. Diluted

Potentially dilutive instruments are described in Note 17 (breakdown of the remaining number outstanding, as well as the number exercisable at December 31 for the last two years). During the periods presented, the equity instruments granting deferred access to capital (stock options, free shares, etc.) are considered anti-dilutive, as they lead to a reduction in the loss per share. As such, the diluted earnings per share are identical to the basic earnings per share.

38. Licensing agreements

38.1. Licenses acquired or adopted

When it was incorporated, the Group entered into licensing agreements on basic patents.
During the second round of funding in 2008, the Group acquired licensed CNRS patents upon their creation, and the share of the CNRS patents taken in co-ownership arising from the collaborative framework contract with the CNRS (contract from 2006 to 2008). These agreements also provide for the payment of royalties.

In 2014, the Company signed a new non-exclusive international licensing agreement for the entire portfolio of patents of a major industry player in the area of ultrasound medical imaging methods and equipment.

At present, the Company is committed to paying royalties, in an amount which is indexed on a portion of its revenue, with the expense being recorded under Other Operating Expenses.

38.2. Licenses granted

Through an agreement signed March 3, 2014, the Company granted a major industrial player a worldwide non-exclusive license over some of its patents. This agreement will run until at least November 2023, in consideration for the payment of royalties which were spread out over 2014 and 2015. All these royalties were recognized in "Other operating income" in 2014. This player also agreed not to enforce the medical ultrasound imaging patents that it owns against the Company. The company also negotiated a worldwide non-exclusive cross licensing agreement in 2016 for some of its patents with a second major industrial player.
No other license has since been granted.

39. Commitments

39.1. Investments

Fixed asset orders contracted for but not yet incurred are not significant.

39.2. Pledges given

Pledge of marketable securities:
Marketable securities amounting to €158,000 have been pledged to BNP Paribas Real Estate as a security deposit on the rent for the Aix-en-Provence business premises. This pledge was given for a period of nine years ending on September 30, 2024. The pledge will be released on September 30, 2021, at the end of the lease that was terminated in 2020, effective as of the end of September 2021.

39.3. Other commitments given

The commercial lease signed by the company for the premises located in Aix-En-Provence, renewable for a period of three years, which ran to July 17, 2017. This lease was tacitly renewed and will end on September 30, 2021.
In July 2015, the Company signed a lease for premises located in Aix-en-Provence, renewable for a three-year period, which runs to June 30, 2018. An amendment was signed in November 2018

permitting departure from the building in question each quarter on 6 months' notice up to September 30, 2021.
These agreements are recorded in rights of use and lease liabilities pursuant to IFRS 16 (see Note 10).

The commercial lease signed by the Company for its new premises located in Aix-En-Provence, will begin on October 1 for a 10-year term to end on September 30, 2031. The Company has the right to terminate that agreement at the end of the second three-year period.
Remaining commitments in that regard as of December 31, 2020 total €3.198 million (not discounted - rent remaining due) for the period running through September 30, 2031. This agreement will be recorded in rights of use and lease liabilities when it enters into effect on October 1, 2021, pursuant to IFRS 16 (see Note 10).

39.4. Commitments received

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.

As the Group benefits from the assistance of BPI in the financing of its research and development activities, it received commitments to finance a part of its future work in the form of operating grants:

- Commitments and income received for grants break down as follows:

* Icare grant: during the 2017 fiscal year, the Company had reached an agreement with Bpifrance,

In thousands of euros	Grants received				Amount of grant on contract	Balance receivable
	Before 2019	**2019**	**2020**	**Cumulative total**		
ICARE – OSEO	2,129	0		2,129	2,838	0*
DARMUS – DGA	645			645	645	
CARDIO – ANR	215			215	215	
TUCCIRM – ANR	126			126	126	
Elastobus – OSEO	454			454	454	
TUCE – OSEO	1,208			1,208	1,208	
Micro Elasto – ANR	181			181	186	4
PLIK – OSEO	54			54	133	79
PLIK –Pays d'Aix	25			25	80	55
PLIK – PACA					80	80
BITHUM – ANR	112			112	118	6
IDITOP - OSEO	335			335	335	
IDITOP - PACA	250			250	250	
Cartographics - INCA INSERM	133			133	133	
Capacity - BPI						
SOLUS	344		40	384	408	24
Ultra Fast 4D-ANR	92			92	306	214
RHU STOP AS	105		49	154	203	49
Total	6,407	0	89	6,496	7,716	1,220

which is funding this program, since part of the initial objectives were not achieved. The remaining amount of the grant will never be received.

40. Related-party transactions

Key management compensation

The key managers are the members of the Board of Directors and of senior management, executive and non-executive.

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

The compensation payable is as follows:

In thousands of euros	**2020**	2019
Salaries and other short term employee benefits	692	462
Compensation (ex attendance fees)	33	91
Share-based payments	165	244
Total	890	797

Other related parties

The Group has no related parties other than the members of the Board of Directors and of Senior Management, as well as the members or affiliates of the Hologic group (the Company's majority shareholder).

Amounts relating to the Hologic group in the financial statement for the year ended December 31, 2020, are as follows:

- Hologic loan and interest incurred €55.341 million
- Trade receivables (credits) (€1.938) million

- Financial income for the fiscal year (€2.552) million
- Product sales €1.590 million
- Service sales €38,000
- Reinvoicing of management fees €1.787 million
- [Standardization of the distribution margins of the distribution entities.] (1) (€4.946 million (recorded in Selling and Marketing Expense)

(1) Over the course of 2020, SuperSonic Imagine signed non-exclusive distribution agreements with several entities in the Hologic group. Under those agreements, the distribution entities are considered to be Limited Risk Distributors and are guaranteed a distribution margin (operating income/revenue) of 3%.

41. Events after the reporting date

41.1 Amendments to the loan agreement (the "Loan Agreement") between SuperSonic Imagine SA and Hologic Hub Ltd., the majority shareholder

On January 19, 2021, the Loan Agreement entered into on August 14, 2019, between SuperSonic Imagine SA and Hologic Hub Ltd., its majority shareholder, was amended to increase the maximum amount of the loan from €67 million to €73 million.

41.2 Impacts of the Covid-19 pandemic

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

41.3 Governance

At its meeting on January 19, 2021, the Board of Directors:

- Took note of Patricia Dolan's resignation from her membership positions on the Company's Board of Directors, Audit Committee, and Nomination and Compensation Committee;
- Took note of John. LaViola's resignation from his position as an observer on the Board of Directors;
- Decided to coopt Souad Belarbi as a member of the Board of Directors to replace Patricia Dolan, who was stepping down, on the recommendation of the Nomination and Compensation Committee. Souad Belarbi was appointed for the remainder of Ms. Dolan's term of office, *i.e.* until the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020. It is specified that the ratification of Ms. Belarbi's cooptation as a member of the

Board of Directors will be submitted to the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;
• Decided to appoint Andrew Chard, on the recommendation of the Nomination and Compensation Committee, as a member of the Company's Audit Committee.

42. Scope of consolidation

The consolidated financial statements as of December 31, 2020 include the accounts of SuperSonic Imagine, the parent company, and the following entities:

Country	Company	Dec. 31, 2020	Dec. 31, 2019
France	SuperSonic Imagine	Parent company	Parent company
UK	SuperSonic Imagine Ltd.	100%	100%
Germany	SuperSonic Imagine GmbH	100%	100%
Italy	SuperSonic Imagine Srl	100%	100%
China	SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd.	100%	100%
China	SuperSonic Imagine (H.K.) Limited	100%	100%

The scope of consolidation as of December 31, 2020 is identical to that for the fiscal year ended December 31, 2019.

During the last two fiscal years, the Group did not acquire or form any companies.

There is no restriction on the auditing of subsidiaries which are fully owned and entirely controlled by the parent company.

The statutory accounts of the UK subsidiary SuperSonic Imagine Ltd will not be audited for their annual reporting date at March 31, 2021. Instead, the Company will make use of the audit exemption in the UK, pursuant to S479A of the Companies Act 2006, which it is permitted to use insofar as the accounts of the SuperSonic Imagine Ltd. subsidiary are consolidated in these financial statements, which are audited.

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) for a total sale price of €2.718 million, paid in cash before the end of the 2019 fiscal year. Existing cash in the subsidiary on the date of sale was €249,000. Proceeds from the sale, recorded in 2019 in financial income (loss), totaled €524,000 (see Note 31), including €(641,000) of exchange rate differences recycled into income (see "Consolidated Statement of Comprehensive Income") in Part 3 (Consolidated .Financial Statements prepared in accordance with IFRS for the fiscal year ended December 31, 2020)). 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.

The simplified balance sheet of the transferred subsidiary as of the date of sale 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.

43. Statutory Auditors' fees

Statutory auditors' fees in the income statement for the fiscal year break down as follows:

Statutory Auditors' fees in euros, excl. tax	**Ernst & Young et Autres**	TALENZ ARES AUDIT	Ernst & Young et Autres	TALENZ ARES AUDIT
	Year ended December 31, 2020		***Year ended December 31, 2019***	
Certification of the separate and consolidated financial statements and limited review	84,000	35,500	84,000	35,500
Services other than statutory auditing	1,500	-	16,614	-
Total	• **85,500**	**35,500**	100,614	35,500

PART 4 - COMPANY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

BALANCE SHEET

In thousands of euros	**Note**	Gross	Amortization, depreciation & impairment	December 31, 2020 (Net)	December 31, 2019 (Net)
Intangible assets	2	33,712	(16,410)	17,302	16,871
Property, plant and equipment	3	13,276	(8,459)	4,817	4,787
Financial assets	4	7,816	(5,532)	2,284	2,164
Total non-current assets		**54,804**	**(30,401)**	**24,403**	**23,822**
Inventories	5	10,393	(2,733)	7,660	6,093
Trade receivables	6	4,778	(1,052)	3,726	6,047
Other receivables	7	3,011	-	3,011	1,955
Marketable securities	8	161	-	161	163
Cash on hand	8	2,100	-	2,100	6,089
Total current assets		**20,443**	**(3,785)**	**16,658**	**20,347**
Prepaid expenses	9.2	170	-	170	321
Unrealized foreign exchange losses	9.1	649	-	649	1,145
Total accruals		**819**	**-**	**819**	**1,466**
Total assets		**76,066**	**(34,186)**	**41,880**	**45,636**

In thousands of euros	**Note**	December 31, 2020	December 31, 2019
Share Capital	12.1	2,417	2,403
Share premiums	12.1	6,535	6,549
Regulated reserves		(8)	(8)
Retained earnings (losses)		(18,047)	-
Profit (loss) for the year		(19,274)	(18,047)
Regulated provisions		(2)	(2)
Total shareholders' equity	**12**	**(28,378)**	**(9,104)**
Contingent advances	15	-	2,148
Provisions for contingencies	16	1,217	1,764
Loans and other financial debts	14 / 17	58,583	42,565
Advances and deposits received on current orders		2,049	55
Trade payables		3,428	4,135
Tax & corporate debts	18	4,294	2,605
Other debts		14	-
Total debts		**69,585**	**53,270**
Deferred revenue	9.2 / 20	604	650
Unrealized foreign exchange gains	9.1	69	821
Total accruals		**673**	**1,470**
Total liabilities		41,880	45,636

INCOME STATEMENT)

(In thousands of euros)	**Note**	December 31, 2020	December 31, 2019
Sale of merchandise		428	377
Production sold (goods)		14,896	22,000
Production sold (services)		3,325	3,296
Revenue	**21.1**	**18,649**	**25,673**
Changes in inventory		118	817
Capitalized production	**2 and 3**	2,934	4,191
Operating grants		292	164
Reversals of depreciations, amortizations and provisions, transfers of expenses		2,848	2,894
Other income		1,210	595
Operating income		**26,050**	**34,334**
Purchase of goods and raw materials		10,650	11,918
Changes in inventory		(1,736)	280
Other purchases and external expenses		16,851	12,257
Taxes and similar payments		551	413
Salaries and other short term employee benefits		8,153	7,189
Social security expense		3,192	3,004
Amortization and depreciation of fixed assets	**2 and 3**	3,336	3,205
Provisions for current assets		2,527	1,682
Provisions for contingencies	**16**	692	783
Other expenses		304	1,815
Operating expenses		**44,519**	**42,546**
Operating income		**(18,469)**	**(8,211)**
Financial income from investments	21.3	36	183
Other interest and similar income	21.3	0	11
Reversals of provisions and transfers of expenses	21.3	1,616	2,405
Foreign exchange gains	21.3	91	772
Financial income	**21.3**	**1,744**	**3,370**
Financial allocations to depreciation, amortization and provisions	21.3	649	1,665
Interest and similar expenses	21.3	3,091	4,954
Foreign exchange losses	21.3	265	1,139
Financial expenses	**21.3**	**4,006**	**7,758**
Financial income (loss)	**21.3**	**(2,262)**	**(4,388)**
Non-recurring income from management operations	21.4	1	56

Non-recurring income from capital operations	21.4		2,762
Reversals of provisions and transfers of expenses	21.4		32,726
Non-recurring income	**21.4**	**1**	**35,544**
Non-recurring expenses from management operations	21.4	894	63
Non-recurring expenses from capital operations	21.4		43,098
Non-recurring allocations to depreciation, amortization and provisions	21.4		-
Non-recurring expenses	**21.4**	**894**	**43,161**
Non-recurring income	**21.4**	**(893)**	**(7,617)**
Income tax	27	(2,349)	(2,169)
Net income (loss)		(19,274)	(18,047)

NOTES

1. General Information and Accounting Policies

The fiscal year is 12 months long and covers the period from January 1 to December 31, 2020.
The notes and tables below form an integral part of the Annual Financial Statements.

1.1. General Information

1.1.1. Presentation of the Company

SuperSonic Imagine (the "Company") is 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 and analyze tissue hardness, essential information for the diagnosis of many diseases.

In 2018 SuperSonic Imagine brought the next generation of the Aixplorer® to market: the MACH®30, followed by the MACH®20 in 2019, a version designed to target the mid-market radiology segment, and, most recently, in July 2020, the MACH® 40, expanding the Group's line of ultrasound technologies with its first premium system. The new ultrasound machine, aimed at the U.S. market, offers excellent image quality and innovating imaging modes, and was designed to improve performance and precision.

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.

The Group is present in more than 54 countries. Its principal markets are China, the United States, and France.
The Company owns or co-owns numerous patents that it developed, acquired or operates under license agreements. The Company subcontracts production of the ultrasound systems it sells.
SuperSonic Imagine and its subsidiaries have sold products in the Aixplorer® product line since 2009.
In connection with its international development, the Company has created five distribution subsidiaries 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, China, in June 2011;
- SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd., China, in December 2015

In December 2019, the Company had sold its U.S. subsidiary to Hologic Inc., a U.S. company indirectly holding all of the share capital of Hologic Hub Ltd. (the Company's majority shareholder). All of the impacts of the sale for the 2019 fiscal year are detailed in the financial statements for the fiscal year ended December 31, 2019, and in Note 21.4, below.

The Company also has a representative office based in Beijing, comprising a team of more than 50 people, responsible for coordinating the local distributor network.

The Company is a limited company (*société anonyme*) with a Board of Directors incorporated in France. Its registered office is located at Jardins de la Duranne, 510 rue René Descartes, 13290 Aix-en-Provence, France. It is registered with the Aix-en-Provence Trade and Companies Register under number 481 581 890 and listed on Euronext Growth Paris (ISIN FR0010526814 - ALSSI).
Following the August 1, 2019, off-market acquisition of a total of 10,841,409 shares of SuperSonic Imagine at a price of €1.50 per share (representing as of that date approximately 45.93% of the share capital and theoretical voting rights of the Company on a non-diluted basis), Hologic Hub Ltd. filed a draft tender offer document with the AMF to acquire the Company's remaining shares, at the same price per share. The AMF approved the draft tender offer document on October 8, 2019.
Following the definitive close of the tender offer on December 13, 2019, Hologic Hub Ltd. held 19,186,609 shares of the Company, representing approximately 79.85% of the Company's share capital and voting rights.
To the Company's knowledge, as of December 31, 2020, Hologic Hub Ltd. held 19,501,413 shares of the Company, representing approximately 81% of the Company's share capital and voting rights.

1.1.2. Key Events of the Year

TRANSFER TO EURONEXT GROWTH

The Company's ordinary shareholders' meeting held on October 30, 2020, behind closed doors, approved the planned transfer of the Company's listing from the Euronext Paris regulated market (Compartment C) to the Euronext Growth Paris multilateral trading platform.

The reason for the transfer was for the Company to have its shares admitted to trading on a market that was better suited to its size, its market capitalization, and its public float. The transfer to Euronext Growth will enable the company to reduce the obligations and constraints that are burdening it, and, as a result, to decrease its listing costs, while keeping its shares traded on a financial market. The transfer also enabled the Company to use French accounting standards, beginning with its financial statements for the period ending June 30, 2021.

The request for the admission of the Company's shares to Euronext Growth was approved by the Euronext Listing Board on December 18, 2020.

At the close of the trading session on December 29, 2020, the Company's shares were delisted from the Euronext Paris regulated market and admitted to Euronext Growth in Paris as from December 30, 2020.

As from December 30, 2020, SuperSonic Imagine's new ticker symbol is ALSSI. The ISIN code remains unchanged: FR0010526814.

The principal consequences of the transfer are described in Note 12.

GOVERNANCE

Change of CEO

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. With respect to the financial terms of Ms. Lesieur's removal as CEO:

- The remaining fixed portion of her annual compensation for 2019 (a gross annual amount of €275,000), which remained due pursuant to a payment reminder, as well as the fixed portion of her annual compensation for 2020 (a gross annual amount of €275,000), calculated on a pro rata basis from January 1, 2020 (the first day of the 2020 fiscal year) through January 23, 2020 (the date of her termination), for a total gross amount of €87,500, which were paid to her;
- Because the performance conditions (based on revenue, EBITDA and profit margin) for payment were not satisfied, Ms. Lesieur did not receive any severance payment;
- As a result of her departure, Ms. Lesieur irrevocably lost the benefit of her rights to the grant of free performance shares of the Company for those tranches that have not yet vested (it being noted that the total number of Ms. Lesieur's vested free performance shares as of January 23, 2020 was 60,000 shares);
- The question of and full payment of her 2019 bonus (a total gross amount of €125,000) due upon the closing of a merger or acquisition of the Company (namely, the 2019 closing of Hologic Hub Ltd.'s acquisition of control of the Company) were approved by the Company's Ordinary General Shareholders' Meeting held on June 16, 2020, in accordance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code.

The Company entered into a settlement agreement with Ms. Lesieur on January 29, 2020, definitively ending the dispute between the parties following her departure as Chief Executive Officer. The settlement agreement, entered into in accordance with Articles 1103, 1104, and 2044 *et seq*. and 2052 of the French Civil Code, provided, first, that the Company would pay a settlement amount of €500,000 gross, in consideration of which Ms. Lesieur released all claims relating to her position and departure and, second, that Ms. Lesieur would not compete with the Company for a period of 12 months following the complete cessation of her work on behalf of the Company and the Group, including as a consultant, in return for the payment of a gross monthly payment of €8,333.33.

The settlement agreement was approved by the Company's Combined General Shareholders' Meeting on June 16, 2020. The impact of this settlement agreement was recorded in fiscal year 2020 in non-recurring expenses (see Note 21.4).

Independently of the items referred to above, Ms. Lesieur agreed to assist the Company as a consultant, in connection with a specific assignment that is distinct from the position as a corporate officer that she had previously occupied within the Company, for a period of six months beginning February 1, 2020. The total amount of fees paid for this assignment was €50,000, excluding tax.

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[17], the United Kingdom, Germany, Shanghai, and Hong Kong.

Appointment of an observer to the Board of Directors

[17] As of the balance sheet date, the process of appointing a new manager was in progress.

On March 17, 2020, John LaViola was appointed by the Company's Board of Directors to serve as an observer on the Board, with immediate effect, for a term of three years, to end at the close of the Annual Shareholders' Meeting to be held in 2023 to approve the financial statements for the fiscal year ending December 31, 2022. The Board of Directors decided that the observer would receive no compensation for his services.

In accordance with Article 15 of the Company's bylaws, the observer, who had been chosen for his skills, was assigned the role of reviewing the questions that the Board of Directors or its chair submit for its his review. The observer was able to attend meetings of the Board of Directors and to take part in deliberations in an advisory capacity only. The observer received no compensation for his services. The appointment of John LaViola as an observer had been ratified by the Company's Combined General Shareholders' Meeting on June 16, 2020.

At its meeting on January 19, 2021, the Board of Directors took note of Mr. LaViola's resignation from his position as an observer on the Board of Directors.

Ratification of cooptations of members of the Board of Directors

At the Company's Combined General Shareholders' Meeting on June 16, 2020, the shareholders voted to ratify the cooptations of the following:

- Patricia Dolan, coopted as a non-independent director to replace Danièle Guyot Caparros, who stepped down, for the remainder of Ms. Guyot Caparros's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;

- Michelangelo Stefani, coopted as a non-independent director to replace Mérieux Participations, represented by Thierry Chignon, which stepped down, for the remainder of Mérieux Participations's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;

- Antoine Bara (CEO of the Company since January 23, 2020), coopted as a non-independent director to replace Bpifrance Investissement, represented by Philippe Boucheron, which stepped down, for the remainder of Bpifrance Investissement's term, to expire at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

Ms. Dolan resigned from her position as a member of the Board of Directors on December 30, 2020. Souad Belarbi was appointed for the remainder of Ms. Dolan's term of office, *i.e.* until the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020. It is specified that the ratification of Ms. Belarbi's cooptation as a member of the Board of Directors will be submitted to the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

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 conditional advances and external financial liabilities for an amount of €7.1 million during the first six months of 2020 (see Note 17, below).

The outstanding amount of this loan was €54.6 million as of December 31, 2020. After the closing date (see Note 32), the maximum amount of this loan was increased to €73 million, by amendment dated January 19, 2021.

IMPACTS OF THE COVID-19 PANDEMIC

During the 2020 fiscal year, the Group experienced a decline in activity in its principal markets of France, China, and the United States.
The total impact on SuperSonic Imagine's busines in 2020 is estimated at €2.8 million in additional losses over the period. This impact consists of a €7.2 million decrease in revenue from Products, €2.4 million in savings on costs of sales, and €2 million in savings on structural costs. The main structural costs affected are commissions, transportation, promotional costs, and travel and entertainment expenses.
The impact on revenue and on costs was determined by comparing Year N (2020) with Year N-1 (2019).

With respect to its financial condition, the Company 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 2020 and October through November 2020, in an amount of €1.5 million. This amount will be paid in monthly installments during the 2021 fiscal year.
• A payment postponement granted by its French landlords with respect to its 2020 second-quarter rent, paid at the end rather than the beginning of the quarter, for an amount of €96,000.

The Group granted two of its customers six-month postponements of receivables due, for an amount of €225,000 as of the end of June 2020. These receivables were repaid during the second half of 2020. No other postponements were granted as a result of Covid in 2020.

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 €73 million) enables the Group to manage the uncertainties relating to the current epidemic.

The worldwide economic environment remains extremely uncertain, as the epidemic has reached all of the geographic regions where the Group does business and makes predictions difficult. The Group cannot guarantee that it will not be more seriously affected by lockdown measures and prohibitions on appointments with healthcare professionals in all of the countries where the Group does business (in particular in the United States, which has been heavily affected by the Covid-19 epidemic). 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.

a) Going concern

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

- The Company's historical loss-making situation may be explained by the innovative nature of the products developed, which involve several years of research and development, and by funding of its sales force. The Company has been in the active marketing phase of its products since 2009;
- The available cash at December 31, 2020 was €2.1 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. After the closing date (see Note 32), the maximum amount of this loan was increased to €73 million, by amendment dated January 19, 2021. The Company believes that this loan agreement, as well as the financial support provided by Hologic, its majority shareholder, more generally, will enable it to cover all of its operating activities for the 12 months following the date of these financial statements.

b) Accounting principles and methods

The financial statements are presented in euros.
The general accounting conventions were applied, in accordance with the conservatism principle, and in conformity with the basic assumptions – going concern basis, independence of fiscal years, continuity of accounting methods from one year to the next – and in accordance with the general rules for preparing and presenting annual financial statements in France, pursuant to ANC Regulation 2018-07.
The basic method used to evaluate the items recorded in the accounting is the historical cost basis.

The main methods used are as follows:

1.1.3. Intangible assets

Licenses and patents

The technologies acquired are recorded at acquisition cost, excluding the costs incurred in their acquisition.
In the case of payments taking the form of future royalties, a debt corresponding to the discounted future payments is recorded in debts, against the cost of the acquisition, if the future royalties can be reliably estimated.
Acquired technologies are amortized in the income statement to the extent they are used for research projects. The amortization rate is determined on the basis of the term of legal protection for each technology.
Where an acquired technology is no longer used, the corresponding gross value and cumulative depreciation are removed from assets.

Research and development

Research charges are expensed as incurred.
The expenses corresponding to project developments – design and testing of new or improved solutions – are recognized as an intangible asset when the following criteria are met:

- The Company has the intention, financial capacity and technical capacity to complete the development project.
- The Company has the resources necessary to finish the development and to use or market the product developed;
- There is a high probability that the future economic benefits attributable to the products developed will flow to the Company; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development expenses that do not meet the criteria are recognized as an expense for the period.
Capitalized development, which is principally composed of employee expenses, is amortized in the income statement upon the commissioning of the product, under the line "Amortization and depreciation of fixed assets" on a straight-line basis over the estimated residual life of the product. This estimate of residual life is reviewed at each balance sheet date, and adjusted if necessary.

Other intangible assets

Other intangible assets correspond to acquired software which is depreciated over 12 months, with the exception of the ERP which is depreciated over its expected useful life. Costs linked to the acquisition of software licenses are recorded as assets based on the costs incurred to acquire and put into service the software concerned.

1.1.4. Property, plant and equipment

The offices of the Company primarily consist of the registered office located in Aix-en-Provence (France), under a lease expiring on September 30, 2021.
The Company has signed a lease for new premises located in Aix-En-Provence, for a minimum six-year term to begin on October 1, 2021.

Equipment primarily refers to the items dedicated to research and development activities.
Furniture and administrative equipment is primarily comprised of IT equipment and office furniture.

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis over the estimated useful lives as follows:

- Fixtures and fittings — 3 to 10 years (Straight-line basis)
- Research equipment and materials — 18 months to 5 years (Straight-line basis)
- Production equipment and materials — 5 years (Straight-line basis)
- Furniture, office and IT equipment — 3 to 5 years (Straight-line basis)

Residual values and useful lives are reviewed and adjusted if necessary at each reporting date.

1.1.5. Financial assets

Financial assets consist of securities, related receivables, deposits and securities paid, treasury shares, and the cash account for the Company’s liquidity agreement.

Equity securities, as well as other capitalized securities, were evaluated at the price at which they were acquired, excluding the costs incurred for their acquisition. In the event of a disposal affecting all securities of the same nature which grant the same rights, the starting value of the securities disposed was estimated at the weighted average purchase price. A write-down may, where appropriate, be recorded to take the present value into account.

Capitalized receivables were recorded in the Company’s assets at their nominal value. A write-down may, where appropriate, be recorded to take the present value into account.

The present value of the equity investments and related receivables is estimated according to the amount of equity of the subsidiaries at year-end, along with their forecast performance for the upcoming years.

1.1.6. Inventories

Given the fact that the production of the products is outsourced, the Company mainly holds inventories of finished goods and spare parts as well as demonstration equipment to be sold.

Inventory is valued at the purchase price and recorded according to the FIFO method. Impairment is recognized for items whose net realizable value is lower than the carrying amount.

Inventories are reduced to their present value if this is lower than their cost. Net realizable value represents the estimated sale price in normal conditions of activity, less cost of sales.

1.1.7. Receivables and payables

These are recorded at their nominal value. Receivables and payables denominated in foreign currency have been evaluated based on the most recent exchange rate known at the reporting date.

Receivables are written down where applicable, on a case-by-case basis, after the Company assesses the risk of non-recovery.

Financial liabilities as of the closing date included only a loan from the Company's majority shareholder, Hologic Hub Ltd.

1.1.8. Tax credit and other grants

The research tax credit (RTC) is granted by the French tax authorities to encourage companies to carry out scientific and technical research and for the design of prototypes or pilot installations of new products.

These tax credits are recorded when (i) the Company can receive them irrespective of taxes paid or owed in the future, (ii) the costs corresponding to the eligible programs have been incurred, and (iii) supporting documentation is available.
These receivable tax credits are recorded in the balance sheet as "Other receivables".

The research tax credit and the innovation tax credit can be set against the corporate income tax due by the company for the year in which it incurred its research expenses, and if they cannot be set against corporate income taxes they are repaid to the company in fiscal year N+3.

They are presented as a reduction to the tax expense.

In addition, grants may be available to companies that perform technical and scientific research. Such grants are typically subject to performance conditions over an extended period of time. The Company recognizes these grants in the income statement as "Operating Grants" (i) over the cost of the corresponding research and development program and (ii) when confirmation of the grant has been received.

1.1.9. Marketable securities

Marketable securities, primarily consisting of money market funds (SICAVs), are recorded in assets at their historical cost, excluding the costs incurred to acquire them. In the case of a disposal affecting all securities of a given type granting the same rights, the capital gains from the disposal have been assessed using the FIFO (First-In First-Out) method.

1.1.10. Conversion of foreign currency items

Transactions in foreign currencies other than the euro are recorded at the most recent price known at the transaction date.

At year-end, the assets and liabilities denominated in foreign currencies are translated at the closing price. In case of unrealized losses (translation losses), a provision for exchange risks is established. Unrealized foreign exchange gains (translation gains) are not recorded in income.

The Company has not used any exchange rate risk hedging instruments.

1.1.11. Provisions

Provisions for contingencies
Provisions correspond to commitments resulting from litigation and other risks, the maturity or amount of which are uncertain, which the Company may be faced with as part of its activities.
Provisions are recognized when the Company has a legal or implicit obligation to a third party as a result of past events, for which it is probable or certain that an outflow of resources to the third party will be required to settle the obligation, without at least an equivalent value expected to be received in exchange, and when future outflows of liquidity may be reliably estimated.
The amount recorded as a provision is the best estimate of the expense needed to settle an obligation.

Provision for warranties
Sales 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.

No provisions are recorded for future operating losses.

1.1.12. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns and discounts and after eliminating sales within the Group.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group’s activities as described below.

For both sales by the distributors or through Group sales representatives, the accounting treatment of revenue remains the same, and in compliance with standards on revenue recognition:

- Revenue from the sale of Aixplorer® systems

- The Group’s products are generally sold through contracts or via purchase orders issued by customers which include fixed, determinable prices that do not contain a right of return or any significant post-delivery obligation, nor any other clause inducing deferred revenue. Revenue is recognized for products when title and risk are transferred, in accordance with Incoterms as defined in the contracts, when the price is fixed and determined, and collectability of the receivable is reasonably assured.

- Aixplorer® product distributors do not benefit from any contractual right of return on acquired products beyond the statutory 12-month warranty on products.

• Revenue for services

- Revenue for services (principally maintenance, after-sales service, and warranty extensions) is recognized over the period when services are rendered and when collectibility is reasonably assured. Revenue for maintenance services is recognized in a linear manner over the term of the maintenance contract.
- A warranty is included in each sale of an Aixplorer® system (see Note 1.2.9). Only revenue relating to the warranty period exceeding one year is deferred and recorded as revenue during the period concerned. Warranties of one year or less are not sold separately. Revenue from contracts with multiple elements, such as those including services, is recognized as each element is earned based on the relative fair value of each element.

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1.1.13. Other operating income

Other operating income includes income linked to the SuperSonic Imagine technological and industrial partnerships, which corresponds to a third source of income after sales of products and services. It corresponds to rights to access technology developed by the Company or to technology or industrial access partnerships.

This income corresponds to a limited number of contracts for which the proceeds are recognized according to the terms and conditions negotiated. Depending on the latter, the associated income may be fully recognized upon signing the contract or spread out over the periods concerned.

1.1.14. Earnings per share

Earnings per share are calculated by dividing the net income (loss) attributable to equity holders of the Company by the average number of shares issued net of treasury shares. Diluted earnings per share are computed by dividing net income attributable to equity holders of the Company by the average number of shares issued, adjusted for the effects of all dilutive potential shares.

Dilutive instruments are taken into account when, and only when, their dilutive effect decreases earnings per share or increases loss per share.

1.1.15. Loan issuance costs

Loan issuance costs are recorded in expenses, to be distributed and spread out over the term of the loan.

1.1.16. Staff retirement commitment

The Company has chosen not to record retirement commitments in the balance sheet, and to consider them to be off-balance sheet commitments.

1.1.17. Preparation of Consolidated Financial Statements

The Company prepares consolidated financial statements according to IFRS, since it is the parent company of the SuperSonic Imagine Group.
Its accounts are also consolidated into the consolidated financial statements of Hologic Inc., located in the United States.

2. Intangible assets

As of December 31, 2020, aggregate gross development costs amounting to €30.069 million (€16,493 net) primarily related to the development of Aixplorer® versions V3 to Ultimate (amortized on a straight-line basis to end-2021), as well as capitalized expenses for the next generation Aixplorer® V3 to Ultimate (amortized on a straight-line basis through the end of 2021), as well as capital expenses for the new generation Aixplorer MACH® ultrasound system, which was launched in September 2018 and amortized over a 12-year period.

In thousands of euros	**Patent/Licenses and software**	Development Costs	Total
Year ended December 31, 2020			
Opening amount	**689**	**16,182**	**16,871**
Acquisitions	303	2,587	2,890
Depreciation and amortization	(183)	(2,276)	(2,459)
Closing amount	**809**	**16,493**	**17,302**
As of December 31, 2020			
Gross value	3,643	30,069	33,712
Cumulative amortization and depreciation	(2,834)	(13,576)	(16,410)
Net book value	**809**	**16,493**	**17,302**

In thousands of euros	**Patent/Licenses and software**	Development Costs	Total
Year ended December 31, 2019			
Opening amount	1,375	15,017	16,393
Acquisitions	803	3,475	4,278
Disposal/sales	(1,269)	-	(1,269)
Depreciation and amortization	(221)	(2,310)	(2,531)
Closing amount	**689**	**16,181**	**16,871**
As of December 31, 2019			
Gross value	3,340	27,482	30,822
Cumulative amortization and depreciation	(2,651)	(11,300)	(13,951)
Net book value	**689**	**16,181**	**16,871**

The amount of internal development costs capitalized for the current fiscal year totals €2.587 million, related solely to the Aixplorer MACH® 30 and the MACH®20, as compared with €3.475 million for the previous year.

The amount of acquisitions of other intangible assets for the period totals €303,000, primarily composed of costs incurred in the development phase of the ERP replacement project.
A loss of €1.269 million had been recorded as of December 31, 2019, corresponding to the net book value of the intangible assets that were disposed of due to the cancellation of an old ERP replacement project following Hologic's acquisition of a majority stake in the Company.

There was no other impairment noted during the periods presented. The impact of the COVID crisis did not evidence any indication of impairment, as management did not change its medium-term revenue forecasts.

3. Property, plant and equipment

In thousands of euros	**Technical installations, plant and industrial equipment**	General installations, fittings, other fixtures	Office and IT equipment	Property, plant and equipment in progress	Total
Year ended December 31, 2020					
Opening amount	**4,724**	**19**	**44**	**-**	**4,787**
Acquisitions	661	8	218	20	907
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Depreciation and amortization	(800)	(9)	(69)	-	(877)
Closing amount	**4,585**	**19**	**193**	**20**	**4,817**
As of December 31, 2020					
Gross value	11,204	500	1,552	20	13,276
Cumulative depreciation	(6,619)	(481)	(1,359)	-	(8,459)
Net book value	**4,585**	**19**	**193**	**20**	**4,817**

In thousands of euros	**Technical installations, plant and industrial equipment**	General installations, fittings, other fixtures	Office and IT equipment	Property, plant and equipment in progress	T
r ended December 31, 2019					
ning amount	4,662	27	67	-	4
isitions	696	-	12	-	
osals	(6)	-	-	-	
sfers	-	-	-	-	
eciation and amortization	(628)	(8)	(36)	-	(
ing amount	**4,724**	**19**	**44**	**-**	**4,**
f December 31, 2019					
s value	12,479	492	1,334	-	14
ulative amortization and depreciation	(7,555)	(473)	(1,290)	-	(9,
book value	**4,724**	**19**	**44**	**-**	**4,**

In 2019 and 2020, the Company mainly purchased research and production equipment (test bench, control set, various tools, etc.).

4. Financial assets

In thousands of euros	Equity securities	Receivables	Other financial assets	Total
Year ended December 31, 2020				
Opening amount	**1,659**	**7**	**499**	**2,164**
Increases	-		-	-
Disposals	-	(130)	(217)	(347)
Reversals of impairments used	343	124	-	467
Reclassifications	-	-	-	-
Provision for impairment	-	-	-	-
Closing amount	**2,002**	**1**	**282**	**2,284**
As of December 31, 2020				
Gross value	2,038	5,496	283	7,816
Cumulative impairment	(36)	(5,495)	-	(5,532)
Net book value	**2,002**	**1**	**283**	**2,284**

In thousands of euros	**Equity securities**	Receivables	Other financial assets	**Total**
Year ended December 31, 2019				
Opening amount	1,721	10	957	2,687
Increases	-	2,651	8	2,659
Disposals	(11,209)	(22,760)	(592)	(34,561)
Reversals of impairments used	11,209	20,515	170	31,894
Reclassifications	-		-	-
Provision for impairment	(62)	(409)	(44)	(515)
Closing amount	**1,659**	**7**	**499**	**2,164**
As of December 31, 2019				
Gross value	2,038	5,627	499	8,164
Cumulative impairment	(379)	(5,620)	-	(5,999)
Net book value	**1,659**	**7**	**499**	**2,164**

The securities and receivables vis-à-vis subsidiaries, except those for the Chinese subsidiary, were written off; their net realizable value not pointing to the short-term repayment of the advances granted.

As of December 31, 2020 and December 31, 2019, the number of treasury shares held under the liquidity agreement was 100,732, in addition to €74,000 in cash.

5. Inventories

In thousands of euros	**December 31, 2020**	December 31, 2019
Raw materials and spare parts	5,488	3,869
WIP and finished goods	2,843	2,657
Demonstration equipment	2,062	2,012
Total gross inventories	**10,393**	**8,539**
Impairment of inventories	(2,733)	(2,446)
Total Net Inventories	**7,660**	**6,093**

Impairment of inventories primarily corresponds to write-downs of items that were defective or returned by clients pending possible repair, as well as the straight-line impairment of demonstration equipment.

6. Trade receivables

In thousands of euros	**December 31, 2020**	December 31, 2019
Trade receivables, gross	4,778	6,785
Impairment	(1,052)	(738)
Trade receivables, net	**3,726**	6,047

The Company has not identified any additional significant impairment as a result of the economic crisis caused by the Covid-19 pandemic.

7. Other receivables

In thousands of euros	**December 31, 2020**	December 31, 2019
Supplier advances and deposits	480	402
Income Tax – Research Tax Credit – Innovation Tax Credit	2,351	961
Value added tax	141	535
Receivables	7	10
Personnel	32	16
Share capital called but not paid up	-	30
Gross total	**3,011**	**1,955**
Impairment	-	-
Net total	**3,011**	**1,955**

Research Tax Credit

The 2019 RTC receivable of €2.078 million was received in 2020.
Since the Company lost its status as a European Union SME when Hologic acquired majority control of it in 2019, the 2020 RTC, for €2.351 million, will not be payable for another three years.

As of December 31, 2019, the RTC for the 2019 fiscal year was pre-financed for 55% of its estimated value, totaling €1.1 million deducted from the above receivable.
There was no pre-financing put in place for the 2020 RTC.

8. Cash

Cash held in banks is principally held in euros and in USD, for €353,000.

As of December 31, 2020, cash consisted of the following:

In thousands of euros	**December 31, 2020**	December 31, 2019
Marketable securities	161	163
Cash on hand	2,100	6,089
Total Cash	**2,261**	6,252

The Company's marketable securities are pledged in the amount of €158,000 (see Note 23.1).
As of December 31, 2020, the Group had no unused revolving bank credit lines and had a maximum balance of €67 million on the intragroup loan, of which €54.6 million had been drawn down as of December 31, 2020.

9. Accrued assets and liabilities

9.1. Total unrealized foreign exchange gains and losses

Following the revaluation of foreign currency payables and receivables at the closing price, the Company recognized unrealized foreign exchange gains and losses at December 31, 2020 as per the following tables:

In thousands of euros	**December 31, 2020**	December 31, 2019
Trade and intragroup receivables	625	314
Trade payables	24	831
Total unrealized foreign exchange losses	**649**	1,145

As of December 31, 2020, provisions were fully funded for unrealized foreign exchange losses under financial expenses in the income statement.

In thousands of euros	**December 31, 2020**	December 31, 2019
Trade and intragroup receivables	12	206
Trade payables	57	615
Total unrealized foreign exchange losses	**69**	821

9.2. Other accruals

ASSETS		
In thousands of euros	**December 31, 2020**	**December 31, 2019**
Prepaid expenses	170	321
Of which operating expenses	*170*	*321*
Total other accrued assets	**170**	**321**
LIABILITIES		
In thousands of euros	**December 31, 2020**	**December 31, 2019**
Deferred revenue	604	650
Total other accrued liabilities	**604**	**650**

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.

10. Maturity dates of receivables

Maturity date of receivables at end of period

The table below shows gross receivables and their maturity dates:

In thousands of euros	**December 31, 2020**	Less than 1 year	More than one year
Receivables related to equity interests	**5,493**	**-**	**5,493**
Other financial assets	**286**	**-**	**286**
Doubtful or contested receivables	1,052	-	1,052
Other trade receivables	3,726	3,726	-
Trade receivables	**4,778**	**3,726**	**1,052**
Supplier advances and deposits	*480*	*480*	-
Income Tax – Research Tax Credit – Innovation Tax Credit	*2,351*	-	*2,351*
Value added tax	*140,*	*140*	-
Receivables	-	-	-
Share capital called but not paid up	-	-	-
Personnel	*32*	*32*	-
Other receivables	**3,002**	**651**	**2,351**
Prepaid expenses	**170**	**170**	-
Total	**13,730**	**4,547**	**9,182**

11. Impairment of assets

The table below presents the change in the impairment of assets between the opening and closing dates.

In thousands of euros	**December 31, 2019**	Provisions	Reversals	December 31, 2020
Equity securities	379	-	(343)	36
Other financial assets	5,620	-	(124)	5,496
Inventories	2,446	1,768	(1,481)	2,733
Trade receivables	738	415	(445)	708
Other receivables	-			
Total impairment of assets	**9,183**	**2,183**	**(2,393)**	**8,973**
Of which Operating income		*2,183*	*(1,926)*	
Of which Financial income (loss)		-	*(467)*	
Of which non-recurring income		***2,183***	***(2,393)***	

The reversal of provision for other financial assets mainly relates to the impairment of receivables from Group subsidiaries.

12. Shareholders' equity and composition of share capital

Since April 10, 2014, the Company's shares had been admitted to trading on the Euronext Paris regulated market (Compartment C) under ISIN code FR0010526814 and ticker symbol SSI.

The transfer of the Company's listing from the Euronext Paris regulated market (Compartment C) to Euronext Growth Paris, a multilateral trading platform within the meaning of Article 525-1 of the AMF General Regulation, has been effective since the trading session on December 30, 2020.
The transfer is intended to enable the Company to have its shares admitted to trading on a market that was better suited to its size, its market capitalization, and its public float. The transfer to Euronext Growth Paris enables the Company to reduce the obligations and constraints that are burdening it, and, as a result, to decrease its listing costs, while keeping its shares traded on a financial market.

The Company's Ordinary Shareholders' Meeting held on October 30, 2020, approved the planned transfer of the SuperSonic Imagine's listing from Euronext Paris to Euronext Growth in Paris and gave the Board of Directors all powers to carry out the transfer.
The request for the admission of the SuperSonic Imagine's shares to Euronext Growth in Paris was approved by the Euronext Listing Board on December 18, 2020. The listing of the Company's shares on

Euronext Growth Paris was carried out using an accelerated procedure for admission to trading of the Company's existing shares, without an issuance of new shares.

As from December 30, 2020, SuperSonic Imagine's new ticker symbol is ALSSI. The ISIN code remains unchanged: FR0010526814.

The principal consequences of the transfer are as follows:

- With respect to periodic disclosure:
  - The half-year report, including the half-year consolidated financial statements and a business report relating to such half-year financial statements, will be released within four months following the end of the second quarter of the Company's fiscal year, rather than the period of three months following the end of the first half of the fiscal year applicable to companies whose shares are admitted to trading on a regulated market; in addition, review of the half-year financial statements by the statutory auditors will no longer be required.
  - Reduced mandatory disclosure in the management report and the corporate governance report;
  - The ability to choose between French accounting standards and IFRS for preparation of the Company's consolidated financial statements. The Company intends to use French accounting standards beginning with the publication of its half-year accounts as of June 30, 2021.

- With respect to ongoing disclosure:
  - Because Euronext Growth is a multilateral trading platform, the Company remains subject to legal provisions applicable to ongoing disclosure to the market, and in particular Regulation (EU) 596/2014 of the European Parliament and the Council of April 16, 2014 on market abuse (the "MAR Regulation") All companies listed on Euronext Growth must ensure that regulated information is effectively and fully disclosed.
  - Moreover, the Company's executives and people with close ties to those executives remain subject to the obligation to report their transactions in the Company's equity and debt securities, in accordance with Article 19 of the MAR Regulation.

- With respect to the protection of minority shareholders:
  The Company is now subject to regulations applicable to companies listed on Euronext Growth, namely:
  - Subject to any exceptions, minority shareholders will be protected on Euronext Growth by the mechanism of the mandatory tender offer in the event of the crossing, directly or indirectly, alone or in concert, of the threshold of 50% of the Company's share capital or voting rights;
  - Only the crossing (upward or downward) of the thresholds of 50% and 95% of the share capital or voting rights will have to be reported to the AMF and to the Company, subject, if applicable, to the crossing of thresholds required by the bylaws to be reported to the Company.
  - However, both the right of tender offers and the obligation to report the crossing of applicable thresholds applicable to companies whose shares are admitted to trading on a regulated market

remain applicable for three years following the admission of the Company's shares to the Euronext Growth Paris organized multilateral trading platform.

- With respect to general shareholders' meetings:

The formalities concerning general shareholders' meetings are slightly looser, in particular on the following points:

- Documents relating to general shareholders' meetings and provided to the shareholders must be posted on the Company's website, no longer 21 days prior to the date of the meeting but only on the date for which the meeting is called;
- The Company will no longer be required to issue a press release announcing the availability of the preparatory documents for the general meeting;
- The Company will no longer be required to post the results of the votes and the report of the general shareholders' meeting on its website;

- With respect to executive compensation:

The Company will no longer be subject to the rules regarding say on pay providing for a prior vote by the shareholders on the Company's executive compensation policy, an after-the-fact vote on the compensation report, and the approval of the compensation paid to individual executives.

- With respect to governance:

The Company will no longer be subject to Articles L. 823-19 *et seq*. of the French Commercial Code regarding the Audit Committee.

- On the liquidity of the Company's shares:

Since Euronext Growth is not a regulated market, the transfer to Euronext Growth may result in changes to the liquidity of the Company's shares that has prevailed since the Company was listed on the Euronext Paris regulated market.

12.1. Share Capital

As of December 31, 2019, there were 24,029,494 shares outstanding. In 2019, 612,559 new shares had been created following the exercise of stock options and share subscription warrants (see the description of these plans in Note 13), and 308 shares were added for 2018.

In 2020, 144,935 new shares were created upon the vesting of shares issued pursuant to share grant plans. 143,600 new shares were created upon the exercise of 1,335 stock options (see the description of the plans in Note 13).

This raised the number of outstanding shares to 24,174,429 as of December 31, 2020.
To the Company's knowledge, as of December 31, 2020, Hologic Hub Ltd. held 19.501.413 shares of the Company, representing approximately 80.7% of the Company's share capital and voting rights on the basis of its share capital as of December 31, 2020.

Changes in share capital break down as follows:

In thousands of shares	January 1, 2020	Vesting of free shares granted	Exercise of stock options	Dec. 31, 2020
Ordinary shares	24,029,494	143,600	1,335	24,174,429
Total number of shares	**24,029,494**	**143,600**	**1,335**	**24,174,429**
In thousands of euros				
Share Capital	**2,403**	**14**		**2,417**
Share premium	**6,549**	**(14)**		**6,535**

The table below presents changes in the Company's capital and share premium (in thousands of euros) over two years:

Transaction	Share capital	Share premium	Number of shares
As of January 1, 2019	**2,342**	**20,145**	**23,416,627**
Reclassification of retained earnings as a deduction from the share premium	-	(13,596)	-
Exercise of Stock options	58	-	576,225
Exercise of warrants	4	-	36,642
As of December 31, 2019	**2,403**	**6,549**	**24,029,494**
As of January 1, 2020	**2,403**	**6,549**	**24,029,494**
Exercise of Stock options			1,335
Vesting of free shares granted	14	(14)	143,600
As of December 31, 2020	**2,417**	**6,535**	**24,174,429**

12.2. Dividends

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

12.3. 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 December 31, 2020, the number of treasury shares held under the liquidity agreement was 100,732, in addition to €74,000 in cash, presented in Other financial assets, as compared with 100,732 shares and €74,000 as of December 31, 2019.

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.

13. Share-based payments

The Company grants two types of instruments to certain executives, employees, and people related to the Company by a consulting agreement:

- Share-based dilutive instruments, such as options for shares and free shares. These are described below in Note 13.1; and
- Share-based non-dilutive instruments. These are described below in Note 13.2.

No new shares were granted in 2020.

13.1. Share-based dilutive instruments

13.1.1. Conditions of plans granted

As of December 31, 2020, the following share-based payments were granted by the Company:

Ordinary shares/Stock options:

Plan – Date of grant	Vesting conditions	Exercise price per share	Number of instruments: awarded at outset Exercisable as of Dec. 31, 2020	Expiration date
2013 ordinary options October 4, 2013	Exercisable up to 25% after 12 months starting from the grant date then for the rest up to 7.5% at the end of each quarter for 30 months. (1)	€0.10	381,250 21,258	Oct. 4, 23
AGA Exchange 2013 options October 4, 2013	Exercisable up to 55% starting from the grant date then for the rest up to 7.5% at the end of each quarter starting October 1, 2013. (1)	€0.10	254,500 0	Oct. 4, 23
09-2014 options September 19, 2014	Up to 6.25% of options may be exercised at the expiration of each successive 3-month period that has elapsed from the date of grant, and at the latest within the 10 years following the date of grant.	€8.18 (2)	411,850 105,689	Sep. 18, 24

(1) Following the IPO on April 9, 2014, these instruments became immediately exercisable.
(2) Exercise price adjusted following the capital increase of the Company on May 15, 2017.

Free shares:

Plan – Date of grant	**Vesting conditions**	Exercise price per share	Number of instruments awarded at outset	Expiration date
Free performance shares March 31, 2017	Vested and delivered to the beneficiaries in tranches of 20% at the end of 12, 24, 36, 48 and 60 month vesting periods from the Grant. (1)	-	1,037,500	N/A
Free performance shares April 2018	Vested and delivered to the beneficiaries in tranches of 20% at the end of 12, 24, 36, 48 and 60 month vesting periods from the Grant. (1)	-	114,000	N/A

(1) Except in special circumstances approved by the Board of Directors, beneficiaries irrevocably lose their performance shares for unvested tranches:

- *If they resign effective before the end of a vesting period, the loss of the performance shares takes effect on the date that the beneficiary's employment contract or corporate office ends; or*
- *If they are dismissed or terminated for any reason whatsoever before the end of the Vesting period, the loss of the performance shares takes effect on the date of notification of dismissal or termination, as the case may be.*

During the vesting periods, the beneficiaries will not own the shares granted to them and may not transfer the rights arising from such grants. The free shares will be delivered to their beneficiaries at the end of this vesting period.

Performance shares will only be delivered to beneficiaries who remain as employees or officers of the Company or of an affiliate throughout the vesting period for each tranche, except where otherwise provided for under the plan.

In March 2018, 207,500 new shares were created for delivery of the first tranche following achievement of the performance targets.
In March 2019, no new shares were created for delivery of the second tranche of the 2017 plan, since the performance conditions had not been achieved.

In March 2019, no new shares were created for delivery of the first tranche of the 2018 plan, since the performance conditions had not been achieved.

The rules of the 2017 and 2018 free share plans included the following provision: *"In the event of a change of control of the Company (as such term is defined in Article L.233-3 of the French Commercial Code), the Performance Condition shall no longer apply; only those provisions of the Plan that relate to presence [at the Company] shall apply."*
As a result, the Hologic group's acquisition of control of the Company in 2019 cancelled all of the performance conditions applicable to the free share plans instituted in 2017 and 2018.

The number of free shares that expired in 2020 is 218.700, and the number of free shares that vested in March and April 2020 under the 2017 and 2018 plans was 143.600 shares. They were created by deduction from share premium in the amount of €14,000.

13.1.2. Changes in outstandings for dilutive instruments

a) Share Subscription Options/Stock Options

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

	2020		2019	
Share Subscription Options (OSA)	**Exercise price in € per share**	**Number of options**	**Exercise price in € per share**	**Number of options**
As of January 1	6.76	128,282	0.20	701,174
Granted			-	-
Expired			-	-
Exercised	0.10	-1,335	0.10	-572,892
As of December 31	**6.83**	**126,947**	**6.76**	**128,282**
Exercisable	**6.83**	126,947	6.76	128,282

b) Free shares

The number of free shares in circulation breaks down as follows:

	2020		2019	
Free shares (AGA)	**Exercise price in € per share**	**Number of free shares**	**Exercise price in € per share**	**Number of free shares**
As of January 1	-	637,500	-	896,500
Granted	-		-	-
Null and void	-	-218,700	-	-259,000
Granted during the period	-	-143,600	-	-
As of December 31	-	275,200	-	637,500

13.2. Share-based non-dilutive instruments

On July 1, 2014, the Company granted Stock Appreciation Rights (SAR) to employees at the Chinese representative office.

The principle is as follows:
Each of the nine recipients received a fixed number of SARs, of which they acquired the rights in accordance with the procedures set forth in the table below. These SARs are exercisable through October 23, 2023 (subject to conditions on continued employment within the Group).

The Company shall pay the grantee upon written request, and for each year of the allotted SARs, the lower of the following two amounts:

- The market price of the Company's stock on the eve of the request for exercise, less €0.10; or
- €20.

At the reporting date, the SARs allotted were valued at €25,000. This amount was recorded in the provision for contingencies at December 31, 2020 (See Note 16).

13.2.1. Conditions of plans granted

Plan – Date of grant	Vesting conditions	Number of instruments: awarded at outset. Exercisable at Dec. 31, 2020	Expiration date
Stock Appreciation Right			
SAR 07-2014 July 1, 2014	Exercisable in thirds on July 1 of each year (2014, 2015, 2016), or immediately exercisable in the event of a change in control	10,000 *10,000*	Oct. 23, 23
SAR 07-2014 July 1, 2014	Fully exercisable on July 1, 2014.	5,000 *5,000*	Oct. 23, 23

13.2.2. Changes in outstandings for non-dilutive instruments

SAR	**2020**	2019
	Number of instruments	**Number of instruments**
As of January 1	15,000	15,000
Granted	-	-
Null and void	-	-
Exercised	-	-
Expired	-	-
As of December 31	**15,000**	**15,000**
Exercisable	**15,000**	15,000

14. Revolving loan agreement with the majority shareholder

To enable the Company to finance its working capital requirement and to repay its debt, in particular to Kreos, BPI, and banks, the Company and Hologic Hub Ltd. entered into an English-language revolving loan agreement (the "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. After the closing date (see Note 32), the maximum amount of this loan was increased to €73 million, by amendment dated January 19, 2021.

The loan's terms and conditions are as follows:

- Maturity date: August 12, 2024
- Fixed rate: 5.47% per annum
- Interest payments: Quarterly
- Pledges: None
- Holdback: None
- Early repayment: at any time without premium or penalty, provided that any early repayment is in a minimum amount of €500,000 and in multiples of €500,000 thereafter

At December 31, 2020, the Company had drawn down €54.6 million under the Loan Agreement.

In thousands of euros	***Balance at Dec. 31, 2020***	*Balance at Dec. 31, 2019*
Share capital	54,580	34,080
Interest incurred	761	422
Total	**55,341**	34,502

In addition, we note that in connection with its entry into the Loan Agreement in its capacity as a subsidiary of Hologic Hub Ltd., the Company acceded to an Intercompany Demand Promissory Note dated May 29, 2015, entered into between Hologic Inc. (the parent company of the Hologic group) and its subsidiaries in connection with a Credit and Guaranty Agreement dated May 29, 2015 (and later amended) between Hologic, Inc., Hologic GGO 4 Ltd., and Bank of America, N.A. The Intercompany Demand Promissory Note subordinates certain cash flows between members of the group to the obligations arising under the Credit and Guaranty Agreement.

15. Contingent advances

Repayable advances *(in thousands of euros)*	**Balance as of Dec. 31, 2020**	Balance as of Dec. 31, 2019
Business France	0	15
ICARE – OSEO	0	1,725
TUCE – OSEO	0	407
Total	**0**	2,148

As explained in Note 17, in the first half of 2020, the Company repaid all of its external financial liabilities for a total amount of €7.1 million, of which €1.9 related to conditional advances. The TUCE conditional advance was also written off in the amount of €204,000 and recognized as a subsidy for the year.

16. Provisions for contingencies

In thousands of euros	**December 31, 2019**	Provisions	Reversals	December 31, 2020
Provisions for foreign exchange losses	1,149	649	(1,149)	649
Provisions given to clients – Warranties	439	522	(713)	248
Provisions for litigation	150	-	-	150
Other provisions for contingencies	25	170	(25)	170
Total provisions for contingencies	**1,764**	**1,341**	**(1,887)**	**1,217**
Of which Operating income		*692*	*(738)*	
Of which Financial income (loss)		*649*	*(1,149)*	
Of which non-recurring income		***1,341***	***(1,887)***	

All reversals of provisions are used.

Provision for foreign exchange losses
This €649,000 provision is intended to cover unrealized exchange losses.

Provision for client warranties
This €248,000 provision is intended to cover the costs of warranties for systems sold during the past fiscal year. The sales made by the Company 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.

SAR China – Other provisions for contingencies
On July 1, 2014, the Company granted Stock Appreciation Rights (SAR) to employees at the Chinese representative office in the amount of €25,000 (see Note 13.2).

Other provisions for contingencies
The remaining €170,000 recorded in 2020 is a provision for renovation of the buildings at the registered office in Aix-en-Provence.

Provision for litigation
A €150,000 provision was recorded for litigation arising in respect of events prior to December 31, 2017, which remains in place as of December 31, 2020.

17. Loans and other financial debts

In thousands of euros	**December 31, 2020**	December 31, 2019
Short-term bank loans	-	793
Payables related to equity interests	3,228	2,886
Long-term BPI loans	-	4,370
Loan from the majority shareholder (see Note 14)	54,580	34,080
Interest incurred on loans from the majority shareholder (see Note 14)	761	422
Others	14	14
Total loans and financial debts	**58,583**	42,565

In, 2020, the Company repaid all of its external financial debt, in the amount of €7.1 million, by means of an increase of €20.5 million in the intragroup loan from Hologic Hub Ltd., described in Note 14. The amount of the €7.1 million repayment breaks down as follows:

- Repayable advance Business France €15,000
- Repayable advance – Icare €1.725 million
- Repayable advance - Tuce €408,000, of which €204,000 had been written off, recognized as a subsidy for the year
- Bank loans €793,000
- BPI loans €4.370 million

18. Tax and social security liabilities

In thousands of euros	**December 31, 2020**	December 31, 2019
Personnel and related accounts	1,360	1,354
Social security bodies	2,744	1,053
Other taxes and similar	191	199
Total tax and social security liabilities	**4,294**	2,605

Due to the health crisis, the Company obtained a payment postponement representing five months of URSSAF charges, for a remaining amount due as of December 31, 2020 of €1.511 million, as compared with €281,000 as of December 31, 2019.

19. Maturity dates of debts at period end

The table presented below shows debts with their maturity dates:

In thousands of euros	**December 31, 2020**	Less than 1 year	Between 1 and 5 years	More than 5 years
Loans and other financial debts	58,583	761	54,594	3,228
Including Group and affiliates	*3,242*	*-*	*14*	*3,228*
Of which the majority shareholder	*55,341*	*761*	*54,580*	*-*
Advances and deposits received on current orders	2,049	2,049	-	-
Trade payables	3,428	3,423	5	-
Tax and social security liabilities	4,294	4,294	-	-
Other debts	14	14	-	-
Deferred revenue	604	446	158	-
Total debts	**68,972**	10,987	54,757	3,228

The table below shows the breakdown of expenses payable:

In thousands of euros	**December 31, 2020**	**December 31, 2019**
Financial debt	761	422
Trade payables	1,820	2,492
Tax and social security liabilities	2,101	2,020
Other debts	13	-
Total expenses payable	**4,695**	4,934

20. Deferred revenue

In thousands of euros	**December 31, 2020**	December 31, 2019
Operating income	604	650
Total deferred revenue	**604**	650

Deferred revenue includes the amounts billed under the contractual terms, but for which the income is not recognizable for the period, as well as the operating grants for which income is staggered to reflect the rate of the expenses incurred.

21. Additional information relating to the income statement

21.1. Revenue

At December 31, 2019 and December 31, 2020, revenue broke down as follows:

In thousands of euros	December 31, 2020			December 31, 2019
	France	**Foreign**	**Total**	**Total**
Sale of merchandise	104	324	428	377
Production sold (goods)	1,850	13,046	14,896	22,000
Production sold (services)	807	2,517	3,325	3,296
Total	**2,761**	15,887	18,649	25,673

21.2. Net earnings per share

	Dec. 31, 2020	Dec. 31, 2019
Loss attributable to equity holders of the Company (in thousands of euros)	(18,930)	(18,047)
Weighted average number of ordinary shares outstanding	24,149,368	23,549,849
Weighted average number of treasury shares	(100,732)	(107,789)
Weighted average number of ordinary shares used to calculate basic earnings per share	24,048,636	23,442,060
Basic earnings per share (in euros)	(0.79)	(0.77)

In accordance with applicable rules, since earnings per share are negative for the fiscal years presented, it is not necessary to calculate a diluted loss per share because this would be lower than the basic loss.

21.3. Financial income (loss)

Financial income breaks down as follows:

In thousands of euros	**December 31, 2020**	December 31, 2019
Financial income from investments	36	183
Other interest and similar income	0	11
Reversals of provisions and transfers of expenses	1,616	2,405
Foreign exchange gains	91	772
Total financial income	**1,744**	**3,370**
Interest and similar expenses	3,091	4,954
Financial allocations to depreciation, amortization and provisions	649	1,665
Foreign exchange losses	265	1,139
Total financial expenses	**4,006**	**7,758**
Total financial income (loss)	**(2,262)**	**(4,388)**

Financial allocations to amortization, depreciation, and provisions primarily relates to impairment of receivables and equity investments vis-à-vis subsidiaries as well as an increase in the provision for foreign exchange losses.

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.

The 2019 fiscal year ended with a loss of €4.388 million, explained primarily by the early repayment of the bonds issued to Kréos, which generated a financial loss of €2.6 million in 2019.

21.4. Non-recurring income

At December 31, 2020, non-recurring income and expenses broke down as follows:

In thousands of euros	**December 31, 2020**	December 31, 2019
Non-recurring income from management operations	1	56
Non-recurring income from capital operations	-	2,762
Reversal of provisions and transfers of expenses	-	32,726
Total non-recurring income	**1**	**35,544**
Non-recurring expenses from management operations	894	63
Non-recurring expenses from capital operations	-	43,098
Non-recurring allocations to depreciation, amortization and provisions	-	-
Total non-recurring expenses	**894**	**43,161**
Total non-recurring income	**(893)**	**(7,617)**

Non-recurring expenses in 2020 mainly consisted of the following:

- Indemnification paid on the departure of Michèle Lesieur, CEO, which indemnification was approved by the General Shareholders' Meeting on June 16, 2020;

On December 27, 2019, the Company sold all of the shares of its U.S. subsidiary, SuperSonic Imagine Inc., and the 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) for a total sale price of €2.718 million, paid in cash before the end of the fiscal year ended December 31, 2019.

As a reminder, non-recurring expenses in 2019 included primarily:

- The December 2019 sale of the U.S. subsidiary, SuperSonic Imagine Inc., to Hologic Inc., a U.S. company holding all of the share capital and voting rights of Hologic Hub Ltd. (the Company's majority shareholder), resulting in the transfer of the attached receivable for €22.760 million and equity securities in the amount of €11.209 million, less unrealized currency losses in the amount of €1.596 million;
- Cancellation of the ERP project (intangible assets) for €1.269 million;
- The reclassification of income due from the Chinese distributor as a loss, for €1.002 million;
- Expenses relating to settlement of the Verasonics dispute, for €5.6 million. On May 16, 2019, the Company had announced that it had reached a settlement agreement with Verasonics to terminate the various legal proceedings and disputes between the companies concerning the ownership rights relating to Aixplorer®; and
- Costs relating to the change in majority shareholder, for €2.8 million; and

Non-recurring income in 2019 mainly consisted of the following:

- Income from the sale of the Company's U.S. subsidiary, SuperSonic Imagine Inc., for €2.718 million;
- Reversals of provisions on shares and related receivables with respect to the U.S. subsidiary, for €31.724 million, following the sale; and
- Reversals of a provision for impairment of income due from the Chinese distributor following its reclassification as a loss, for €1.002 million;

22. Licensing agreements

22.1. Licenses acquired or adopted

When it was incorporated, the Company entered into licensing agreements on basic patents.
During the second round of funding in 2008, the Company acquired licensed CNRS patents upon their creation, and the share of the CNRS patents taken in co-ownership arising from the collaborative framework contract with the CNRS (contract from 2006 to 2008). These agreements also provide for the payment of royalties.

In 2014, the Company signed a new non-exclusive international licensing agreement for the entire portfolio of patents of a major industry player in the area of ultrasound medical imaging methods and equipment.

At present, the Company is committed to paying royalties, in an amount which is indexed on a portion of its revenue, with the expense being recorded under Other Operating Expenses.

22.2. Licenses granted

Through an agreement signed March 3, 2014, the Company granted a major industrial player a worldwide non-exclusive license over some of its patents. This agreement will run until at least November 2023, in consideration for the payment of royalties which were spread out over 2014 and 2015. All these royalties were recognized in "Other operating income" in 2014. This player also agreed not to enforce the medical ultrasound imaging patents that it owns against the Company. The Company also negotiated a worldwide non-exclusive cross licensing agreement in 2016 for some of its patents with a second major industrial player.
No other license has since been granted.

23. Other financial commitments

Commitments received

The amount of trade receivables at the balance sheet date is covered under a reservation of property clause in the general terms and conditions of sale, to the benefit of the Company.

As the Company benefits from the assistance of BPI in the financing of its research and development activities, it received commitments to finance a part of its future work in the form of grants.

Commitments and income received for grants break down as follows:

In thousands of euros	**Grants received**				Amount of grant on contract	Balance receivable
	Before 2019	**2019**	**2020**	**Cumulative total**		
ICARE – OSEO	2,129	0		2,129	2,838	0*
DARMUS – DGA	645			645	645	
CARDIO – ANR	215			215	215	
TUCCIRM – ANR	126			126	126	
Elastobus – OSEO	454			454	454	
TUCE – OSEO	1,208			1,208	1,208	
Micro Elasto – ANR	181			181	186	4
PLIK – OSEO	54			54	133	79
PLIK –Pays d'Aix	25			25	80	55
PLIK – PACA					80	80
BITHUM – ANR	112			112	118	6
IDITOP – OSEO	335			335	335	
IDITOP - PACA	250			250	250	
Cartographics – INCA INSERM	133			133	133	
Capacity - BPI						
SOLUS	344		40	384	408	24
Ultra Fast 4D-ANR	92			92	306	214
RHU STOP AS	105		49	154	203	49
Total	6,407	0	89	6,496	7,716	1,220

* Icare grant: during the 2017 fiscal year, the Company had reached an agreement with Bpifrance, which is funding this program, since part of the initial objectives were not achieved. The remaining amount of the grant will never be received.

23.1. Pledge of marketable securities

Marketable securities amounting to €158,000 have been pledged to BNP Paribas Real Estate as a security deposit on the rent for the Aix-en-Provence business premises. This pledge was given for a period of nine years ending on September 30, 2024. The pledge will be released on September 30, 2021, at the end of the lease that was terminated in 2020, effective as of the end of September 2021.

23.2. Operating lease commitments:

The commercial lease signed by the Company for the premises located in Aix-En-Provence, renewable for a period of three years, which ran to July 17, 2017. This lease was tacitly renewed and will end on September 30, 2021. As of December 31, 2020, the outstanding commitments amounted to €167,000.
In July 2015, the Company signed a lease for premises located in Aix-en-Provence, renewable for a three-year period, which runs to June 30, 2018. An amendment was signed in November 2018 permitting departure from the building in question each quarter on 6 months' notice up to September 30, 2021. The outstanding commitments in this respect were €46,000 at December 31, 2020.

The commercial lease signed by the Company for its new premises located in Aix-En-Provence, will begin on October 1, 2021 for a 10-year term to end on September 30, 2031. The Company has the right to terminate that agreement at the end of the second three-year period.
Remaining commitments in that regard as of December 31, 2020 total €3.198 million for the period running through September 30, 2031.

24. Staff retirement commitments

At December 31, 2020, the amount of staff retirement commitments was €520,000, which was not recorded in the balance sheet, as compared with €414,000 as of December 31, 2019.

The main actuarial assumptions used are as follows:

In thousands of euros	**Dec. 31, 2020**	Dec. 31, 2019
Discount rate	0.33%	0.80%
Rate of increase in salaries	3.0%	3.0%
Inflation rate	2.0%	2.0%
Social security rate: Non-management	25.0%	25.0%
Social security rate: Management	46.0%	46.0%

Obligations are calculated based on an assumption of voluntary retirement at 62 for non-management employees and 64 for management.
Assumptions regarding future mortality expectations are set based on data from published statistics and historical data in France (INSEE table TD/TV 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.

25. Compensation of executives and officers

The total gross amount of compensation and benefits of all kinds for executives and officers paid in fiscal year 2020 totaled €908,000, compared with €322,000 in 2019.

26. Workforce

As of the reporting date, the Company had 113 employees. As of December 31, 2020, it also had 50 Chinese employees at its Beijing establishment and one manager in Italy.

Headcount in France by category and by year broke down as shown below:

	December 31, 2020	December 31, 2019
Management	97	91
First-line supervisors and technicians	9	18
Employees	7	8
Total employees at year-end	**113**	117

27. Taxes and future tax position

At the close of the period, the Company's tax position broke down as follows:

- Research Tax Credit at December 31, 2020: €2.351 million;
- Adjustments of prior tax credits: €0
- Income tax: €11,000

The income tax concerns the Chinese establishment.

Loss carryforwards totaled €170.6 million at December 31, 2020 compared with €150.3 million at December 31, 2019.

28. Impact of unfavorable tax adjustments

In thousands of euros	**December 31, 2020**	December 31, 2019
Profit (loss) for the year	(19,274)	(18,047)
Income tax	(2,349)	(2,169)
Income (loss) before tax	(216,623)	(20,216)
Change in regulated provisions: special amortization and depreciation allowances	-	-
Income excluding unfavorable tax adjustments before taxes	**(21,623)**	**(20,216)**

29. Breakdown of income tax

At period end, the income tax payable broke down as follows:

In thousands of euros	**Total**	Corresponding tax	Net income (loss)
Current income (loss)	(20,729)	2,349	(18,380)
Non-recurring income	(893)	-	(893)
Total	**(21,621)**	2,349	(19,274)

30. Information on affiliates

The table below shows information concerning affiliates. A company is considered to be an affiliate when it is fully consolidated within a single consolidation group. Companies are fully consolidated when the parent has exclusive control.

In thousands of euros	**12/31/2020 gross**	12/31/2020 net
SSI China securities	2,000	2,000
SSI DE securities	25	-
SSI UK securities	2	-
SSI Italy securities	10	-
SSI HK securities	1	1
Total	**2,038**	**2,000**
Hologic USA receivables	-	-
SSI China debts	(2,989)	(2,989)
SSI DE receivables	3,273	-
SSI UK receivables	2,179	-
SSI Italy receivables	44	-
SSI HK debts	(238)	(238)
Hologic financial debt	(55,341)	(55,341)
[Receivables due from] Hologic US	(1,938)	(1,938)
Total	**(55,010)**	(60,506)

Financial expenses for the fiscal year relating to affiliates consist of a net interest expense of €2.552 million.

Financial income for the fiscal year relating to affiliates consists of interest income on related receivables of €37,000 and the reversal of a provision for impairment of financial assets in the amount of €467,000. Amounts relating to the Hologic group (majority shareholder) in the financial statements for the year ended December 31, 2020, are as follows:

- Hologic loan and interest incurred €55.341 million
- Trade receivables (credits) (€1.938) million

- Financial interest during the year €(2.552) million
- Product sales €1.590 million
- Service sales €38,000
- Reinvoicing of management fees €1.787 million
- [Standardization of the distribution margins of the distribution entities.] (1) €(4.946) million (recorded in Other purchases and external expenses)

(1) Over the course of 2020, SuperSonic Imagine signed non-exclusive distribution agreements with several entities in the Hologic group. Under those agreements, the distribution entities are considered to be Limited Risk Distributors and are guaranteed a distribution margin (operating income/revenue) of 3%.

31. Statutory Auditors' fees

Statutory Auditors' fees in the income statement for the fiscal year break down as follows:

Statutory Auditors' fees **In euros excluding VAT**	**Ernst & Young et Autres**	TALENZ ARES AUDIT	Ernst & Young et Autres	TALENZ ARES AUDIT
	Year ended December 31, 2020		***Year ended December 31, 2019***	
Certification of the separate and consolidated financial statements and limited review	84,000	35,500	84,000	35,500
Services other than statutory auditing	1,500	-	16,614	-
Total	• **85,500**	**35,500**	100,614	35,500

32. Subsequent Events

32.1 Amendments to the loan agreement (the "Loan Agreement") between SuperSonic Imagine SA and Hologic Hub Ltd., the majority shareholder

On January 19, 2021, the Loan Agreement entered into on August 14, 2019, between SuperSonic Imagine SA and Hologic Hub Ltd., its majority shareholder, was amended to increase the maximum amount of the loan from €67 million to €73 million.

32.2 Impacts of the Covid-19 pandemic

With respect to the impact of the Covid-19 pandemic on the Group's business, please see Note 1.1.2, Key Events of the Period.

32.3 Governance

At its meeting on January 19, 2021, the Board of Directors:

- Took note of Patricia Dolan's resignation from her membership positions on the Company's Board of Directors, Audit Committee, and Nomination and Compensation Committee;
- Took note of John. LaViola's resignation from his position as an observer on the Board of Directors;
- Decided to coopt Souad Belarbi as a member of the Board of Directors to replace Patricia Dolan, who was stepping down, on the recommendation of the Nomination and Compensation Committee. Souad Belarbi was appointed for the remainder of Ms. Dolan's term of office, *i.e.* until the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020. It is specified that the ratification of Ms. Belarbi's cooptation as a member of the Board of Directors will be submitted to the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020;
- Decided to appoint Andrew Chard, on the recommendation of the Nomination and Compensation Committee, as a member of the Company's Audit Committee.

33. Subsidiaries and equity interests

In thousands of euros		**SuperSonic Imagine Ltd.**	SuperSonic Imagine GmbH	SuperSonic Imagine Srl	SuperSonic Imagine (HK) Ltd.	SuperSonic Imagine (Shanghai) Medical Devices Co. Ltd.
Share capital		1	25	10	1	2,002
Shareholders' equity other than share capital		(2,158)	(3,196)	(34)	227	(4)
Percentage of share capital held		100%	100%	100%	100%	100%
Carrying amount of shares held	Gross	2	25	10	1	2,000
	Net	-	-	-	1	2,000
Loans and advances provided and outstanding, net		-	-	-	(238)	(2,989)
Securities and guarantees provided by the company		-	700	12	-	-
2020 Revenue		20	371	-	233	4,181
2020 Net income (loss)		(34)	(87)	(2)	17	410
Dividends received by the company		-	-	-	-	-

PART 5 - STATUTORY AUDITORS' REPORTS ON THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Statutory Auditors' Report on the Consolidated Financial Statements

To the Shareholders:

Opinion

In performance of the engagement with which you have entrusted us, we audited the accompanying Consolidated Financial Statements of SuperSonic Imagine for the fiscal year ended December 31, 2020.

We certify that, having regard to the IFRS as adopted by the European Union, the Consolidated Financial Statements give a true and fair view of the operating results for the past fiscal year, as well as the financial position and assets of the consolidated group at the end of the fiscal year.

Basis for our opinion

Audit framework

We have carried out our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are detailed in the section of this report entitled "Responsibilities of the Statutory Auditors with respect to the audit of the Consolidated Financial Statements".

Independence

We carried out our audit in accordance with the applicable rules on independence set forth in the French Commercial Code and in the French Code of Ethics for Statutory Auditors for the period from January 1, 2020, to the date on which this report was issued.

Comment

Without calling into question the opinion expressed above, we draw your attention to the note entitled "Going Concern" in the notes to the consolidated financial statements, with respect to the financial support provided by the majority shareholder.

Basis for opinion

The worldwide crisis due to the Covid-19 pandemic has created specific conditions for the preparation and audit of this year's financial statements. The crisis and the exceptional measures taken in light of the emergency health situation have multiple consequences for businesses, in particular on their activity and their financing, as well as increased uncertainty regarding their future prospects. Some of these measures, such as travel restrictions and remote work, have also had an effect on companies' internal organization and on the conditions for carrying out audits.

It is against that complex and evolving background that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the basis for our opinion, we hereby inform you of the following assessments that, in our professional judgment, were of the greatest importance for the audit of the Consolidated Financial Statements for the fiscal year.

The assessments thus made are part of the audit of the Consolidated Financial Statements as a whole and contributed to the opinion we have expressed above. We express no opinion on the components of these Consolidated Financial Statements taken individually.

Note 3.4, "Intangible Assets," of the notes to the Consolidated Financial Statements set forth the accounting rules and methods on accounting for development costs.

In connection with our assessment of the accounting principles applied by your company, we examined the procedures for recording development costs as assets, as well as those used for their amortization and verification of their current value, and we verified that Notes 3.4, "Intangible Assets," and 8 "Intangible Assets," of the notes to the Consolidated Financial Statements provide appropriate information.

Specific checks

In line with the professional standards applicable in France, we likewise performed the specific checks provided for by law and regulation regarding the information provided in the Group management report by the Board of Directors.

We have no comments to make as concerns their accuracy and conformity with the Consolidated Financial Statements.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

Management is responsible for preparing consolidated financial statements pursuant to IFRS as adopted by the European Union that give a true and fair view and for putting in place whatever internal control it feels is necessary to prepare consolidated financial statements that are free from material misstatement, whether resulting from fraud or errors.

When preparing the Consolidated Financial Statements, Management must assess the company's ability to continue operating, presenting all relevant information in those financial statements and applying the going concern basis, except where there are plans to liquidate the company or to discontinue operations.

The Consolidated Financial Statements have been approved by the Board of Directors.

Responsibilities of Statutory Auditors in auditing the Consolidated Financial Statements

Our role is to prepare a report on the Consolidated Financial Statements. Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As indicated in Article L. 823-10-1 of the French Commercial Code, our auditing of the financial statements does not represent a guarantee as to the viability or quality of the company's management.

In the course of an audit conducted in accordance with applicable professional standards in France, the Statutory Auditors exercise professional judgment throughout this audit. The Statutory Auditors also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the Consolidated Financial Statements;

- Evaluate the appropriateness of Management's application of the going concern basis and, depending on the evidence collected, the existence or otherwise of significant uncertainty regarding events or circumstances likely to imperil the company's ability to continue operating. This view is based on the evidence collected up to the date of the report, it being noted that subsequent circumstances or events may imperil continued operation. If significant uncertainty is found, the Statutory Auditors draw the attention of readers of their report to the disclosures in the Consolidated Financial Statements regarding this uncertainty or, if this information is not supplied or relevant, they issue a qualified opinion or choose not to issue an opinion;

- Evaluate the overall presentation of the Consolidated Financial Statements and assess whether the Consolidated Financial Statements reflect the underlying transactions and events in a manner that achieves fair presentation;

- With respect to financial information on consolidated entities, the Statutory Auditors collect sufficient and appropriate evidence to express an opinion on the Consolidated Financial Statements. The Statutory Auditors are responsible for managing, overseeing and conducting the audit of the Consolidated Financial Statements and for the opinion expressed on these financial statements.

Avignon and Montpellier, February 11, 2021

The Statutory Auditors

TALENZ ARES AUDIT — ERNST & YOUNG et Autres

Johan Azalbert — Xavier Senent — Frédérique Doineau

Statutory Auditors’ Report on the Annual Financial Statements

To the Shareholders:

Opinion

In performance of the engagement with which you have entrusted us, we audited the accompanying Annual Financial Statements of SuperSonic Imagine for the fiscal year ended December 31, 2020.

We certify that the Annual Financial Statements, prepared pursuant to French GAAP accounting rules and principles, provide a true and fair view of the operating results for the fiscal year ended, as well as of the financial position and assets of the company at year-end.

Basis for our opinion

Audit framework

We have carried out our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are detailed in the section of this report entitled “Responsibilities of the Statutory Auditors with respect to the audit of the Annual Financial Statements”.

Independence

We carried out our audit in accordance with the applicable rules on independence set forth in the French Commercial Code and in the French Code of Ethics for Statutory Auditors for the period from January 1, 2020, to the date on which this report was issued.

Comment

Without calling into question the opinion expressed above, we draw your attention to the note entitled “Going Concern” in the notes to the annual financial statements, with respect to the financial support provided by the majority shareholder.

Basis for opinion

The worldwide crisis due to the Covid-19 pandemic has created specific conditions for the preparation and audit of this year’s financial statements. The crisis and the exceptional measures taken in light of the emergency health situation have multiple consequences for businesses, in particular on their activity and their financing, as well as increased uncertainty regarding their future prospects. Some of these measures, such as travel restrictions and remote work, have also had an effect on companies’ internal organization and on the conditions for carrying out audits.

It is against that complex and evolving background that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the basis for our opinion, we hereby inform you of the following assessments that, in our professional judgment, were of the greatest importance for the audit of the Annual Financial Statements for the fiscal year.

The assessments thus made are part of the audit of the Annual Financial Statements as a whole and contributed to the opinion we have expressed above. We express no opinion on the components of these Annual Financial Statements taken individually.

Note 1.1.3, "Intangible Assets," of the notes to the Annual Financial Statements sets forth the accounting rules and methods on accounting for development costs.

In connection with our assessment of the accounting principles applied by your company, we examined the procedures for recording development costs as assets, as well as those used for their amortization and for verification of their current value, and we verified that Notes 1.1.3, "Intangible Assets," and 2, "Intangible Assets," to the Annual Financial Statements provide appropriate information.

Specific checks

In line with the professional standards applicable in France, we have likewise performed the specific checks required by law and regulation.

- **Information in the management report and in other documents on the financial position and the Annual Financial Statements sent to shareholders**

We have no comments to make as to the accuracy and conformity with the Annual Financial Statements of the information provided in the Management Report of the Board of Directors and in the other documents on the financial position and the Annual Financial Statements sent to shareholders.

We confirm that the information on payment time limits required under Article D. 441-4 of the French Commercial Code is accurate and conforms with the Annual Financial Statements.

- **Corporate governance report**

We confirm that the information required under Article L. 225-37-4 of the French Commercial Code is in the corporate governance section of the Board of Directors' report on Corporate Governance.

- **Other information**

In application of the law, we have ensured that the various information relating to the identity of holders of capital or voting rights was communicated to you in the Management Report.

Responsibilities of management and those charged with governance for the Annual Financial Statements

Management is responsible for preparing annual financial statements pursuant to French accounting rules and principles that give a true and fair view and for putting in place whatever internal control it feels is necessary to prepare annual financial statements that are free from material misstatement, whether resulting from fraud or errors.

When preparing the Annual Financial Statements, Management must assess the company's ability to continue operating, presenting all relevant information in those financial statements and applying the going concern basis, except where there are plans to liquidate the company or to discontinue operations.

The Annual Financial Statements have been approved by the Board of Directors.

Responsibilities of Statutory Auditors in auditing the Annual Financial Statements

Our role is to prepare a report on the Annual Financial Statements. Our objective is to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As indicated in Article L. 823-10-1 of the French Commercial Code, our auditing of the financial statements does not represent a guarantee as to the viability or quality of the company's management.

In the course of an audit conducted in accordance with applicable professional standards in France, the Statutory Auditors exercise professional judgment throughout this audit. The Statutory Auditors also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the Annual Financial Statements;

- Evaluate the appropriateness of Management's application of the going concern basis and, depending on the evidence collected, the existence or otherwise of significant uncertainty regarding events or circumstances likely to imperil the company's ability to continue operating. This view is based on the evidence collected up to the date of the report, it being noted that subsequent circumstances or events may imperil continued operation. If significant uncertainty is found, the Statutory Auditors draw the attention of readers of their report to the disclosures in the Annual Financial Statements regarding this uncertainty or, if this information is not supplied or relevant, they issue a qualified opinion or choose not to issue an opinion;

- Evaluate the overall presentation of the Annual Financial Statements and assess whether the Annual Financial Statements reflect the underlying transactions and events in a manner that achieves fair presentation.

Avignon and Montpellier, February 11, 2021

The Statutory Auditors

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