

SuperSonic Imagine announces its H1 2020 results

- The health crisis has impacted all regions of activity, half-year revenue down 27%
- Operating expenses under control, down 12% to €9.6 million
- 50% improvement in the operating result to -€6.3 million
- 42% improvement in the net loss to -€8.0 million
- Cash position of €3.8 million at June 30, 2020, improvement in cash burn

Aix-en-Provence, July 23, 2020 - 6.00 pm CEST - SuperSonic Imagine (Euronext: SSI, FR0010526814, PEA-PME eligible), a Company specializing in ultrasound medical imaging, today announces its financial results for the first half of the year to June 30, 2020.

Antoine Bara, General Manager of SuperSonic Imagine, comments: “The first half of 2020 was marked by the public health crisis associated with COVID-19 that led to a reduction in our sales activity on our three key markets: China, France and the United States. Within this unprecedented context, the Company is implementing every possible action at its disposal to protect itself in the face of this new environment. Moreover, SuperSonic Imagine’s cash position should enable it to cope with the uncertainties associated with the ongoing pandemic. Once the health and economic situation has been normalized, I firmly believe that the Company will return to a growth momentum that is in line with the added value of our Product and Service offer”.

Audited accounts in thousands of euros	H1 2020	H1 2019	Change
Sales	8,038	11,792	-32%
Other revenue	680	82	x7.3
Total revenue	8,718	11,874	-27%
Cost of sales	-4,837	-6,206	-22%
Gross margin	3,881	5,668	-32%
Gross margin on sales ¹	3,201	5,586	-43%
Gross margin on sales (%) ²	39.8%	47.4%	-7.6 pp
Operating expenses	-9,564	-10,857	-12%
Core operating result	-5,682	-5,188	+10%
EBITDA³	-4,020	-3,243	+24%
Operating result	-6,322	-12,740	-50%
Financial result	-1,674	-1,145	+46%
Net profit/loss	-7,996	-13,891	-42%

These accounts have been subject to a limited review.

¹ Gross margin on sales = Sales – Cost of sales.

² Gross margin on sales (%) = (Gross margin on sales / Sales) x 100.

³ EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization.

Revenue for the first half of 2020

Over the first six months of the year, SuperSonic Imagine recorded revenue of €8,038 thousand, down 32% compared with the first half of 2019. Product sales totaled €6,724 thousand, down 32%, whilst Service sales totaled €1,314 thousand, down 30%.

China, the United States and France recorded falls in H1 revenue up to 48%, 25% and 28%, respectively.

Globally, sales in the Americas were down by 27% while the EMEA and Asia zones recorded falls of 31% and 33%, respectively.

Other revenue, which totaled €680 thousand, essentially includes €654 thousand in management fees billed to Hologic Inc. and €26 thousand in revenue resulting from an industrial partnership contract signed in 2018.

Gross margin on sales of 39.8%

In the first half of 2020, the gross margin on sales fell to 39.8%, from 47.4% in the first half of 2019. The gross margin on equipment sales fell sharply (-9.2 percentage points) which can be explained:

- for -3.0 pp by the write-back of a provision booked only in 2019;
- for -6.7 pp by the unfavorable geographical mix, notably with a reduction in China's weight, and by the significant decrease in the margin in the United States because of the divestment of US subsidiary SuperSonic Imagine Inc. to Hologic Inc. in December 2019 (the sale of systems to Hologic Inc. in 2020 generates a lower margin than sales of systems to US end clients in 2019);
- for +0.5 pp by a substantial inventory provision booked in 2019.

On the other hand, the gross margin on Service sales increased by 1.7 pp. This improvement was primarily a result of the divestment of US subsidiary SuperSonic Imagine Inc. to Hologic Inc. in December 2019 presenting a low Service margin in 2019.

Operating expenses under control, decline in EBITDA

In the first half of 2020, operating expenses were down €1.3 million chiefly because of the €0.7 million reduction in Research & Development expenses and the €0.8 million reduction in Marketing expenses.

The Company benefited from subsidies and tax credits that were up by €0.7 million compared with the first half of 2019, thus reducing Research & Development expenses. This increase explains the change in R&D expenses, equivalent to net spending after durable goods.

Sales & Marketing costs were down by 13.8% compared with the first half of 2019. This decrease was mainly due to lower travel and event-related expenses as a result of the epidemic crisis of COVID-19 crisis and to the decrease in personnel costs in the United States following the divestment of the SuperSonic Imagine Inc. subsidiary end of December 2019.

General & Administrative expenses increased by 8.4% to €2.3 million. Operating expenses held steady at €0.9 million, a slight increase of 2.4%.

At June 30, 2020, the core operating result was down 9.5% at -€5.7 million (vs. -€5.2 million in H1 2019).

All in all, EBITDA⁴ deteriorated by 24%, with a loss of €4.0 million at June 30, 2020 compared with a loss of €3.2 million at June 30, 2019.

⁴ EBITDA at June 30, 2020 corresponds to current operating income, i.e. - €5.7 million, restated for €1.4 million in depreciation, amortization and provisions and €0.3 million in taxes and duties.

Improvement in the operating result and net result, impacted by 2 exceptional expenses in 2019

At June 30, 2020, the operating loss was €6.3 million, versus a loss of €12.7 million in H1 2019.

Other non-core operating expenses at June 30, 2020 primarily include the severance costs paid to former CEO Michèle Lesieur, which were approved by the Shareholders' Meeting of June 16, 2020.

At June 30, 2019, the operating result included the two following exceptional expenses:

- €5.2 million associated with the transaction and external costs incurred within the framework of the settlement of the legal dispute with the company Verasonics.
- €2.3 million relating to expenses incurred in connection with the proposed acquisition of Supersonic Imagine by Hologic Inc.

The financial result was -€1.7 million, and mainly consisted of interest on the financial debt to majority shareholder Hologic, as well as interest and fees due in respect to the early repayment of all non-group financial debt.

All in all, the net loss was €8.0 million in the first half of 2020, versus a loss of €13.9 million in H1 2019.

Improvement in cash burn: cash position of €3.8 million at June 30, 2020

SuperSonic Imagine had a cash position of €3.8 million at June 30, 2020 (compared with €6.5 million at December 31, 2019), giving net cash burn of €2.7 million, a very significant improvement compared with the first half of 2019 that showed a net cash burn of €5.5 million.

Cash burn (consumption of operating and investment cash flow) also improved, with €0.7 million a month over the first half of 2020 compared with €1.1 million in the first half of 2019.

Net cash burn broke down as follows:

- -€3.0 million associated with operating activity in H1 2020, primarily as a result of the net operating loss over the half. The €1.7 million increase in Working Capital Requirements was mainly due to a €1.4 million increase in inventories offset by a €2.4 million decrease in trade receivables.
- Cash burn associated with R&D investments, notably capitalized R&D spending, was down by €0.7m over the half. The 2019 Research Tax Credit was banked in the first half of 2020 and explains the decrease in cash burn associated with investment activities.
- +€1.6 million cash associated with financing operations in the first half of 2020 (compared with €0.8 million in the first half of 2019) mainly due to the repayment of all non-Group debts for €8.3m, offset by the increase in the revolving credit facility for €11.5 million with the Hologic group.

2020 outlook

At the current time, it is difficult to accurately quantify the impact the COVID-19 pandemic will have on the Group's 2020 annual activity.

The Group has seen a decrease in activity on its 3 key markets of France, China and the United States.

Regarding the supply chain, supplier delivery delays were observed at the height of the lockdown period in March and April. The trend is towards a reduction in these delivery delays, although we cannot rule out another deterioration in the COVID-19 situation that could lead to lockdown measures being applied again in some regions of the world. Should this happen, this could result in further supply delivery delays over the coming weeks.

Regarding the ability to deliver, to date logistics flows remain active, although transit times may be increased by a few days and prices pushed up on certain routes (some lines have seen their tariffs double or triple as a result of the decrease in air freight cargo capacity). This is a rapidly evolving

situation that is being monitored on a daily basis by SuperSonic Imagine's Supplies and Logistics teams, in liaison with the suppliers concerned.

The SuperSonic Imagine group's cash position (strengthened by the revolving loan concluded between Hologic Hub Ltd and the Company for a maximum cumulative amount of €67 million) should enable the Group to be in a position to deal with the uncertainties related to the ongoing pandemic.

The Group's Management is closely monitoring the evolution of this pandemic in each of the geographical regions concerned, and is implementing all required measures to protect its employees, clients and partners (thus participating in the global effort to limit the spread of the virus). Most activities, including R&D activities, are now being carried out via telecommuting. At the same time, the Group has implemented all necessary health protection measures to continue its essential logistical activities enabling orders to be distributed and shipped. In order to cope with the lockdown period imposed by the government, the Group implemented partial unemployment measures.

Within a global economic context that remains extremely uncertain, the Group is implementing every measure at its disposal to protect itself within this unprecedented environment. However, with the pandemic having affected every geographical region in which the Group operates, SuperSonic Imagine is not in a position to guarantee that it will not be more seriously impacted, notably in view of the economic consequences of the extended lockdown measures in France and every other country in which it is present (particularly the United States, particularly hard hit by the Covid-19 crisis). In these conditions, the SuperSonic Imagine group's companies could see their sales, profitability and cash flow affected, although to what extent exactly is currently still difficult to assess.

The half-year financial report is available on the Company's website in the Investors section.

Next financial press release: Q3 2020 sales, on October 14, 2020.

About SuperSonic Imagine

SuperSonic Imagine is a medical technology company (Medtech) specialized in ultrasound imaging. The company designs, develops and markets an ultrasound platform whose exclusive ultrafast technology (UltraFast™) has given rise to new imaging methods, which have now become standards in the non-invasive care path for the characterization of breast, liver or prostate diseases. The first innovative mode UltraFast™ is ShearWave® elastography (SWE™), which allows doctors to instantly visualize and analyze tissue hardness, which is critical information for the diagnosis of many pathologies. To date, more than 800 publications have validated the benefits of its technologies. The latest addition to the Aixplorer® range, Aixplorer MACH® 30 introduces a new generation of imaging UltraFast™ allowing the optimization of all innovative imaging modes: ShearWave PLUS, UltraFast Doppler, Angio PL.U.S, TriVu. With almost 2,800 ultrasound platforms installed worldwide, SuperSonic Imagine is present in more than 80 countries and its main markets are China, the United States and France. The group's revenues for the 2019 financial year amounted to €26.4 million. SuperSonic Imagine is a company listed on Euronext (symbol: SSI). For more information, visit www.supersonicimagine.fr.

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