

PRESS RELEASE

EOS imaging Reports Full Year 2016 Results

- **2016 revenue of €30.8 million, up 41%**
- **2016 operating loss reduced by 31% to €4.6 million**
- **Cash position: €14.9 million at December 31, 2016**

Paris, March 22, 2017, 6pm CET – EOS imaging (Euronext, FR0011191766 – EOSI), the pioneer in 2D/3D orthopedic medical imaging, today announced consolidated results for the full year ended December 31, 2016, as approved by the Board of Directors on March 22, 2017.

Marie Meynadier, CEO of EOS imaging, commented: *“In 2016 we achieved significant milestones in the Company's international development, including the initiation of two partnerships with leading orthopedic implant companies that strengthen our marketing capabilities in the United Kingdom and Japan. We have also continued to expand our EOSapps offering for which the online 3D spine, hip and knee planning modules have all received FDA approval.”*

“On the financial side, we delivered strong revenue growth along with a significant reduction in our operating loss. This performance resulted in an improvement in our net income and a sharp reduction in our cash consumption.”

2016 FINANCIAL HIGHLIGHTS

- **Revenue growth of 41.8% to €30.8 million**

EOS imaging reported full year 2016 revenue of €30.8 million, an increase of 41% compared to the prior year.

Equipment sales grew by 40% to €25.1 million. Recurring revenues were €5.7 million, up 44% compared to 2015. Recurring revenues included sales of maintenance of €4.69 million and sales of consumables and services of €1.02 million.

In addition, the Company received €2.3 million in public grants in 2016 to support ongoing innovation, including a research tax credit recognized in “Other income”.

- **Gross margin improvement of 70 basis points and reduction by 31% of the operating loss**

Gross margin for the full year 2016 was 47.4%, an improvement of 70 basis points compared to the prior year.

Operating expenses for the full year 2016 totaled €37.7 million, up 24% compared to the prior year. Operating loss for the full year 2016 was €4.6 million, a reduction by 31% compared with an operating loss of €6.7 million in 2015.

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Net financial expense for the full year 2016 totaled €1.6 million, compared to €0.5 million in 2015, reflecting interest expense on the Company's €15 million debt financing, the last tranche of which was drawn in June 2016.

Net loss for the full year 2016 was €6.2 million, a reduction by 14% compared with a net loss of €7.2 million in the previous year.

The Company had 129 employees at December 31, 2016, compared with 122 employees at December 31, 2015.

Summarized Income statement

<i>In millions of euros</i>	2016	2015
Revenue	30.77	21.81
Other income	2.33	1.84
Total income	33.10	23.65
Direct cost of sales	(16.20)	(11.62)
Gross margin	14.58	10.19
<i>as a % of revenue</i>	47.4%	46.7%
Indirect cost of production and services	(3.83)	(3.49)
Research & development	(3.89)	(3.74)
Sales & marketing	(8.66)	(7.04)
Regulatory expenses	(0.70)	(0.63)
Administrative costs	(3.91)	(3.58)
Total operating expenses	(20.98)	(18.48)
Share-based payments	(0.48)	(0.22)
Operating income/(loss)	(4.56)	(6.67)
Net financial income/(expense)	(1.61)	(0.51)
Net income/(loss)	(6.17)	(7.18)

Financial statements under audit

Net cash at December 31, 2016: €14.9 million

As of December 31, 2016, EOS imaging's net cash totaled €14.9 million, compared with €14.1 million at December 31, 2015. Consolidated equity stood at €22.8 million at December 31, 2015, compared with €27.8 million at December 31, 2015.

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KEY EVENTS OF 2016

- **Major milestones in the Company's international expansion**
 - ✓ Co-promotion agreement with Stryker in the United Kingdom;
 - ✓ Co-marketing agreement with Medtronic Japan;
 - ✓ Received Innovative Technology status from the Korean NECA Center for New Health Technology, establishing reimbursement for EOS imaging exams in Korea;
 - ✓ Initial installations in Korea and North-Africa;
 - ✓ China Food and Drug Administration (CFDA) Approval for the EOS® System.

- **Further enhancement of the EOS system with the development of new software applications**
 - ✓ Licensing agreement and an exclusive partnership in spine surgery planning with Spinologics;
 - ✓ Exclusive partnership with Anatoscope (Montpelier, France);
 - ✓ FDA approval for spineEOS online spine surgery planning software;
 - ✓ CE Mark and FDA clearance for kneeEOS, an online 3D planning software application for total knee arthroplasty.

For more information, please visit www.eos-imaging.com.

EOS imaging has been chosen to be included in the new EnterNext© PEA-PME 150 index, composed of 150 French companies and listed on Euronext and Alternext markets in Paris.

EOS imaging is listed on Compartment C of Euronext Paris
ISIN: FR0011191766 – Ticker: EOSI



Next press release: 2017 first quarter sales: April 18, 2017

About EOS imaging

EOS imaging designs, develops, and markets EOS®, an innovative medical imaging system dedicated to osteoarticular pathologies and orthopaedics, as well as associated solutions. The Company is authorized to market in 51 countries, including the United States (FDA), Japan, China, and the European Union (EC). The Group posted 2016 revenues of €30.8 million and employs 129 people including an R&D team of 43 engineers. The Group is based in Paris and has five subsidiaries in Besançon (France), Cambridge (Massachusetts), Montreal (Canada), Frankfurt (Germany) and Singapore.

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