French Public Limited Company (Société Anonyme), with share capital of €202,419.74
Registered office: 10 rue Mercœur, 75011 Paris
Paris Trade and Companies Register No. 349 694 893

2015 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

This Registration Document contains all the items included in the Annual Financial Report.

AMF AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with its General Regulations, in particular Article 212-13, the *Autorité des Marchés Financiers* (AMF) registered this Registration Document on 29/06/2016 under number R.16-061.
This document should not be used as a basis for a financial transaction unless accompanied by a prospectus approved by the AMF.
This Registration Document has been prepared by the issuers and its signatories assume responsibility for its content.
In accordance with Article L. 621-8-1-I of the French Monetary and Financial Code, the document was registered by the AMF after it had verified its exhaustiveness and comprehensibility and the consistency of the information contained therein. This does not imply AMF authentication of the accounting and financial data presented.

Copies of this Registration Document are available free of charge from
EOS imaging, 10 rue Mercœur, 75011 Paris
and on the Company's website (www.eos-imaging.com) and the AMF website (www.amf-france.org)

TABLE OF CONTENTS

In accordance with Annex 1 of European Regulation EC 809/2004

1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1. PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED HEREIN

Marie Meynadier, Chief Executive Officer of EOS imaging (hereinafter "**EOS imaging**" or the "**Company**").

1.2. STATEMENT BY THE PERSON RESPONSIBLE

"I declare that, having taken all reasonable measures for such purpose, to the best of my knowledge the information contained in this Registration Document gives a true picture and contains no omissions liable to alter its meaning.

I have obtained a work completion letter from the Statutory Auditors, stating that they have audited the information related to the financial position and the financial statements as provided in this Registration Document, and that they have read the entire Registration Document.
The consolidated financial statements for the year ended 31 December 2015, as presented in this Registration Document, were subject to a report by the Statutory Auditors presented on pages [272 to 277] of this Registration Document.
The consolidated financial statements for the year ended 31 December 2014, as presented in the 2014 Registration Document (AMF registration n° R.15-0028 of 29 April 2015), were subject to a report by the Statutory Auditors presented in Chapter 20.3 on pages [289-291] of that Registration Document.
The consolidated financial statements for the year ended 31 December 2013 (AMF registration n° R.14-0041 of 23 June 2014), as presented in the 2013 Registration Document, were subject to a report by the Statutory Auditors presented in Annex 1.2 on pages [253-256] of that Registration Document."

Paris, 28 June 2016

Marie Meynadier
Chief Executive Officer

2. STATUTORY AUDITORS

2.1. APPOINTMENT OF STATUTORY AUDITORS

2.1.1. PRINCIPAL STATUTORY AUDITORS

Deloitte & Associés
Public limited company
185C avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine
Nanterre Trade and Companies Register 572 028 041
Company represented by Ms Géraldine Segond

FI Solutions
Simplified joint-stock company
FI SOLUTIONS
8 rue Bayen
75017 Paris
Paris Trade and Companies Register 482 040 235
Company represented by Mr Jean-Marc Petit

Appointed by the Combined General Meeting of 13 June 2013 for a six-year term expiring at the close of the Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2018.

2.1.2. ALTERNATE STATUTORY AUDITORS

BEAS
Limited liability company
195 avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine
Nanterre Trade and Companies Register 315 172 445
Company represented by Joël Assayah

Mr Jorg Schumacher
Born on 12 April 1965 in Hilden (Germany)
1 avenue Léopold Sedar Senghor
94100 Saint Maur des Fossés

Appointed by the Combined General Meeting of 13 June 2013 for a six-year term expiring at the close of the Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2018.

2.2. MONITORING MANDATES

There is no specific event to mention.

3. SELECTED FINANCIAL INFORMATION

SELECTED FINANCIAL INFORMATION

Formed in 1989, the company EOS Imaging SA develops innovative medical imaging devices dedicated to osteo-articular conditions and orthopaedics, as well as associated applications. By taking over the company OneFit Medical in November 2013, the Group has incorporated an orthopaedic surgery planning service into its offering and now sells patient-specific orthopaedic instruments.
As mentioned in Chapter 7 of this document, EOS Imaging SA (the parent company) wholly owns the following five companies:

- *EOS imaging Inc.*, an American registered company which handles the sale of Group products in the US;
- *EOS imaging GmbH*, a German registered company which handles the sale of Group products in Germany;
- *EOS image, Inc.,* a company incorporated under Part IA of the Québec Companies Act, which handles the sale of Group products on Canadian soil, as well as R&D activities;
- *OneFit Medical SAS*, a French simplified joint-stock company which develops and markets orthopaedic software solutions and customised orthopaedic instruments;
- *EOS imaging, Pte Ltd*, an Asian company which handles the sale of the Group's products in South-East Asia.

The consolidated financial statements of EOS imaging for the year ended 31 December 2015 were approved by the Board of Directors on 28 April 2016.

Pursuant to European regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements of EOS imaging were prepared according to IFRS standards and interpretations as adopted by the European Union as at 31 December 2015. These are available on the website of the European Commission:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The accounting principles applied to prepare the consolidated financial statements:

- for the financial year ended on 31 December 2015, are identical to those for the financial year ended 31 December 2014.

The other standards, amendments to the standards and interpretations adopted by the European Union and whose application is mandatory for the Group as at 1 January 2015 are as follows:

- IFRIC 21 - duties and taxes - Accounting for liabilities arising from levies or taxes;
- Annual improvements 2011-2013:
    - Amendment of IFRS 1 - Initial adoption of IFRS;
    - Amendment of IFRS 3 - Business Combinations;
    - Amendment of IFRS 13 - Fair Value Measurement;
    - Amendment of IAS 40 – Investment Property.

The first application of these standards does not have a material impact on the consolidated financial statements as at 31 December 2015.

- for the financial year ended 31 December 2014, are identical to those for the financial year ended 31 December 2013.

The other standards, amendments and interpretations adopted by the European Union and whose application is mandatory for the Group as of 1 January 2014 are as follows:

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Partnerships", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements", and IAS 28 "Investments in Associates and Joint Ventures": the body of standards that relate to consolidation;
- the amendments to the transitional provisions of IFRS 10, 11 and 12;
- the amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities";
- the amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- the amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting";
- the amendments to IAS 36 "Impairment of Assets - Disclosure of the Recoverable Value of Non-financial Assets".

The accounts are presented at historic exchange rates and scope.

As stated in section 4.4.6 of this Registration Document, the effect of exchange rate variations as at 31 December 2015 has the same impact on the Group's results and shareholders' equity, as follows:

- a 10% rise in the value of the euro against the Canadian and US dollars would have a negative impact on income of €204,000;
- A 10% fall in the value of the euro against the Canadian and US dollars would have a positive impact on income of €204,000.

At this stage in its growth, the Group does not use hedging strategies to protect its business against fluctuations in exchange rates. However, the Group cannot rule out the possibility that a significant increase in its business would result in it having greater exposure to foreign exchange risk and, at that time, would consider implementing an appropriate policy to hedge these risks.

For these reasons, the accounts are presented at historic exchange rates and scope only; a presentation at constant exchange rates and scope would not significantly change the figures presented below.

The selected financial information presented in this Chapter 3 has been extracted from the Group's financial statements contained in paragraph 20.1 of this Registration Document. This financial information must be read in conjunction with (i) the review of the Group's results and financial situation presented in Chapter 9 of this Registration Document and (ii) the assessment of cash flow and shareholder equity presented in Chapter 10 of this Registration Document.

The sales revenue achieved by the Group for the first quarter of 2016 is also presented in this chapter, following the annual figures for 2013 to 2015..

Simplified consolidated balance sheets

Consolidated data	2015 financial year	2014 financial year	2013 financial year
€K	12 months	12 months	12 months
Total assets	**52,164**	**39,801**	**46,594**
Non-current assets	**9,097**	**8,567**	**7,882**
Current assets	**43,067**	**31,234**	**38,712**
o/w cash and cash equivalents	*14,091*	*10,154*	*20,749*
Total equity & liabilities	**52,164**	**39,801**	**46,594**
Shareholders' equity	**27,768**	**25,464**	**30,067**
Non-current liabilities	**13,132**	**3,836**	**4,087**
o/w long-term debt(1)	*12,837*	*3,539*	*3,916*
Current liabilities	**11,264**	**10,501**	**12,440**

(1) : bonds, repayable advances and interest free loans

Simplified consolidated income statements

Audited consolidated data €K	2015 financial year 12 months	2014 financial year 12 months	2013 financial year 12 months
Total operating income	**23,656**	**21,719**	**16,671**
o/w sales revenue	21,812	20,062	15,170
o/w sales of equipment	*17,850*	*17,197*	*13,433*
o/w sales of maintenance contracts	*3,133*	*2,104*	*1,539*
o/w sales of consumables and related services	*830*	*761*	*198*
Direct cost of sales	(11,619)	(10,624)	(8,691)
Gross margin	**10,193**	**9,439**	**6,480**
In %	**47%**	**47%**	**43%**
Total operating expenses	(30,317)	(27,872)	(23,041)
Total operating income	**(6,661)**	**(6,152)**	**(6,370)**
Profit (loss) before tax from ordinary activities	**(7,181)**	**(5,245)**	**(5,884)**
Total net profit (loss) for the period	**(6,668)**	**(5,056)**	**(6,096)**
Net earnings per share (in €)	(0.38)	(0.29)	(0.34)

Simplified cash flow statements

Audited consolidated data €K	2015 financial year 12 months	2014 financial year 12 months	2013 financial year 12 months
Cash flows related to operating activities	**(12,698)**	**(4,591)**	**(10,522)**
o/w internal financing capacity	(5,806)	(4,564)	(4,015)
o/w change in working capital requirements	(6,892)	(27)	(6,506)
Cash flows related to investment activities	**(1,475)**	**(1,478)**	**(2,035)**
Cash flows related to financing activities	**18,052**	**432**	**1,740**
Impact of exchange rate fluctuations	58	50	(417)
Change in cash	**3,937**	**(5,587)**	**(11,233)**

Revenue for first quarter of 2016

In millions of euros		31 March 2016	31 March 2015
Sales of equipment		**4.09**	**2.50**
	in % of total revenue	*77%*	*75%*
Sales of maintenance contracts		**0.99**	**0.63**
	in % of total revenue	*18%*	*19%*
Sales of consumables and services		**0.24**	**0.19**
	in % of total revenue	*5%*	*6%*
Total turnover		**5.33**	**3.32**

Unaudited figures

In millions of euros	31 March 2016	31 March 2015
EMEA	2.45	1.30
North America	2.85	2.02
Asia	0.03	0.00
Total turnover	5.33	3.32

Unaudited figures

4. RISK FACTORS

Before deciding to invest in the Company's shares, potential investors are invited to carefully consider all the information in this Registration Document, including the risk factors described in this Chapter. As part of the preparation of this Registration Document, the Company performed a review of the risks that could have a material adverse effect on the Group, its business, financial position, earnings and outlook, and believes there are no material risks other than those presented.

The Company's risk management policy is described in section 16.5 of this Registration Document.

Investors should note that there could be other risks which, on the filing date of this Registration Document, are either unknown or whose materialisation is not considered liable to have a material adverse effect on the Company, its business, financial position, earnings or outlook.

4.1. RISKS RELATED TO THE MARKETS IN WHICH THE GROUP OPERATES

There are alternative technologies to those used by the Group and the appearance of new competing technologies cannot be ruled out.

The products developed by the Group are positioned in markets in which alternative solutions already exist (scanners, X-rays, MRI) and whose use is widespread among physicians and other medical personnel.

Even if the Company considers that other available solutions do not perform as well as the EOS equipment, particularly to the extent that they require (i) patching together images for large format pictures, (ii) the use of a higher dose of radiation to have 2D and a fortiori 3D images and (iii) procedures to calibrate non stereo-radiographic 2D images to obtain a 3D image, using competitive technologies already existing or in development, or yet unknown today, could, in the near or longer term, take significant market share and restrict the ability of the Group to successfully market and sell its products.

Furthermore, the Company cannot ensure that other technologies allowing large-format 3D images in a weight-bearing position will not be developed or appear on the market, and therefore that the technology marketed by the Company will become the benchmark for the EOS indications in axial skeletal imaging recommended by the Group.

The Group's competitors could also develop new technologies that are more effective, safer and/or less costly than those developed by the Group, which could lead to a drop in demand for the Group's existing products.

The Company intends to continue its research and development efforts in order to perfect its existing products and to develop new products to increase the market for its products.

On the filing date of this Registration Document, the Group is marketing its innovative EOS medical imaging technology, and its corollary, sterEOS, linked applications that are intended for osteo-articular conditions and orthopaedics, as well as patient-specific cutting guides and the associated software solutions. In the medium term, the Group could, however, decide to diversify its innovative technology offerings in the area of medical imaging.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

In the future, the Group could face large multinationals.

The leaders in the medical imaging market are large multinational companies with significant financial resources. EOS imaging's recent entry into the market might cause these companies to respond.

For example, a competitor could develop an alternative technology also enabling large-format 3D imaging in a weight-bearing position, with characteristics similar or even superior in full or in part to those of the EOS device. Although the time required for developing such technology and obtaining the appropriate EC marking and/or FDA approval would be relatively long, and although the product developed might not possess the same technical properties as the EOS system (low radiation dosage, overall size of the image, ability of the image to provide relevant parameters, etc.), this possibility cannot be excluded and could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

In addition to the intellectual property protection policy described in section 11.2.1 of this Registration Document, the Group devotes considerable effort to improving its existing products and developing new products and solutions tailored to new customers or new indications in order to maintain its technological edge. At the end of December 2015, the R&D department had 47 employees and the R&D budget in 2015 stood at more than €3.7 million.

The Group could be unable to extend its coverage of new territory at the pace of and/or under the conditions envisaged.

The Group could be unable to extend its coverage of new territory at the pace of and/or under the conditions envisaged. The implementation of this strategy depends in part on the Group's ability to obtain the regulatory authorisations necessary to market its product and to enter into agreements with qualified local distributors.

The Company cannot guarantee that it will be able to obtain these authorisations in the timeframes planned to date, to find such distributors, and to achieve from these distributors the expected results.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

4.2. RISKS RELATED TO THE GROUP'S ACTIVITIES

4.2.1. Risks related to the commercial development of the Group

In its current markets, the Group's development will depend in part on the pace at which healthcare professionals adopt its innovative imaging technology.

The Company believes that healthcare professionals will not use its products and applications widely until they are convinced, based on clinical data or scientific publications, that its products offer advantages or are an indispensable alternative to equipment already on the market, which they are already experienced in using.

In spite of the compelling results from clinical trials already conducted, the support of numerous opinion leaders throughout the world, multiple scientific publications reporting the contributions of the solution offered by the Group compared to current technologies and the satisfaction of users of the Company's product, these same professionals could be reluctant to change their medical imaging practices in favour of EOS technology, particularly for the following reasons:

- the investment required in the acquisition of an EOS system;
- limitations on reimbursements by public or private health insurance plans or collective entities;
- the frequency of use of the EOS system, depending on their type of patients and their specialty;
- their lack of experience in using the EOS system;
- an insufficient amount of favourable clinical data published.

Without the ongoing endorsement of healthcare professionals, the pace of widespread adoption of the EOS system could be more or less seriously slowed, which could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

The Group's development is also dependent on its capacity to commercialise its products in new markets and to maintain a high quality maintenance service for the EOS systems sold.

The Group's development and its ability to generate revenue will also depend in part on its ability to continue to conquer new markets for its products, which will itself be based on several factors such as:

- the ongoing pursuit for endorsement by the medical community within the markets the Company targets, particularly by opinion leaders, which can depend on local medical practices;
- the ability to have the necessary sales forces; and/or
- obtaining the required authorisations for commercialisation.

The Group has a maintenance department dedicated to maintaining the marketed EOS systems. The team in charge of maintenance comprises not only engineers and technicians employed by the Company but also, for certain geographic zones distant from the Company's headquarters, service providers trained by the Company.

In some geographic areas, due to the low number of EOS systems sold and, accordingly, to the limited number of maintenance visits to be carried out, it cannot be ruled out that service providers may lose some of their know-how through lack of practice and that, accordingly, the quality of the maintenance services offered by these service providers trained by the Company may deteriorate.

For some geographic areas, there is therefore a risk for the Group of not managing to maintain a high level of quality in maintenance services for the EOS systems marketed.

The Company intends to push ahead with its R&D efforts in order to improve existing products and applications and implement the required means to train in-house and third-party staff involved in the installation and maintenance of its equipment.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

The terms for reimbursement of imaging procedures performed using EOS technology will be a key factor in the Company's commercial success.

The success of the commercial roll-out of EOS technology depends in part on the coverage and reimbursement conditions for imaging procedures conducted using this technology by the public or private healthcare insurers in place in the countries where the Group wishes to market its product today and potentially its products in the future.

Governments and agencies in charge of public or private health insurance plans tend to control health expenses by limiting both the level of reimbursement and the coverage of certain products or procedures, particularly innovative products or procedures.

The Group is not nor will it be able to foresee potential changes over time in the level of reimbursement and coverage for EOS exams. The absence of or insufficient reimbursement for or coverage of imaging procedures conducted using the Group's products or the adoption of more restrictive reimbursement or coverage measures could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

The Group might not be able to recruit and retain the sales forces necessary within periods or under conditions compatible with its expansion.

The marketing of EOS technology within healthcare facilities (hospitals and private clinics, private radiology centres and implant manufacturers for cutting guides) is carried out by a combination of two sales forces. A direct sales force conducts marketing activities in France and the United States. For other geographic zones, in particular other European Union countries, Asia and ultimately Latin America, the Company intends to follow an indirect approach through a network of independent distributors to which exclusivity will be granted in a specific territory, or through sales agents.

The successful marketing of its technology in France and the United States therefore depends in particular on the Group's ability to attract, recruit and retain a qualified sales force.

Furthermore, the successful marketing of the Group's technology in other geographic zones depends on the financial resources, expertise and customers of its distributors and agents. The Group cannot ensure that it will be able to retain its existing distributors and agents or enter into new distribution or

agency agreements to reach all countries with sales potential, or that these distributors or agents will have the skills necessary both in radiology and orthopaedics or that they will devote the resources necessary for the commercial success of its products. In order to limit this risk, the Company has set up a pre-sales and post-sales support team tasked with ensuring training and support for the Group's distributors and agents and notably to help them in carrying out commercial activities. This point is all the more important as these are generally distributors or agents who have numerous medical products to promote and market, and consequently limited time to devote to each one.

The use of clauses giving exclusivity in a territory as provided for by these agreements might be challenged by French and European competition regulations. These clauses, which are combined with non-compete and minimum purchase clauses, could, in certain circumstances, be deemed unlawful, as they could in particular have the effect of preventing the Company's competitors from penetrating the market. The exclusive agreements entered into with some independent distributors or agents for sales made in the European Union might therefore be void and/or give rise to monetary penalties against the Group if these clauses were deemed unlawful.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

The Group's ability to expand outlets for its products will depend on the completion times and results of future clinical studies, which are by their nature uncertain, scientific publications on the EOS system as well as the endorsement of opinion leaders.

Along with its routine use, the EOS technology has been the subject of numerous clinical trials.

The users of EOS systems most often sponsor clinical studies to which the Group may or not provide its support. In spite of the compelling results already obtained, which have been the subject of communications, the Group is continuing its efforts in this respect and will continue to support this kind of study, in particular with a view to pursuing clinical validation of the EOS technology's contributions.

Furthermore, the Group's commercial expansion is highly dependent on its ability to continue to convince opinion leaders on the orthopaedic surgery market and on the satisfaction of EOS technology users.

If the Group were unable to continue to publish first-rate scientific studies regularly and to convince the appropriate opinion leaders in each targeted geographical region, there would be a delay in the endorsement both by opinion leaders and by professionals from the relevant medical fields, and the Group's ability to market its equipment would be affected, which could have a material adverse effect on the Group, its business, financial position, results, growth and prospects.

4.2.2. Risks related to intellectual property

The Group relies, to a large extent, on the exclusive nature of its intellectual property and know-how. However, the Group might not be able to maintain or obtain adequate protection and, in this way, protect its technological and competitive advantage.

For the protection of its products and technology, the Group relies on the protection provided by intellectual property rights, such as patents and trademarks, but also on its commercial secrets and know-how, protected by confidentiality or other agreements. However, these means provide only limited protection and might not prevent unlawful use of the Group's products or technology.

The innovative technology on which the Group's business is based is mainly protected, firstly, by several patents and patent applications which cover not only the hardware and software aspects of this product, but also a certain number of technologies or alternative processes currently being developed and, secondly, by the know-how of the Group, in particular covering manufacturing methods and the choice of certain critical components.

The Company could experience difficulties obtaining some of its patent applications currently being examined. Furthermore, the issuance of a patent does not ensure its validity or opposability, both of which may be disputed by third parties. In addition, the Company has not, to date, filed patent applications in all the countries in which it operates, even though its patents or patent applications are most often filed in the United States and in the largest European countries, as well as, in certain cases, in Japan.

The Company cannot guarantee with total certainty that:

- the Group's patent applications that are in the review process will actually result in the issuance of patents and accordingly in the protection of the inventions that are the purpose of the patent applications in question in all the countries where these patent applications have been filed;
- the patents issued to the Group will not be disputed, invalidated or circumvented;
- the extent of the protection provided by the patents will be sufficient to protect it against competition and the patents of third parties covering similar products or devices;
- the Group's competitors are not developing a technology or products similar to those of the Group; and
- the EOS technology does not infringe patents belonging to third parties.

The Group's competitors could thus successfully challenge the validity of its patents before a court or in the context of other proceedings, which, depending on the outcomes of those challenges, could reduce the scope of these patents, lead to their invalidity or enable competitors to circumvent them. Therefore, the Group's rights under its patents might not provide the expected protection against competition.

To date, no such challenge has been brought against the Group by its competitors.

Nor can the Company ensure that the EOS system and its technology, which are closely linked to the Company's know-how and commercial secrets, are adequately protected against competitors and cannot be usurped, or circumvented, by the latter. In the collaboration and research and development agreements entered into by the Group, the latter must frequently provide its co-contractors, in various forms, with certain items from its know-how, whether protected by patents or not, particularly

information, data or knowledge concerning research, development, the manufacture and marketing of the EOS system.

The Group seeks to limit the disclosure of key items from its know-how to third parties to the minimum necessary for the collaboration it maintains with them and it ensures contractually that these third parties undertake not to misappropriate, use or disclose this information, in particular by means of confidentiality clauses. The Group cannot, however, ensure that these third parties comply with these agreements, that the Group will be informed of a breach of these clauses, or further that the damages it could possibly obtain would be sufficient in respect of the loss suffered.

Moreover, these collaboration and research and development agreements expose the Group to the risk of seeing its co-contractors claiming the benefit of intellectual property rights to the Group's inventions, knowledge or results. Lastly, these agreements could give rise to co-owned intellectual property rights or to the granting of exclusive operating licenses under conditions unfavourable to the Group.

The Group's trademarks are important elements of the identity of the Group and its products. Even though the EOS trademark has been registered, notably in Europe, the United States and Canada, third parties could use or attempt to use this trademark or other trademarks of the Group, which could cause a commercial loss and harm the image of the Group.

The Group's protection of its intellectual property rights represents a considerable cost related, in particular, to the expense of registering patents and keeping them in force and to managing its other intellectual property rights, a cost which could increase, in particular if litigation were to be brought by the Group to assert its rights. In addition to these costs, if litigation were to prove necessary in order to enforce compliance with the Group's intellectual property rights, to protect its trade secrets or know-how or to determine the validity and scope of its intellectual property rights, it could have a negative influence on the earnings and financial position of the Group, and fail to provide the protection sought.

Similarly, monitoring the unauthorised use of the EOS system and technology is difficult, and the Group, despite having implemented a monitoring of this trademark, cannot be certain that it will be able to avoid misappropriations or unauthorised use of its products and technology, particularly in foreign countries where its rights might be less well-protected.

The materialisation of one or more of these risks could have a material adverse effect on the Group's business, financial position, earnings, growth and prospects.

The Group's business depends in part on technologies belonging to third parties.

The Company enjoys two exclusive worldwide intellectual property licenses related to the 3D reconstruction technology from one, two or more plane X-ray views. The licenses are granted, respectively, by the École de Technologie Supérieure (ETS) and by the Association de Recherche Technologie et Sciences (ARTS), the latter acting in partnership with the Georges Charpak Human Biomechanics Institute (former Biomechanics Laboratory) of the École Nationale Supérieure d'Arts et Métiers.

In the context of these licenses, the Company has undertaken to pay both of these institutes a proportional fee on the sale price of the EOS systems. The terms of these licenses are specified in Chapter 22 "Significant Agreements" of this Registration Document.

As long as the Group uses licensed technologies, it will be dependent on the technologies licensed to it. Any violation by the Group of the conditions of these licenses could lead to loss of the right to use the technologies in question, which could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

It cannot be ruled out that the Group be the subject of infringement actions.

For the success of its business, it is important that the Group be able to exploit its products and technology freely vis-à-vis patents or third-party intellectual property rights.

Even though the Company regularly has its Intellectual Property Advisors conduct studies on its freedom of operation, studies which up to now have not identified elements of a nature to reduce this freedom of operation, it cannot ensure that there are no patents or other third-party intellectual property rights that may apply to some of the Group's activities, products or technologies enabling these third parties to bring a legal action for infringement, or for a similar ground, against the Group in order to obtain damages or cessation of the use of the product or process called into question.

If these legal actions are carried out to conclusion and acknowledged, in full or in part, to have foundation, the Group could be forced to stop or delay the research, development, manufacture or sale of the products or processes affected by these actions, which would significantly affect its activities.

In particular, the Group could be required, in addition to paying financial compensation, to:

- stop manufacturing, selling or using the products or technology called into question, in a given geographic zone, which could reduce its revenue;
- obtain, under conditions unfavourable to the Group, a license to the third-party intellectual property rights;
- find alternative solutions in order to avoid infringing the third-party intellectual property rights, which could turn out, in some cases, to be impossible or costly in terms of time and financial resources, and could thus be an obstacle to its marketing efforts.

A lawsuit brought against the Group, regardless of its outcome, could moreover result in substantial costs, disorganise the Group's operation, and compromise all or part of its business, image and reputation.

The materialisation of one or more of these risks could have a material adverse effect on the Group's business, its earnings, financial position, growth and prospects.

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

The Group depends on sub-contractors for the supply of some of the components of its EOS system.

The EOS system includes components and raw materials that vary in nature and include mechanical, electronic and radiology elements (X-ray tubes and generators and X-ray detectors) produced in part by the Company (the X-ray detectors) and in part by third parties (the X-ray tubes and generators, for example).

Given its size, the Group does not yet have two sources of supply for the provision of all its components.

Concerning the mechanical and electronic components, the Group considers its risk of dependence low because it could obtain supplies from competitors of its current sub-contractors.

Concerning the X-ray detectors that are manufactured internally, the Group cannot rule out the risks associated with defects or deteriorations in production processes that could delay the pace and yield of production; high-performance equipment has been introduced to automate the most critical operations, previously carried out manually, and exacting quality processes have been implemented to limit these risks. These initiatives enabled us to considerably improve manufacturing yields in 2015 and therefore to increase production capacity without significant investment.

Concerning X-ray generators, the Group has reduced its procurement risk by developing a second source of supply in 2013.

Concerning X-ray tubes, the Group is pursuing the possibility of adding a second supplier with an equivalent performance to its first supplier, which would reduce the procurement risk for these components.

It should be noted that the development of secondary sources of these critical components entails a minimum supply chain qualification and adaptation period, and possibly the obtaining of new regulatory certifications. It could therefore have a significant effect on the Group, its business, financial position, earnings, growth and prospects.

The Group depends on third parties to manufacture its EOS system.

The EOS system is partly produced by the Group itself (for the detectors) and partly by third parties (for some sub-sections and for the final device).

In particular, the Group uses a single integrator, AXE Systems, to assemble EOS equipment. The Group selected this integrator in April 2010, following several months of discussions, for its quality system certified as compliant with the ISO13485 standard and 21-CFR-820, and its extensive expertise in assembling medical devices. The first EOS system assembled by this supplier was delivered in 2011. A memorandum of understanding was signed on 1 July 2010 followed by an agreement signed in February 2012, for an initial term of three years, setting out the financial conditions of purchase between the Group and the integrator. This agreement has since been modified to take account of the growth in the Group's production volumes. In 2013, a new assembly line was set up to double production capacity and thus support the Group's business growth and reduce any risk of insufficient assembly capacity. Since then this contract has been renewed annually by tacit agreement.

The terms of this agreement lead the Group to consider that the supply risk with this integrator is managed correctly. Moreover, the risk of the contract being breached by the integrator reduces as the

Group's contribution to Axe System's turnover regularly increases, although this risk cannot be completely excluded. In such an event, assembly of EOS systems could, as a result, be more or less seriously slowed and even come to a complete stop.

Such state of affairs could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

There are, however, alternatives insofar as a number of businesses assemble medical devices. Where necessary, the Group could therefore approach other integrators, but this would require prior validation work, could require new certifications to be obtained from the notified body used by the Group to obtain its CE marking and could lead to an increase in the cost price of an EOS system.

The Group is therefore dependent on third parties for the manufacture of all its products. Its commercial success thus relies in part on its ability to obtain manufactured products from its sub-contractors that comply with regulatory provisions, in the quantities and periods requested and on a profitable basis. Problems could arise during their manufacture and distribution and could result in delays in the supply of products. This could result in increased costs, lower sales, damage to relations with customers and, in certain cases, product recalls that cause damage in terms of image and risks of implication of the Group's liability if these problems are not discovered until the products are sold.

In addition, the manufacture of the Group's products is very complex and demanding, in particular because of the regulations applicable and the specifications imposed by the Group. All of the manufacturing processes for the equipment and consumables of the Group, according to the designs patented by it, thus fall within the scope of application of the certificates obtained by the Group allowing CE marking, FDA approval and regulatory approvals obtained in Asia, the Middle East and Brazil.

Were the Group to change the critical suppliers or sub-contractors (the integrator, or X-ray tube and generator suppliers) of its equipment and consumables, it would be required to revalidate the manufacturing process and procedures in compliance with applicable regulations. In that case, additional tests and validations would have to be redone to maintain and obtain the Group's marketing authorisations in the countries where it has those authorisations, although this would apply only to quality aspects and not to design. This procedure could be costly, time-consuming and require the attention of the Group's most qualified personnel. Were these new authorisations to be denied, the Group could be forced to look for another supplier or sub-contractor, which might delay the production, development and marketing of its products and increase their manufacturing costs.

In the event that, for various reasons, relations should have to be terminated with one of its suppliers or sub-contractors, the Group, moreover, might be unable to find a sub-contractor with the same skills within a sufficient period of time or on satisfactory commercial terms.

Furthermore, dependence on third-party manufacturers gives rise to additional risks which the Group would not face if it manufactured its products itself, such as:

- non-compliance of the products manufactured by these third parties with regulatory and quality control standards;

- violation by these third parties of their agreements with the Group; and

- breach or non-renewal of these agreements for reasons beyond the Group's control.

The Company is also unable to ensure that its sub-contractors or suppliers will always comply with applicable regulations, authorisations and standards. If products manufactured by some suppliers or the quality systems implemented by them were not to comply with applicable regulations or standards, the Group could be subject to penalties. Such penalties could include fines, injunctions, damages, the suspension or withdrawal of authorisations or certificates obtained, the withdrawal of licenses, the seizure or recall of its products, operating restrictions or restrictions on use and criminal proceedings, all of which could have a significant negative impact on its business.

To minimise the risks associated with sub-contracting, and in addition to the very rigorous selection criteria it has implemented, the Group ensures the quality of the products delivered by personally ensuring, via its production teams, the adjustment and final acceptance of its products on the site of its sub-contractor, the integrator AXE System, prior to shipping the products to its customers.

If an increasing number of products are marketed, it cannot be ruled out that the Group will increasingly resort to other cases of sub-contracting with which similar risks would be associated.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

4.2.4. Risks related to the Group's customers

EOS imaging's customer portfolio (numbering more than 140 as at 31 December 2015) is composed, firstly, of healthcare facilities (hospitals and clinics) and radiology centres, and secondly, of distributors.

As healthcare facilities and radiology centres mainly function using budget headings, the Group has only been confronted with problems of insolvency in very rare cases and for very small amounts. Therefore, no significant provision for impairment of trade receivables had been booked at 31 December 2015.

Concerning its distributors, EOS imaging monitors the quality of their capital base and their compliance with local regulations concerning the distribution of medical devices when they are selected. At present, the main distributors are QST Technologies, Leuag AG and DK Korea.

The average payment terms granted to the Group's customers are adapted to each country's practices. In some cases, down payments are received when the order is placed, and the additional payments are scheduled at various stages of the sale (shipping, delivery, installation, final acceptance).

The Group's practices are adapted depending on analysis of the country risk. Practices such as payment of the full amount of the order when the equipment is shipped or resorting to a letter of credit are then adopted.

Furthermore, the contribution of the Group's largest customer to consolidated sales for the financial years ended 31 December 2014 and 2015 was 5% and 4% respectively, while for the same period, the aggregate weight of the Group's three largest customers accounted for 14% and 10% respectively of consolidated sales.

In order to make a relevant assessment of these contributions, it is stated that for the financial year ended on 31 December 2015, the three largest customers included a distributor which itself sold EOS products to several end customers (concerning dependence on distributors, see section 4.2.1 "Risks related to the commercial development of the Group" above).

For these reasons, the Group considers that it is not faced with significant dependence on any one customer.

In addition to the analysis above, please also refer to Chapter 20.1, paragraph y – "Financial risk management".

4.2.5. Risks related to potential product liability

Aside from legal warranties, the Group could be exposed to risks from liability arising from clinical use or commercial exploitation of its products, especially product liability. Criminal or civil proceedings might be filed against the Group by users (patients, practitioners, researchers and other professionals in the healthcare or research fields), regulatory authorities, distributors and any other third party using or marketing its products.

To date, the Group has not been the subject of any criminal or civil case in this area and has taken out defective product liability insurance providing coverage for the following maximum amounts:

For EOS equipment and associated applications:

- before delivery, €6 million per claim and insurance year;
- after delivery, €3 million per claim and insurance year excluding North America;
- after delivery, €1,524,490 per claim and insurance year for North America.

For the cutting guides:

- before delivery, €9.1 million per claim;
- after delivery, €2.2 million per insurance year;
- after delivery, €10 million per claim and €20 million per insurance year for the customer Aesculap.

The Company cannot ensure that its current insurance coverage is sufficient to respond to liability actions that may be brought against it. If it were held liable, and unable to obtain and maintain appropriate insurance coverage at an acceptable cost, or to protect itself in any way against product liability suits, this would then seriously affect the marketing of its products and, more generally, be detrimental to the business, earnings, financial position, growth and prospects of the Group.

4.2.6. Risks related to the warranty granted on the EOS equipment sold by the Group

In parallel to the implementation and continuation of a Quality Management System (QMS) certified compliant with international standard ISO 13485, seeking that its products meet strict quality criteria, the Group grants its customers a one-year, or exceptionally two-year, product warranty, from the

products' activation date. This warranty covers material defects as well as compliance of the products delivered with the technical descriptions and characteristics.

Even though the risks of this contractual warranty being enforced are reasonably provisioned, the Company cannot ensure that these current provisions are sufficient to satisfy the enforcement of the contractual warranty by all its customers. If its liability were called into question in this way, and if it were unable to obtain and maintain adequate provision, or to protect itself in any way against the enforcement of this contractual warranty, this would then seriously affect the marketing of the products and, more generally, be detrimental to the business, results, financial position, growth and prospects of the Group.

Similarly, once the equipment sold by the Group is no longer under warranty, the Group offers a maintenance agreement covering all or some of the parts and labour. Even though the price of this agreement has been set such as to ensure the Group a satisfactory operating margin, the incidence of frequent equipment breakdowns or defectiveness of a critical component on a significant share of the installed base could be detrimental to the business, results, financial position, growth and prospects of the Group.

4.3. RISKS RELATED TO THE GROUP'S ORGANISATION

4.3.1. Risk of dependence on key persons

The Group could lose key employees and be unable to attract new qualified persons.

The Group's success depends heavily on the involvement and expertise of its managers, sales representatives and qualified scientific staff.

The Company has not taken out "key person" insurance. The departure of one or more of these persons or other key employees of the Group could lead to:

- the loss of know-how and the undermining of certain activities, which would be exacerbated in the event of a move to the competition; or
- shortcomings in terms of technical abilities that could slow business and could affect, going forward, the Group's ability to achieve its objectives.

Furthermore, the Group will need to recruit new sales managers and qualified scientific staff to develop its business. The Group competes with other companies, research entities and academic institutions in particular to recruit and retain highly qualified scientific, technical and management staff. If this competition is very intense, the Group might not be able to attract or retain these key persons on conditions that are economically acceptable.

The inability of the Group to attract and retain these key persons could prevent it from achieving its objectives overall and thus have a material adverse effect on its business, earnings, financial position, growth and prospects.

Faced with this risk, the Group has implemented contractual measures specific to its business and in compliance with labour legislation: non-compete clauses for managers, intellectual property transfer clauses and confidentiality clauses. It has also set up systems for motivating and creating loyalty in

personnel, in the form of variable compensation linked to performance and the awarding of securities giving access to the Company's capital (stock options and free share awards).

4.3.2. Risks related to managing the Group's internal growth

As part of its development strategy, the Group will have to recruit additional personnel and develop its operating capabilities, which could call strongly on its internal resources.

To this end, the Group must, among other things:

- train, manage, motivate and retain a growing number of employees;
- anticipate the costs related to this growth and the corresponding financing needs;
- anticipate the demand for its products and the revenue they are likely to generate;
- increase the capacity of its existing operating, financial and management IT systems; and
- increase, as the case may be, its production capacities as well as its critical components inventory.

The Group's inability to manage growth, or unexpected difficulties encountered while expanding, could have a material adverse effect on its business, earnings, financial position, growth and prospects.

4.4. FINANCIAL RISKS

4.4.1. History of operating losses – Specific risks related to projected losses

Since its creation in 1989, the Group has recorded operating losses that are explained by the innovative nature of the products developed, which involve a research and development phase of several years.

As at 31 December 2015, its cumulative operating losses over the last three financial years ended on 31 December 2013, 2014 and 2015 reached €19,183,000 including an operating loss of €6,661,000 for the financial year ended 31 December 2015.

The Group could experience additional operating losses in the coming years as it pursues its commercial development and research activities, especially in view of:

- increasing regulatory requirements covering its products' performance and the clinical data related to it;
- the need for new commercial investments to support the growth in EOS sales on its current markets and new markets;
- the need to obtain new certifications to market and sell EOS in new markets.
- the need to renew authorisations already held following product developments within a significantly strengthening global regulatory context around the world.

4.4.2. Liquidity risk – Future capital needs and additional financing

The Group could need to strengthen its shareholders' equity or resort to additional financing in order to ensure its development.

Historically, the Group has financed its growth by strengthening its shareholders' equity through capital increases and by issuing convertible bonds (which were fully converted on the date the Company's shares were first listed on the regulated market of NYSE Euronext in Paris).

The Group was first listed on NYSE Euronext in Paris on 15 February 2012, raising €37.9 million through the issuance of 5,520,000 shares subscribed at the price of €6.87 per share.

In June 2014, the Company issued 180,000 stand-alone stock warrants to Société Générale as part of a PACEO programme (capital increase plan through the issuance of stock options). Thus, Société Générale has committed to underwrite, only at the Company's request, successive tranches of capital increases over the next 36 months, up to the overall maximum of 1,800,000 shares. For each tranche, the issue price will be subject to a maximum 5% discount to the volume weighted average price over the three previous trading days. On the date this Registration Document was prepared, the company had not made any subscription request.

On 9 January 2015, the company issued

- 60,000 bonds with stock warrants attached (OBSAs) each with a nominal value of €9, in the total amount of €540,000. The 60,000 warrants give the right to subscribe for a share at the exercise price of €4.71. The bonds may be exercised in whole or in part, on one or more occasions, before 9 January 2022.
- Three tranches of ordinary bonds at the price of €1, in the total amount of €14,460,000. The Group issued OBSAs in the amount of €540,000, as well as three tranches of ordinary bonds for a total principal amount of €14,460,000. The first two tranches of ordinary bonds, for €4,460,000 and €5,000,000, were subscribed for by IPF Partners in March 2015 and December 2015, respectively.

The 60,000 warrants are attached to the three tranches of ordinary bonds, with 20,000 warrants attached to each tranche. They become exercisable from the date of issue of the bonds. If the bonds are not issued, the warrants become null and void.

In 2015, the company received the first two tranches of this bond loan, in the total amount of €10,000,000. This bond loan has a term of 4 years. It yields interest at Euribor plus a margin of 7.75%. The repayment schedule for this bond loan is set out in Chapter 4.4.5. A third tranche, in the amount of €5,000,000, may be subscribed for in 2016.

Lastly, on 6 October 2015, the Group issued 1,789,909 new shares with a nominal value of €0.01, at a price of €4.85, including issue premium, for a total amount of approximately €8.7 million, representing 9.7% of the Company's share capital.

The Group's negative operating cash flows came to €(10,522)k, €(4,591)k and €(12,698)k respectively for the 2013, 2014 and 2015 financial years.

At 31 December 2015, the Company's cash and cash equivalents came to €14.091 million.

The Company has carried out a specific review of its liquidity risk. In particular, it has carried out an exhaustive assessment of the repayments under public loans detailed in Chapter 4.4.4 and an assessment of the bonds, presented in Chapter 4.4.5.

On the basis of this assessment, the company believes that it is in a position to meet all its future scheduled repayments over the next 12 months. Nevertheless, the Group will continue to have significant financing needs to develop its technologies and market its products.

The level of the Group's financing needs and their scheduling over time still depend on elements that are largely beyond the Group's control, such as:

- higher costs and slower progress than expected in its research and development programmes;
- higher costs and slower progress than expected for the commercial development of its products; and
- its operating cycle financing needs, covering in particular the average payment term of its trade receivables.

The company may also be required to make early repayments under the bonds for which it has subscribed if it does not meet its contractual obligations over the entire term of the bond loan, as specified in Chapter 4.4.5.

The Group may be unable to raise additional capital when it needs it, or this capital might not be available at financial conditions that are acceptable to the Group. If the necessary funds are not available, the Group could have to limit its production or development on new markets.

Furthermore, if the Company raises capital by issuing new shares, shareholders' stakes could be diluted. Debt financing, if available, could also include restrictive conditions for the Company and its shareholders.

If one or more of these liquidity risks materialises, this could have a material adverse effect on the Group, its business, financial position, earnings, growth or prospects.

4.4.3. Risks related to Research Tax Credit

The Group has also opted for Research Tax Credit (Crédit d'Impôt Recherche or CIR) to finance its business. CIR is a tax credit offered by the French government to companies that make significant investments in research and development. The research costs eligible for CIR include, among others, salaries and wages, depreciation of research equipment, provision of services sub-contracted to approved research bodies (public or private) and intellectual property costs.

It cannot be ruled out that the tax authorities may challenge the methods used to calculate the Company's research and development costs, or that the CIR may be challenged due to a change in regulations or challenged by the tax authorities even if the Company complies with the documentation and eligibility requirements regarding costs. If such a situation were to occur, it could have an adverse effect on the Group's earnings, financial position and prospects. However, the audit performed by the tax authorities in 2013 on the Research Tax Credit claimed for the 2010, 2011, 2012 and 2013 financial

years did not give rise to any material adjustments. The Group thus deems the risk of any challenge to the expenses claimed by the Company under the Research Tax Credit is low.

As indicated in the notes to the 2015 consolidated financial statements shown in section 20.1 of this Registration Document, the receivable from the Research Tax credit accounted for as at 31 December 2015 stands at €1.4 million. It represents the Research Tax Credit accounted for in the last financial year.

4.4.4. Risks related to access to public advances

The repayable advances granted to the Group since 2009 can be broken down as follows:

At 31 December 2015 (in €K)	Ref.	Amount granted	Amount received	Amount repaid	Amount to repay
OSEO repayable advances - 2009 (1)	A	1,275	822	45	777
OSEO repayable advances - 2011	B	250	250	-	250
Innovation Loan - 2012	C	150	150	23	127
Interest-free loan BPIFrance - 2013	D	1,500	1,500	-	1,500
Repayable recruitment advance 2013	E	86	86	32	54
BPIFrance repayable advance - 2014	F	250	250	-	250
Ardea repayable advance - 2014	G	100	100	33	67
Total		3,611	3,158	133	3,025

(1) On 27 January 2016, BPI France announced that the project had been partially commercially successful, and €268,928 of the loan was waived. As such, the repayable amount has been reduced to €508k, as shown in the repayment schedule included in the table on page 40. This amount has been included in post-closing events in the notes to the consolidated financial statements presented in Chapter 20.1.

If the Group does not comply with the contractual conditions of the repayable advance agreements entered into, it could be forced to repay the sums advanced ahead of schedule. Such a situation could deprive the Group of some of the financial resources needed to successfully carry out its development projects.

The table below shows the provisional payment schedule for the repayment of these public advances, prepared on the basis of the Company's best knowledge at the time of drafting this report. It includes, where appropriate, the interest associated with the loans and advances granted to the Group.

Ref	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	Nature of payment deadline
A	90	106	125	85	69	34					508	Renegotiable (2)
B	69	65	76	40							250	Firm
C	17	36	34	32	8						127	Firm
D		500	500	500							1,500	Firm
E	43	11									54	Firm
F		10	31	31	31	31	31	31	31	23	250	Renegotiable (2)
G	18	20	20	9							67	Firm
Tot (1)	237	748	786	697	108	65	31	31	31	23	2,756	

(1) The amounts indicated are those due if the programme is technically and commercially successful. Otherwise, the amounts due will be lower.

(2) The advances where repayments are renegotiable contain a reimbursement clause in the event of commercial success.

Interest-free OSEO loan

EOS imaging received an interest-free loan of €1.5 million from OSEO in May 2013, paid in July 2013. It was granted as part of a programme for re-engineering EOS equipment. This loan includes a deferred amortisation period followed by a straight-line amortisation period of 12 quarterly repayments, the first of which is due in March 2017.

OSEO repayable advances

In the context of its participation in the Industrial Strategic Innovation project, EOS imaging received a reimbursable advance from OSEO in July 2009, for a maximum amount of €1,275,000. Repayments of €822,000 have been made. They correspond to the share of the contractual financing of expenses incurred by the Company, which were lower than the forecasts on the date on which the agreement was signed. In 2016, BPI France announced that the project had been partially commercially successful, and €269,000 of the loan was waived.

As part of its development of a bespoke instrumentation for orthopaedic knee surgery, OneFit Medical received a reimbursable advance of €250,000. The project was deemed successful in 2015 and, as such, the reimbursement of the advance granted will be made over a 45-month period starting in 2016.

As part of its development of a new generation of knee instrumentation, OneFit Medical also received an interest-free repayable advance of €250,000 granted in June 2014. In the event the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 96-month period starting September 2017. Should it fail, these repayments will be capped at €100,000 and made over a 33-month period, starting September 2017.

Innovation loan

OneFit Medical also received an innovation partnership loan of €150,000 for eight years including a three-year deferred amortisation period and granted at the rate of three-month Euribor plus 5.6%, reduced to three-month Euribor plus 3.8% during the deferred amortisation period. This loan is repayable in five years beginning on 31 May 2015. As at 31 December 2015, reimbursements of €23k have been made, reducing the balance of this loan to €127k.

Other advances

OneFit Medical received a reimbursable advance granted in February 2014 by the ARDEA (Regional small business development grant-giving body) regional authority for €100k. For a term of five years, including a six-month deferred amortisation period, this loan is repayable in 17 equal quarterly payments. As at 31 December 2015, the balance of this advance stood at €67,000.

OneFit Medical also received a reimbursable advance of €86k granted in 2013 as a recruitment subsidy. As at 31 December 2015, the balance of this advance stood at €54,000.

4.4.5. Risk associated with subscribing for bonds

As noted in section 4.4.2, the Group issued bonds with stock warrants attached (OBSA) in the amount of €540,000, as well as three tranches of ordinary bonds for a total principal amount of €14,460,000. The first two tranches of bonds, for €4,460,000 and €5,000,000, were subscribed for by IPF Partners in March 2015 and December 2015, respectively.

The table below shows the provisional payment schedule for the repayment of these bonds, prepared on the basis of the Company's best knowledge at the time of drafting this report. It includes the interest associated with the bonds granted to the Group.

Ref.	2016	2017	2018	2019	Total
Tranche 1	658	2,284	2,429	1,050	6,420
Tranche 2	402	904	2,560	2,854	6,720
Total	1,060	3,188	4,989	3,904	13,141

(1) The amounts specified take account of all interest to be paid over the repayment period, namely four years. The amount of liabilities recorded in the consolidated accounts as of 31 December 2015 is €10,215k. This amount includes the principal of €10,000,000, from which issue costs, amortisable over the term of the loan, are deducted. It also includes interest incurred as of 31 December 2015.

The borrowing agreement contains a number of contractual obligations, in particular compliance with certain ratios (maximum net debt, servicing debt repayments/revenue).

If the Group does not comply with the contractual conditions of the bond subscription agreement, it could be forced to repay the sums advanced ahead of schedule. Such a situation could deprive the Group of some of the financial resources needed to successfully carry out its development projects.

The risk of not meeting these ratios is considered by the company to be very low.

4.4.6. Foreign exchange risk

The sales of the American and Canadian subsidiaries, together with the charges incurred in connection therewith, are respectively denominated in USD and CAD.

As described in Chapter 7.3 of this Registration Document, 52% of the 2015 revenue, i.e. €11.4 million, was denominated in euros and 48%, i.e. equivalent to €10.4 million, was denominated in US or Canadian dollars.

The 9% increase in revenue in 2015 at historical exchange rates (the 2014 revenue was established using the average rates for 2014 and the 2015 revenue was established using the average rates for 2015) is 1% at constant exchange rates (2014 and 2015 revenue established using 2014 average exchange rate).

Likewise, 58% of 2015 operating expenses, i.e. €17.8 million, was denominated in euros and 42%, i.e. the equivalent of €12.8 million, was denominated in foreign currencies, with €11.9 million of that amount denominated in US dollars.

The nature of all these transactions and their respective contributions show that the Group's exposure to interest rate risks is limited, as also stated in Chapter 20.1.1 of this Registration Document. The effect of a change in the exchange rates as of 31 December 2015 has the same impact on the Company's results and shareholders' equity, as follows:

- a 10% rise in the euro against the Canadian and US dollars would have a negative impact on income of €204,000;

- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €204,000.

As such, the 8% decrease in 2015 Operating Income at historic exchange rates would have been limited to 2% at constant exchange rates.

At this stage in its growth, the Group does not therefore use hedging strategies to protect its activity from fluctuations in exchange rates. However, the Group cannot rule out the possibility that a significant increase in its business would result in it having greater exposure to foreign exchange risk and, at that time, would consider implementing an appropriate policy to hedge these risks.

4.4.7. Interest rate, credit and cash management risks

Interest rate risk

As noted in section 4.4.2, the Group issued bonds with stock warrants attached (OBSA) in the amount of €540,000, as well as three tranches of ordinary bonds for a total principal amount of €14,460,000. The first two tranches of bonds, for €4,460,000 and €5,000,000, were subscribed for by IPF Partners in

March 2015 and December 2015, respectively. This loan, with a four-year term including an 18-month deferred amortisation period, is granted at a rate of Euribor plus 7.75%.

As at 31 December 2015, the Group obtained repayable subsidies totalling €2,758,000 under the framework of several programmes, described in section 4.4.4 of this Registration Document. With the exception of the following programme, no interest rate has been applied to these advances.

On 31 December 2013, the Group obtained an eight-year innovation participating loan of €150k, including a three-year deferred amortisation period. The loan was granted at the three-month Euribor rate plus 5.6%, reduced to the three-month Euribor plus 3.8% during the deferred amortisation period. This loan is repayable in five years starting 31 May 2015. As at 31 December 2015, reimbursements of €23k have been made, reducing the balance of this loan to €127k.

These advances are recognised at their amortised cost. They appear as debts on the balance sheet in the amount of €3,195k.

Credit and cash management risk

The Group conducts prudent management of its available cash. Cash and equivalents include cash on hand and common financial instruments held by the Group (essentially money market funds (SICAV) and term deposits). As at 31 December 2015, these securities were exclusively fixed or determinable income with fixed maturities, other than loans and accounts receivables, which the Company has the intention and the ability to hold until maturity. After their initial posting at fair value, they are valued and recognised at amortised cost on the basis of the effective interest rate ("EIR") method.

The credit risk related to cash, cash equivalents and common financial instruments is not significant given the quality of the financial institutions with which the Group works.

Concerning its customers, the Group does not have a significant concentration of credit risk. It has implemented policies enabling it to ensure that its customers have an appropriate credit risk history. However, the Group must take account of variable client payment deadlines, which depend on a number of different factors:

- Sector-specific factors:
  - The Group sells medical imaging equipment for which installation, user training and equipment acceptance can be relatively long. These three items are pre-conditions to payment for the equipment, although pre-payments are sometimes obtained;
  - The Group may grant relatively long payment deadlines as part of negotiating sale agreements;
  - The payment deadlines for public hospitals are traditionally long, irrespective of the contractual conditions entered into.

- Geographic factors: payment deadlines are traditionally long in certain geographic areas (Asia and the Middle East).

Thus, the DSO at the end of December 2015 was 284 days, compared to 189 days at the end of December 2014. The increase in the average payment term is relatively standard and results principally:

- from installation delays at a relatively large number of hospital sites (fitting out works to rooms that have been badly planned)
- favourable payment terms with distributors who complete their first sale.

4.4.8. Dilution risk

The Company could proceed in the future with issuing or awarding shares or new financial instruments giving access to the capital of the Company in the context of its policy to motivate its managers and employees.

As noted in section 4.4.2 of this Registration Document, the Company issued 1,800 stand-alone stock warrants in June 2014 to Société Générale as part of a PACEO programme (capital increase plan through the issuance of stock options). Thus, Société Générale has committed to underwrite, only at the Company's request, successive tranches of capital increases over the next 36 months, up to the overall maximum of 1,800,000 shares. On the date this Registration Document was prepared, the company had not made any subscription request.

Furthermore, on 9 January 2015, the Company issued 60,000 bonds with stock warrants attached (OBSA) each with a nominal value of €9, for a total of €540,000. Three warrants are attached to each bond, each of which gives the right to subscribe for one share in the Company. On the date this Registration Document was prepared, 60,000 warrants were void and 120,000 warrants were outstanding.

As part of the policy to motivate its managers and employees, the Company has, since 2007, issued or allocated stock options as well as free shares. As part of this policy, the Company could proceed in the future with issuing or awarding shares or new financial instruments giving access to the capital of the Company.

On the filing date of this Registration Document, 1,308,361 outstanding stock options and 181,500 free shares have thus been awarded.

Furthermore, 40,000 BSAs giving the right to subscribe to 40,000 shares were subscribed by a director within the scope of the BSA award of 31 December 2012.

Finally, 190,000 BSAs giving the right to subscribe to 190,000 shares were subscribed by two directors within the scope of the BSA award of 25 January 2016.

The exercise and full conversion of all the instruments giving access to capital, awarded and in circulation on the filing date of this Registration Document, would create a maximum of 3,639,861 new shares, thus generating a dilution equal to 15.24% on the basis of the diluted capital. The dilution of voting rights would come to a maximum of 15.24% on the basis of the diluted voting rights. Any additional award or issuance would result in a potentially significant additional dilution for the Company’s shareholders.

4.5. LEGAL RISKS

The Company manages the legal aspects and compliance of its operations with its regulatory framework (marketing authorisations, insurance, intellectual property, registration of trademarks and

domain names, etc.) internally. In this respect, the Company may call upon specialised intermediaries, service providers or advisors to complement its expertise, or sub-contract certain tasks to them. For example, the Company resorts in particular to consultants, distributors or local regulatory representatives for the submission of certification applications to some local regulatory authorities, to firms specialising in intellectual property for the registration and review of files, and also to insurance brokers.

4.5.1. Risks related to regulations applicable to the medical devices developed by the Group and possible changes in regulations

The Group's products are subject to strict regulation that is constantly evolving and that governs their sales and marketing. These regulatory constraints strongly impact all the Group's operations, development, control, manufacture, maintenance and sale of products.

Compliance with this regulatory process can be long and costly, and there is no guarantee that marketing authorisations or quality certifications will be obtained or of how long it may take to obtain or renew such authorisations or certifications. If quality certification or authorisation to market the Group's products were denied, suspended or withdrawn, their sales and marketing could be delayed or prohibited in the countries involved.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

Although the Group takes into consideration, as part of its business, the potential evolution of legislation, changes in standards or regulations applicable in the countries in which the Group markets and plans to market its products, new regulatory restrictions could prevent the marketing of the Group's products in the event of withdrawal, suspension or non-renewal of marketing authorisations, or could delay marketing, by making the products' production or development more costly, among other things.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth or prospects.

4.5.2. Risks related to authorisations already obtained or processes underway

a. Risks related to the regulatory environment in Europe – CE marking

The Group's products meet the definition of medical devices and are governed, among others, by the provisions of amended European directive 93/42/EEC, which standardises the conditions for the sale and free circulation of the Group's products within the European Economic Area.

These products cannot be offered on the market unless the certificates that allow CE marking are obtained; these certificates are valid for three years. The CE marking is proof that the medical device in question complies with essential safety and efficiency requirements, established by the applicable European directive, and certifies that it has undergone adequate evaluation procedures as to that compliance.

Although existing products have already obtained CE marking, products being developed will be subject to this same regulation and their marketing could be delayed if the certificates allowing CE

marking were not obtained within the time periods established. However, the evaluation method based on the quality system chosen by the Group provides enough flexibility to the process for this risk to be considered very low.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

Applications to renew the certificates related to CE marking involve, among others, the quality system's continued compliance, the consideration of regulatory changes, the updating of the risk management and compliance with the essential requirements of the applicable European directives.

If the Group were unable to obtain the renewal of the certificates necessary for CE marking of its existing products as well as the quality certifications within the required time periods, the sales and marketing of its products would be suspended until these authorisations were obtained.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

The Group limits the risk related to the delivery time periods of the certificates and certifications necessary for CE marking on its products by monitoring and choosing its partner organisation as to the quality and compliance with time periods of the service performed.

Constant reinforcement through surveillance of the market by the relevant authorities, in particular the obligation for notified organisations to perform random checks on manufacturers and random inspections commissioned directly by the ANSM (French National Agency for Medicines and Health Products Safety) services, applies strong pressure on the quality management system of the Company.

If the Group could not manage to maintain its quality control system at a level sufficient to be audited at any time, the ISO 13485 certification could be questioned, and thus, all the market authorisations held for all its products.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

b. Risks related to the regulatory environment in the United States

The U.S. market is governed by a federal regulation that regulates the marketing of medical devices by imposing pre- and post-market requirements. Its supervisory body is the U.S. Food and Drug Administration (FDA).

The marketing of products, such as those manufactured by the Group, on the U.S. market is subject to an FDA notification procedure before they are put on the market and to requirements related to the quality system established by Title 21 of part 820 of the Code of Federal Regulations. These products are medical devices with a medium risk potential (class II for the FDA), and for which it is possible to establish substantial equivalence to a medical device already approved on the U.S. market. The Company may thus use a so-called "510(k)" procedure in order to submit the application for FDA review. After the application is approved, the medical device is registered in a database maintained by the FDA.

The EOS and sterEOS products obtained 510(k) authorisations in 2007 (K071546) and 2008 (K080529) respectively. Following these, further authorisations were obtained, either to expand the indications of the products or to introduce new technical specifications. The Company is subject to regular and random FDA inspection which requires that the Company maintain its activities to a level sufficient to be audited at any time.

Information on the U.S. regulations applicable to the EOS systems is subject to the developments presented in section 6.6 b- "American Regulations" of this Registration Document.

If the FDA authorisations related to the Group's existing products were to be questioned, or if the follow-up from an inspection should lead to a significant prohibition, or if any authorisation applications related to new Group products were to be denied by the FDA, the Company would be unable to sell and market its products in the U.S. market or would have to implement other longer and costlier procedures to obtain or update its authorisations. If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

c. Risks related to the regulatory environment in Japan

The Group's products come under Class II Special Control and their marketing is controlled by a Registered Certification Body (RCB) approved by the Ministry of Health. The manufacturer must appoint a marketing authorisation holder (MAH or D-MAH) to manage the registration of the companies and products. Foreign manufacturers must apply for foreign manufacturer accreditation and submit a pre-marketing request to the RCB. The RCB delivers a certificate based on the evaluation of the technical file and an audit of the quality assurance system of the manufacturer and its main subcontractors, in accordance with the requirements of Japan's Pharmaceuticals and Medical Devices Law (PMDL) and Order No. 169 which sets out quality management system requirements similar to those of ISO 13485.

The Group has held Japanese marketing authorisations for its EOS and sterEOS products since 2013.

If the authorisations granted by the Japanese authorities for the Group's existing products were to be called into question, or if any authorisation requests for new Group products were to be rejected by these authorities, the Company would be unable to sell its products on the Japanese market. If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

d. Risks related to the regulatory environment in other countries

The offer of medical products on markets in other countries requires that specific steps be taken in order to obtain the necessary authorisations (in particular in China, Brazil, etc.).

However, the transfer and recognition of certifications does exist in some countries (in particular in Canada or in Australia). These transfers or recognitions are important elements in the process of deciding to market the Group's products in a new country.

The Group has already obtained marketing authorisations for its existing products in many countries outside of the European Union and the United States, in particular Canada, Australia, Saudi Arabia, Taiwan, Mexico, Korea, Thailand and Brazil and China.

The Group's inability to maintain the necessary authorisations for its products could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

4.5.3. Risks related to failures in industrial processes (such as failure to comply with product traceability or other failures)

The Company's products are categorised as medical devices and, as such, are subject to specific regulations in all the countries in which they are manufactured, tested or marketed. These regulations impose obligations, in particular with regard to:

- design;
- pre-clinical tests and clinical trials of the products;
- manufacture, control and quality assurance of the products;
- labelling of the products, including instructions;
- storage of the products;
- identification and traceability of the products;
- procedures for data retention; and
- surveillance subsequent to market introduction and reporting of incidents related to the products' use.

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

The principle of complete traceability of all the product's components, as well as the implementation and continuation by the Company of a Quality Management System (QMS) certified compliant with international standard ISO 13485: 2003 and of a lean manufacturing system seek to guarantee full compliance of each product with applicable regulations as well as its quality.

The Company cannot however guarantee that its suppliers or subcontractors, and in particular, its partner Axe Systems, itself registered with the FDA, always comply or will comply with applicable regulations. The notified body, in the event of a certification or follow-up audit, or the regulatory authorities, during an inspection or at the time of any other regulatory process, might identify breaches of regulations or applicable standards and require that the breach be remedied by corrective actions that might interrupt the manufacture and supply of the Company's products. The suspension, total

stoppage or total or partial prohibition of the activities of the Company's suppliers could materially affect the business, financial position, earnings and reputation of the Group.

4.5.4. Environmental risks

The Group's activities are subject to certain environmental regulations regarding the use of certain hazardous substances and waste treatment.

The Group's activities up until this point were not subject to the RoHS directive (Restriction of the use of certain hazardous substances in electrical and electronic equipment) (2002/95/EC) limiting the use of substances hazardous to health and the environment that could be included in the composition of electrical and electronic equipment. The revised RoHS directive 2011/65/EU at present includes medical devices within its scope, with some exceptions applicable to X-ray diagnostic devices. Application of this revision of the directive has been mandatory since January 2013. Even though directive 2002/95/EC excludes medical devices from its scope, the Group has ensured that its suppliers and sub-contractors comply with this directive insofar as this requirement does not impact the essential safety performance of its products (in particular, the X-ray shield). In this context, all the Group's relevant sub-contractors have indicated that the products they deliver are RoHS compliant. Annex II of the RoHS directive 2011/65/EU that lists the substances subject to restrictions has recently been amended by the delegated directive 2015/863 of 31 March 2015. The effect of this new directive is to impose restrictions on certain phthalates (DEHP, BBP, DBP and DIPB) applicable to electrical and electronic equipment, including medical devices, and it comes into force, in relation to a medical device, when that device is marketed after 22 July 2011. The Group is gradually incorporating these new restrictions into the design specifications for its products to ensure that these requirements are followed by its sub-contractors and that its products comply with these new restrictions by the time they enter into force.

REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) is a European regulation EC No. 1907/2006 making it possible to identify through registration and progressively eliminate the most harmful chemicals (as such or contained in preparations and articles). The aim is to further the knowledge of the uses of chemicals manufactured or imported in the European Union and to ensure control of the risks associated with their uses. Pursuant to REACH, the Group imports and markets "articles" containing certain substances not intended to be released under normal or reasonably foreseeable conditions of use. However, the Group does not import or market any "substance" or any "mixture" within the meaning of the REACH regulation. The Group is therefore exempt from the registration procedure. The REACH regulation also requires the disclosure of information to customers if a Substance of Very High Concern, or SVHC, is present in an article at a concentration higher than 0.1% of its mass. To meet its obligations, the Group is carefully following the SVHC "candidate" list updated by the European Chemicals Agency (ECHA) and is taking the necessary actions with its suppliers in order to ensure that the products released onto the market do not contain such substances at a concentration higher than the level specified. The Group is also following the SVHC list as included in Appendix XIV of REACH so as to ensure that the market release of the Group's products does not risk being prohibited.

The ("WEEE") Directive on Waste Electrical and Electronic Equipment (2002/96/EC) requires that manufacturers organise and finance the collection, treatment and recovery of their products when

they reach the end of their useful lives. In order to avoid any risk of associated pollution, all equipment and product waste is reprocessed by a third-party specialist company.

Compliance with these regulations is costly, and any tightening of these regulations would lead to additional costs for the Group. Furthermore, the regulations are complex and any violation of them by the Group could result in fines or penalties or by its incurring liability. Such circumstances would have an adverse effect on the Group's financial position and development.

4.5.5. Regulatory obligations in respect of radiation risk

Council Directive 96/29/Euratom dated 13 May 1996 laying down basic safety standards for the protection of the health of workers and the general public against the dangers resulting from ionising radiation requires the supervision of nuclear activities by the French Nuclear Safety Authority (Autorité de Sûreté Nucléaire or ASN). Testing activities during production or design of products involving the use of X-rays within the Company are hence subject to ASN authorisation. This authorisation is valid for five years. The Company's ASN authorisation was renewed on 29 March 2016 for a new five-year period. The authorisation granted to Axe (one of the Company's sub-contractors) will expire on 2 July 2018. The Group's inability to obtain or maintain this ASN authorisation that is necessary to its production and design activities could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

Council Directive 97/43/Euratom dated 30 June 1997 on health protection of individuals against the dangers of ionising radiation in relation to medical exposure requires buyers of an EOS system to declare their EOS's installation with the Nuclear Safety Authority. The Group must therefore ensure that its product meets the specific requirements of this directive as transposed in each European Union Member State. Given the low X-ray dose of radiographic examinations conducted using an EOS, the Group considers that it meets the specific requirements of most European Union Member States. However, this is not the case in Germany where the Group has taken steps with the relevant authorities so that they agree to change their specifications in order for the Group's technology to comply.

4.6. INSURANCE AND RISK COVERAGE

The Company has purchased a policy covering the principal insurable risks and has the coverage amounts it deems compatible with the nature of its business. The policies that the Group benefits from to date are the following:

Line	Company	Policy No.	Coverage amount
Comprehensive corporate insurance	AXA	3 126 732 804	Equipment/Furnishings: €1,500,000 Information media: €17,274 Expenses and losses: €300,000 Third-party recourse: €1,183,184 Equipment/Furnishings: €250,000
	AXA	5200416905	Equipment/Furnishings: €30,000

			Information media: €15,000
Automobile fleet	AXA	3 928 616 104	6 vehicles
Transported merchandise	ACE EUROPE	FRCGNA11758	Air, maritime and overland transport: €1,000,000 per shipment Private transport: €100,000
Stored merchandise	ACE EUROPE	FRCGNA11758	€500,000 per site – 8 sites
Conferences	ACE EUROPE	FRCGNA11758	€200,000
Professional civil liability	AXA	5 175 963	Civil liability before delivery: €6,000,000/claim Civil liability after delivery: -€3,000,000/year and /claim excluding North America -€1,524,490/year and /claim in North America
	AXA	5270036304	Civil liability before delivery: €9,100,000/claim Civil liability after delivery: €2,200,000/year excluding Aesculap AG Civil liability after delivery: €10,000,000/claim, €20,000,000/year for Aesculap AG
Managers' civil liability	AIG	7.902.286	€5,000,000

The amount of charges paid by the Group for all of its insurance policies reached €48,000, €96,000 and €222,000 respectively, for the financial years ended 31 December 2013, 2014 and 2015.

Furthermore, the merchandise stored with subcontractors is insured by the subcontractors themselves. Insurance certificates are regularly requested of them.

4.7. LEGAL AND ARBITRATION PROCEEDINGS

In the course of the 12-month period preceding the filing date of this Registration Document, the Group has not been involved in any administrative, criminal, civil or arbitration proceedings that could have a material adverse effect on the Group, its business, financial position, earnings or growth, nor, to the Company's knowledge, is the Group threatened with such proceedings on the filing date of this Registration Document.

5. INFORMATION CONCERNING THE COMPANY

5.1. HISTORY AND GROWTH OF THE COMPANY

5.1.1 Company name

The Company name is: EOS imaging.

5.1.2 Registration place and number of the issuer

EOS imaging was registered in the Paris Trade and Companies Register under identification number 349 694 893.

5.1.3 Date and term of formation

The Company was set up on 8 February 1989 under the name Biospace Instruments and registered in the Paris Trade and Companies Register on 8 March 1989.

The Company has a duration of 99 years as from its date of registration (i.e. until 8 March 2088), unless it is dissolved before that date or the term is extended.

5.1.4 Registered office, legal form and applicable law

EOS imaging is a public limited liability company (*Société Anonyme*) under French law, with a Board of Directors, governed in accordance with the Company Bylaws and the provisions of the French Commercial Code.

The registered office of the Company is located at 10 rue Mercoeur, 75011 Paris, France – Telephone: +33 (0)1 55 25 60 60.

5.1.5 Significant events in the Group's history

1989: Georges Charpak, the 1992 Nobel Laureate for Physics, creates Biospace Instruments.

1999: Marie Meynadier becomes its Chief Executive Officer and develops a first imaging company for pharmaceutical research on the international market, which rapidly becomes profitable. The subsidiary leaves the Group in 2007.

2000-2004: In parallel, preliminary proof of concept work is conducted on medical imaging applied to orthopaedics. It leads to the prototyping and clinical testing of an initial version of the EOS system.

2005: The Group engages fully in developing the EOS technology with an initial fundraising of €7.5 million, led by Edmond de Rothschild Investment Partners together with UFG and COFA Invest, the investment fund of Dr Cotrel, founder of Sofamor Danek (which in 1999 became Medtronic's Spine branch).

2007: The Group raises €12 million with NBGI Ventures, Crédit Agricole Private Equity, and traditional venture capital companies. The first sale of EOS equipment is made. The first European and American market authorisations are obtained for the EOS hardware platform.

2009-2011: European and American market authorisations are obtained for the associated 3D software applications.

2010: The Group takes the name EOS imaging. The EOS system is used in clinical routines in hospitals in the United States, Canada and six European countries. The third round of financing brings in the Caisse des Dépôts et Consignations alongside the historical shareholders for a total in funds raised of €12.3 million.

February 2012: Listing on the NYSE Euronext regulated market in Paris.

September 2012: Entry into the Asian market with a first installation in the National University Hospital (NUH) of Singapore.

October 2013: Securing of regulatory authorisations to market EOS equipment in Japan.

November 2013: Acquisition of OneFit Medical, a company which develops and markets customised orthopaedic solutions for knee and hip implants, providing surgeons with cutting guides for the operating theatre, tailored to each patient's anatomy.

December 2013: First installation in Japan, the second biggest medical imaging market, behind the USA.

March 2014: EOS imaging obtains CE marking for hipEOS, first 3D planning software for hip replacement surgery.

April 2014: EOS imaging is eligible for the PEA-PME programme.

October 2014: 100th EOS system installed.

October 2014: EOS imaging obtains regulatory authorisations to market and sell in South Korea.

December 2014: EOS imaging obtains FDA approval for hipEOS, first 3D planning software for hip replacement surgery.

January 2015: EOS imaging acquires additional financial means through the issuance of a €15 million bond, in three tranches (the second and third tranches are optional) of €5 million each.

January 2015: EOS imaging obtains FDA authorisation for the Microdose option.

April 2015: EOS imaging strengthens its presence in Asia with its first installation in Hong Kong.

May 2015: Incorporation of the subsidiary EOS imaging Pte Ltd in Singapore, wholly owned by EOS imaging SA. This entity is intended to sell Group products in Singapore.

May 2015: EOS imaging launches its “EOS 3D Service”, a 3D modelling service. The online modelling service, based in Montreal, will provide personalised 3D data from patients’ stereo-radiographic EOS ‘images.

May 2015: EOS imaging obtains the CE mark for kneeEOS, the first 3D stereo-radiographic planning software for full knee replacements.

September 2015: EOS imaging announces the acquisition of the exclusive rights over a technology that predicts the progression of scoliosis. Eight international centres take part in a multicentre study to confirm the benefits of this predictive technology.

October 2015: private placement of €8.7 million.

October 2015: EOS imaging announces its first installation in the Middle East.

January 2016: EOS imaging announces an exclusive licensing agreement and partnership in the area of surgical simulation. The agreement with Spinologics relates to the co-development of personalised 3D biomechanical simulation software for spinal surgery.

February 2016: EOS imaging obtains the status of Innovative Technology from the Korean national health agency.

February 2016: EOS imaging obtains CE marking for spineEOS, its online 3D planning solution for spinal surgery.

March 2016: EOS imaging and Stryker announce a co-promotion agreement in the United Kingdom. The partnership will provide British hospitals with access to complete orthopaedic treatment solutions.

March 2016: EOS imaging obtains marketing approval for the EOS system in China. The authorisation from the CFDA (China Food and Drug Administration) enables the Group to break into a significant, fast-growing market.

April 2016: EOS imaging announces a co-marketing agreement with Medtronic Japan. This exclusive partnership will enable Medtronic Japan's sales force to market the EOS imaging platform to its customers and thereby to facilitate the adoption of EOS by the Japanese market.

April 2016: EOS imaging obtains FDA authorisation for spineEOS, its online 3D surgical planning solution for spinal surgery.

April 2016: EOS imaging announces a 60% increase in revenue in the first quarter of 2016, linked to an excellent performance in the United States and Europe.

May 2016: EOS imaging announces the 10th EOS system acquisition by the Shriners Hospitals for Children network in the United States.

5.2. INVESTMENTS

5.2.1 Principal investments made in the last three financial years

Gross investment (IFRS, in €K)	2015 financial year 12 months Consolidated	2014 financial year 12 months Consolidated	2013 financial year 12 months Consolidated
EXTERNAL GROWTH			5,131
Goodwill			5,131
ORGANIC GROWTH	1,554	1,485	1,718
Intangible assets	1,052	920	871
Property, plant, and equipment	485	475	827
Financial assets	17	90	20
TOTAL INVESTMENT	1,554	1,485	6,849

ORGANIC GROWTH:

Intangible assets

The intangible investments primarily consist of development expenses, patent expenses and software purchases.

Their information by type is shown in paragraph f – "Intangible assets" in the notes to the consolidated financial statements shown in section 20.1 of this Registration Document.

Capital expenditure

Capital expenditure primarily consists of fitting expenses and office and IT equipment.

Their information by type is shown in paragraph g – "Property, plant, and equipment" in the notes to the consolidated financial statements shown in section 20.1 of this Registration Document.

Financial assets

Financial assets primarily consist of the security deposit for premises.

Their information by type is shown in paragraph h – "Financial assets and other assets" in the notes to the consolidated financial statements shown in section 20.1 of this Registration Document.

EXTERNAL GROWTH:

As described in paragraph f - "Intangible assets" - in the notes to the consolidated financial statements shown in section 20.1 of this Registration Document, goodwill recognised in the 2013 accounts on the acquisition of the company OneFIT is subject to a yearly impairment test.

The partial attainment of the objectives fixed for the company on its acquisition in 2013 has no effect on the value of the goodwill recognised as at 31 December 2013.

5.2.2 Financing of principal investments

As described in paragraph g – "Property, plant, and equipment" - in the notes to the consolidated financial statements shown in section 20.1 of this Registration Document, investments are generally made in France.

A significant part of investments realised as part of the Group's organic growth is made up of development costs. These are partially financed by subsidies and the Research Tax Credit.

5.2.3 Principal investments in progress and projected

EOS imaging has established a team of 47 R&D engineers based in Paris and Besançon, France.

In 2015, the Company continued its development programmes, focusing on the development of new software functionalities and hardware associated with EOS and aimed at specific applications in osteo-articular pathologies.

The company undertook two major projects:

- the first, begun in 2012 and devoted to the prediction of fracture risk in ageing adults, using the EOS imaging system. This project is based on micro- and macro-architectural analysis and brings together academic, clinical and industrial partners.

- the second, launched at the end of 2013 and based on developing an innovative solution for patient data exchange between different caregivers was continued during the financial year in partnership with the APHP (public health facility and university hospital network in Paris), a Lorraine-based CHU (university hospital centre), a French industrial company and a private radiology centre.

Finally, the Company furthered its research aimed at reducing the manufacturing costs for its EOS equipment. To that end the Company obtained an interest-free loan for innovation from BPI in 2013 for the amount of €1.5 million.

6. OVERVIEW OF ACTIVITIES

The EOS imaging Group designs, develops and sells EOS®, an innovative medical imaging device dedicated to osteo-articular conditions and orthopaedics, as well as associated applications.

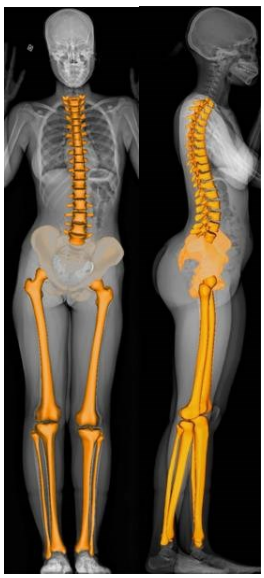
EOS is a unique stereo-radiographic (SR) imaging system that combines proprietary technologies to allow a biplanar imaging examination of the whole skeleton at a low radiation dose.

The sterEOS review workstation associated with EOS enables the generation of a personalised 3D model of the patient and a series of anatomical 3D data.

In addition, the Group offers 3D reconstruction and 3D planning services for arthroplastic surgery based on EOS images, as well as patient-specific cutting guides for orthopaedic procedures. These are currently based on CT scans or MRI.

EOS can be used along the entire care pathways for skeletal conditions, in particular those affecting the spine, hip and knee, which are the most frequent. The EOS exam is prescribed for diagnosing, planning treatment of any necessary surgery, and for post-operative follow-up and care. EOS is a new approach to medical imaging that, with a rapid, low-dose exam, offers orthopaedic and rheumatology specialists: a complete 2D overview (two low-dose X-rays, frontal and lateral) of the entire body, 3D modelling of the patient in a functional natural position (standing, sitting), and the associated 2D and 3D clinical parameters necessary for treatment planning or post-operative monitoring. These features are currently being complemented by a range of associated software applications and consumables.

EOS is a competitive tool that improves productivity and quality of care for osteo-articular pathologies, as ageing, sedentary lifestyles and overweight are accelerating the frequency of joint diseases and increasing the need for prosthetic surgery. The productivity of the imaging centres that provide the medical images on which these therapies are based also constitutes a challenge to which EOS, with its rapid examinations, offers concrete solutions.



EOS global vision allows to assess the relationships between the spine, hip and knee joints, which is essential to a good understanding of joint diseases.

EOS 3D modelling makes it possible, for the first time, to observe the patient's joints globally in 3D, in an upright position, and to gather all the patient's clinical parameters with greater precision than has previously been possible using standard radiography techniques. The 3D anatomical markers generated by EOS investigations also prepare the ground for the development of software and 3D objects for patient-specific orthopaedic medicine.

These new features provided by EOS are combined with a significant reduction in the radiation dose delivered to the patient, which is well below that of all the other technologies currently in use for the applications covered by EOS.

The Group clearly has many strong points, therefore, with which to gain market leadership in the field of orthopaedic medical imaging.

EOS is the only product of its kind in the world.

Perfectly adapted to the needs of orthopaedic surgeons and radiologists, EOS is the only technology with which a biplanar stereo-radiographic and a global personalised 3D upright model of the skeleton can be obtained. The patient's 3D model enables personalised treatment to be given, based on patient data, along the whole care pathway. EOS technologies are covered by patents.

EOS is targeting a market worth several billion dollars

EOS imaging is targeting an estimated potential market of 12,000 systems worldwide (see the detailed calculation in Chapter 6.2.2, pages 73 to 76), equal to $6 billion in potential for systems placed, plus recurring revenues of $500 million for maintenance activities, and $1 billion for software services and related tools.

EOS is a new imaging method that currently has no equivalent on the market. The estimate of 12,000 sites worldwide with a sufficiently large orthopaedic imagery workload to justify the acquisition of a system such as EOS corresponds to a potential market in numbers of systems with a market penetration of 100%. As with every new, innovative product, the speed of penetration depends on a number of parameters (including the purchase cost of the machine, the customers' economic environment, and so on), and the Group does not give any information about the expected adoption rate or the target penetration rate in this potential market.

EOS benefits from reimbursement codes

EOS is a stereographic X-ray imaging system. To this end, procedures carried out using the EOS system benefit from existing reimbursement codes for conventional radiography.

The EOS exam is therefore priced on the basis of existing codes for localised and combined frontal and profile images, as required for the full body image.

In France as in a number of countries in general, the creation of new reimbursement codes requires medico-economic studies which, in the case of impact measures of imaging on orthopaedic surgery, are particularly long. The Group benefits today from existing reimbursement codes allowing it to develop its technology without waiting for the results of such studies.

A Group that accelerates the time to market.

- EOS has been granted regulatory marketing authorisations in most major markets, including the United States, Japan and the European Union.
- EOS has been used in more than 800,000 procedures to date.
- EOS is protected by a substantial portfolio of patents.
- Many of the users of EOS are opinion leaders in orthopaedic surgery, medical imaging and rheumatology.
- More than 190 articles have been published about EOS in scientific journals.

A high-calibre management team

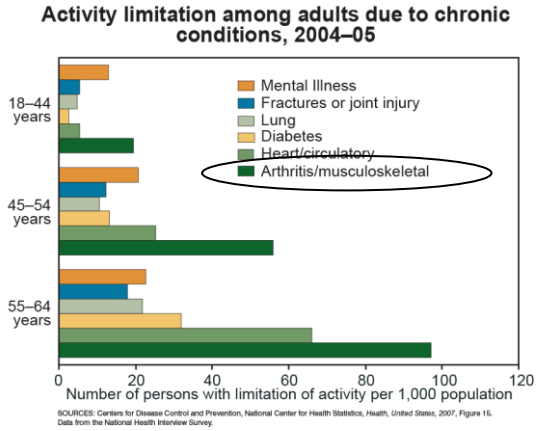
The Group is managed by a team with a great deal of strong professional experience, accumulated in large company groups (General Electric, Philips, Stryker, etc.) and in technological SMEs. The team combines experience from the medical imaging and orthopaedic surgery sectors that are particularly relevant to the Group's success.

6.1. FIELD OF APPLICATIONS

6.1.1 Musculoskeletal disorders, orthopaedic surgery and the associated issues

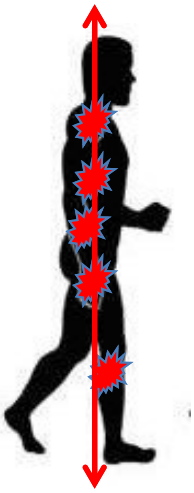
Disorders of the bones and joints, referred to as musculoskeletal disorders, are diseases that, for the most part, are associated with ageing. Osteoarthritis, in which the cartilage and bone in the joint degenerate, is the most common musculoskeletal condition and affects between 5 and 15% of the world's population[1]. Some disorders also affect certain young populations, particularly during bone growth, such as scoliosis, which affects around 2% of adolescents[2].

[1] Orthopaedic Medical Devices: Emerging Technologies and Trends, Frost & Sullivan D135
[2] See, for example, http://www.scoliosisjournal.com/content/1/1/2

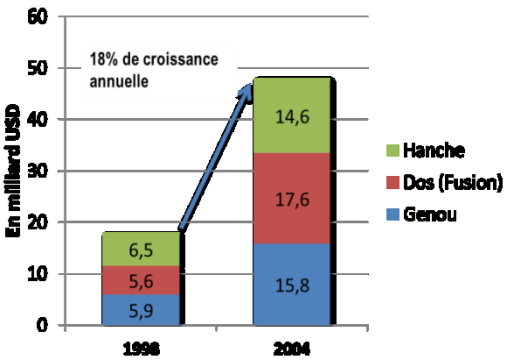


These disorders are one of the leading sources of direct public health costs and the primary cause of disability in western countries (table opposite), well ahead of cardiovascular diseases and diabetes. A sedentary lifestyle, obesity and ageing are factors that contribute to the significant growth in these chronic diseases for which, after medication, orthopaedic surgery is often the only possible treatment.

a. Knee, hip and spine are the main sites for orthopaedic surgery



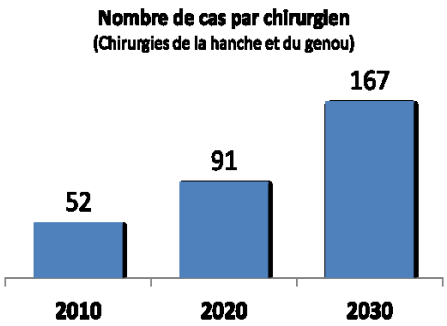
The upright position puts strain on the skeletal joints, particularly on the main joints – the knees, hips and spine – which suffer the effects of the weight they are bearing and consequently degenerate more quickly. As a result, osteoarthritis and the other disorders affecting these joints are not only painful but also particularly disabling in terms of mobility and self-sufficiency. It is therefore quite natural that orthopaedic surgery should mainly be dedicated to repairing these joints by fitting prostheses or inserting surgical implants, to either replace or support the diseased joint. In 2012, almost 1.3 million knee and hip replacements were carried out in the US, together with almost 650,000 operations on the spine[3].



These conditions are associated with low death rates, but still lead to considerable human and public health costs, whose growth is accelerated by population ageing combined with an increase in problems of overweight. The evolution in the costs of the principal spine, hip and knee procedures in the US from 1998 to 2004[4] shows an annual increase of 18% in direct expenditure associated with these treatments. The indirect costs of these conditions are currently estimated at hundreds of billions of dollars in the US[5].

[3] Medicare-Medicaid 2012 data
[4] Source: Agency for Healthcare Research and Quality, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1998-2004; quoted in "The Burden of Musculoskeletal Diseases in the United States, Copyright 2008".
[5]The Burden of Musculoskeletal Diseases in the United States, Copyright 2008.

These medical needs are continuing to grow rapidly for the reasons already given, a fact that represents a challenge for both public and private healthcare organisations and insurers. The number of hip and/or knee surgical procedures per surgeon and per year is expected to grow threefold in the United States over the 2010-2020 period[6].



The surgical responses to this increase in orthopaedic surgery volumes face two challenges:

- **The choice of the correct surgical treatment:** this applies particularly to spinal surgery, where there is currently a large variety of possible surgical solutions and success rates can mostly be improved.
- **"Zero defect" efficacy:** this is a considerable challenge, given the increase in hip and knee operations, budget pressure and medical demography.

Medical imaging, on which diagnosis, strategy, a part of the surgery itself and post-operative care are based, plays a critical role in these care pathways.

b. Spinal pathologies and spinal surgery

Every year, 12 to 15% of the US population see their doctors about back pain[7]. Associated conditions can be either degenerative (intervertebral disc ageing, for example), or deformative (adolescent or adult scoliosis). Because of the intricate structure of the spine, surgeries are complex and in many cases consist in fusing the affected vertebrae. In cases of severe scoliosis, most of the vertebrae in the spine are fused (example opposite) in long and expensive surgical procedures[8]. Alternatives to spinal fusion are possible for less severe cases, such as artificial discs or implants to maintain mobility between the vertebrae.

The diagnosis and choice of a surgical strategy, therefore, need to be based as detailed as possible. The surgeon has to be able to assess the overall problem (understanding any pelvic imbalances, differences in leg length, etc.) and the specific situation in each section of the vertebral column.

[6]Kurtz SM et al. American Academy of Orthopaedic Surgeons 2006 meeting; 22-24 March 2006; Chicago, IL. Scientific exhibit 53 and Shortage of orthopaedic surgeons projected in the US; *Rheumawire > News;* 27 March 2006

7 National Center for Health Statistics, National Ambulatory Medical Care Surgery.

[8] In the United States, the average cost per patient for the surgical treatment of idiopathic scoliosis was $113,303 between 2004 and 2006 (with the cost ranging from $103,256 in the West to $152,637 in the South). Daffner et al, Spine, 15 May 2010 - Volume 35 - Issue 11 - pp 1165-1169

c. Knee and hip conditions, and the associated prosthesis implantations

Most surgical operations on knees and hips consist in replacing the joint with a total or partial prosthesis. The prosthesis placement has to be accurate in order to conserve the patient's balance and avoid the limps that are frequently associated with leg length discrepancies, the second-[9]largest source of lawsuits in the US[10]. An adapted position of the prosthetic elements with respect to each other, and of these elements with respect to the patient's skeleton, also ensures a longer lifetime for the prosthesis in terms of wear. The principle causes of re-operation (revision) after knee or hip prosthesis can be attributed to the implant loosening or to instabilities in 35% and 16% of cases, respectively[11] [12].

More than 10%[13] of the prostheses currently implanted in western countries are revisions, that is to say replacements of dysfunctional or worn prostheses; these revisions are more complex and more expensive than the original prostheses. In addition to natural wear, signs of precocious wear are sometimes observed with a particularly severe impact on the patients' health.

A challenge in knee and hip replacement, therefore, is to have a precise "plan" of the patient that makes it possible, once in the operating theatre, to locate and position the prosthetic elements on a patient lying on the operating table in such a way that the best possible mechanical balance is restored when the patient is standing. The second challenge consists in a controlled, rapid execution of this plan in order to ensure the quality and efficacy of the care pathway. The third challenge is to control its execution using indisputable post-operative measurement.

Great progress has been made over the course of the last few years in improving surgical precision thanks to computer-assisted surgery (navigation) and robotics. However, this precision is only useful if it is used to execute an operating plan that itself is appropriate and precise. This plan is based on a pre-operation medical image, which is therefore critical to the success of the surgery.

The quality of the operating plan, its execution and the after-effects of the surgery are medical and economic issues that are increasingly taken into account by healthcare payers within programs that aim to better integrate and co-ordinate the care offer around the patient and provide the necessary tools to measure and improve the care pathways. In the US, for example, this leads to the establishment of ACOs (Accountable Care Organisations) or to the search for reimbursement methods based on longer care pathways that transfer to the hospitals the responsibility for the risks of complications and associated surgical revisions; the Comprehensive Care for Joint Replacement (CJR) model that is currently being implemented in the United States illustrates this trend. EOS is a particularly relevant imaging method in this context, as it can be used both to precisely plan a surgical

[9] Konyves 2004_JBJS_ "The importance of leg length discrepancy after THA" – This study of 90 patients shows that, in 82 of them, the leg operated on during unilateral total hip arthroplasty was lengthened by 1mm to 16mm

[10]Medical Malpractice in Hip and Knee Arthroplasty Ashish Upadhyay, MD, MS, Sally York, MN, RNC, William Macaulay, MD, Brian McGrory, MD, Jennifer Robbennolt, PhD, JD, B. Sonny Bal, MD, MBA. The Journal of Arthroplasty Volume 22, Issue 6, Supplement , Pages 2-7.e4, September 2007

[11] Bozic et al, JBJS, 91 (2009):128-133.

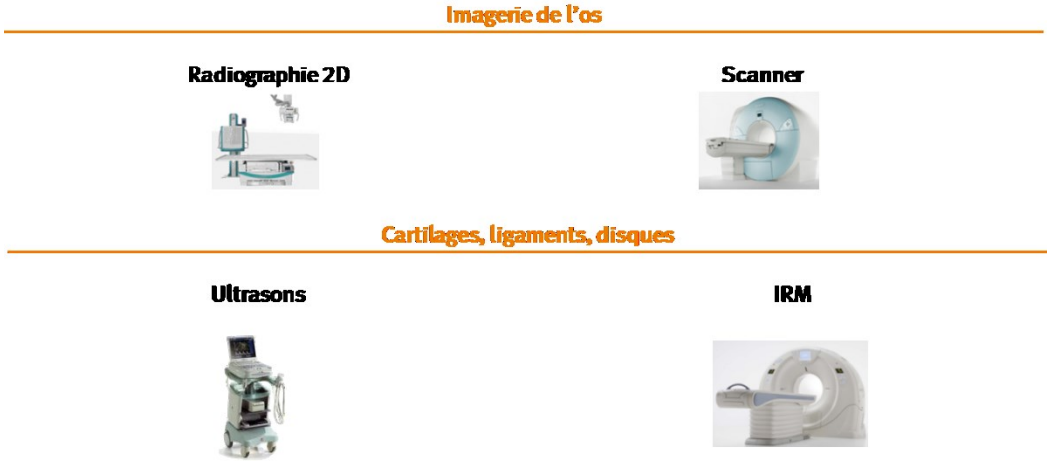
[12] Bozic et al, Clin. Orthop. Relat. Res. 468 (2010): 45--51

[13] See PMSI 2009 in France, for example

objective and to confirm the extent of the gap between the desired and the actual result once the surgery has been carried out.

d. Orthopaedic imaging today and the unresolved problems

The figure below shows the main methods available for analysing musculoskeletal disorders. While MRI and ultrasound are essentially used to analyse cartilages, ligaments, discs and other soft tissues, X-ray based systems are used to analyse bones.

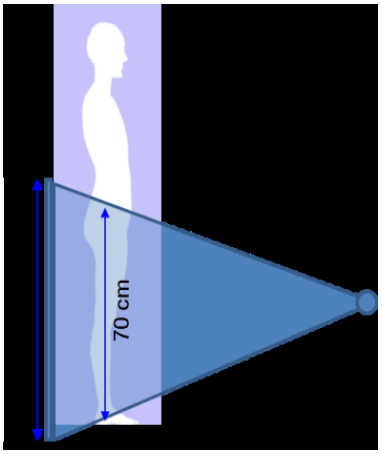


X-rays are used in the form of 2D radiographs (historically produced on film, but nowadays obtained directly or indirectly in digital form) and only provide two-dimensional images. CT scanners, which also use X-rays, produce cross-sectional images which can be used on occasions to obtain three-dimensional images. However, it has the disadvantages of using high radiation doses and of examining the patient in a supine position: the patient's joints are therefore not in their "functional", weight-bearing position.

Scanners and radiography thus are insufficient and inadequate to meet the needs of orthopaedic surgery.

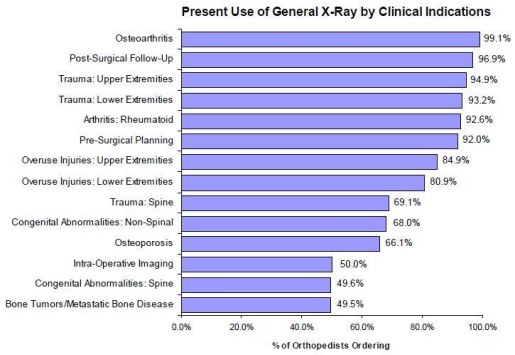
e. Calculation errors too frequent with standard radiography

Currently, orthopaedic imaging is still usually based on a 2D X-ray that show the problematic area from the front and then, if required, from the side. The images are taken with the patient standing in order to properly show the situation in the weight-bearing position. It is then up to the orthopaedic surgeon to mentally reconstruct the joint's complexity in three dimensions: given that the frontal and lateral images are not taken simultaneously and the 3D is only mental, this reconstruction is approximate and does not permit measurements. The surgeon also deduces from the 2D images the dimensions and angles needed to carry out the surgery, determining the choice of prosthesis size and position.



In a 2D X-ray, the image is a projection of the skeleton: certain measurements are therefore distorted by this projection and certain dimensions cannot be measured. Magnification is also a source of poor medical assessment, as the diagram opposite demonstrates, together with the illustration showing the size of a femur on a 2D image and the actual size of the femur (dark). Standard X-ray detectors are small (43 cm) and require several successive images to be taken in order to reconstruct the limb being observed. This is done using a technique that consists in stitching together small images, either literally or digitally, to create a large image. Numerous errors, not to mention a significant loss of time, are associated with this process[14].

Despite these limitations, 2D radiography systems are still the fundamental tools that orthopaedic specialists use to make their diagnosis and plan their surgical strategies. They are also systematically used during diagnostic exams, and the following graph shows how frequently US orthopaedic surgeons, out of a sample of 225, prescribe a 2D X-ray for the major musculoskeletal disorders[15].



CT scanner: patient lying down, radiation dose

If, when planning his or her surgical strategy, the surgeon requires more precision in terms of the three-dimensional arrangement of the zone to be treated, it is possible to obtain 3D views with a scanner. However, this imaging method not only delivers a high radiation dose but also imposes a horizontal position on the spine or leg being imaged. As a consequence, each bone is perfectly portrayed, but the relative positions of the bones in the joint are altered, and certain measurements necessary for the operation cannot be taken.

In addition to this, the radiation dose created by the cumulative use of scanners is a major cause for concern, particularly in the US. The increase in the average radiation dose associated with medical use has been estimated at almost 500% over the course of the last 25 years[16]. According to some estimates, the use of scanners in the US in 2007 alone could be the cause of 29,000 future cases of cancer in the United States[17].

Neither 2D radiology nor CT scanners really meet the needs of orthopaedics, which until now has not had the benefit of specialised or innovative imaging addressing its particular needs.

[14] Diagnostic errors from digital stitching of scoliosis images - the importance of evaluating the source images prior to making a final diagnosis. Supakul et al, Pediatr Radiol (2012).

[15] IMV orthopaedic Imaging report, 2007

[16] National Council on Radiation Protection report No. 160, National Council on Radiation Protection and Measurements, 2009

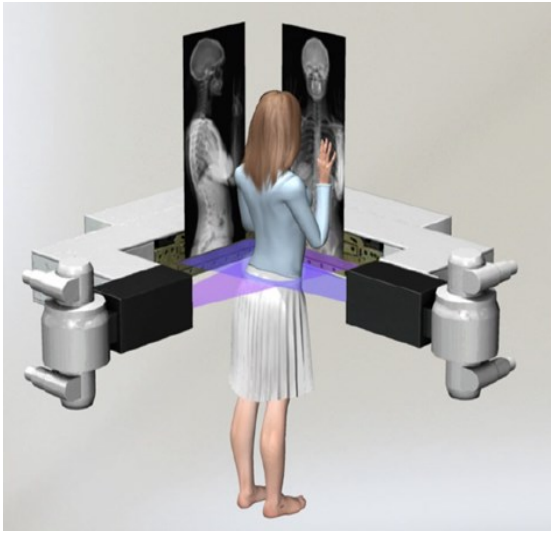
[17] Amy Berrington de Gonzalez, Journal of the National Cancer Institute, Vol 101, (3),2009.

6.1.2 EOS technology

EOS is an innovative imaging method, developed from Georges Charpak's pioneering work on detectors and from work carried out by academic laboratories in Paris and Montreal. EOS originally drew on the experience of two medical specialists, one a radiologist, the other an orthopaedist. Professor Gabriel Kalifa, a specialist in radiological protection, wanted to reduce the medical radiation dose received by patients during radiology examinations. Professor Jean Dubousset, an undisputed expert in orthopaedic spinal surgery, demonstrated that adolescent scoliosis needs to be treated as a whole and in 3D. This is how EOS came into being, from a simple idea: that of providing medical professionals with an exact 3D image of each patient's skeleton in an upright, weight-bearing position and at a low radiation dose.

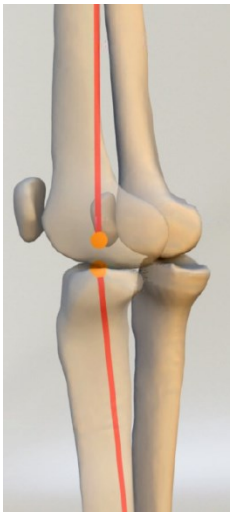
A video presentation of EOS technology is available on the Group's website via the following link:
http://www.eos-imaging.com/en_EN/products/eos.html

a. A simple idea: full body images, at lower doses, and with 3D



The EOS concept is simple. Standing upright in an EOS unit, the patient receives a whole-body radiographic examination from the front and the side simultaneously. It is possible to reduce the exam to a selected part of the body, for example the spine or the leg, if a whole-body image is not needed. A scan is carried out using two very thin X-ray beams, and takes less than 20 seconds for an entire body. The two digital images obtained in this way are then processed on a computer workstation to produce a personalised 3D model of the patient's skeleton (spine and/or lower limbs).

EOS: Session d'acquisition **sterEOS: modélisation 3D et calculs**

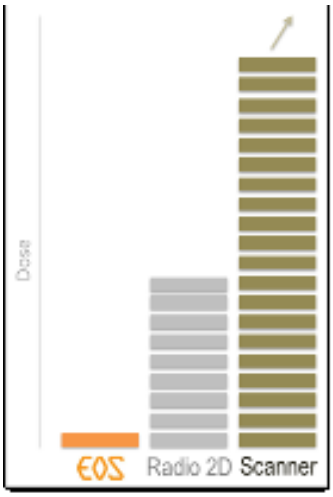


The complete EOS output consists in the two simultaneous X-ray images, the 3D model specific to each patient, and a report that includes the clinical parameters, calculated automatically, that are necessary for diagnosis, surgery and post-operative care. It allows monitoring the patient along the entire care pathway, from diagnosis, therapeutic decision, planning, control and post-operative care.

EOS is the only imaging method with which it is possible to carry out a whole-body, 3D examination of the patient in an upright position and to measure precisely, in 3D, angles and dimensions in order to plan or control the relevant surgery.

b. EOS: a patented X-ray detection technology, awarded a Nobel Prize

EOS detection technology is based on the work of Nobel laureate Georges Charpak and has been adapted to suit medical radiography by the Group. With the technology, very large-format X-ray images can be made. The patient is scanned from head to toe with thin X-ray beams detected by a detector based on the principle that led to awarding the Nobel Prize to Georges Charpak.

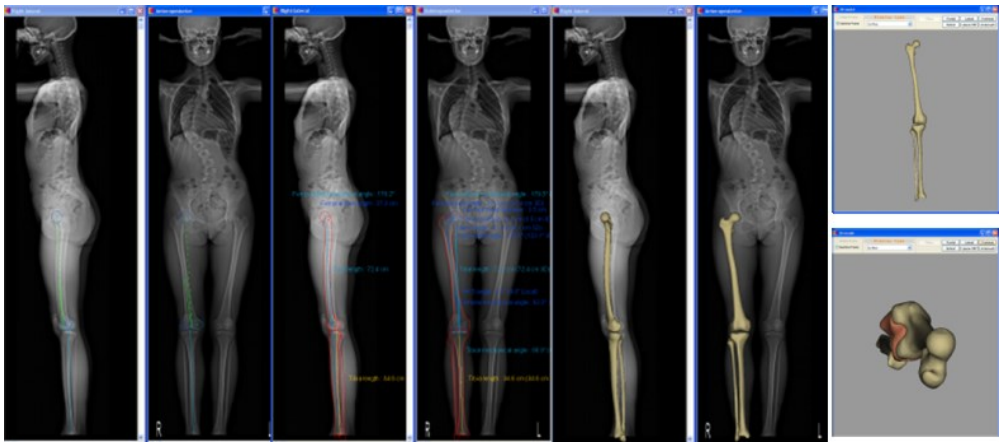


This patented detection technology enables a very significant suppression of the "noise" in the image, at the same time as the signal is amplified inside the detector. This makes it possible to obtain radiographs at doses reduced by 50 to 85% compared to existing radiography technologies. The Group reached a new milestone in 2013 with the development of a Microdose option that makes it possible to reduce the dose by an additional factor of 5 to 7 (see section 6.3.3).

This dose reduction is particularly important for deformative pathologies such as scoliosis, which require frequent patient monitoring. EOS makes it possible, for instance, to contemplate more frequent monitoring during the most sensitive periods, such as the growth periods in adolescent scoliosis.

c. A software technology that produces 3D images in a weight-bearing position: the sterEOS station

After the creation of large-format images with the detection technology described above, a 3D reconstruction of the skeleton is produced on a computer workstation. With this second key technology from EOS, a 3D reconstruction of the skeleton can be produced from just two 2D views. This technology, the subject of a number of patents, was developed in collaboration with two internationally renowned academic teams: the Biomechanics Laboratory of the engineering school Arts et Métiers ParisTech (ENSAM) in Paris, and the Orthopaedic Imaging Laboratory of the École de Technologie Supérieure (ETS) in Montreal. The software solutions that implement this technology are produced by the Group and integrate the functions developed by its two partners.



The EOS 3D technology implemented in the sterEOS station is based on advanced biomechanical modelling and statistical processing methods that allows a 3D reconstruction of the bone surface using anatomical points identified on projected X-rays.

This technology allows clinicians to see the skeleton in 3D, but also to automatically extract, from the personalised 3D model and without the need for operator input, all the measurements (dimensions, angles, etc.) necessary for a diagnosis, surgical planning and post-operative monitoring.

The latter ability is linked to the special nature of the EOS personalised 3D model, which includes in the image the relevant anatomical data (where a scanner, for instance, only produces image information without associating with it any anatomical data). This makes the EOS personalised 3D model powerful, not only with regard to automatically extracting from it the clinical parameters needed for planning, but also in terms of its further use in, for instance, surgical simulations or in the prognosis of fractures.

Validation of the patented EOS 3D reconstruction technology has been the subject of numerous publications in prestigious journals (see section 6.3.3).

The system comprising an EOS and one (or more) sterEOS stations is the basic product offering of the Group. It is sold to hospitals and healthcare centres with the corresponding revenues accounted for under "Equipment Sales" (see 6.3.1).

d. Modular surgeon-centric software solutions and associated consumables: the Advanced Orthopaedic Solutions Department

Each patient's 3D model is available to be fed into the different tools and software programs that are or will be used by surgeons for diagnosis, surgical planning, performance and monitoring. The Group is committed to developing a portfolio of surgeon-centric applications that answer the precise requirements of surgeons all along the orthopaedic care pathways for the spine, the hips and knees, such as:

- 3D reconstruction service
- 3D surgical planning
- 3D surgical simulation

- longitudinal patient care
- prognosis for the progression of the musculoskeletal disorder.

These developments take place within the Advanced Orthopaedic Solutions Department of the EOS imaging Group, that is primarily made up of employees of the OneFit subsidiary based in Besançon. The Group has the strategic capacity to develop dedicated solutions in the field of spinal, hip and knee implant surgery.

The corresponding products are or will be sold after the purchase of an EOS system by the healthcare centre, under the form of software licenses, pay-per-use services, or the sale of instruments personalised to the anatomy of the patient (see section 6.3.1). The first example of such a product is the 3D hip surgery planning software, hipEOS, launched in 2014. The following diagram illustrates how this service operates.

This first application has since been developed into two new applications: kneeEOS and spineEOS, dedicated to the planning of knee and spinal surgery, respectively. They were developed in 2015 and will augment the Group's software offering.

e. EOS, a productivity improvement tool for radiologists

An EOS exam is rapid[18] because it spares the radiographers the difficulties encountered with existing technologies, which require multiple small-format images to be stitched together to obtain a single large-format image, as well as requiring a series of X-rays to be taken.

[18] A study of 271 patients conducted at the Robert Debré Hospital in Paris and presented to the European Society for Pediatric Radiology in 2009, showed that the total time for a complex examination (front/side of the spinal cord of very young patients) was under four minutes. Before the installation of EOS this timeframe was in the order of 30 minutes. A study of a high-range digital 2D radiography machine

EOS thus enables the average time for a complex examination to be shortened. This is a considerable advantage for radiology departments, which receive high numbers of examination requests on orthopaedic clinic days. Sites using EOS systems report daily activity peaks that can reach as high as around a hundred exams.

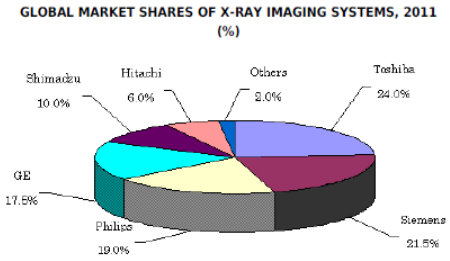
6.2. EOS MARKET POSITIONING AND COMPETITIVE ENVIRONMENT

Like 2D radiology and CT scans, EOS belongs to the family of imaging methods based on X-rays, ideally suited to examining bone. Unlike digital radiology or CT scanning, generic methods that have not been developed specifically for examining the skeleton, EOS is a specialised imaging method, dedicated exclusively to orthopaedics, rheumatology and musculoskeletal disorders. EOS technology is the only technological imaging innovation to have been developed specifically for these applications with a new imaging method: Stereoradiography (SR), which consists of taking two simultaneous radiographic images of the patient (frontal and lateral), associated with the reconstruction of the skeleton by 3D modelling.

EOS therefore completes the range of imaging equipment in the imaging department of a hospital, clinic or private imaging centre. EOS enables these imaging departments to offer a new method that is suitable for musculoskeletal disorders. EOS complements the traditional radiology systems and CT scanner (both used to examine bones), and MRI (used to examine discs, cartilages, ligaments and other soft tissues). EOS is therefore not in direct competition with the existing methods.

6.2.1 EOS is not in direct competition with medical imaging companies

EOS has no direct competitors as a result of its proprietary detection and 3D reconstruction technology. Its general competitive environment is made up of medical imaging companies, including the big ones – General Electric, Siemens, Philips, Toshiba and Samsung – together with the mid-sized companies, whose offer is generally limited to digital radiology: Canon, Hitachi, Carestream, Fuji, Agfa, Shimadzu, Mindray.



Source: BCC Research

EOS is a new imaging method that taps into both the imaging and orthopaedics markets, each estimated at more than $20 billion a year (the imaging market of diagnostic imaging using X-rays and scans being 34% of the global medical imaging market)[19][20].

6.2.2 EOS is positioning its products in a total global market of 12,000 sites, corresponding to a market of more than $2 billion a year in equipment sales and related services

EOS intends to market its machine to healthcare centres that address musculoskeletal disorders and consequently include, or serve, an orthopaedic surgery unit.

conducted by the Group at the Groningen Hospital (the Netherlands) recorded an average time of 12 minutes (average over four patients equal to 12'28", of which 7'05" for acquisition and 5'23" for stitching)

[19] MaRS Market Insights, December 2009

[20] Zimmer Holdings, Inc. Crédit Suisse Healthcare Conference 9 November 2011.

These centres, either hospitals or private healthcare centres, are equipped with the imaging systems they need for their practice. In some countries, such as France, the imaging departments that service the requirements of private clinics are often run by independent private radiology centres, located next to or in the same premises as the clinics to which they supply their imaging services. In other countries, such as the US, the imaging departments are often an integral part of hospitals or of outpatient centres, where orthopaedic surgeons see their patients but do not perform any surgery.

In order to define its market and to establish targets for its sales forces, the Group analysed the publicly available data on hip, knee and spine surgery in a number of countries. From an analysis of public data on hip and knee surgery volumes in France, Germany and the US, two market segments have been identified:

- **Initial target:** these imaging departments carry out a high volume of orthopaedic surgeries. They are the Company's priority targets. EOS technology is attractive to them from the point of view of the specifications related to orthopaedic imaging and for the potential increase in their activity, productivity and quality of care. One of the indicators used for this categorisation is the completion of more than 400 knee or hip replacements each year.

- **Medium-term target**: these imaging departments carry out an average volume of orthopaedic surgeries and are likely to equip themselves with an EOS system later than the previous category. Nevertheless, they are being canvassed by EOS imaging and some of them have already installed an EOS system. One of the indicators used for this categorisation is the completion of more than 100 knee or hip replacements each year.

The following points of information aim to identify trends and quantify the Company's target market. This information does not constitute a penetration target in these markets for the Company in the years to come.

Europe

Analysis of hip and knee replacement surgery in France and Germany produces the target numbers below, which have been extrapolated to the whole of Europe[21].

Nombre de cibles	France	Allemagne	Europe (extrapolé)
Cible initiale (entrée sur le marché)	126	307	1 350
Cible moyen terme	402	593	3 102
Total	528	900	4 452

[21]The number of "Initial Targets" corresponds to the number of sites carrying out more than 400 surgical procedures per year. "Medium-term targets" correspond to the number of facilities carrying out between 100 and 400 surgical interventions per year. Data taken from: France - PMSI 2009, Allemagne Gemeinsamer Bundesausschuss, Federal Joint Committee, Quality Reports of the German Hospitals and extrapolated to Europe (Western Europe: pro-rated based on the population; Eastern Europe estimated at 15% of Western Europe).

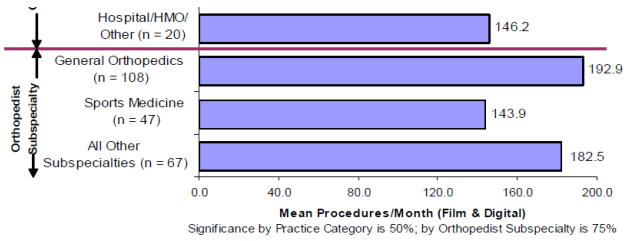
United States

The same analysis was carried out for US hospitals based on surgery data[22]. The Group based its estimation of the number of outpatient centres on 50% of those comprising three surgeons or more[23]. The average volume of 2D X-ray exams ordered per month and per surgeon in the US (see graph opposite) amounts to more than 6,000 exams a year for these sites.

The number of establishments targeted by the Group in the United States is summarised opposite.

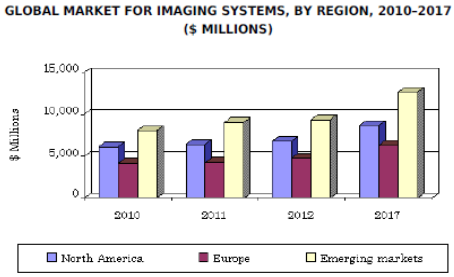
Mean General X-Ray Procedures per Month

Nombre de cibles	Hôpitaux	Private Practices	Total Etats Unis
Cible initiale (entrée sur le marché)	815	675	1 490
Cible moyen terme	1 497	1 240	2 737
Total	2 312	1 915	4 227



Rest of the World

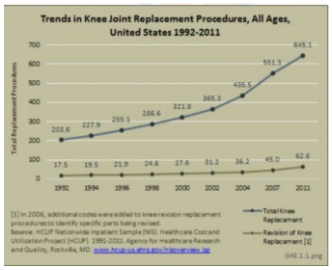
As the data on surgery in the rest of the world is more fragmentary, the Group's estimate for this area is averaged between the European market and that of the hospitals alone in the US. This estimate is a conservative one with respect to the numbers of hospitals in Asia and South America, as shown in the table opposite.

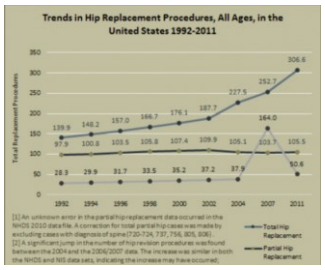


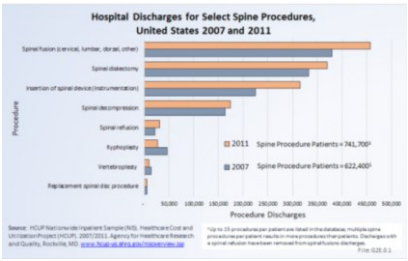
The growth in the volume of orthopaedic surgery performed worldwide largely results from ageing, inactivity and obesity. Growth in the number of knee, hip and spine surgical procedures in the United States between 2007 and 2011, illustrated in the diagrams below, was 17, 21 and 19%, respectively. Growth at the same level has been observed in France, with growth rates in volumes of knee and hip replacement and complex spinal surgery of 33, 11 and 43%, respectively, between 2009 and 2013 (source: PMSI).

The Group has not seen evidence of consolidation between targeted hospitals and clinics that are characterised by already high levels of surgery.

[22] Individual patient discharge records (Centers for Medicare & Medicaid Services /State-reported/Veteran's Health Services and Research Administration/ US Army hospital data) 2009
[23] IMV orthopaedic Imaging Market, 2007

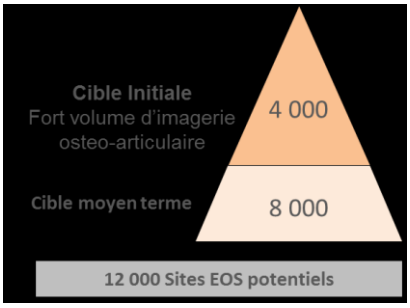






Source: http://www.boneandjointburden.org/2014-report

Summary



Based on a detailed analysis of the market in specific countries, the Group estimates a market for EOS of 12,000 sites around the world, divided into 4,000 sites with high musculoskeletal volumes, the Company's priority targets, and 8,000 with medium volumes.

By way of example, in France, the Company's original market, the Group has already achieved a market share of 8.7% of the total accessible market of 528 sites. In the United States, more than 50 hospitals have adopted the EOS technology.

The Group estimates that the value of the total equipment market corresponding to these sites, calculated on the basis of one system per site at an average price of $500,000, is equal to $6.3 billion. As the replacement rate for medical imaging equipment currently stands at around seven years, the annual equipment replacement market is estimated at $901 million, once the business is in full operation.

Furthermore, these systems require maintenance contracts, which have been evaluated on the basis of 10% of the equipment purchase price and in place for 80% of the installed base (i.e. 8% of the total equipment price), adding a potential maintenance service revenue of $504 million a year.

The table below summarises these estimates for the potential market calculated on target numbers.

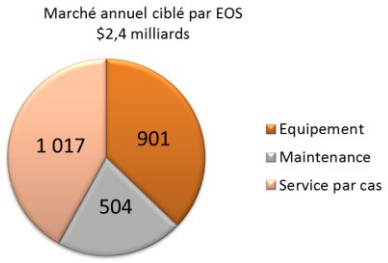
Nombre de cibles	Nb de cibles	Prix moyen par EOS	Valeur du parc d''equipement cible (m$)	Marché annuel (renouvellement tous les 7 ans) en $m	Maintenance (8%)
Cible initiale (entrée sur le marché)	3 853	$ 500 000	1 926	275	154
Cible moyen terme	8 758	$ 500 000	4 379	626	350
Total	**12 611**		**6 306**	**901**	**504**

The Group has also set about developing associated offers available on a pay-per-use or license basis or in the form of consumables, which will represent a recurring source of additional revenue on this potential installed base. From an average charge of $250 per case (to be compared against a current price of approximately $500 for customised cutting guides) and the mean number of surgical procedures resulting from the analysis carried out on the three largest countries, an estimate of the potential revenue from the 12,000 machines leads to an annual market of $1 billion.

Nombre de cibles	Nb de cibles	Nb de chirugie par cible par an	Prix prestation par cas	Marché potentiel prestation (m$)
Cible initiale (entrée sur le marché)	3 853	653	$ 250	629
Cible moyen terme	8 758	177	$ 250	388
Total	**12 611**	**323**		**1 017**

Source: The Group's analysis of data on surgery volumes in France, Germany and the US, carried out on the institutions considered to make up the target market.

The Group is thus aiming at a total potential annual market of $2.4 billion, including equipment sales, maintenance revenues, and recurring revenues from software services and consumables.



6.3. A COMPANY IN THE COMMERCIAL DEVELOPMENT STAGE

6.3.1 A diversified revenue model with increasing recurring revenues

The Group has developed an economic model based on three revenue sources. The first two sources are usual in the field of medical imaging. The third source is connected to EOS' innovative field of application in orthopaedics.

1. **Sales of equipment**: the EOS system is sold at an average unit price of approximately €400,000. This price includes the EOS system, its installation (excluding the preparation of the room that will house the machine, which is carried out at the hospital's expense), and one (or two) sterEOS station(s) with the associated software for performing 3D reconstructions. Initial training for the staff operating the EOS and sterEOS systems is included in the purchase price, together with a guarantee for the first year.

   Equipment sales follow very pronounced seasonal patterns. This is demonstrated by the fact that a very large proportion of revenue is realised in the fourth quarter, mainly in December, during which many commercial negotiations are concluded.

2. **Maintenance contract sales**: these contracts are standard practice in the medical equipment market. While they can take different forms, they generate an annual turnover of between 8 and 12% of the equipment's sale price. On the basis of its current performance, the Group estimates that 80% of its installed base will take out a contract of this kind. Maintenance agreements are entered into for variable durations, from one to five years, depending on the circumstances. They are recognised in revenue by reference to completion of the contractual service, irrespective of the invoicing arrangements, which, depending on the circumstances, may be monthly or quarterly, in arrears or in advance.

3. **Pay-per-use or per-operation sales and associated consumables sales**: these new business opportunities are currently being developed by the Group and cover:

(i) advanced image-processing software services, in particular with regard to 3D reconstruction. This business line is being set up in the Group's subsidiary EOS image Canada, initially for the purpose of clinical trials. It will then be extended to sites that do not have the necessary human resources for processing images,

(ii) surgical planning services, and

(iii) consumable sales: instruments customised to the patient's anatomy, created using 3D printing.

Business lines (i) and (ii) are being developed within the Group by OneFit Medical on the one hand (sales to implant manufacturers) and by EOS imaging on the other (sales to hospitals and radiologists).

6.3.2 A strategic installed base

As of end March 2016, EOS had an installed base of over 100 sites across more than 20 countries in the areas of Europe/Middle East, North America and Asia/Pacific.

All the systems are routinely in use, and more than 800,000 EOS examinations have already been carried out.

All the installed EOS systems were sold, as the Group does not have a policy of supplying systems free of charge, even to key institutions and opinion leaders. The Group counts among its customers some of the world's most prestigious institutions in orthopaedics and musculoskeletal imaging, including the Balgrist University Hospital in Zurich, a world leader in musculoskeletal radiology, and the Hospital for Special Surgery in New York, for some years now the top US hospital in orthopaedics. The Group has as its customers four of the five best US paediatric hospitals (2015 ranking), nine of the ten best US orthopaedic hospitals (2015 ranking), seven hospitals from the Shriners network, and five hospitals from Assistance Publique/Hôpitaux de Paris (the public hospital system of the city of Paris and its suburbs).

EOS technology has also been chosen by some private, non-academic customers, who have found that it answers their musculoskeletal imaging needs. As a result, certain private groups of orthopaedic surgeons in the US are now equipped with EOS systems, as are some private imaging centres in France, Germany, Great Britain, Turkey and Japan.

6.3.3 An accepted technology that is clinically validated with a track record of over 800,000 cases

EOS is in routine clinical use on all the customer sites. This illustrates its ease of use and speed of adoption in the imaging departments where it has been installed. EOS is a system that has been developed and set up to acquire wide-field images (full body, spine, etc.) and localised images (hip, etc.) of the skeleton.

- The experience of the user sites demonstrates that, in addition to its technical performance, EOS makes it possible to handle extremely high patient flows such as those generated during orthopaedic hospital clinics.

- An analysis of the activity in the installed sites shows a mean activity of around 13 exams a day, with an activity peak at a site in Asia that can reach more than 100 patients during the day.

The main indications for which the EOS system is generally used are:

- scoliosis in children and adolescents;
- degenerative and deformative disorders of the spine in adults;
- disorders of the lower limbs.

a. Scoliosis in children and adolescents

Radiation dose: a public health concern

Scoliosis is a three-dimensional spinal deformity. It requires regular imaging of the entire spine (one or two times a year) in children and adolescents. This is a population that is extremely sensitive to radiation: studies have shown that the risk of radiation-induced breast cancer is greater in women with scoliosis[24,25]. Decreasing the dose while still preserving a satisfactory image quality is therefore a public health concern.

With the EOS low-dose system, it is possible, in a single acquisition and without stitching, to image the entire spine with an 85%[26] reduction in radiation dose compared to computed radiography (CR) and 50% compared to digital radiography[27], with an equivalent image quality. The potential diagnostic errors due to stitching, for which there is a reported rate of 16%[28], are eliminated and the radiation dose is significantly reduced.

In November 2013, EOS pushed the limits even further when it brought out the Micro Dose feature. With this feature, the spines of children with scoliosis can be imaged during monitoring visits with 5-to-7-times lower doses than the EOS low-dose system. The image quality is sufficiently high to be able to monitor the spinal deformities as the children grow[29]. The EOS system gives clinicians diagnostic safety at a dose comparable to seven days of natural radiation.

Scoliosis: a three-dimensional spinal deformity

Viewing the spinal deformity on all three spatial planes is essential to understanding scoliosis better and optimizing its treatment. The sterEOS 3D spine modelling using EOS images meets this need. As a first step, the university teams in the Robert Debré and RADY paediatric hospitals, in Paris and San Diego respectively, have demonstrated the reliability[30], reproducibility[31] and precision[32] of the 3D spine models.

24 M. Doody et. Al., « Breast Cancer Mortality After Diagnostic Radiography », Spine, Vol. 25, No 16, pp 2052-2063

25 A. R. Levy, et Al, "Reducing the lifetime risk of cancer from spinal radiographs among people with adolescent idiopathic scoliosis" Spine, vol. 21, pp. 1540-7; discussion 1548, 1996.

26 Deschenes et al, Spine 35, no. 9 (2010): 989

27 Dietrich TJ, Pfirrmann CW, Schwab A, Pankalla K, Buck FM. Skeletal Radiol (2013)

28 Supakul et al, Pediatr Radiol (2012)

29 Alison M, Ferrero E, Tanase A, Rega A, Ilharreborde B, Mazda K, Sebag G. Communication at RSNA 2013

30 Iharreborde et al. Spine n°36 (2011)

31 Carreau et al. Spine Deformity (2014)

32 Glaser et al. Spine N°37 (2012)

One of the subjects of increasing interest in the medical community is the identification of prognostic factors for scoliosis progression. Different teams around the world are working on this using EOS images and data from the 3D models produced with the images. In Montreal, Dr Parent's team [33]showed a good correlation between certain 3D parameters calculated during the patient's first visit and scoliosis progression. In April 2014, Dr Parent received the consent of his Institutional Review Board to begin an international multicentre study – involving three US centres, one French centre and three Asian centres, all equipped with EOS and sterEOS – with the objective of confirming the soundness of the predictive factor for scoliosis progression in the different ethnicities, in a sample of 1,200 patients.

b. Degenerative and deformative disorders of the spine in adults

Degenerative disorders of the spine are characterised by the structural and functional degradation of the vertebral column. The principal cause of this phenomenon is ageing. EOS full-body images give surgeons an overall view of the patient that is decisive in the evaluation of these disorders. A large retrospective study[34], carried out on 306 adult patients with degenerative scoliosis, shows that 39% of the patients had post-operative complications, and 29% required further surgery. Measuring the spino-pelvic parameters of sagittal balance could potentially avoid these disabling post-operative consequences. A case study demonstrates the importance of measuring the pelvic and postural parameters when planning spinal osteotomies[35] and a literature review conducted by Prof Le Huec[36] demonstrates a link between sagittal balance and the clinical benefits after spinal surgery.

Dr Obeid, orthopaedic surgeon with the Bordeaux university hospital, shows, in a study carried out on 28 patients who underwent an EOS exam[37], that knee flexion correlates to a lack of lordosis in the spine. The study concludes that it is important to take knee flexion into account when choosing the appropriate surgical correction to the spine (the region to be operated on and the type of osteotomy). Prof Le Huec[38], another orthopaedic surgeon with the Bordeaux university hospital, has validated a parameter, the Full Balance Integrated, or FBI, that allows knee flexion to be considered in the surgical correction to be carried out on the spine to rebalance the patient correctly.

The importance of sagittal balance in even simple surgery planning is growing rapidly. EOS' ability to acquire full-body images in 20 seconds is a big step forward in assessing the patient's posture[39], and understanding the dynamics of compensation.

c. Disorders of the lower limbs

The main goal in knee and hip replacements is to remove the pain caused to the patient by the diseased joint and to restore lasting functionality to the joint. This requires various specific parameters of the lower limbs to be measured rigorously and reproducibly, in order to optimise planning for the surgical procedure. Today, the reference images are still for the most part 2D images whose precision and reproducibility are poor, as a result of the effect of parallax and zoom (the size of the image is not

[33] Nault and Parent. Spine (2014)
[34] Charosky et al-Spine No. 37 (2012)
[35] Le Huec et al – Eur Spine J (2011)
[36] Le Huec et al. Int Orthop (2014)
[37] Obeid et al. Eur Spine J No. 20 (2011)
[38] Le Huec et al. – Eur Spine J No. 20 (2011)
[39] Morvan. Eur Spine J No. 20 (2011)

actual size). Furthermore, torsion in the lower limbs cannot be measured on 2D frontal images and requires a high-dose CT scan exam.

d. EOS: a precise, reproducible examination

EOS provides the precision and reproducibility sought by orthopaedic hip and knee surgeons first to better assess the joint condition before and after the surgical procedure, and for long-term monitoring. The precision and reproducibility of 3D lower-limb modelling using EOS X-rays has been validated[40, 41] by the team from the ENSAM biomechanics laboratory in Paris. These results have been clinically confirmed with a study of 25 patients[42] conducted by Dr Guenoun and team (Cochin Hospital, Paris), and then by a study of 110 patients with and without hip implants conducted by Prof Lazennec[43] (Pitié-Salpétrière Hospital), which concluded that EOS technology allows the clinical parameters of the lower limbs to be calculated with better accuracy and reproducibility than when calculated on the basis of 2D projections.

Clinicians' confidence in EOS technology has made it possible to carry out larger-scale studies. Teams in Barnes Jewish Hospital (St Louis, MI)[44] and in the University Hospital of Pécs[45] (Hungary) have established clinical parameter reference values for lower limbs in healthy adults as well as pathological reference values, using 3D modelling produced with the sterEOS software.

e. EOS exams equivalent to CT

EOS images can replace CT scans in evaluating torsion in the lower limbs and produce reliable measurements in both children[46] and adults[47][48]. With an equivalent precision, the EOS exam uses a much lower dose than the scanner, and is less expensive.

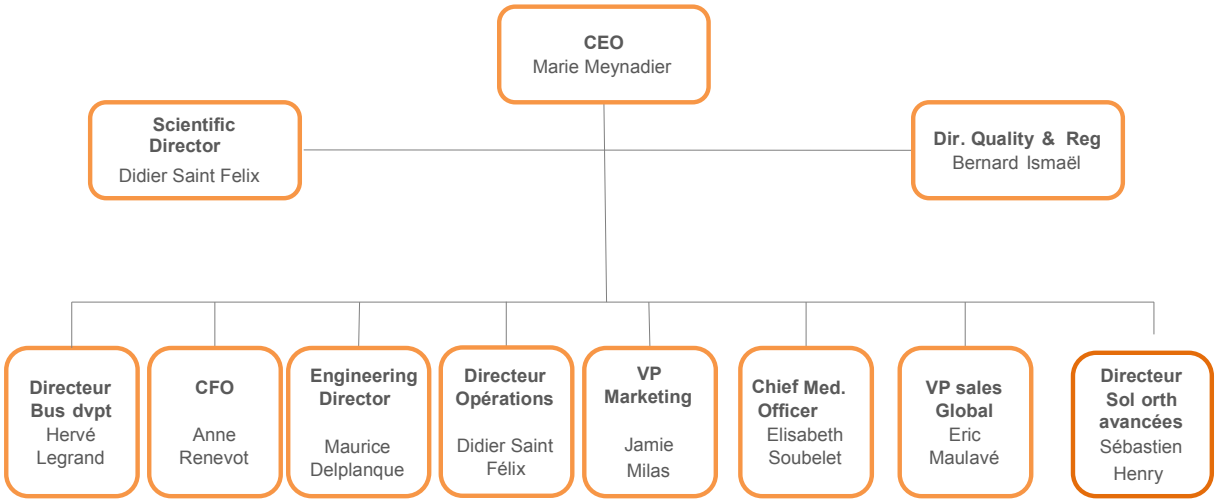
f. Planning and control

In 2013, the Group developed hipEOS, the first hip arthroplasty planning module based on EOS stereo X-rays. Initial results for this software, presented by Prof Mainard[49] of Nancy University Hospital in France, demonstrate improved prediction and planning with respect to the dimensions of the prosthetic components to be fitted. This can have a significant impact on the inventory and logistic costs associated with the theatre suite. The work is currently being continued by a number of French and US teams. In combination with the post-operative monitoring module that the Group has already developed, hipEOS will be the first quality control module for orthopaedic implant surgery based on 3D measurements, a crucial element for quality control and for the confidence of both patients and hospital management. At the end of 2014, hipEOS received marketing authorisation from the FDA. What is more, the Group continued to develop other software modules to assist with the planning of knee replacements (kneeEOS, obtained CE mark in 2015) and spinal surgery (spineEOS).

[40] Chaibi et al. – CMBBE (2011)
[41] Quijano et al. – Medical engineering and physics (2013)
[42] Guenoun – OTSR (2012)
[43] Lazennec –Int Orthop (2014)
[44] Nam et al. – J of arthroplasty (2013)
[45] Than et al. – Int Ortho (2012)
[46] Rosskopf et al – Am J Roentgenol (2014).
[47] Buck et al. – Am J Roentgenol (2012)
[48] Folinais et al. – OTSR (2013)
[49] Communication SOFCOT 2013

6.4. A RESPONSIVE, INTERNATIONAL ORGANISATION

Led by its CEO, the Group is divided into Departments led by professionals with many years of experience in healthcare, and in particular in medical imaging and orthopaedics. Scientific experience is another of the Management Team's strong points, as it counts four PhDs among its numbers. Two of the team members have been with the Group since the start of EOS' development at the beginning of 2006; four of the members are women.



6.4.1 The Management Team

- **CEO: Marie Meynadier**

Marie Meynadier joined Bellcore (Red Bank, NJ) after her PhD, then moved to the prestigious ATT Bell Labs (Murray Hill, NJ), where she conducted research on semiconductor devices. After returning to France, she headed a number of major national and international development programs in electronics, optics and microelectronics that led to the creation of several start-ups in these areas. She entered the medical field, taking the direction of the start-up Biospace lab in 1999, a pre-clinical imaging specialist which she quickly made profitable before developing EOS imaging.

Marie has a Sup Telecom electronic engineering degree and a Ph.D. (Doctorate) from the École Normale Supérieure.

- **CFO: Anne Renevot**

Anne Renevot has over 20 years' experience in Finance. She began her career with the Legris Industries group as Controller and then joined Ernst & Young Audit in Paris as Manager. Anne has held the role of finance director in a number of sectors, including luxury products (Cartier) and online gaming (Gametap-Metaboli) in both local and international markets. Anne has a degree from Audencia Management School. She joined EOS imaging in 2011.

- **COO: Didier Saint-Félix**

Didier Saint-Félix has over thirty years' experience in the research and development of innovative medical imaging systems. With a diploma in electrical engineering from the École Nationale Supérieure d'Électricité, France, and a doctorate in signal processing, Didier began his career at the French National Centre for Scientific Research (CNRS). In 1986, he joined GE Healthcare to develop the first 3D angiography system used with a 2D detector, a system that is now in daily clinical use. He then led GE's research and development on mammography, completely renewing the product line and introducing digital technology. Didier is also a specialist in the quality requirements and regulations that apply to medical imaging. He joined EOS imaging in 2006 to adapt the EOS prototype to an industrial and commercial setting and manages today the Company's production and service activities.

- **VP Marketing: Jamie Milas**

Jamie Milas has more than fourteen years' experience in product marketing and technical services. Over the last seven years, she has worked as International Marketing Director at Materialise, a Belgian company listed on NASDAQ, where she managed an international team that was responsible for marketing software and B2B and B2C services. Jamie has worked on many international product launches in the areas of imaging and surgical planning software, as well as medical devices produced by additive synthesis (3D printing). Jamie holds an MBA in Marketing and International Business from the University of Dayton in the United States.

- **Director of Business Development Hervé Legrand**

Hervé Legrand has over 15 years' experience in the medical field. He began his marketing career in the pharmaceutical industry at Synthelabo, then joined a series of major orthopaedics companies, where he quickly developed considerable expertise in marketing and sales. Prior to joining EOS imaging, Hervé spent nine years at Stryker in Switzerland, first in charge of international marketing for the trauma division, followed by more strategic roles in EMEA for Stryker Trauma. Hervé has a degree in biochemistry and molecular genetics and a master's degree in marketing from the University of Paris 13.

- **Director of Quality and Regulatory Affairs: Bernard Ismael**

Bernard Ismael has more than twenty years' experience in the medical device industry at Coloplast, formerly Porgès, then Medtronic, and, from 2009, worked at Boston Scientific as head of International Quality Affairs. He is also actively involved in integrating recently acquired companies into the group. Bernard has a degree from the Ecole Nationale des Arts et Métiers (ENSAM) and a master's degree in Biologic and Medical Engineering. He joined EOS imaging in 2015.

- **VP Global Sales: Eric Maulavé**

After graduating from the University of Hartford in the US (Connecticut), Eric Maulavé began his career as business engineer for the IT and Multimedia sector in the Philips Group. He subsequently held various international positions as Sales and Marketing Director in several of the Group's high-tech business activities. After two years in Hong Kong, he joined Philips Healthcare in 2007 to head the sales and marketing activities in radiology for EMEA, LATAM, APAC, and, more recently, the Home Healthcare business for emerging markets. Eric brings to EOS imaging considerable experience in international sales and marketing, and in high-tech medical equipment.

- **Chief Medical Officer: Elisabeth Soubelet**

Elisabeth Soubelet has more than 20 years' experience in medical imaging in an international environment. She joined General Electric Healthcare in 1989, working in development and then clinical research in neuroradiology, mammography, cardiac electrophysiology and interventional cardiology. She holds a degree in electrical engineering, a master's degree from Angers Medical School and a doctorate from the University of Paris VII. Elisabeth joined EOS imaging in 2015.

- **Engineering Director: Maurice Delplanque**

Maurice Delplanque joined GE Healthcare in 1997 after completing his PhD. He contributed, first as a software developer, then as project leader and eventually as team manager, to the development of the first digital neurology and cardiovascular radiography systems. He also is a Six Sigma Black Belt. Maurice joined EOS imaging in 2007 as software manager, and is now responsible for Research & Development.

- **Director Advanced Orthopaedic Solutions: Sébastien Henry**

Sébastien Henry is the founder of OneFit Medical, acquired by the Group in 2013, and has almost 20 years of experience in orthopaedics. For eight years, he actively participated in the development of the computer assisted surgery applications from ORTHOsoft (Canada), going on to become Business Development Manager Europe for Zimmer after the latter bought ORTHOsoft. He founded OneFit Medical in 2011.

6.4.2 Marketing

The Marketing department is structured around two areas of activity:

- Upstream Marketing: product management in conjunction with R&D, regulatory affairs and sales;
- Operational Marketing: Communication/Events

a. Product Management

New product development projects or improvements to existing products are initiated by the Upstream Marketing team, interfacing between the development team, the market and the sales force.

The product managers are responsible for monitoring the competition and for listening to the market and to customers so that they can select the most promising products in terms of market and return on investment, and establish the corresponding functional specifications.

The product marketing team draws heavily on the suggestions and feedback from clinician users or opinion leaders to define and validate certain product evolutions or developments and to consider their clinical evaluation.

b. Communication/Events

The objective of Operational Marketing is to establish the Group's value proposition and to publicise it to increase the visibility of the product and the brands.

To do this, the team develops the marketing messages and then adapts them to the different forms of support marketing. It organises annual sales seminars as well as the Group's participation in national and international conferences. Its responsibilities also extend to managing the Group's Internet and social network strategy, and public relations.

- **Website/Internet**

The Group's Internet presence is established through the three versions of its website, one for the US market, one for the international market and one for France. Website content and language are adapted to the respective targets.

- **Marketing support for sales**

In close collaboration with the sales team, and with the Upstream Marketing team, Operational Marketing develops and distributes marketing tools for sales.

- **Newsletter and user meetings**

The Group keeps the EOS user community engaged through a twice-yearly newsletter and user meetings.

- **Medical conferences**

The Group follows a policy of active participation at national and international medical conferences specialising in radiology and orthopaedics. In 2014, it welcomed more than 1,000 visitors onto its various stands.

In 2015, the Group took part in roughly 40 conferences, including:

- six international conferences (AAOS, ISTA, 4SRS, IMAST, RSNA and ISASS);
- five European conferences (ECR, EPOS, EFORT, ESSR and Eurospine);
- eight conferences in the United States (AAHKS, NASS, SPR, ISASS, CCJR, AHRA, LLRS and IPOS);
- five in France (GES, SOFCOT, JFR and SIMS);
- three in Germany (DRK, DWG and VKO),
- three in Canada (CAR, CARS and CSS);
- three in Asia (AFJO, APOA and JOA).

6.4.3 Clinical studies

In addition to the internal studies carried out in the context of a regulatory process for obtaining marketing authorisations, the Group follows an active policy of supporting clinical studies initiated by its users. The support may take different forms: participation in the financing of the studies, development of prototypes that provide specific clinical parameters required by the studies, and

technical support. The aim of these studies is to strengthen each of the important values of the EOS system and make it possible to move from a technical validation of EOS values to a demonstration of the benefits they provide, in clinical and practical terms, which is then divulged by the Group, opinion leaders and clinician users.

Along with its routine use, the EOS technology has been the subject of numerous clinical trials:

- 104 clinical studies, including 35 strategic studies, are currently underway;
- 60 oral medical presentations, as well as posters, were delivered in 2015 at 16 national and international conferences;
- 195 scientific articles on EOS and its technology were published in leading journals.

A selection of key publications is listed below:

THE EOS SYSTEM

- Evaluation of a new low-dose digital X-ray device: first dosimetric and clinical results in children. Kalifa G, Charpak Y, Maccia C, Fery-Lemonnier E, Bloch J, Boussard JM, Attal M, Dubousset J, Adamsbaum C. Pediatr Radiol. 1998
- The EOS imaging system and its uses in daily orthopaedic practice. Illes T, Somoskeoy S. Int Orthop2012 Feb 28.
- The EOS imaging system. Wybier M, Bossard P. Joint Bone Spine 2012 Nov 21.

DOSE

- Diagnostic imaging of spinal deformities: reducing patients radiation dose with a new slot-scanning X-ray imager. Deschenes S, Charron G, Beaudoin G, Labelle H, Dubois J, Miron MC, Parent S. Spine (Phila Pa 1976)2010 Apr 20;35(9):989-94.
- Ionizing radiation doses during lower limb torsion and anteversion measurements by EOS stereoradiography and computed tomography. Delin C, Silvera S, Bassinet C , Thelen P, Rehel JL, legmann P, Folinais D. Eur J Radiol. 2013.
- Occupational and patient exposure as well as image quality for full spine examinations with the EOS imaging system. Damet J, Fournier P, Monnin P, Sans-Merce M, Ceroni D, Z and T, Verdun FR, Baechler S. Medical physics. 2014
- Radiography of scoliosis: Comparative dose levels and image quality between a dynamic flat-panel detector and a slot-scanning device (EOS system). Yvert M, Diallo A, Bessou P, Rehel JL, Lhomme E, Chateil JF. Diagn Interv Imaging. 2015 Aug 14.

SPINE

- Adolescent idiopathic scoliosis treated with posteromedial translation: radiologic evaluation with a 3D low-dose system. Ilharreborde B, Sebag G, Skalli W, Mazda K. Eur Spine J. 2013 Apr 12.
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6.4.4 Sales

The Group has set up a sales network in the areas of Europe/Middle East, North America and Asia-Pacific. These last two areas were the focus of particular investments between 2012 and 2015: recruitment of local marketing and sales teams, signing agreements with distributors, significant attendance of medical conferences. In each country, the Group examines the possible options: direct sales approach with sales personnel employed by the Group, direct approach using a commission-based local agent (these two approaches can be combined), or an indirect distribution approach, selling to the distributor after the latter has obtained an order from the end customer. It adopts the approach that is best suited to the size and context of the particular market.
In the 2015 financial year as well, around 60% of sales have been made directly by the Group's sales teams, and 40% through its network of distributors. Likewise, 52% of sales, i.e. 11.4 million euros, were denominated in euros and 48%, i.e. the equivalent of 10.4 million dollars, were denominated in US dollars (for sales realised in the United States) or Canadian dollars (for sales realised in Canada).

All areas are supported by application specialists, who provide pre-sales support to their respective territories and are responsible for user training.

The sales organisation is run by the Global Sales Director, with support from three Sales Directors, one in each of the Group's three markets: EMEA, North America and Asia-Pacific.

a. Europe-Middle East (EMEA)

Sales in EMEA are managed by the EMEA Sales Director using the following structure:

- A direct approach, with the presence of regional sales managers in France;
- A mixed approach in Germany, Benelux and Turkey using local agents;
- A distribution approach in Austria, Switzerland, Scandinavia, Italy, Serbia, Poland, the Czech Republic, Overseas Departments and Regions, the Maghreb, Lebanon, Saudi Arabia, the United Arab Emirates and Qatar. In these countries, national distributors have been selected for their considerable expertise in selling medical equipment, in particular imaging and orthopaedic equipment.

Sales are closed by EOS imaging SA across the whole area with the exception of Germany, where the Group has a subsidiary, EOS imaging GmbH. They are made either with the end customers or with distributors, in the case of countries where a distribution approach is used.

As of the end of March 2016, the Group had an installed base of 73 systems across the 14 countries in the EMEA area that have purchased systems: France, Great Britain, Germany, the Netherlands, Luxembourg, Denmark, Italy, Hungary, Switzerland, Turkey, Belgium, Saudi Arabia and Qatar.

b. North America

In North America, the Group has chosen a direct approach, as this guarantees it direct access to this important and influential market. The Sales Director for North America oversees a team of regional sales managers, assisted by application specialists providing pre- and post-sales support.

Sales are closed by the Group's US subsidiary. The Canadian market is handled through an agent assisted by an application specialist.

As of the end of March 2016, the Group had an installed base of 54 systems in North America (the US and Canada).

c. Asia-Pacific area

In 2012, as part of its commercial expansion, the Group undertook to set up a sales organisation in Asia, with the Pacific area already covered by agents.

The Group consequently opened a representative office in Singapore in 2013, that became a subsidiary in 2015, and recruited a sales force (regional manager assisted by an application specialist) in charge of coordinating, supervising and developing sales in the area. The Group has also selected a distributor in each of the markets it is entering, which are Australia, China, Japan, Taiwan, the ASEAN area (Indonesia, Malaysia, the Philippines and Vietnam), Hong Kong and Singapore. The Group now has marketing authorisations for all these countries, after obtaining marketing authorisation in China in March 2016 (CFDA approval).

Just as for the distributors in the EMEA region, the distributors in the Asia-Pacific area have been selected for their local market knowledge and ability to develop EOS sales in their countries.

As of the end of March 2016, the Group had an installed base of 16 systems in the Asia-Pacific region.

d. Latin America

As part of its commercial expansion, the Group is preparing its future expansion into Latin America by entering into agreements or pre-agreements with distributors.

e. Applications/Training/Sales support

The Group has set up structured processes through which the salesforce, whether direct, agents or distributors, can call upon the pre- and post-sales help of application specialists. They ensure both an excellent communication of EOS' features to prospective customers and training for the user teams after installation. Training on the use of the equipment itself is carried out over two days, while training on the use of the software packages is carried out over four days. It is normally given to the

radiographers, as is the case for other imaging methods; nevertheless, some radiologists and orthopaedic specialists participate in some or all of these training courses.

The Group monitors the satisfaction of its customers with respects to these trainings. Once the system is fully commissioned and training is completed, the application specialists, who are each responsible for a portfolio of customer sites, follow up on the usage, satisfaction and feedback from the user sites.

Training in the use of EOS, provided by the Company in the context of mandatory continuing professional development, has been certified by AHRA, the professional organisation that represents management at all levels of hospital imaging departments, free-standing imaging centres, and group practices in the US.

f. Financial partners

The Group brings in financial partners when required to facilitate the purchase of an EOS system when the customer wishes to have a financing solution. This offer is mainly used by private sites; however, some public sites also show an interest in these solutions.

g. Revenue per geographical area for the last three financial years

Sales by geographical area (€k)	As at 31/12/2015	As at 31/12/2014	As at 31/12/2013
EMEA	9,167	8,675	8,289
North America	10,439	5,935	4,914
Asia	2,207	5,453	1,967
Total	**21,812**	**20,063**	**15,170**

In 2015, the Group generated annual revenue of €21.8 million, an increase of 9%.

The Group recorded revenue of €2.21 million in Asia-Pacific, a fall of 60% after a particularly strong 2014 when it first entered this market.

In Europe-Middle East, revenue grew by 6% to €9.19 million but suffered from caution in the markets towards the end of the year.

In North America, the Group's revenue grew 75% to reach €10.4 million, the result of strong commercial momentum in its largest market.

h. Sales revenue by category for the last three financial years

Sales revenue by category (€k)	As at 31/12/2015	As at 31/12/2014	As at 31/12/2013
Equipment sales	17,850	17,197	13,433
Sales of maintenance contracts	3,133	2,104	1,539
Sales of consumables and related services	830	761	198
Total	**21,812**	**20,063**	**15,170**

In 2015, revenue from equipment sales grew to €17.9 million, an increase of 4%.

Recurring revenues grew by 38%. They can be broken down into revenue from maintenance and from sales of consumables and services, which respectively grew by 49% to €3.1 million from €2.1 million in 2014, and by 9% to €0.83 million from €0.76 million in the previous financial year.

6.4.5 Production organisation

The Group has taken the decision to concentrate its production resources solely on the strategic activities required to manufacture its products. It delegates the other activities to subcontractors who are experts in the operations that have been entrusted to them.

As a result, the industrial model that has been set up is based on collaboration with a French subcontractor/partner, AXE Systems, which was chosen for its many strengths: its long experience as a systems integrator for major medical device contractors, a quality system that conforms fully with the obligations of 21CFR Part 820, the capacity to grow with the Group without requiring any significant investment, and a culture of productivity that allows EOS's cost price to be regularly reduced and the Group's gross margin to be improved. For its part, the Group concentrates on taking direct charge of the activities of:

- integration and testing of the proprietary X-ray detectors;
- management of the OEM (Original Equipment Manufacturer) suppliers of the radiology subassemblies, the X-ray tube and the high voltage (HV) generator;
- management of the suppliers of the subassemblies designed specifically for the Group;
- adjustments, settings and final acceptance of the complete EOS system on the premises of the systems integrator partner;
- integration and testing of sterEOS workstations.

For its part, the systems integrator partner is responsible for:

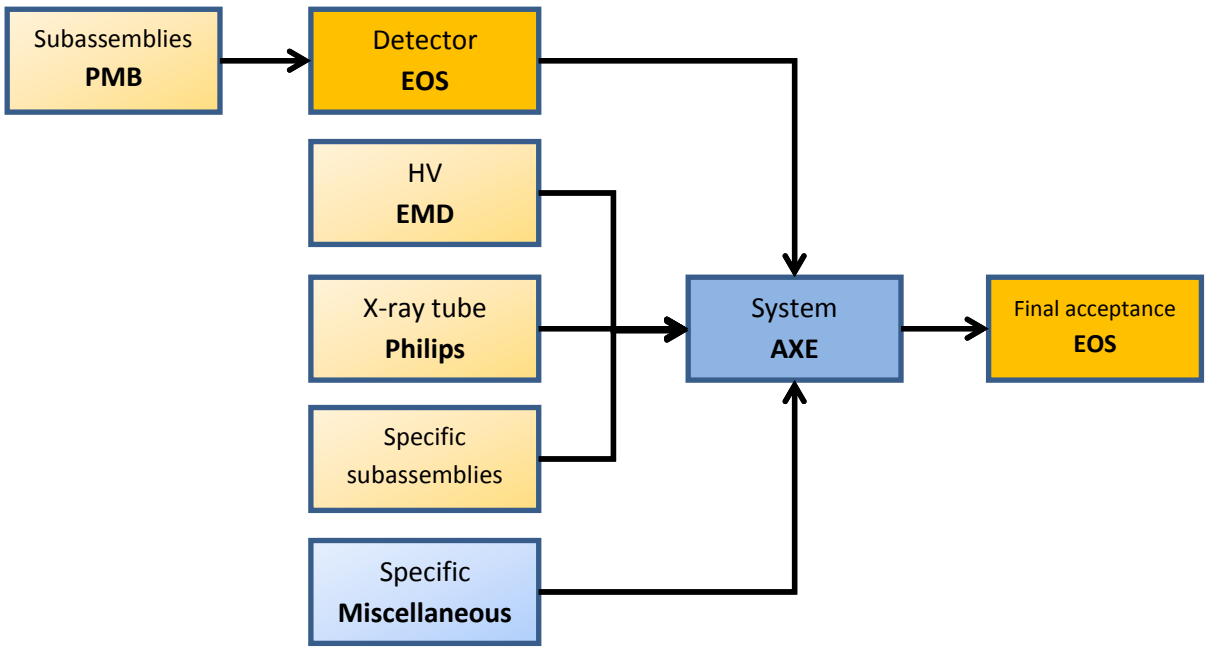
- Managing its first-level suppliers;
- Assembling and testing the EOS systems according to the instructions drawn up in collaboration with the Group, in the configurations ordered by the customers;
- maintaining the traceability of the operations carried out while conforming to the applicable regulatory requirements, in particular those of the FDA (21CFR Part 820).

The manufacturing of detectors is at the core of the Group's expertise. It is based on subassemblies produced and supplied by PMB of the ALCEN group, which are fitted in a clean room by the Group's qualified operators. In 2010-2011, a new clean room was constructed at the Group's headquarters to increase production capacity. Since then, specific tests and equipment have been automated with the twin objectives of increasing production capacity, tightening checks during manufacturing and improving productivity. At the end of the assembly and testing stages in the clean room, the detectors

are fitted with their readout electronics then functionally tested under X-rays before being shipped for integration at AXE Systems.

The Group has set up a network of OEM suppliers and subcontractors, giving preference to companies in the medical device industry who have ISO 13485 certification and an understanding of the regulatory environment that apply to these activities.

The entire supply chain is described in the following simplified diagram:



The manufacturing lead time on an EOS machine is around four weeks. On the diagram above, light orange corresponds to purchases made by the Company and dark orange corresponds to the steps carried out by the Group's employees. Blue indicates the purchases and steps of the subcontractor AXE Systems.

EOS equipment is manufactured in France and a limited number of components are bought in US or Canadian dollars. As a result, the exposure of production costs to exchange rate variations is relatively limited. Changes in the euro/US dollar and euro/Canadian dollar exchange rates in 2015 resulted in a small increase in production costs of 3%.

6.4.6 Service organisation

An organisation focused on service quality: Service is a critical element for the Group's success. Service quality depends on the quality of the maintenance engineers and on the organisation responsiveness. The Group has built up its Service organisation around its manager and a core of maintenance engineers equally experienced in radiology equipment maintenance. This team's commitment to its customers is a recognised asset.

The Service team has three core tasks:

- installation of new systems;

- preventive maintenance on the installed base;
- corrective maintenance in response to customers' calls.

These tasks are performed, depending on the geographical area, by the Group's internal resources or by subcontractors. The internal organisation is made up of a team in Europe, based in the Group's headquarters in Paris to take advantage of the centralised communication channels, and a team in the US, led by a Service Manager in North America, and a Service Manager based in Singapore. In the other areas, the service is outsourced to those distributors who have the necessary infrastructure and experience or to local radiology equipment maintenance firms.

The installation of new systems is carried out exclusively by the Group's own employees, with the support of the local subcontractor where necessary. This situation is evolving as the frequency of installations in a given territory is gradually becoming sufficient to allow the local subcontractor to acquire and maintain the necessary expertise.

Level 1 maintenance is carried out by staff from the Group's Service team, or by trained members of the distributors' staff. The contractual response times are generally four to eight hours after the call. Level 2 maintenance is carried out by expert Group staff, after an initial unsuccessful action either by the customer's technical staff, previously trained in Level 1 maintenance tasks, or by the subcontractor's technical staff. Level 3 maintenance is carried out by members of the Group's Engineering team.

Customer calls are centralised (i) through an external call-centre for France and English-speaking Europe, in Atlanta for North America, and (ii) in the distributors' offices in the other regions to facilitate communication in the local language. If necessary, these calls are relayed to the Group's headquarters, depending on the complexity of the problem and the distributor's skill level.

A call recording system has been put in place to allow each call to be followed until it has been fully closed and to track the actions undertaken. Today around 50% of calls are closed remotely by telephone support and remote telephone maintenance.

Service contracts, a revenue source: The usual valuation for maintenance contracts in the imaging equipment market is around 7 to 10% of the equipment price for conventional radiology products, and 10 to 15% for more complex products such as CT scanners. The Group's service contract price is designed to meet customers' growing demands for a contract that includes X-ray tubes, when, until very recently, industry practice has been to protect itself against this expensive component by excluding it from the contract. The Group also seeks to encourage medium-term commitments of three to five years.

The subscription rate observed so far on the systems out of warranty is over 90%.

An easily measured efficiency: The efficiency of the Service, seen from the customer's perspective, can be measured by the percentage of uptime, that is to say of system availability. The Group is contractually bound with its customers to ensure an uptime rate of more than 98%. The latest uptime rate measured in 2015 on the installed base was 99.5% over the previous 12 months.

6.4.7 Innovation and R&D

Innovation and technological development are at the heart of the Group's activities to transform into products concepts that respond to a clinical need. Today they are overseen by a team of 30 engineers (excluding OneFit), several of whom are doctors – that has been built up since 2006 around leaders who already had solid experience in the development of medical imaging systems.

The three main tasks entrusted to R&D fall within three different time scales:

- improving existing products, as expected by the medical devices market;
- developing new products, to meet new clinical needs;
- preparing for the next innovations, which will allow the Group to develop new ground-breaking solutions.

The Group has the technical skills at the heart of its products: the physics of X-ray detection, image processing, system architecture, embedded and application software, electrotechnics, electronics, mechanics, etc. The organisation that has been set up aims to create a synthesis between a project-based structure, guaranteeing good execution, and the reinforcement of technical expertise. As a result, the team is made up of:

- four project managers, who respectively lead the EOS and sterEOS development programmes, and the upstream study programmes;
- two functional groups, led by a manager-expert, that cover system, electronics and detection physics expertise in one group, and software expertise in the other.

The synergy between the R&D, Production and Service Departments - which oversee the downstream life stages of products - is ensured by their integration in multifunctional development programmes.

The complete cycle leading to the market launch of new products from the Group is divided into two successive stages in order to minimise the financial and execution risks.

Targeted upstream studies: The first research stage, mainly carried out in close collaboration with academic laboratories and clinicians, allows to identify and develop the most promising technologies in terms of answering the needs raised by clinicians, prototype and evaluate their potential. In this field, the Group fosters long-term relations with laboratories recognised worldwide for the quality of their scientific work. For example, over the last ten or so years, the Group has developed the original algorithms for 3D reconstruction of bone structures, which today form the core of its products, with the Institut de Biomécanique Humaine Georges Charpak (formerly LBM) at Arts et Métiers ParisTech and the Imaging and Orthopaedics Research Laboratory (LIO) at Montreal’s ETS. Two new academic collaborations were started in 2013: one with the LTCI, Telecom ParisTech and CNRS’s joint research lab, on image-processing; the other with the Creatis laboratory of the Lyon National Institute of Applied Sciences (INSA) and the Institute of Radiation Physics (IRA) in Lausanne on physics and digital simulation.

These collaborations are often carried out within the context of projects co-financed by the French or European public authorities. As a result, the Group is leading two projects on:

- fracture risk prediction using the EOS imaging system on ageing adults with micro and macro architectural analysis (dexEOS project, winner of the 14th call for projects launched by the Fonds Unique Interministériel (FUI) – a fund set up by the French Ministry of Finance to support applied research – after approval by the Medicen business cluster);
- the diffusion and clinical application of EOS 3D imaging among prescribing doctors within the framework of France's Investments for the Future (diffEOS project, winner of the 2nd call for e-Health projects after approval by the Medicen, Cap Digital and Systematic business clusters);
- the Group is also a partner in the MOSART project, winner of the 2012 ANR TecSan call for projects. This translational research project aims to determine the predictive factors for the progression of gonarthrosis by characterising the subchondral bone with multiple techniques: MRI, EOS digital radiography and the analysis of bone texture.
- Lastly, in 2015, the Group launched the papEOS (Parcours Personnalisé OStéoarticulaire or Personalised Osteo-articular Path) project, winner of the 20th call for projects launched by the Fonds Unique Interministériel (FUI) – a fund set up by the French Ministry of Finance to support applied research – after approval by the Medicen competitiveness cluster.

At the same time, the Group is conducting applied research work internally, in two areas that are strategic to future product generations: multi-energy imaging and high-resolution detection with extremely low radiation doses.

Meticulous development programmes: The second stage in new product development or in improvement of existing products is carried out according to a meticulous sequencing procedure at the centre of the Company's quality processes. A three-fold objective can be achieved with this procedure:

- guarantee a multifunctional approach for the product not only along the entire development cycle – thus integrating the customer's requirements right from the initial specification stage – but also in Production and Service;
- manage risks over the project's life;
- guarantee the product's performance, quality and regulatory compliance once it is placed on the market.

The successive steps in this development process, each completed by this milestone being formally marked, with the participation of the Group's management, take place as follows:

- Milestone 1: The product's high-level specifications are essentially produced by Marketing, and describe the clinical requirements and the target markets. The future production and maintenance strategies are also described, as are the regulatory constraints.
- Milestone 2: The high-level specifications are translated by R&D into detailed technical specifications, and any major technical risks are removed.
- Milestone 3: Once the technical specifications have been fixed, the detailed design is carried out, leading to the creation of an "alpha series". This is a prototype ready to go into clinical evaluation to check that the required performance characteristics are achieved.

- Milestone 4: Multifunctional monitoring of the performance characteristics of the "alpha series" is carried out under clinical conditions. Once this is concluded, any necessary corrections are made to the design. This is then put into production, and the first series production units are manufactured, the regulatory steps are taken, the service preparation is completed, the sales forces trained, and the Marketing tools are prepared, ready for the product launch.
- Milestone 5: Rollout.

The same strategy, that is to say a meticulous, multifunctional approach with formal milestones, is also used in the process for correcting non-conformities and for introducing ad-hoc changes to the existing products.

Discipline in the execution of these two processes, which are central to R&D activities, is critical to balancing agility in product development and evolution with quality and compliance with the regulatory requirements of all the countries in which the products are marketed. Some operational mechanisms have therefore been put in place for this purpose. This includes quarterly quality reviews, during which all the departments share the set of indicators associated with product quality and present action plans aimed at improving them; and the milestone reviews, during which Management verifies that all the actions have been completed at the required quality level.

The continued involvement of clinicians: Clinicians are involved in all the Group's R&D activities. The upstream projects systematically include clinical partners, whose contribution is essential in the initial definition stage and in the results validation stage. They are also involved throughout the product development programmes. This involvement may be indirect, during the initial specifications, through the relations managed on a daily basis by Marketing, in particular by the product managers and application specialists, both with opinion leaders and with representative customers in the different categories targeted by the Group. It may also be indirect, through assessment sessions organised throughout the project to verify particular points such as image quality or the ergonomics of 3D tools. The assessment of the “alpha series” in a clinical setting with all users, whether they are radiographers, radiologists, orthopaedic surgeons or rheumatologists, is one of the most important aspects of this ongoing collaboration.

The Group has defined an ambitious medium-term product plan to support the growth of the EOS platform, consisting in a set of surgeon-centric software solutions targeting the surgical and non-surgical orthopaedic care pathways that will be made available in the form of software options or services as appropriate.

Finally, through OneFit Medical, the Group is also involved in the development of patient-specific and/or connected instruments for orthopaedic surgery, adapted to the patient's anatomy.

6.4.8 OneFit Medical, specialist in customised orthopaedic treatment

Group subsidiary OneFit Medical develops personalised orthopaedic solutions for knee and hip implants and markets them to European implant manufacturers. These solutions provide surgeons in the operating theatre with cutting guides adapted to the anatomy of each patient. These guides are currently created from scanner or MRI images, following the surgeon's 3D planning of the type and

position of the implant. They are supplied to hospitals and clinics with the relevant implant, prior to the surgery, by the implant manufacturers (clients of the Company).

The Company has been granted CE marking for its hip and knee surgery planning software.

As an addition to this historical product line, OneFit Medical and EOS are jointly developing an adaptation of the implant-planning software packages that will use the stereoradiographic images produced by EOS rather than the images produced by CT or MRI scanners, which require further, complementary exams. The software products developed in this way are integrated into the range of surgeon-centric software that uses the personalised 3D model of the patient resulting from the EOS exam. These software packages are or will be available online depending on the user (radiologist or surgeon). They enable surgeons, for example, to plan the choice and position of the orthopaedic implant in 3D directly online. One of the first software products produced is hipEOS, which was approved by the FDA in December 2014. The applications dedicated to planning hip replacement and spinal surgery (kneeEOS and spineEOS, respectively) were developed in 2015. kneeEOS was granted the CE mark in March 2016. It will also be possible to extend the software range to included patient-specific cutting guides created from EOS 3D images, which will allow clinicians to do without the CT or MRI exams that are currently needed to manufacture these guides.

By acquiring OneFit Medical, the Group has boosted its growth strategy by expanding its offering of specialised software and the associated services and consumables. OneFit Medical's expertise in 3D planning software and customised instruments allows the Group to translate EOS information in the operating theatre by offering surgeons a complete solution, from diagnostic imaging right through to prosthetic surgery.

In addition to its support functions, OneFit Medical has a team of 15 software developers dedicated to developing solutions for hip and knee replacement surgery and an internal production team that produces digital models of the patient's anatomy and the patient-specific guide adapted to it and to the implant chosen by the surgeon. The guides are manufactured using 3D printing by the French subcontractor Finortho.

6.5. DEGREE OF DEPENDENCE OF THE COMPANY IN TERMS OF PATENTS, LICENCES, CONTRACTS OR NEW MANUFACTURING PROCESSES

Innovation and technological development are at the heart of the Group's activities to transform into products concepts that respond to a clinical need.

The Group's policy of innovation, together with its patents and patent applications, are described in sections 11.1 and 11.2 of this Registration Document.

The risks associated with the intellectual property are described in section 4.2.2 of this Registration Document.

The Group also entered into a licensing agreement on 3D reconstruction with two academic partners: ARTS (Association de Recherche Technologie et Sciences) acting in partnership with the Laboratoire de BioMécanique of the École Nationale Supérieure d'Arts et Métiers and ETS (Ecole Technologique Supérieure de Montréal). Details of these two agreement are provided in Chapters 22.2 and 22.3.

6.6. REGULATORY FRAMEWORK

The Group is subject to regulatory requirements specific to its activity, regarding:

- designing, manufacturing and placing medical devices on the market;
- radiological protection;
- clinical studies,
- relationships with healthcare professionals;
- reimbursement for healthcare products;
- environment.

Whatever the area of the world, the regulations contain specific local conditions with varying degrees of constraint, but whose objective is similar. With just a few exceptions, such as China, there is evidence of a global effort to converge, if not towards full uniformity in regulation, then at least towards real harmonisation, with demands that are not contradictory and mutual recognition between states/organisations facilitating access to the different markets.

The Group's products present a moderate level of risk and therefore benefit from regulatory pathways for access to the different markets around the world that are not overly restrictive. At the same time, their innovative nature can present a difficulty when the existing regulatory models cannot be applied. Despite the willingness of countries, particularly the US and Europe, not to impede technological innovation, the times to market/to reimbursement may be extended for these products.

Regulatory marketing authorisations

a. European context

The marketing of medical devices is regulated by EU directives, transposed into national law by the member states of the European Union.

Compliance with the requirements of the applicable directives is indicated by the application of the CE mark to the product, which authorises its free movement within the European Union. All of the Group's medical devices, whether standard or customised, are subject to the provisions of EU directive 93/42/EEC on medical devices and, in the case of the EOS system (but not sterEOS), to those of the EU directive 2006/42/CE on machines. The Group's medical devices are categorised in the risk classes IIa, IIb, and I with a measuring function, which are not the highest risk classes and therefore benefit from methods of assessing their compliance with the requirements of directive 93/42/CEE that are not the most restrictive. The Group chose the conformity assessment route based on the compliance of its global quality system to the harmonised standard ISO 13485. CE marking for its products is therefore possible on the basis of ISO 13485 certification and of the CE technical file made up of descriptions of the product and of its compliance with the essential health and safety requirements of the applicable directives. These include the obligation to demonstrate performance with regard to the product's intended purpose. The demonstration of compliance with the essential health, safety and efficiency requirements is based on compliance with the applicable harmonised technical standards, which serve as presumption of conformity with those requirements. The Group applies all the harmonised standards that pertain to its products and has this conformity certified by a third-party certification

body whose reputation ensures that it can be asserted outside Europe for access to other markets (see below).

The Group's products have had CE marking since 2007 for imaging, since 2010 for 3D spine and lower limb modelling, and since 2013 for surgical planning. CE marking certification, issued by a Notified Body, is renewed every three years. The Group's products have also had CE marking under the RoHS directive 2011/65/EU since July 2014.

Council Directive 97/43/Euratom dated 30 June 1997 on health protection of individuals against the dangers of ionising radiation in relation to medical exposure requires buyers of an EOS system to declare their EOS's installation with the Nuclear Safety Authority. The Group must therefore ensure that its product meets the specific requirements of this directive as transposed in each European Union Member State. Given the low X-ray dose of radiographic examinations conducted using an EOS, the Group considers that it meets the specific requirements of most European Union Member States.

b. US regulation

Placement of the Group's products on the US market is subject to the authorisation of the competent US authority, the Food and Drug Administration (FDA). The Group's products are classified as moderate risk devices (class II) and may take advantage of the 510(k) process where there is an existing, similar product that is already marketed in the US. This regulatory pathway imposes two requirements. One is the submission of a technical file similar to that for CE marking demonstrating the product's safety and performance characteristics together with its substantial equivalence to the similar product already marketed in the US. The other is compliance of the quality system used by the manufacturer with 21 CFR part 820. As the US requirements concerning the quality system are very similar to the requirements of the ISO 13485 standard, it is possible to put in place a single quality system that satisfies both the US and the European requirements.

The EOS and sterEOS products obtained 510(k) authorisations in 2007 (K071546) and 2008 (K080529) respectively. Following these, further authorisations were obtained, either to expand the indications of the products or to introduce new technical specifications.

In addition to the above FDA clearances, electrical equipment such as the EOS system needs to be safety tested by one of the Nationally Recognized Testing Laboratories (NRTL) listed by the US government agency Occupational Safety and Health Administration (OSHA).

The laboratory that the Group uses to certify its products' compliance with the harmonised technical standards as part of the CE marking process is also an NRTL. Given that the technical standards applied under the CE marking process are also international standards, the certification issued by this laboratory as part of the CE marking process also satisfies OSHA requirements for the installation and commissioning of the EOS system throughout the US. Proof of compliance with these safety requirements is the application of the NRTL laboratory's mark to the EOS system, confirming its conformity.

The EOS system has also had the Curtis-Straus NRTL/SCC (Standards Council of Canada) Mark since 2010.

Products that emit ionising radiation are subject to specific US regulatory requirements (21 CFR parts 1000-1050), one of which is the submission of an initial report to the FDA before marketing, then annual reports throughout the period in which the products are sold. For each report, the FDA delivers an initial and annual "accession number" allowing access to the US market. The Group has accession numbers allowing all EOS systems shipped to the US to be released from US customs.

c. Other regulations

In a certain number of countries, such as Taiwan, Canada, Australia, New Zealand, Israel or Saudi Arabia, the marketing of medical devices is facilitated when the products already have CE marking or a 510(k), either because of a system of recognition of CE marking and/or the 510(k), or because the country's regulatory steps are modelled on these processes and are therefore easy to carry out. However, it is necessary, in certain cases, that the Notified Body that has issued the CE marking certification and the ISO 13485 certification have agreements on recognition by the competent authorities of the countries in question, and that the certification body that has issued the technical conformity certificates be internationally recognised.

The Group has chosen a Notified Body that has agreements on mutual recognition with a number of competent authorities and a technical certification body that participates in the CB scheme of the IECEE (IEC system for Conformity testing and Certification of Electrotechnical Equipment and Components). Fifty-four countries are members of this scheme.

In other countries, the marketing authorisation procedures are more complex and require to be submitted to the competent national authority, who may sometimes call for security tests or clinical trials to be carried out in the country, as well as inspections of the manufacturer's quality system. These countries include:

- China

The marketing of medical devices in China requires an authorisation issued by the competent Chinese authority, the CFDA (China Food and Drug Administration). This authorisation is based on a registration application and a test report issued by a Chinese laboratory certified by the CFDA. The Chinese authority may also require clinical trials to be carried out in China. The renewal procedure is fundamentally the same as the one that applies to a new registration. The marketing authorisation for the Group’s products was received from the CFDA in March 2016. Product registration is valid for five years.

EOS-type medical devices have recently been exempted from the China Compulsory Certification (CCC) process, which imposes tests on the product and regular monitoring of the manufacturing facilities by the China Quality Certification Center (CQCC). Only certain components, such as the PCs and the monitors, are still subject to this compulsory certification, which the Group handles at the level of its suppliers.

- Brazil

Before being launched on the Brazilian market, every medical device must be registered with the National Health Surveillance Agency (ANVISA), an agency of the Brazilian Ministry of Health. Every Company that wants to sell its products in Brazil must first appoint a representative in Brazil who may

act on its behalf with regard to every aspect concerning the products sold there. A licence must be issued to this representative by the Health Surveillance Secretariat (SVS) of the state in which the representative is located. This licence allows the representative to be authorised by ANVISA to import medical products. Medical devices are subject to a compulsory certification procedure carried out by the competent ANVISA authority. For the class that applies to the Group's products, this involves: a technical file, an inspection of the quality system by ANVISA and a compulsory product certification involving "type tests" carried out by a laboratory accredited by the Brazilian National Institute of Metrology, Standardization and Industrial Quality (INMETRO). The INMETRO mark (with the registration number assigned after conclusive testing) must be affixed to the products before they can be imported into Brazil. The technical certification body used by the Group is an INMETRO accredited laboratory. The Group currently holds INMETRO certification for its EOS system together with ANVISA certification of its quality system obtained in 2013. ANVISA granted the regulatory marketing authorisation for the Group's products in September 2014.

Product registration is valid for five years. The re-registration process is equivalent to the initial process, in particular with respect to the "type tests", which have to be carried out afresh.

- Japan

The Group's products come under Class II Special Control and their marketing is controlled by a Registered Certification Body (RCB) approved by the Ministry of Health. The manufacturer must appoint a marketing authorisation holder (MAH or D-MAH) to manage the registration of the companies and products. Foreign manufacturers must apply for foreign manufacturer accreditation and submit a pre-marketing request to the RCB. The RCB delivers a certificate based on the evaluation of the technical file and an audit of the quality assurance system of the manufacturer and its main subcontractors, in accordance with the requirements of Japan's Pharmaceuticals and Medical Devices Law (PMDL) and Order No. 169 which sets out quality management system requirements similar to those of ISO 13485.

The Group has held Japanese marketing authorisations for its EOS and sterEOS products since 2013.

d. Summary of marketing authorisations

The Group has obtained marketing authorisations in 51 countries, including the United States (FDA), Japan and the European Union (CE). These authorisations are summarised in the table below:

	EOS		sterEOS	
	Authorisation date	**Expiry Date**	**Authorisation date**	**Expiry Date**
Europe	05/2007	11/2018	06/2007	11/2018
Canada	06/2007	(1)	11/2007	(1)
United States	09/2007	(1)	08/2008	(1)
Australia	02/2011	(1)	02/2011	(1)
Saudi Arabia	02/2012	02/2018	02/2012	02/2018
Taiwan	03/2014	02/2021	03/2014	04/2020
Japan	10/2013	(1)	10/2013	(1)

Hong Kong	12/2012	(2)	(3)	
Singapore	10/2013	11/2016	11/2014	11/2016
Malaysia	10/2014	10/2017	(3)	
South Korea	10/2014	(1)	10/2014	(1)
Brazil	09/2014	09/2019	09/2014	09/2019
Mexico	02/2015	02/2020	03/2015	03/2019
Vietnam	07/2014	12/2017	07/2014	12/2017
Indonesia	05/2015	06/2016	05/2015	06/2016
China	02/2016	02/2021	08/2015	08/2020

(1): authorisation valid until the product ceases to be marketed
(2): importation licence
(3): not regulated as a medical device

The Group plans to maintain all authorisations it has obtained and, in 2016, to renew those that are due to expire before 31 December 2016.

e. Radiological protection

As part of its development and manufacturing activities, the Group is required to carry out tests that entail the use of X-rays. This activity is subject to the authorisation of the French Nuclear Safety Authority (ASN). The authorisation is valid for five years. The group holds the ASN authorisations necessary for its activity.

f. Clinical studies

Human clinical studies are the subject of a strict regulatory framework that aims to protect the people who take part in these trials. In France, the regulatory framework is provided by the French public health code and involves different stakeholders such as the French National Agency for Medicines and Health Products Safety (ANSM), the Commission Nationale de l'Informatique et des Libertés (CNIL - the independent administrative authority on data protection), the ethics committees and the Conseil de l'Ordre des Médecins de France (the French medical college). The regulatory constraints vary according to the type of clinical study planned and may require authorisations before the study can commence.

g. Relationships with healthcare professionals

In France, relationships with healthcare professionals are governed by the provisions in articles L. 4113-6 and L. 1453-1 of the public health code concerning the benefits given to healthcare

professionals (the law known as the "anti-cadeau", or anti-gift, act and the law on transparency). In view of this, the Group applies ethical rules based on the following broad principles:

- relations between the Group and healthcare professionals must not influence purchasing decisions through direct or indirect benefits;
- relations between the Group and healthcare professionals must be transparent and respect the relevant provisions in force;
- relations between the Group and healthcare professionals must be the subject of a written agreement in accordance with the relevant provisions.

h. Reimbursement

As presented in the introduction to Chapter 6 of this Registration Document, EOS is a stereographic X-ray imaging system. To this end, procedures carried out using the EOS system benefit from already existing reimbursement codes for traditional radiography.

The EOS exam is therefore priced on the basis of existing codes for localised and combined frontal and profile images, as required for the full body image.

In France as in a number of countries in general, the creation of new reimbursement codes requires medico-economic studies which, in the case of impact measures of imaging on orthopaedic surgery, are particularly long. The Group benefits today from existing reimbursement codes allowing it to develop its technology without waiting for the results of such studies.

i. Environment

There is a body of European regulations (REACH, ROHS, Eup, DEEE, etc.) aimed at:

- reducing waste and its hazardousness;
- promoting re-use and recycling;
- Improving elimination conditions and their monitoring.

These regulations apply to the Group's products and affect their design (eco-design and limited use of certain substances) and their disposal at end-of-life (WEEE Directive on Waste Electrical and Electronic Equipment). Consequently, the Group must organise the collection and recycling of EOS and sterEOS systems installed by its clients. In France, it has contracted an environmental organisation to provide these services.

6.7. IMPORTANT ACTIVITIES AND EVENTS OVER THE COURSE OF THE 2015 FINANCIAL YEAR

Bond issue:

On 9 January 2015, the company issued:

- 60,000 bonds with stock warrants attached (OBSA) each with a nominal value of €9, for a total of €540,000. Three warrants are attached to each OBSA, each of which gives the right to subscribe for one share at the exercise price of €4.71. The warrants may be exercised in whole or in part, on one or more occasions, before 9 January 2022.

- Three tranches of ordinary bonds at the price of €1 for a total amount of €14,460,000. The Group issued OBSAs in the amount of €540,000, as well as three tranches of ordinary bonds for a total principal amount of €14,460,000. The first two tranches of bonds, for €4,460,000 and €5,000,000, were subscribed for by IPF Partners in March 2015 and December 2015, respectively.

The bonds have a term of 4 years and carry an interest rate equal to Euribor plus 7.75%.

Exercise of 603,449 warrants relating to the earn-out on acquisition of OneFit Medical shares

In November 2013, EOS imaging acquired 100% of the shares in OneFit Medical for €4 million. The acquisition memorandum of understanding envisaged an earn-out clause of €1 million, tied to achieving regulatory and revenue objectives, to be paid to the former shareholders in OneFit Medical as a grant of 1,810,347 warrants (BSA) to subscribe for 172,416 new shares in EOS imaging.
Taking into account the partial achievement of the objectives, this earn-out of €1 million was reduced to €250,000, accounted for as a financial liability as at 31 December 2014.
During the first quarter of 2015, the formers shareholders in OneFit Medical exercised the 603,449 warrants granted in connection with these objectives and subscribed for 43,102 new shares. The resulting increase in capital was accounted for in the accounts closed at 31 December 2015.

Completion of a private placement

On 6 October 2015, EOS imaging issued 1,789,909 new shares with a nominal value of €0.01, at the price of €4.85, including issue premium, for a total amount of approximately €8.7 million, representing 9.7% of the Company's share capital.

The principle behind the transaction was authorised on 1 September 2015. The transaction was implemented by a decision of the Board of Directors on 5 October 2015 and by a decision of the CEO on 6 October 2015, in accordance with the delegation of authority granted by the Combined General Meeting of shareholders on 17 June 2015.

The capital increase was carried out by issuing ordinary shares with no preferential subscription rights to the investors through a private placement in accordance with Article L.411-2 II of the French Monetary and Financial Code.

On completion of the transaction, the Company's share capital increased to €202,420 and is made up of 20,228,974 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Incorporation of a subsidiary in Singapore

On 6 May 2015, the company incorporated a subsidiary in Singapore, wholly owned by EOS imaging SA. It has a share capital of €47k. This subsidiary did not generate any revenue during financial year 2015.

Changes to the Board of Directors

The directorship and chairmanship of Michael J Dormer came to an end at the General Meeting held on 17 June 2015, called to approve the accounts closed on 31 December 2014.

At the same time, the directorship of Philip Whitehead also came to an end.

At the Combined General Meeting of 17 June 2015, Gérard Hascoët was appointed as director for a period of three years ending at the close of the General Meeting that shall be called to approve the financial statements for the financial year ending 31 December 2017. The meeting of the Board of Directors held on 10 July 2015 appointed Gérard Hascoët as Chairman of the Board of Directors for the remaining period of his directorship, that is until the close of the Ordinary General Meeting that shall be called to approve the financial statements for the financial year ending 31 December 2017.

At the Combined General Meeting of 16 October 2015, Paula Ness Speers was appointed as director for a period of three years ending at the close of the General Meeting that shall be called to approve the financial statements for the financial year ending 31 December 2017.

6.7.1 Research and development

EOS imaging has established a team of 47 R&D engineers based in Paris and Besançon, France.

In 2015, the Company continued its development programmes, focusing on the development of new software functionalities and hardware associated with EOS and aimed at specific applications in osteo-articular pathologies. A significant event in 2015 was the development of the online EOSapps software suite for planning, performance and post-operative monitoring of hip, knee and spine operations, which will be gradually rolled out onto the market. The connectivity and interoperability of these applications with hospital information systems have also undergone development.

At the same time, the Company is making progress with developments that aim to reduce the manufacturing costs of its EOS equipment.

6.7.2 Production and maintenance

EOS imaging continued its efforts to strengthen productivity, which translated into a 3% reduction in the manufacturing cost of EOS devices. Alongside the Group's business growth, the installed base of EOS equipment grew by more than 30%, with almost 140 installed devices as at 31 December 2015. These devices are maintained by Group teams, with the assistance of its network of distributors.

6.7.3 Clinical

As noted in section 6.4.3, internal studies are carried out as part of the regulatory process to obtain commercial authorisation.

In 2015, the Company continued to support clinical studies undertaken by several medical teams worldwide that use EOS. The year was marked by the internationalisation of hospitals involved in clinical studies in Japan, Germany and the United States; the increased number of papers at major conferences (+57%) and the increased number of publications (+33%); lastly, the involvement of internationally renowned clinicians in the development of the software associated with EOS.

Lastly, in 2015, the Company acquired a licence over software technology that predicts the development of idiopathic scoliosis in adolescents, based on EOS 3D parameters. This technology is the subject of a multi-centre trial in 8 centres that use EOS.

6.7.4 Sales and Marketing

EOS imaging continued its commercial development in 2015, with sales revenue up 9%.

In addition to sales of EOS equipment and associated maintenance contracts, the Group has begun to sell software tools and applications to assist with the planning, performance and monitoring of orthopaedic surgery, the EOSapps. The Company anticipates modest revenues from this business over the short term and expects it to bear fruit over the medium term with recurring revenue from the EOS installed bases.

Equipment sales grew by 4% and recurring revenues grew by 38%.

6.7.5 Human resources

To support its growth, the Group has continued its recruitment during the 2015 financial year.

EOS imaging's consolidated workforce as of 31 December 2015 totalled 122 people, as compared to 107 as of 31 December 2014.

The year-on-year increase in the headcount by 15 persons is due, in particular, to five additions to the maintenance teams, with a view to supporting the expansion in equipment maintained, three hires in the R&D Department to continue to pursue current development, five new arrivals in the marketing and sales teams and two hires in the administrative teams.

The average consolidated workforce rose from 106 in 2014 to 116 in 2015.

The year-on-year increase in the average headcount of 10 persons can be explained by the full year impact of 6 hires made in 2014, representing an increase of 3 people in the average headcount. The remainder of the increase is due to the recruitments made in 2015.

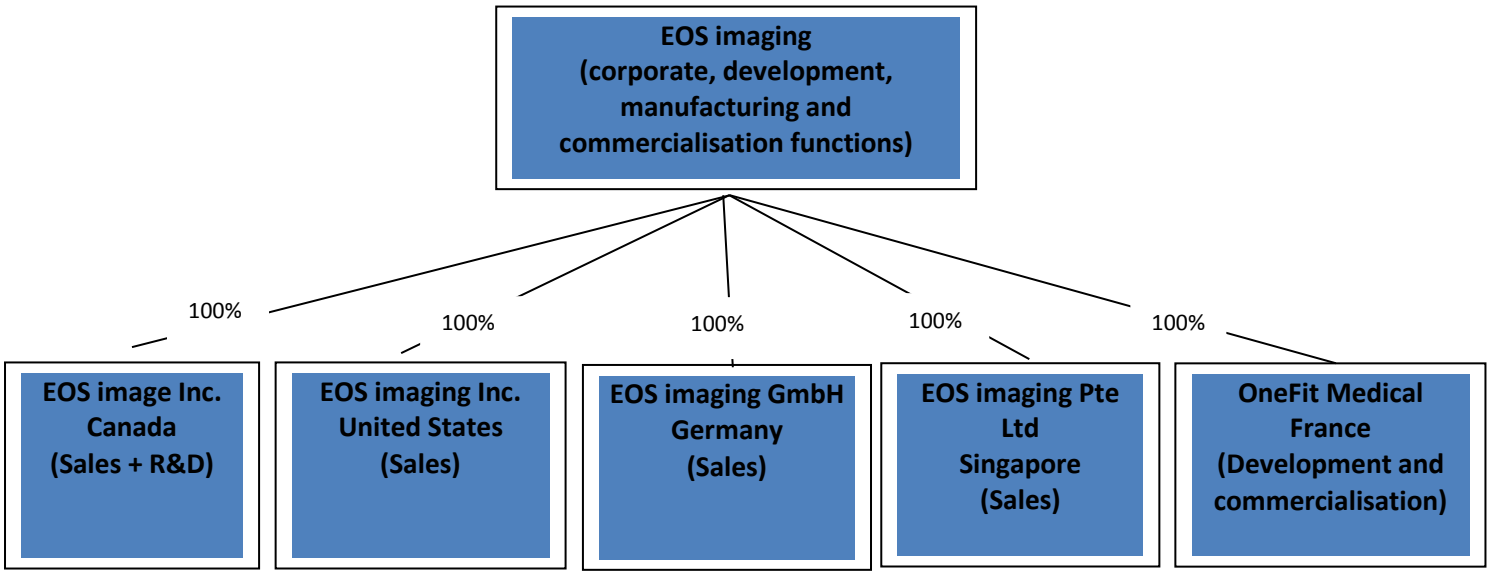
6.7.6 Progress made – difficulties encountered

This information is included in section 9.1 of this Registration Document.

7. OVERVIEW ORGANISATIONAL CHART

7.1. LEGAL ORGANISATION CHART

The Group's legal organisation is presented below.



7.2. COMPANIES IN THE GROUP

The Group consists of EOS imaging SA, which wholly owns its four subsidiaries:

EOS imaging Inc.:

EOS imaging, Inc., based in the United States, is a US company with a share capital of US$1, with its registered office at Suite #410, 185 Alewife Brook Parkway, Cambridge, MA 02138, USA;

This entity handles the sale of the Group's products in American territory. As of 31 December 2015, it generated revenue of US$10,727k (or €9,667k) and a net loss of US$2,020k (or €1,821k).

EOS imaging GmbH:

Based in Germany, EOS imaging GmbH is a company under German law, with share capital of €25,000 and headquartered at Theodor-Stern-Kai 1, 60596 Frankfurt am Main;

This entity is responsible for selling the Group’s products in Germany. As of 31 December 2015, it generated revenue of €549k and a net loss of €181k.

EOS image Inc.:

Based in Canada, EOS image Inc. is a company incorporated in view of Part IA of the Quebec Companies Act, and the registered office of which is located at 300 rue du Saint Sacrement, Montreal, Quebec, Canada. This entity is responsible for marketing the Group’s products in Canada.

As of 31 December 2015, it generated revenue of CA$1,058k (or €746k) and a loss of CA$247k (€174k).

OneFit Medical SAS:

Based in France, OneFit Medical is a simplified joint-stock company (French SAS) whose registered office is at 18 rue Alain Savary in Besançon. This entity develops and markets software applications and customised cutting guides for orthopaedics.

As of 31 December 2015, it generated revenue of €1,032k and a net loss of €341k.

EOS imaging Pte Ltd:

Based in Singapore, EOS imaging Pte Ltd is an Asian company with a share capital of 70,000 Singapore dollars, whose registered office is at 51 Goldhill Plaza, #21-02/06, Singapore (308900). This entity is responsible for marketing the Group's products in South-East Asia.

As of 31 December 2015, it generated no revenue and recorded a net loss of $74k SING (or €48k).

In 2015, EOS imaging SA billed its subsidiaries:

- for equipment sales, in the amount of €7,731k;
- for management fees, in the amount of €1,234k;
- for interest on current accounts, in the amount of €98k.

7.3. TRANSACTIONS IN FOREIGN CURRENCIES

7.3.1 Operating income

All Group sales realised in Europe and Asia-Pacific are denominated in euros. Sales realised in North America are denominated in local currencies.

As such, 52% of 2015 revenue, i.e. €11.4 million, was denominated in euros and 48%, i.e. equivalent to €10.4 million, was denominated in US or Canadian dollars.

Other operating income, made up of public financings, was denominated solely in euros and represented 1.8 million euros.

7.3.2 Operating expenses

Expenses incurred in France are denominated in euros, save for certain supplies and fees in insignificant amounts. Expenses incurred by the United States, Canadian and Singapore subsidiaries are denominated in local currencies.

As such, 58% of 2015 operating expenses, i.e. €17.8 million, were denominated in euros and 42%, i.e. the equivalent of €12.8 million, was denominated in foreign currencies, with €11.9 million of that amount denominated in US dollars.

7.3.3 Financing expenses

The Group's financing expenses are denominated in euros.

The nature of all these transactions and their respective contributions show that the Group's exposure to interest rate risks is limited, as stated in Chapter 20.1.1 of this Registration Document.

Thus, the effect of a change in the exchange rates as of 31 December 2015 has the same impact on the Company's results and shareholders' equity, as follows:

- a 10% rise in the euro against the Canadian and US dollars would have a negative impact on income of €204,000;
- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €204,000.

This effect has two distinct elements:

- operational risk: the 8% decrease in 2015 Operating Income at historic exchange rates would have been limited to 2% at constant exchange rates;
- the risk linked to investments in foreign subsidiaries is recognised in the financial results on conversion of the receivables from associates in the consolidated accounts. This element represents the balance of this effect.

By way of reminder, the Group holds no significant financial assets or liabilities in foreign currencies other than the investments made in subsidiaries.

8. PROPERTY, PLANT, AND EQUIPMENT

8.1. PROPERTY

8.1.1 Significant property, plant and equipment, either existing or planned

The Group has four leases contracted with SCI Mercœur for the premises located at 10 Rue Mercœur in Paris (75011), France, which constitutes the registered office of the Company, EOS imaging. The lease covers a total surface area of 1,254 sq.m.

The four leases can be summarised as follows:

TENANT	TERM	Premises	START DATE	END DATE	AREA
Etoile gestion	9 years (3x3)	RDC rue Mercoeur - Paris	01/12/2012	30/06/2017	166
Etoile gestion	9 years (3x3)	3ème rue Mercoeur - Paris	01/03/2007	28/02/2019	159
Etoile gestion	9 years (3x3)	4ème rue Mercoeur - Paris	01/07/2008	30/06/2017	674
Etoile gestion	9 years (6+3)	4ème rue Mercoeur - Paris	01/09/2013	31/08/2019	255

The future rental charges and expenses are the following:

Data in Euros	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	€685,453	€314,364	€371,089	-
TOTAL	**€685,453**	**€314,364**	**€371,089**	-

The amount of rents recognised as expenses for the fiscal year ended on 31 December 2015 totalled €317k versus €333k in 2014 and €281k in 2013. The leases can be terminated on the third, sixth and ninth anniversaries. The lease agreements do not contain derogation clauses.

In the United States, **EOS imaging, Inc**. has premises located at 185 Alewife Brook Parkway, Cambridge MA 02138, leased from a non-Group entity since 16 December 2015. The lease covers a surface area of 1,000 sq.m. The monthly rent amounts to $5,897. The lease is for a term of 3 years and may be terminated early after 2 years, on 3 months' notice.

TENANT	TERM	Premises	START DATE	END DATE	AREA
Alewife Properties	3 YEARS	185 Alewife Brook Parkway	16/12/2015	15/12/2018	1 000

The future rental charges and expenses are the following:

Data in Euros	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	$216,049	$70,941	$145,108	-
TOTAL	**$216,049**	**$70,941**	**$145,108**	-

In Canada, **EOS image Inc.** has premises at 300 rue du Saint-Sacrement, in Montreal, Quebec, H2Y 1X4, leased from a third party since 1 July 2013. The lease, renewed on 1 January 2015 for a term of 5 years, covers a surface area of 242 sq.m. The monthly rent amounts to $887.

In Singapore, **EOS imaging Pte Ltd has premises at** 51 Goldhill Plaza, #21-02/06, Singapore (308900), made available to the subsidiary by a non-Group entity since May 2015 under an administrative, legal and accounting services agreement. This agreement was entered into for an indefinite period and may be terminated on two months' notice.

In France, **OneFit Medical** has premises at 18 rue Alain Savary in Besançon, leased to the Group by a third party since 28 December 2011, for the monthly amount of €1,722. The lease is renewed each year for a period of 12 months.

8.1.2 Other property, plant and equipment

The principal property, plant, and equipment owned by the Company are described in paragraph g - 'Property, plant and equipment' in the notes to the consolidated financial statements included in section 20.1 of this Registration Document.

8.2. ENVIRONMENTAL ISSUES

The nature of the Group's activities does not give rise to any significant risk for the Group.

Notwithstanding its limited effect, EOS imaging has, out of respect for the environment, begun reviewing the economic, social and environmental impact of its business. It is the goal of the Group to encourage responsible development that takes into account its current needs and the challenges of sustainable development.

Such development has three considerations besides the purely economic one: employment, society at large and the environment. This chapter surveys EOS imaging's activities with respect to these three components, in an effort to provide transparency with its stakeholders. This survey has a regulatory context: as a publicly traded company, EOS imaging is obligated to provide extra-financial disclosures in its management report, in accordance with Article L. 225-102-1 of the French Commercial Code, known as the Grenelle II Law.

In that context EOS imaging has had in place for the third consecutive year a reporting process that gathers and compiles at the Group level the information published in this document relating to employment, society and the environment.

The environmental aspects are summarised below. The employment aspects are summarised in paragraph 8.3 and the social aspects are summarised in Chapter 17.

Selection of published information

EOS imaging has selected extra-financial disclosures that are relevant to its business. The Group develops an innovative imaging medical device for musculoskeletal disorders and orthopaedic treatments as well as related software applications.

The systems are assembled by subcontractors; only the detectors (two per system) are made by EOS imaging. The Group's primary activities are therefore research and development, sales and maintenance.

Since late 2013, EOS imaging has also been developing software solutions and tools for the planning and control of orthopaedic surgery. The production of cutting guides is outsourced.

Based on that fact, the following regulatory environmental issues are thought not to apply or pertain to us, and are therefore not addressed in this chapter:

- measures for preventing, reducing or repairing discharges into the air, water or soil with a serious impact on the environment;
- mitigating noise pollution and any other form of pollution specific to an activity;
- land usage;
- protection of biodiversity;
- other initiatives to promote Human rights.

Scope of information presented

- The general **policy** in terms of the environment and the management of waste are discussed at the Group level;
- The sustainable use of resources and building energy and paper consumption in particular are presented for EOS France and thus exclude OneFit and international subsidiaries;
- Greenhouse gas emissions refer solely to business travel by train and airplane by EOS France employees and excludes travel by other employees, all travel by rental car and the emissions of the five company cars used by employees. Emissions from the transport of sold EOS systems are not currently tracked and so are not disclosed in this report.

a. Environmental responsibility

General policy in environmental matters

The facilities of EOS imaging consist of offices, an R&D laboratory and a small production area deemed non-polluting. The integration of EOS equipment is outsourced to a partner in France. The Group therefore considers that its activities have a limited impact on the environment.

EOS imaging has no formalised environmental policy and in 2015 conducted no awareness programmes or training of its employees in this regard.

However, EOS imaging actively monitors regulations to make sure that its products, its operations and the operations of its subcontractors are in compliance with current environmental regulations. The Group's activities are subject to environmental regulations on the use of certain hazardous substances, including the RoHS Directive (restriction of the use of certain hazardous substances in electrical and electronic equipment) (2011/65/EU). The Group initiated a process in 2012 to ensure that its suppliers and subcontractors comply with the Directive, whose application has been mandatory since June 2014. EOS and sterEOS products were declared compliant with the ROHS Directive in 2014. Likewise, to comply with the REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) regulation, the Group closely monitors the so-called SVHC (Substances of Very High Concern) candidate list, updated by the European Chemicals Agency (ECHA), and takes all necessary steps with its suppliers to ensure that products brought to the market do not contain such substances in concentrations above the specified levels. This regulation has only very limited relevance for the Group’s activities. However,

the Group has initiated a process to ensure that its suppliers and subcontractors comply with this regulation.

In 2015, EOS imaging made no accounting provisions and posted no bonds for environmental risk.

Pollution and waste management

The major impact of EOS imaging's business activities in terms of pollution and waste management involves the end-of-life of EOS systems sold by the Group.

To date the average age of units installed is 2,7 years, and all the units sold are in operating condition.

In France, in keeping with the broader responsibility of producers of electrical and electronic equipment, EOS imaging has contracted with the environmental organisation Recylum to take charge of end-of-life systems. In the United Kingdom and Germany, EOS imaging has not yet identified a subcontractor able to potentially handle end-of-life equipments. Nevertheless, the risk at this point is limited, since the first equipment was sold in 2007 and none is at the end of life. Moreover, EOS imaging tracks all equipment installed, even when it is sold by distributors. The Group is currently looking for a solution to disposing of discarded equipment in France. Outside of Europe and generally, the Group has been holding discussions to set a global policy for dealing with end-of-life systems.

Lastly, it should be noted that EOS imaging supports sustainable development and may occasionally organise the collection, reconditioning and resale of its clients' equipment.

The other major challenge in relation to waste management concerns handling out-of-use components, particularly the x-ray tubes used in the equipment sold by EOS imaging. All damaged or empty tubes are taken back by EOS' supplier for re-use. It should be noted that all x-ray tubes used in EOS equipments are provided by EOS imaging exclusively, given their specific features. Apart from EOS equipment at end-of-life and out-of-use components, the only waste generated by the Group is office waste.

b. Sustainable use of resources

Water consumption

The Group's water consumption is largely limited to that of the main office, which is essentially for sanitary uses. This consumption, which is included in the co-ownership charges, is judged to be negligible and is not reported here. In addition, since it is located only in Paris, the Group does not use water in water-stressed areas.

Energy consumption

The Group's energy consumption is limited to its electricity usage in its Paris premises, the energy used in its logistics and the transportation of its employees when travelling on business.

In 2015, electricity consumption at its Paris facilities was 138,058 kWh compared with 148,061 kWh in 2014.

It should be noted that the Company does not use renewable energy. ***Raw materials consumption***

The consumption of raw materials by the EOS imaging operations is judged to be negligible since production is limited to the manufacture of detectors. Only the use of paper is presented in this report: in 2015, the Group used 390 reams of paper, compared with 325 in 2014, representing 1 tonne of paper, compared with 0.8 tonnes in 2014, and a cost of €6,094 compared with €5,590 in 2014.

c. Climate change

Business travel and logistics are the main sources of greenhouse gas emissions by the Group. To date,

emissions from the transport of systems sold are not tracked. However, in order to limit the carbon footprint of the Group's logistical operations, EOS imaging primarily uses maritime transport to ship systems sold in North America and Asia.

Employee travel also represents a big source of greenhouse gas emissions. In 2015, the emissions associated with that could be computed only on the restricted scope of EOS France employees and their businesses travel by plane and train. This dropped slightly to 283,625 kg CO_2 equivalent in 2015 compared with 289,474 kg CO_2 equivalent in 2014, representing a total of 2.22 million kilometres travelled by air or by train, compared with 3.35 million in 2014.

8.3. SOCIAL RESPONSIBILITY

a. Local, economic and social impact of the business

Given its size and where its facilities are located, EOS imaging has a limited impact on local communities. Nevertheless, where the Group is present it strives to hire from the local labour market. Whenever EOS imaging expands into a new geographic area, creating local jobs is a priority.

The Group also creates jobs indirectly through the use of subcontractors. The bulk of production is performed in France, with the assembly of EOS systems being handled by a subcontractor based in Romorantin, close to Orléans.

b. Subcontractors and suppliers

EOS imaging does use subcontractors and suppliers, primarily in its manufacturing operations. The Group purchases most of the components for EOS systems from suppliers located in Europe and North America. The assembly of EOS systems is subcontracted by the Group to a strategic supplier located in Romorantin, France. EOS imaging also uses French suppliers for the purchase of office materials and services and of maintenance and cleaning services. Lastly, our R&D work uses French subcontractors, along with collaborative arrangements with universities, a significant portion of which are French.

Purchasing and subcontracting represented 50% of revenues in 2015, which was stable compared to the previous year. 43% of outsourced services were provided in France in 2015. This was also stable compared with 2014 where they accounted for 42% of external services.

To date there has been no special clause about employment or environmental issues in the contracts EOS imaging has signed with its service providers. Nonetheless, EOS imaging makes sure that its suppliers are in compliance with applicable regulations, particularly with respect to the environment. A programme also needs to be established to formalise and broaden the Group's requirements in these respects with its suppliers.

Considering the large part played by subcontracting and purchasing in the Group's strategic operations, EOS imaging has begun a quality audit process among its service providers. Critical suppliers are audited at least once every three years. The main purpose of these audits is to keep a close relationship between EOS imaging and its suppliers, to evaluate their quality assurance, to assist them in efforts the Group has undertaken to obtain new regulatory approvals and to analyse whatever non-compliance there might be.

c. Relationships with persons or organisations having a business interest with the Company

Circumstances in which we interact with these persons or organisations

The principal outside stakeholders of EOS imaging, besides service providers (treated in the preceding paragraph) and patients (discussed in the next paragraph), are the customers who use the technology and the relevant governmental bodies. Relationships with these stakeholders have been structured by

our quality management system, which has been ISO 13485 and ISO 9001 certified since 2006. In this connection, EOS imaging is audited annually by an independent organisation accredited by COFRAC (LNE/G-MED).

In order to fully meet the expectations of its customers, the Group has implemented an ISO 13485 quality system that provides:

- a systematic identification of malfunctions and difficulties reported back by user locations, with such malfunctions being processed by the quality system;
- a systematic tracking by the maintenance department of the number of calls, of on-site help provided and uptime rate per user site (and the uptime rate is above 99%).

These quality indicators are reviewed twice a year by upper management.

In addition, EOS imaging personnel keep in touch with their customers and are available to them for any question or technical problem that arises.

The Group makes a point of being transparent vis-à-vis the oversight bodies in the countries where it markets its products. The management of governmental relations is folded into EOS imaging's quality management system and makes particular use of the following processes:

- A process for monitoring regulations, which is the Group's main tool for compliance. Besides the regulatory requirements, the Group also identifies non-regulatory recommendations so as to comply with those as well;
- A regulatory filing process in connection with market launches of products or for the renewal of market authorisations;
- A process for post-market device surveillance and product recalls in the event of malfunction, including procedures for notifying the authorities.

In France EOS imaging is also subject to regular monitoring of nuclear activities by France's Nuclear Safety Authority (*Autorité de sûreté nucléaire* - ASN).

Partnering or sponsoring undertaken

In 2015, EOS imaging donated a total of €2,000 to the French Institute for the support of research and education in diagnostic and interventional imaging (ISFRI).

Fair commercial practices

Measures taken to foster consumers' health and safety

A low-radiation technology

The EOS technology is in line with the medical community's awareness of the need to limit radiation doses. The ALARA principle (As Low As Reasonably Achievable), which is part of the radiation protection standards established in the Euratom EU directives, the "image gently" recommendation in the USA and the EuroSafe campaign in Europe are three illustrations of this awareness.

Over the past two decades the levels of exposure to radiation from artificial sources-mainly medical Imaging-have increased 600%. Children, and particularly those with diseases such as scoliosis, can be exposed to very high radiation levels. They can thus be faced with potential residual effects from excessive medical radiation, in particular a greater risk of developing a cancer later in life that was provoked by medical imaging radiation.

EOS offers a low-dose imaging solution for the diagnosis, the planning and the treatment follow-up for scoliosis in children, which exposes the child to radiation six to nine times lower than standard radiography, obtaining an equal or superior quality of image. EOS' new Micro Dose feature, put on the market in 2013, delivers up to seven times less radiation that EOS' low-dose products.

The Micro Dose solution now allows practitioners use a practically non-irradiating technology for

staying on top of paediatric pathologies, especially those requiring frequent monitoring.

EOS imaging joined in March 2014 the EuroSafe initiative, a European campaign for the prevention of medical radiation exposure.

CE marking

The CE marking is affixed on the medical devices manufactured by EOS imaging, thus guaranteeing that the company has carried out tests and checks to ensure that these medical devices comply with the key requirements, in particular, health and safety, defined in European Directive 93/42/EEC.

Post-market device surveillance and product recall

The Group has a risk monitoring system linked to the use of its medical devices during medical treatments. Any malfunction identified at a user site that might have a serious impact on the patient and/or user is corrected when necessary on the other user sites.

Measures taken to prevent corruption

The Group is particularly vigilant and stringent when it comes to combating corruption. It demands exemplary conduct from all its employees and partners, and spells out what that means in its Code of Conduct and its appendices.

These documents lay out in particular the rules about expenses incurred by the Company with the medical profession, or gifts or invitations that would benefit the Group. They fit into a regulatory environment that is especially stringent in this regard: the Bertrand Act in France, the Anti-Bribery Act in the United Kingdom and the Sunshine Act in the United States.

The Group regularly disseminates instructions to its employees specifying the rules of conduct required by the Sunshine Act and the Bertrand Act. Detailed information was also provided to the Group's distributors to ensure their compliance with these legal requirements.

9. FINANCIAL POSITION AND RESULTS

9.1. OVERVIEW OF FINANCIAL POSITION

EOS continues to be adopted by more leading medical facilities, thereby strengthening the Group's strategic position worldwide, which now includes a new range of services and tools for surgical procedures with positioning of orthopaedic implants.

After a particularly strong 2014 in Asia-Pacific, when the Group first entered this market, the revenue generated in this region fell by 60% in 2015. At the end of 2015, the Company restructured its business in Japan, one of the key regional markets. The reorganisation, linked with EOS being recognised, in February 2016, as an innovative technology in Korea, and with obtaining marketing approval from the CFDA in China in March 2016, should allow the business to return to strong growth in 2016.

The Europe-Middle East region recorded limited growth of 6%. The strengthening of the commercial structure during the first half of 2016 should enable the business to return to solid growth.

Revenue in North America grew by 76% in 2015 and reflects the fact that EOS technology has been adopted by the Group’s largest market.

Beyond specific market features, the Group's development remains sensitive to cost control policies by public health organisations which can slow down the investment decision-making process.

The simplified consolidated balance sheets, income statements and cash flow statements for the 2015, 2014 and 2013 financial years are included in Chapter 3 of this Registration Document.
In addition, the financial information is presented in Chapter 20 of this Registration Document.

9.2. COMPARISON OVER THREE FINANCIAL YEARS

9.2.1. Operating income

a. Sales and other revenue

The Group’s operating income increased to €16,671k, €21,719k and €23,656k in financial years 2013, 2014 and 2015, respectively. This income was largely realised through sales of medical imaging equipment and related services. There is a strong cyclical trend in equipment sales with a significant proportion of annual revenue being made in the fourth quarter.

Operating income also includes subsidies received in connection with research projects led by the Group and the Research Tax Credit that has benefitted the Group ever since it was introduced.

In the case of equipment sales, revenue is recognised when the contract specifies that ownership and its risks are transferred, which, depending on the circumstances, may be upon shipping, installation of the equipment or upon delivery. Equipment sales are covered by a warranty. Only income relating to the warranty period that exceeds one year is deferred, and recognised in income in the relevant period, since warranties of up to one year are not sold separately.

Audited consolidated data in thousands of euros	FY 2015 12 months	FY 2014 12 months	FY 2013 12 months
Sales revenue	**21,812**	**20,062**	**15,170**
of which equipment sales	*17,850*	*17,197*	*13,433*
of which maintenance contracts	*3,133*	*2,104*	*1,539*
of which consumables and services	*830*	*761*	*198*
Subsidies	446	478	452
Research Tax Credit	1,398	1,179	1,051
Total income from ordinary activities	**23,656**	**21,719**	**16,671**

) Sales revenue:

The distribution table for consolidated sales revenue shows the Group's strong growth in North America between 2014 and 2015, as well as continued growth in Europe:

Audited consolidated data in thousands of euros	FY 2015 12 months	FY 2014 12 months	FY 2013 12 months
Sales revenue by geographic region	**21,812**	**20,062**	**15,170**
France	*3,736*	*3,813*	*5,523*
Europe excl. France	*5,431*	*4,863*	*2,766*
North America	*10,439*	*5,935*	*4,914*
Rest of world	*2,207*	*5,453*	*1,967*

EOS imaging generated annual sales revenue of €21.8 million in 2015, an increase of 9% at historic exchange rates (2014 revenue calculated using average rates for 2014 and 2015 revenue calculated using average rates for 2015) and 1% at constant exchange rates (2014 and 2015 revenue calculated using 2014 average exchange rates).

Revenue from equipment sales grew to €17.9 million, an increase of 4%.

Recurring revenues grew by 37%. They can be broken down into revenue from maintenance and from sales of consumables and services, which respectively grew by 49% to €3.1 million from €2.1 million in 2014, and by 9% to €0.83 million from €0.76 million in the previous financial year.

) Other income:

Other income comprised government funding received as part of research programs (Research Tax Credit and subsidies). It amounted to €1,844k, up 11% over the preceding year.

The Research Tax Credit was €1,398k, up 19% over 2014 in line with the growth in research expenditures incurred during the year.

Subsidies amounted to €446k, against €478k in 2014. They reflect the expenses made under three European and national programmes, currently underway.

The amount of subsidies and Research Tax Credit included in profit and loss over the period are restated for the share of research funding activated for the financial year. The gross amount of public funding recognised over the year stands at €2,056k.

b. Direct cost of sales

Audited consolidated data	FY 2015	FY 2014	FY 2013
in thousands of euros	12 months	12 months	12 months
Direct cost of sales	**11,619**	**10,624**	**8,691**
Purchases and sub-contracting	*10,098*	*9,342*	*7,719*
Staff costs	*939*	*659*	*475*
Royalties	*447*	*443*	*341*
Impairment and depreciation	*135*	*180*	*156*

Direct costs of sales consist primarily of costs of production, transportation, and installation of equipment sold during the period, as well as maintenance costs for equipment installed and maintained by EOS imaging.

As the system integration phase is sub-contracted, production costs are mainly purchasing and sub-contracting costs, the increase in which is directly related to the system production volumes over the period.

The 31% increase in the size of the maintained installed base over the course of the financial year translated into an increased consumption of spare parts, which caused the profit margin for the period to slightly decrease. Likewise, the profit margin was affected by increased staff costs caused by the fact that maintenance teams had to be expanded.

Increased productivity translated into a 3% reduction in the manufacturing costs of equipment, reduced by a negative exchange rate effect of a similar size on purchases of foreign currencies.

Lastly, the 4% increase in the average sale price of equipment, facilitated by favourable movements in exchange rates, led to growth of more than 2 percentage points in the gross margin.

These different effects resulted in a stable margin, at 47%, identical to 2014.

c. Operating expenses by area

Indirect cost of production and service

Audited consolidated data in thousands of euros	FY 2015 12 months	FY 2014 12 months	FY 2013 12 months
Indirect cost of production and service	**3,487**	**2,757**	**2,247**
Purchases and sub-contracting	*1,085*	*759*	*726*
Travel costs	*826*	*512*	*467*
Royalties	*1,506*	*1,450*	*1,041*
Impairment and depreciation	*70*	*37*	*13*

Indirect costs of production and service rose 27% in 2015. This comprises salaries and the cost of sub-contracting functions not directly involved in the production or maintenance process (supply chain, planning, quality control and back office support), as well as travel expenses and external purchases. Thee rise in costs can, for the most part, be explained by an increase in travel expenses and sub-contracting costs incurred by the support functions.

Research and development expenses

Research and development expenses during the relevant years can be broken down as follows:

Audited consolidated data in thousands of euros	FY 2015 12 months	FY 2014 12 months	FY 2013 12 months
Research and development	**3,744**	**3,208**	**2,598**
Purchases and sub-contracting	*817*	*699*	*802*
Travel costs	*59*	*55*	*57*
Royalties	*2,161*	*1,813*	*1,212*
Impairment and depreciation	*706*	*641*	*527*

As stated in section 6.7.1, in 2015 the Company continued its efforts to develop new features for EOS and its software applications. For the most part, R&D costs recognised for the period consist of the R&D team's salaries, of which the component for development costs is capitalised, and sub-contracting costs. The resulting R&D costs rose 16% over the financial year, from €3,209k in 2014 to €3,744k in 2015.

For the most part, R&D costs recognised for the period consist of the R&D team's salaries, of which the component for development costs is capitalised, and sub-contracting costs. They include the amortisation of capitalised development costs, the net amount of which was posted in assets at €1,620k as of 31 December 2015.

If IFRS restatements are excluded, costs incurred over the course of the period amount to €4.3m in 2015 compared to €3.8m in 2014, growth of 13%.

Sales, clinical and marketing expenses

Audited consolidated data	**FY 2015**	**FY 2014**	**FY 2013**
in thousands of euros	**12 months**	**12 months**	**12 months**
Sales, clinical and marketing	**7,041**	**6,884**	**5,116**
Purchases and sub-contracting	*1,797*	*1,814*	*1,271*
Fairs and exhibitions	*542*	*517*	*416*
Travel costs	*1,040*	*866*	*743*
Staff costs	*3,662*	*3,686*	*2,686*

Sales and Marketing costs include:

- Costs of commercial expansion and of developing the related sales force,
- Clinical studies and meetings with opinion leaders in the areas of orthopaedics and radiology,
- Costs associated with participation in national and international conferences (RSNA, SOFCOT, JFR, etc.),
- Travel expenses mainly relating to annual sales seminars and attendance of national and international conferences.

Sales and marketing expenses increased 2% year on year, totalling €7,041k as of 31 December 2015. The increase is the result of stability in staff costs in 2015, after a sharp rise in 2014.

Regulatory costs

Audited consolidated data	**FY 2015**	**FY 2014**	**FY 2013**
in thousands of euros	**12 months**	**12 months**	**12 months**
Regulatory costs	**627**	**651**	**569**
Purchases and sub-contracting	*202*	*257*	*226*
Travel costs	*16*	*19*	*20*
Staff costs	*410*	*375*	*323*

The costs associated with quality and regulatory affairs mainly comprise:

- Costs associated with obtaining certifications for the Group's products,
- Staff costs for teams organised around a director of regulatory affairs.

At the end of 2015, regulatory costs were down 4% compared to the previous financial year, during which significant expenditure was incurred in connection with new requests for regulatory approvals (Taiwan, Brazil and Korea).

Administrative costs

Audited consolidated data	**FY 2015**	**FY 2014**	**FY 2013**
in thousands of euros	**12 months**	**12 months**	**12 months**
Administrative costs	**3,581**	**3,250**	**2,694**
Purchases and sub-contracting	*2,338*	*1,981*	*1,802*
Travel costs	*94*	*115*	*78*
Staff costs	*873*	*905*	*680*
Impairment and depreciation	*275*	*248*	*134*

Administrative costs mainly comprise:

- Staff costs (general management and administrative and financial departments),
- Fees of auditors, lawyers and consultants,
- Insurance and rent costs.

Administrative expenses increased by 10% over the 2015 financial year. The rise can be explained by an increase in external purchases (IT costs, a significant increase in insurance costs in correlation to the growth in the Group's business in the United States, and miscellaneous fees).

Share-based payments

In 2012, the Board of Directors granted free shares, stock options and warrants. In its meeting on 23 May 2014, the Board of Directors also issued 223,000 stock options to employees of the Company and its subsidiaries.

On 8 December 2015, the Board of Directors of the EOS imaging Group decided to award 181,500 free shares to its employees.

The charge resulting from these awards was determined by applying the Black-Scholes model, in accordance with the assumptions developed in Note 18 to the consolidated financial statements. It was €218k in 2015 as against €498k in 2014.

Operating income (loss)

The Group made an operating loss of €6,661k, compared to €6,152k in 2014. It represents 31% of revenue, a stable performance when compared to the previous financial year.

As described in Chapter 4.4.6, the 8% fall in operating profit at historic exchange rates (2014 profit calculated using average rates for 2014 and 2015 profit calculated using average rates for 2015) would have been limited to 2% at constant exchange rates (2014 and 2015 profit calculated using 2014 average exchange rates).

9.2.2. Net profit (loss)

a. Financial revenue and expenses

Audited consolidated data	FY 2015	FY 2014	FY 2013
in thousands of euros	12 months	12 months	12 months
Financial expenses	**617**	**149**	**152**
Interest charges	*496*	*76*	*54*
Exchange rate differences	*120*	*73*	*98*
Financial income	**97**	**1,056**	**638**
Income on cash equivalents		*29*	*596*
Earn-out on OneFit shares		*750*	-
Exchange rate differences	*97*	*277*	*42*
Total financial revenue and expenses	**(520)**	**907**	**486**

The Company's main financial instruments consist of cash assets. The aim in managing these instruments is to finance the Company's operations. The Group excludes the subscription of financial instruments for speculative purposes. It does not use derivatives.

The Group is thus exposed to fluctuations in the EUR/USD and EUR/CAD exchange rates through its subsidiaries EOS imaging Inc. and EOS Image Inc.

As of 31 December 2015, the Group made a net financial loss of €520k compared to net financial profit of €907k in 2014.

The 2015 financial year was affected by the interest expense on the bonds, as set out in note 2 of the consolidated financial statements. As a reminder, the financial income for 2014 included the price adjustment for OneFit of €750k.

b. Company taxation

The Group did not incur any charge to company taxation on its profits.

The Group has the following tax losses:

- indefinitely carried forward in France in the total amount of €45,477k.
- carried forward for 20 years in the United States in the amount of US$18,082k, or a total of €16,608k for the period ended 31 December 2015.
- carried forward from 2016 to 2035 in Canada, a total of CA$2,263k, or a total of €1,497k for the year ended 31 December 2014.

In accordance with the principles described in Chapter 20.1, section d. "Accounting principles and methods"/ "income tax", the carried-forward losses have not been recognised.

The tax rate applicable to the Company is the rate in force in France, namely 33.33%.

c. Net profit (loss)

The Group posted a net loss for financial year 2015 of €7,181k, against a loss of €5,245k in 2014. As set out above, this increase reflects the size of the financial loss which detracted from the Group's operating performance.

d. Net income per share

The basic earnings per share are calculated by dividing the net income payable to the Company's shareholders by the weighted average number of common or preference shares in circulation during the financial year.

Audited consolidated data	**FY 2015**	**FY 2014**	**FY 2013**
in thousands of euros	**12 months**	**12 months**	**12 months**
Net proft/loss (in thousands of euros)	(7,181)	(5,245)	(5,884)
Weighted average number of common shares in circulation	18,847,094	18,326,031	17,534,692
Net income per share (in euros)	**(0.38)**	**(0.29)**	**(0.34)**
Weighted average number of potential shares	20,259,726	19,834,497	19,052,843

9.2.3. Balance sheet analysis

a. Non-current assets

Non-current assets totalled €7,882k, €8,567k and €9,097k on 31 December 2013, 2014 and 2015, respectively.

Audited consolidated data	**FY 2015**	**FY 2014**	**FY 2013**

in thousands of euros	12 months	12 months	12 months
Non-current assets	**9,097**	**8,567**	**7,882**
of which goodwill	*5,131*	*5,131*	*5,131*
of which intangible assets	*2,454*	*1,945*	*1,552*
of which tangible assets	*1,404*	*1,322*	*1,113*
of which financial assets	*107*	*168*	*85*

The goodwill relates to the acquisition of OneFit in November 2013.

Projects on which development costs have been capitalised relate to EOS and sterEOS equipment. Costs for filing patents that remain valid, incurred by the Group up until the point at which they are granted, are recognised as intangible assets.

Net non-current intangible assets and property, plant and equipment by geographical sector are as follows:

Audited consolidated data	FY 2015	FY 2014	FY 2013
in thousands of euros	12 months	12 months	12 months
Net tangible and intangible assets	**3,860**	**3,267**	**2,665**
France	*3,701*	*3,161*	*2,633*
North America	*159*	*106*	*32*

Non-current financial assets comprise security deposits paid under operating leases.

b. Current assets

The Group's current assets increased to €38,712k, €31,234k and €43,067k in the financial years ended on 31 December 2013, 2014 and 2015, respectively.

Audited consolidated data	FY 2015	FY 2014	FY 2013
in thousands of euros	12 months	12 months	12 months
Current assets	**43,068**	**31,234**	**38,712**
Inventory and work in progress	*4,684*	*2,825*	*3,215*
Trade receivables	*19,313*	*14,416*	*10,839*

Other current assets	*4,980*	*3,838*	*3,909*
Cash and cash equivalents	*14,091*	*10,154*	*20,749*

Inventory corresponds to EOS equipment in progress and spare parts used in connection with the warranty and the maintenance of sold equipment. At 31 December 2015, they also include inventory of finished goods in the amount of €2,539k.

During the financial years ended on 31 December 2013, 2014 and 2015, no customer individually accounted for more than 10% of consolidated sales.

In 2013, 2015 and 2015, the Research Tax Credit represented 55%, 32% and 59%, respectively, of other current assets.

Cash and cash equivalents are made up of short-term bank deposits and money market funds. A breakdown of cash and cash equivalents as of 31 December 2015 is included in paragraph k of Chapter 20.1.

c. Shareholders' equity

Audited consolidated data	**FY 2015**	**FY 2014**	**FY 2013**
in thousands of euros	**12 months**	**12 months**	**12 months**
Shareholders' equity	**43,068**	**25,464**	**30,067**
Share capital	*202*	*184*	*180*
Treasury shares	*(317)*	*(249)*	*(282)*
Share premium	*70,571*	*62,037*	*62,015*
Reserves	*(36,173)*	*(31,481)*	*(25,917)*
Translation reserves	*665*	*218*	*(45)*
Consolidated results, Group share	*(7,181)*	*(5,245)*	*(5,884)*

As of 31 December 2015, the share capital was €202,420. It is divided into 20,241,974 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Since its founding, the Group has implemented a number of remuneration plans using equity instruments in the form of stock options granted to Group employees. All these plans are detailed in paragraph I. (Capital) of Chapter 20.1.

d. Non-current liabilities

Audited consolidated data in thousands of euros	FY 2015 12 months	FY 2014 12 months	FY 2013 12 months
Non-current liabilities	**13,132**	**3,836**	**30,067**
Provisions	*295*	*297*	*171*
Financial liabilities (1)	*12,837*	*3,539*	*3,916*

The provisions in each year relate to retirement bonuses for EOS imaging and OneFit Médical.

(1) Financial liabilities can be broken down as follows:

Audited consolidated data in thousands of euros	FY 2015 12 months	FY 2014 12 months	FY 2013 12 months
Financial liabilities	**12,837**	**3,539**	**3,916**
Bonds	*9,642*	-	-
BPI – Ardea advances	*1,695*	*1,789*	*1,416*
Interest-free loan	*1,500*	*1,500*	*1,500*
OneFit earn-out	-	*250*	*1,000*

Debt obligations: see 4.4.5

BPI and Ardea advances and interest-free loan: see 4.4.4

Earn-out on acquisition of OneFit: see 5.2.1

e. Current liabilities

Audited consolidated data in thousands of euros	FY 2015 12 months	FY 2014 12 months	FY 2013 12 months
Current liabilities	**11,265**	**10,501**	**12,440**
Bank accounts	-	-	*5,007*
Accounts payables	*5,389*	*5,310*	*4,021*
Other current liabilities	*5,876*	*5,191*	*3,412*

Accounts payable were no older than one year at the end of each period.

The increase in the level of accounts payable between 2013 et 2015 (+34%) is lower than the increase in sales revenue over that same period (+44%).

Other current liabilities are principally made up of provisions of less than one year, in particular one-year warranties, tax and social security liabilities, royalty fees to be paid in connection with equipment sales and deferred income consisting mainly of maintenance invoices.

Provisions for warranties in 2015 increased to €819k, compared to €683k in 2014 and is linked to the warranty conditions granted in respect of the equipment sold during the financial year.

The €5 million overdraft facility, arranged at the end of the 2013 financial year, was repaid on 28 February 2014, at the same time as the term account matured.

10. CASH AND SHAREHOLDER'S EQUITY

10.1. INFORMATION ON SHAREHOLDERS' EQUITY

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY

(in thousands of euros)

Group shareholder equity EOS IMAGING	Capital	Share premium	Treasury shares	Consolidated reserves	Translation differences	Consolidated result	Total
31-Dec.-13	**180**	**62,015**	**(282)**	**(25,917)**	**(45)**	**(5,884)**	**30,067**
Appropriation of the result N-1				(5,884)		5,884	
Capital increase	4	20					24
BSA Award		2					2
Change in translation differences					263		263
Change in actuarial differences				(74)			(74)
Result for the period N						(5,245)	(5,245)
Payments in shares				395			395
Treasury shares			33				33
31-Dec.-14	**184**	**62,037**	**(249)**	**(31,481)**	**218**	**(5,245)**	**25,464**
Appropriation of the result N-1				(5,245)		5,245	
Capital increase	18	8,511					8 530
Capital increase resulting from the exercise of options		22					22
Change in translation differences					447		447
Change in actuarial differences				66			66
Result for the period N						(7,181)	(7,181)
Payments in shares				488			488
Treasury shares			(68)				(68)
31-Dec.-15	**202**	**70,571**	**(317)**	**(36,173)**	**665**	**(7,181)**	**27,768**

10.2. STATEMENT OF CASH FLOWS

	FY closed on 31 December	
	2015	2014
CASH FLOW LINKED TO OPERATING ACTIVITY		
Consolidated net income	(7,181)	(5,245)
Financial profit/loss on acquisition		(750)
Deduction of amortisation and provisions	1,157	1,036
Revenues and expenses linked to payments in shares	218	395
Self-financing capacity	**(5,806)**	**(4,564)**
Change in working capital requirements linked to operating activity	**(6,892)**	**(27)**
Inventories and work in progress	(1,858)	389
Accounts receivable	(4,498)	(3,150)
Other current assets	(1,116)	76
Debts to suppliers and related accounts	(89)	1,278
Other current liabilities	669	1,379
Net cash flow from operating activities	**(12,698)**	**(4,591)**
CASH FLOW LINKED TO INVESTMENT ACTIVITY		
Acquisitions of tangible and intangible fixed assets	(1,537)	(1,395)
Sales of tangible and intangible fixed assets	1	
Changes in financial assets	61	(83)
Net cash flow from investment activities	**(1,475)**	**(1,478)**
CASH FLOW LINKED TO FINANCING ACTIVITY		
Capital increase	8,302	24
BSA award		2
Repayable advances and financial interests	29	373
Repayable advances - repayments	(123)	
Acquisition of treasury shares	(4,441)	(6,456)
Sale of treasury shares	4,373	6,489
Bond issue	9,912	
Net cash flow from financing activities	**18,052**	**432**
Impact of changes in currency valuations	58	50
Change in cash flow	**3,937**	**(5,587)**
Cash and cash equivalents at beginning of period	10,154	15,742
Bank debt at beginning of period		
Cash flow at beginning of period	**10,154**	**15,742**
Cash and cash equivalents at the end of the period	14,091	10,154
Cash flow at end of period	**14,091**	**10,154**
Change in cash flow	**3,937**	**(5,587)**

Comments on the cash flow statement:

Net cash requirements from operating activities were €12,698k at the end of 2015.
They include a loss of €7,181k from which non-cash expenses are deducted (IFRS2 charge, together with amortisation and impairments recognised over the period in the amount of €1,375k). Net cash requirements linked to the growth in working capital requirements, in the amount of €6,892k, are added to this loss. This increase is mainly explained by an increase in customer accounts and inventory (see paragraphs i and j of Chapter 20.1).

Net cash requirements from investments were €1,475k at the end of 2015, stable in comparison to the previous year. They mainly relate to development works capitalised over the period and to investments made in connection with the Group's growth (see paragraphs f and g of Chapter 20.1).

Net cash resources from financing amounted to €18,052k in financial year 2015. They result from issuing bonds in the amount of €10 million (see paragraph b of Chapter 20.1 (Significant Events)), and the completion of a private placement in October 2015 in the amount of €8.7 million and the resulting capital increase (see paragraph b of Chapter 20.1 (Significant Events)).

This resulted in a €3.9 million increase in cash during the financial year.

10.3. BORROWING CONDITIONS AND FINANCING STRUCTURE

10.3.1. Financing through repayable advances

a. General description

As shown in section 4.4.4, the repayable advances granted to the Group since 2009 can be broken down as follows:

At 31 December 2015 (in €K)	Amount granted	Amount received	Amount repaid	Amount to repay
OSEO repayable advances - 2009 (1)	1,275	822	45	777
OSEO repayable advances - 2011	250	250	-	250
Innovation Loan - 2012	150	150	23	127
Interest-free loan BPIFrance - 2013	1,500	1,500	-	1,500
Repayable recruitment advance 2013	86	86	32	54
BPIFrance repayable advance - 2014	250	250	-	250
Ardea repayable advance - 2014	100	100	33	67
Total	**3,611**	**3,158**	**133**	**3,025**

(1) As described in the post-closure events, during the meeting of the monitoring committee for collaborative projects on 27 January 2016, bpifrance announced that EOS imaging's project had been partially commercially successful and waived €269,000 of the loan. The amount yet to be repaid has therefore been reduced to €508k, compared to the €777k shown in the table above.

BPI France Advances

- In the context of its participation in the Industrial Strategic Innovation project, EOS imaging received a reimbursable advance from OSEO in July 2009, for a maximum amount of €1,275,000.

Payments under the loan amounted to €822,000. They represent the contract-based funding of expenses incurred by the Company, which were lower than the forecasts made at the date of signing the agreement. In 2016, BPI France announced that the project had been partially commercially successful, and €269,000 of the loan was waived.

- As part of its development of a bespoke instrumentation for orthopaedic knee surgery, OneFit Medical received a reimbursable advance of €250,000. The project was deemed successful in 2015 and, as such, the reimbursement of the advance granted will be made over a 45-month period starting in 2016.

- OneFit Medical also received an innovation partnership loan of €150,000 for eight years including a three-year deferred amortisation period and granted at the rate of three-month Euribor plus 5.6%, reduced to three-month Euribor plus 3.8% during the deferred amortisation period. This loan is repayable in five years starting 31 May 2015. As at 31 December 2015, reimbursements of €22.5k have been made, reducing the balance of this loan to €127.5k.

- As part of its development of a bespoke knee instrumentation, OneFit Medical received as well a zero-interest reimbursable advance of €250,000 granted in June 2014. In the event the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 96-month period starting September 2017. Should it fail, these repayments will be capped at €100,000 and made over a 33-month period, starting September 2017.

Other advances

OneFit Medical received a reimbursable advance granted in February 2014 by the ARDEA (Regional small business development grant-giving body) regional authority for €100k. For a term of five years, including a six-month deferred amortisation period, this loan is repayable in 17 equal quarterly payments. As at 31 December 2015, the balance of this advance stood at €67,000.

OneFit Medical also received a reimbursable advance of €86k granted in 2013 as a recruitment subsidy. As at 31 December 2015, the balance of this advance stood at €54,000.

Interest-free OSEO loan

EOS imaging received an interest-free loan of €1.5 million from OSEO in May 2013, paid in July 2013.

This loan includes a deferred amortisation period followed by a straight-line amortisation period of 12 quarterly repayments, the first of which is due in March 2017.

b. Changes in repayable advances during the financial year

At 31 December 2015 (in €K)	Amounts repaid during previous financial years	Amounts repaid during this financial year	Total repayments made
OSEO – 2009 repayable advance	-	45	45
OSEO – 2011 repayable advance	-	-	-
Innovation participating loan – 2012	-	23	23
BPIfrance Interest free loan – 2013	-	-	-
Recruitment repayable advance - 2013	-	32	32
BPIfrance repayable advance – 2014	-	-	-
Ardea repayable advance - 2014	11	22	33
Total	**11**	**122**	**133**

10.3.2. Bond financing

As set out in sections 4.4.2 and 4.4.5, on 9 January 2015, within the framework of an offer to qualified investors or a small circle of investors referred to in Article L.411-2 of the French Financial and Monetary Code, the Company issued bonds with stock warrants attached (OBSA) in the amount of €540,000, as well as three tranches of ordinary bonds for a total principal amount of €14,460,000. These bond issues were carried out in the framework of the 14th resolution approved by the Combined General Meeting of 13 June 2013.

The bonds with stock warrants attached were subscribed in January 2015 by IPF Partners. The first and second tranches of bonds, for €4,460,000 and €5,000,000, were subscribed for by IPF Partners in March 2015 and December 2015, respectively.

10.3.3. Financing through the Research Tax Credit and subsidies

The Company benefits from government financing within the framework of research programs (Research Tax Credit and subsidies). It amounted to €1,844k, up 11% over the preceding year.
The Research Tax Credit was €1,398k, up 18% over 2014 in line with the growth in research expenditures incurred during the year.

Subsidies amounted to €446k, against €478k in 2014. They reflect the expenses made under three European and national programmes, currently underway.

The amount of subsidies and Research Tax Credit included in profit and loss over the period are restated for the share of research funding activated for the financial year. The gross amount of public funding recognised over the year stands at €2,056k.

10.3.4. Off-balance sheet commitments

Off-balance-sheet commitments mainly consist of commitments under the terms of finance lease agreements, as detailed in paragraph v - 'Commitments' of the notes to the consolidated financial statements included in section 20.1 of this Registration Document.

As a reminder, retirement bonuses are recognised under provisions, as described in paragraph m - 'Provisions' of the notes to the consolidated financial statements included in section 20.1 of this Registration Document.

10.4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	FY closed on 31 December	
(in thousand of EUR)	2015	2014
Short-term bank deposits	13,907	9,903
Money-market funds	184	251
Total	**14,091**	**10,154**

Short-term bank deposits can be broken down as follows:

- Current accounts in the amount of €10.9 million, €1.2 million of which is held by the American, Canadian and Singaporean subsidiaries.
- a term deposit account containing €3 million. The term deposit account is for a term of one month, renewable by tacit agreement, and receives interest at the rate of 0.7%;
- liquid assets in the amount of €184k. These sums relate to funds committed under a liquidity mandate and that are not invested in treasury shares at 31 December 2015.

Cash is mainly denominated in euros, with euro holdings totalling €12.9 million at 31 December 2015. The balance, i.e. €1.2 million, is denominated in US dollars (as to €0.6 million) and Canadian dollars (also as to €0.6 million).

10.5. RESTRICTIONS ON THE USE OF CAPITAL

None

10.6. PRINCIPAL FINANCIAL RISKS AND UNCERTAINTIES FACED BY THE GROUP

The information on the various risks and uncertainties faced by the Group are detailed in Chapter 4 (Risk Factors) and more specifically in paragraph 4.4 (Financial Risks) and are also addressed in Chapter 20.1, paragraph y (Financial risk management).

10.7. SOURCES OF FINANCING NEEDED IN THE FUTURE

At 31 December 2015, the Company's cash and cash equivalents came to €14 million.

In June 2014, the Company issued 180,000 stand-alone stock warrants to Société Générale as part of a PACEO programme (capital increase plan through the issuance of stock options). Thus, Société Générale has committed to underwrite, only at the Company's request, successive tranches of capital increases over the next 36 months, up to the overall maximum of 1,800,000 shares. For each tranche, the issue price will be subject to a maximum 5% discount to the volume weighted average price over the three previous trading days. On the date of this Registration Document, this equity line had not been used. Based on the current price, the use of this optional equity line could bring the company in the order of €8m in additional financing.

The Company has carried out a specific review of its liquidity risk and believes that it is in a position to meet its future scheduled repayments.

Nevertheless, the Group will continue to have significant financing needs to develop its technologies and market its products.

11. RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

11.1. INNOVATION POLICY

Founded on the research work of Nobel Physics Prize Laureate Georges Charpak, the Group has always aimed at pursuing a policy of innovation that is faithful to the genius of its founder. The developments undertaken have led to the transformation of a detector into an X-ray medical imaging system that functions at very low doses of radiation, allowing repeated medical examinations in order to monitor and diagnose osteo-articular diseases while drastically reducing associated risks.

With respect to the Group itself, its innovative nature is proven by its ability to develop such a product, but also to conclude partnerships in order to resolve the challenges raised by its business activity. In particular, the academic partnerships signed in Paris (ENSAM) and Montreal (ETS) have allowed the joint development of innovative software technologies for 3D reconstruction of the skeleton using two 2D views.

In addition to investment in R&D, the innovation policy covers all Group procedures applicable to its Management and all its departments. It underpins the recruitment process, staff training, internal and external communication, as well as working methods.

11.2. PATENTS AND PATENT APPLICATIONS

11.2.1 Intellectual property protection policy

The commercial success of the Group depends, at least in part, on its ability to protect its products, in particular, by obtaining patents and by keeping them in force in France and in the rest of the world. This is why the Group implements an active policy seeking to protect its product innovations by filing patent applications and, since the purchase of a portfolio of patents initially established by Georges Charpak, it has continued to file applications on an average of one new invention per year.

The portfolio includes 20 patent families that belong to the Group, or to which the Group possesses an operating license, with each patent family related to one or more inventions.

11.2.2 Patent application process

Historically, the process consisted of the traditional initial filing of a French patent with the French National Institute of Industrial Property (Institut National de la Propriété Industrielle, "INPI"), and then, if a positive report was received from the office responsible for the prior art search, an international extension was applied for, in Europe and/or in the United States, as a minimum, by means of the international PCT (Patent Cooperation Treaty) method, where appropriate.

Today, the process consists of an initial international PCT filing in English, allowing the decision with respect to the geographical coverage selected to be postponed by 30 months. This procedure gives EOS inventions better exposure, owing to their publication in English. Under the former American law on invention patents, this procedure used to also allow EOS inventions to be identified as quickly as possible within the American state-of-the-art.

Furthermore, with respect to non-unitary inventions that are submitted in a single filing, EOS imaging conducts divisional filings.

11.2.3 Nature and coverage of the patents

These patents and patent applications reflect the Group's efforts with respect to research and development. They cover not only the products marketed by the Company, but also the complementary technologies that may be integrated into future products and/or constitute a source of additional licensing revenue for the Group.

The patents and patent applications owned and utilised by the Group seek, for the various aspects of the solutions proposed, to cover in a precise way:

- the actual imaging system (detector, architecture);
- 2D/3D reconstruction and modelling software, and;
- applications.

Patents owned by EOS:

Ref.	Family	Ownership	Priority date[50]	Status
Preshaping of spinal implants	PROCESS AND APPARATUS TO DESIGN A CUSTOMISED ORTHOPAEDIC DEVICE	EOS imaging	2013	Pending (PCT[51])
Scanning with an adjustable collimator	IMAGING APPARATUS AND METHOD	EOS imaging	2010	Issued (EP, JP, US)
Gas-flow detector gain adjustment	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM PENDING	EOS imaging	2010	Pending (EP, US, JP, CN)
Drift-free high resolution radiography	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM PENDING	EOS imaging	2009	Issued (US, FR, EP) Pending (JP)
3D Toolbox	MEASUREMENT OF GEOMETRICAL SIZES INTRINSIC TO AN ANATOMICAL SYSTEM	EOS imaging	2008	Issued (FR, US) Pending (EP)

[50]The priority date of the patent corresponds to the date of the first filing, from which the patent is issued for a term of 20 years; when the corresponding products are registered (i.e. an authorisation is obtained to place it on the market), the patents may receive an extension of their term of protection for a maximum of five years, depending on the case.

[51] PCT = Patent Cooperation Treaty | EP = Europe

Ref.	Family	Ownership	Priority date[50]	Status
Correction of stereo magnification	METHOD FOR CORRECTING AN ACQUIRED MEDICAL IMAGE AND MEDICAL IMAGING SYSTEM	EOS imaging	2007	Issued (US) Pending (EP)
Semi-automatic reconstruction	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD	EOS imaging	2003	Issued (EP, US, JP)
Longitudinal inference by containment volume	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD	EOS imaging	2003	Issued (EP)
3D DXA	RADIOGRAPHIC IMAGING METHOD AND DEVICE	EOS imaging	2002	Issued (FR, US) Pending (EP)
3D scanning	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Issued (FR, EP)
2D/3D by contours	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Pending (EP)
Counting and integration	METHOD AND DEVICE FOR IMAGING WITH IONISING RAYS	EOS imaging	2000	Issued (FR, US)
High resolution radiography (1)	DEVICE FOR HIGH-RESOLUTION RADIOGRAPHIC IMAGING	EOS imaging	1996	Issued (FR, EP, US)

(1) The protection afforded by the "High resolution radiography" patent will end in 2016. This patent is replaced by the "Drift-free high resolution radiography" patent, which is protected until 2029.

Among these patent applications, some are the result of collaborations with academic partners such as French National Center for Scientific Research (Centre National de la Recherche Scientifique, "CNRS"), the Atomic Energy Agency (Commissariat à l'Energie Atomique, "CEA"), the National Institute of the Arts and Professions (École Nationale Supérieure d'Arts et Métiers, "ENSAM"), the Association for Clinical Research in Rheumatology (Association de Recherche Clinique en Rhumatologie, "ARCR"),

and the National Technology Institute (École de Technologie Supérieure, "ETS") located in Montreal (Canada), which have assigned their ownership of the inventions or of the titles, or are co-owners of these titles. The transmission of the ownership of these titles is determined on a case by case basis, by a specific contract.

Within the framework of these collaborations, the Group has also acquired exclusive license rights to three families of patents that belong to these bodies, as described hereinafter in Chapter 22.

Patents to which EOS holds a use license:

Ref.	Family	Ownership	Priority date	Status
Pseudo-volume generic model	METHOD FOR THE RECONSTRUCTION OF A 3D MODEL OF AN OSTEO-ARTICULAR SYSTEM	ENSAM & ETS	2007	Issued (US) Pending (EP)
Self-improved model	METHOD FOR THE RECONSTRUCTION OF A 3D MODEL OF BODILY STRUCTURE	ENSAM, CNRS & ETS	2007	Issued (EP, US)
Cubicle	A DEVICE FOR STEREORADIOGRAPHY AND THE METHOD FOR ITS USE	ENSAM & CNRS	2003	Issued (EP, US, CA)

11.2.4 Patents currently utilised

The vast majority of the Group's patent families are being utilised. The technology covered by these patents and patent applications is applied in products marketed by EOS imaging.

X-ray detector:

Ref.	Family	Ownership	Priority date	Status
Drift-free high resolution radiography	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2009	Issued (US, FR, EP) Pending (JP)

Imaging system:

Ref.	Family	Ownership	Priority date	Status
Gas-flow detector gain adjustment	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2010	Pending (EP, US, JP, CN)
3D scanning	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Issued (FR, EP)

Computerised 2D/3D reconstruction method:

Ref.	Family	Ownership	Priority date	Status
Semi-automatic reconstruction	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD	EOS imaging	2003	Issued (EP, US, JP)
Longitudinal inference by containment volume	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD	EOS imaging	2003	Issued (EP)
2D/3D by contours	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Pending (EP)

Stereoscopic image processing station:

Ref.	Family	Ownership	Priority date	Status
3D Toolbox	MEASUREMENT OF GEOMETRICAL SIZES INTRINSIC TO AN ANATOMICAL SYSTEM	EOS imaging	2008	Issued (FR, US) Pending (EP)
Correction of stereo magnification	METHOD FOR CORRECTING AN ACQUIRED MEDICAL IMAGE AND MEDICAL IMAGING SYSTEM	EOS imaging	2007	Issued (US) Pending (EP)

The other titles owned by the Group constitute optional "technological building blocks" for the purpose of future products or parallel income from licenses.

11.2.5 Territories protected

Most of the patent applications filed by the Group are extended to other countries, as applicable by means of the PCT (Patent Cooperation Treaty). The principal markets (Europe and the United States) are covered as a matter of priority. As applicable, protection is sought in other countries corresponding to related markets.

The European patents are generally validated in the principal countries, in particular, France, Germany, and the United Kingdom. Numerous European applications are still pending, and temporarily cover up to 38 member states of the European Patent Convention.

11.2.6 Legal disputes

EOS imaging is particularly attentive to the defence of its industrial property rights and is dedicated to protecting its freedom to operate. In May 2015, the Group won on appeal at the European Patent Office in its case opposing two patents owned by the company Brainlab. These two patents have been revoked.

The Group is not currently involved in any dispute with respect to its industrial property.

11.3. COLLABORATION AGREEMENTS, R&D AGREEMENTS, SERVICE PROVISION AGREEMENTS AND LICENSES GRANTED BY OR TO THE COMPANY

11.3.1 Collaboration agreements

Within the framework of the development and improvement of its products, the Group regularly collaborates with third parties, particularly with research institutions well known for their work on the technologies involved (ENSAM/ARTS, ETS) and practitioners who might assist the Group with the clinical trials of its products.

11.3.2 License agreements granted by third parties

The Company holds, in particular, licenses to global intellectual property rights granted by ARTS and ETS, beginning on 1 January 2006, and until at least 31 December 2024, including the possibility of sub-licensing those rights. These licenses are exclusive within the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray plane images.

The details concerning the license agreements may be found in sections 22.2 and 22.4.

In 2015, the Group entered into an agreement with a Canadian development agency that granted it a licence over a technology that forecasts the development of scoliosis. This technology is the subject of a patent application. This technology has not yet been exploited.

In January 2016, the Group entered into a licence agreement with the Canadian company, Spinologics, over a spinal biomechanical simulation technology. This technology has not yet been exploited.

11.4. OTHER INTELLECTUAL PROPERTY INFORMATION

The Group owns the copyright to any software package developed by the Group. Furthermore, the Group has received licenses to software developed by ETS and/or ENSAM, as mentioned in Chapter 22 below.

The Group owns a portfolio of trademarks covering, in particular, the **EOS** and **sterEOS** signs. These trademarks receive good international coverage and in particular are registered in France, Canada, the United States, Brazil, Asia, and the European Union.

The principal trademarks owned by the Group are the following:

Number	Trademark	Countries	Date of filing
1 286 303 registered under 696 988	EOS	CANADA	17/01/2006 Registered on 21/09/2007
795 917 registered under 3 370 550	EOS (semi-figurative)	USA	20/01/2006 Registered on 18/01/2008
073 545 352	sterEOS	FRANCE	20/12/2007
985 442	sterEOS	INTERNATIONAL	16/05/2008
985 442	sterEOS	USA	16/05/2008 Accepted

Number	Trademark	Countries	Date of filing
985 442	sterEOS	EUROPEAN UNION	16/05/2008 Accepted
985 442	sterEOS	CHINA	Accepted (subsequent designation on 10/06/2013)
985 442	sterEOS	REPUBLIC OF KOREA	Accepted (subsequent designation on 10/06/2013) – Under review
985 442	sterEOS	JAPAN	Accepted (subsequent designation on 29/03/2013)
1 788 041	EOS	EUROPEAN UNION	02/08/2000 renewed on 01/03/2010
1 166 095	EOS	INTERNATIONAL	10/06/2013
1 166 095	EOS	CHINA	Accepted on 13/03/2014
1 166 095	EOS	REPUBLIC OF KOREA	Published on 2 March 2015
840 556 802	EOS	BRAZIL	24/06/2013 Under review
840 556 810	sterEOS	BRAZIL	24/06/2013 Under review
840 556 829	sterEOS	BRAZIL	24/06/2013 Under review
840 556 837	sterEOS	BRAZIL	24/06/2013 Under review

The Group also owns the domain names *eos-imaging.fr, eos-imaging.com* and *biospacemed.com*.

11.5. ONEFIT MEDICAL SUBSIDIARY

Concerning intellectual property, OneFit Medical holds the following family of patents:

Ref.	Family	Ownership	Priority date	Status
Mould for temporary implant	TEMPORARY IMPLANT PRODUCTION PROCESS	OneFit Medical	2012	Issued (FR)

The principal trademarks owned by OneFit Medical are the following:

Number	Trademark	Countries	Date of filing
11 3871 710	ONE FIT	FRANCE	04/11/2011
11 3871 713	ONE FIT MEDICAL (logotype)	FRANCE	04/11/2011

OneFit Medical also holds the domain names *onefit-medical.com* and *onefit-online.com*.

12 INFORMATION ON TRENDS

12.1 RECENT CHANGES

Since the beginning of the year, the Group has been furthering its development:

- In Asia, with the recognition in Korea, in February 2016, of EOS as an innovative technology, the obtaining, in March 2016, of marketing approval from the CFDA in China and the signing of a co-marketing agreement in April 2016 with Medtronic in Japan;
- In Europe, by obtaining CE marking for spineEOS, an online 3D planning solution for spinal surgery and by signing a co-promotion agreement in the United Kingdom with Stryker's European Spine business;
- In North America, by signing a licence agreement in January 2016 with Montreal-based Spinologics, for the co-development of biomechanical simulation software for planning spinal surgery.

Finally, in the first quarter of 2016, EOS imaging achieved sales revenue of €5.33 million, an increase of 60% over the same period of the previous year, due to excellent business momentum in the United States, together with very strong growth in Europe.

In millions of euros	**31 March 2016**	31 March 2015
Sales of equipment	**4.09**	**2.50**
% of total sales revenue	*77%*	*75%*
Sales of maintenance contracts	**0.99**	**0.63**
% of total sales revenue	*18%*	*19%*
Sales of consumables and related services	**0.24**	**0.19**
% of total sales revenue	*5%*	*6%*
Total sales revenue	**5.33**	**3.32**

Unaudited figures

The revenue from equipment sales stands at €4.09 million, an increase of 64% compared to the first quarter of 2015, and corresponds to the sale of 10 EOS® systems, against six for the same period of the previous financial year. The average equipment sale price remains contact, amounting to €409k, compared to €406k in 2015.

Sales of maintenance contracts rose by 57% during the first quarter of 2016, and stand at €0.99 million versus €0.63 million in the first quarter of 2015.

Sales of consumables and related services amounted to €0.24 million for the quarter against €0.19 million for the first quarter of 2015.

In millions of euros	**31 March 2015**	31 March 2014
EMEA	**2.45**	**1.30**
North America	**2.85**	**2.02**
Asia	**0.03**	**0. 00**
Total sales revenue	**5.33**	**3.32**

Unaudited figures

12.2. FUTURE OUTLOOK

The Group is continuing to develop functionalities associated with the EOS product with a view to making low dose 2D/3D images and the associated patient data standard in surgical and non-surgical orthopaedic care. The Group is, in this respect, involved in expanding its current offering with online software services that meet the objectives of managing quality and the costs associated with orthopaedic treatments, and that are based on the strength and the low radiation of EOS examinations.

At the same time, the Group is pursuing a dynamic commercial strategy to increase the number of EOS installed bases in the three large markets in which it operates (Europe-Middle East, North America, Asia-Pacific). A continuous stream of new medical publications and the adoption of EOS by new leading establishments supports and strengthens the Group's commercial activity.

At 31 December 2015, nine of the ten best US orthopaedic hospitals and four of the five best US paediatric hospitals have adopted EOS.

13 PROFIT FORECASTS OR ESTIMATES

The Company does not intend to make forecasts or estimates of profit.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY, AND EXECUTIVE MANAGEMENT BODIES

14.1. BOARD OF DIRECTORS - CORPORATE OFFICERS

14.1.1 Composition of the Board of Directors

The Company's Board of Directors is currently composed of six members including three independent directors.

The members of the Board of Directors can be contacted at the Company's head office: 10 rue Mercoeur, 75011 Paris

The table below presents the information on the membership of the Company's Board of Directors.

Name	Office	Main duties within the Company	Dates of the beginning and end of the term
Gérard Hascoët	Member of the Board of Directors Chairman of the Strategy Committee	Chairman of the Board of Directors	Appointed director by the General Meeting of 17 June 2015 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2017. Appointed Chairman of the Board of Directors by the Board of Directors held on 10 July 2015 for the remaining duration of his directorship.
Marie Meynadier	Member of the Board of Directors Member of the Strategy Committee	CEO	Reappointed director by the General Meeting of 9 April 2010 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2012. Reappointed director by the General Meeting of 13 June 2013 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2015. Reappointed director by the General Meeting of 16 June 2016 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2018. Reappointed CEO by the Board of Directors held on 28 April 2016 for the same duration as her term of office.
Stéphane Sallmard	Independent Member of the Board of Directors Chairman of the Compensation Committee	None	Reappointed as Chairman of the Board of Directors by the meeting of the Board of Directors held on 2 December 2011 for the remaining duration of his directorship. Resigned as Chairman of the Board of Directors at the meeting of the Board of Directors held on 9 November 2012 but agreed to remain as a director for the remainder of his term of office. Reappointed director by the General Meeting of 17 June 2014 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2016.

Name	Office	Main duties within the Company	Dates of the beginning and end of the term
BPI France Participations represented by Marie-Laure Garrigues	Member of the Board of Directors Marie-Laure Garrigues is a member of the Audit and Compensation Committees	None	Appointed a member of the Board of Directors by the Board of Directors on 2 December 2011 for a term ending at the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013. Reappointed director by the General Meeting of 17 June 2014 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2016.

Name	Office	Main duties within the Company	Dates of the beginning and end of the term
Eric Beard	Independent director Chairman of the Audit Committee	None	Appointed director by the General Meeting of 29 June 2012 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2014. Reappointed director by the General Meeting of 17 June 2015 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2017.
Paula Ness Speers	Independent director Member of the Strategy Committee	None	Appointed director by the General Meeting of 16 October 2015 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2017.

NBGI Private Equity represented by Aris Constantinides resigned as director on 23 February 2015. The Company's Board of Directors acknowledged this resignation on 23 March 2016.

Other offices held by the members of the Board of Directors

Other current terms in office		
Name	Nature of the position	Company
Gérard Hascoët	Chairman Member of the Supervisory Board Member of the Board of Directors Chairman of the Board of Directors Managing Partner Manager Member of the Board of Directors Manager Manager	MD Start SAS Altamir SpineVision SA CorWave SA MD Start Gmbh & Co KG MD Start Gmbh APD Lumarge (SCI) Marluge (SCI)
Stéphane Sallmard	Member of the Board of Directors Member of the Board of Directors	Imagine Eyes SARL i-Optics B.V.
Marie Meynadier	Executive Executive Executive Chairman Chairman Member of the Board of Directors Member of the Board of Directors	EOS imaging Inc. EOS imaging GmbH EOS image Inc. OneFit Medical SAS EOS imaging Pte Ltd Stentys SA Mauna Kea technologies SA
BPI France investissement represented by Marie-Laure Garrigues	Member of the Board of Directors Member of the Board of Directors	Medtech TxCell
Eric Beard	Chairman of the Board of Directors	Cellnovo SA
Paula Ness Speers	Partner Member of the Board of Directors Member of the Board of Directors	Health Advances (Boston, MA) Partners Continuing Care (Boston, MA) Implanet SA

Terms of office exercised during the course of the last five fiscal years that have terminated as of this date

Other current terms in office		
Name	Nature of the position	Company
Gérard Hascoët	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	Dupont Medical MD Start SA SpineVision Italia srl SpineVision Ltd
Stéphane Sallmard	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	Dysis Medical Ltd Crescent Diagnostics Ltd Forth Photonics Hellas SAS
Marie Meynadier	None	None
BPI France investissement represented by Marie-Laure Garrigues	Member of the Board of Directors	Cytheris
Marie-Laure Garrigues	Member of the Board of Directors Manager	Ingen Biosciences Bio Thema Consulting
Eric Beard	Chairman	Cellnovo Ltd
Paula Ness Speers	None	None

14.1.2 Senior management

Marie Meynadier, Chief Executive Officer

After her PhD, Marie Meynadier joined BellCore (Red Bank, NJ), then moved to the prestigious ATT Bell Labs (Murray Hill, NJ), where she conducted research on semiconductor devices. After returning to France, she headed a number of major national and international development programmes in electronics, optics and microelectronics that led to the creation of several start-ups in these areas. She entered the medical field, taking over the management of the start-up Biospace lab in 1999, a pre-clinical imaging specialist which she quickly made profitable before developing EOS imaging.

Marie has a Sup Telecom electronic engineering degree and a Doctorate from the École Normale Supérieure.

14.1.3 Statements concerning the members of the Board of Directors and senior managers

The CEO holds Company shares and securities giving access to the Company's capital (see section 17.2 of this Registration Document).

Related-party transactions are described in paragraph w "*Related parties*" of the notes to the consolidated financial statements as set out in section 20.1 of this Registration Document. The related-party agreements signed by the Company are described in the Statutory Auditors' report on related-party agreements for the financial years ended 31 December 2015, 2014 and 2013 as set out in Chapter 20 of this Registration Document.

To the Company's knowledge, there are no family ties between the members of the Board of Directors, nor between the members of the Board of Directors and Senior Management.

To the Company's knowledge, over the past five years: (i) no member of the Board of Directors or Senior Management has been convicted of fraud, (ii) no member of the Board of Directors or Senior Management has been involved in any bankruptcy, receivership or liquidation, (iii) no member of the Board of Directors or Senior Management has been convicted of any offence and/or been the subject of any official public sanction by statutory or regulatory authorities, including by the designated professional bodies, and (iv) no member of the Board of Directors or Senior Management has been barred by court order from serving on an administrative body.

14.2. CONFLICTS OF INTEREST INVOLVING THE ADMINISTRATIVE AND EXECUTIVE BODIES

To the Company's knowledge, there are no potential conflicts of interest in relation to the Company between the duties of any of the members of the Board of Directors and their private interests.

15 MANAGEMENT COMPENSATION AND BENEFITS

15.1. COMPENSATION AND BENEFITS PAID TO THE MANAGEMENT OF EOS IMAGING IN 2014 AND 2015

15.1.1 Summary of the compensation and stock options and shares awarded to each executive corporate officer (Table 1 AMF Recommendation No. 2009-16)

Table summarising the compensation and the options and shares of stock awarded to each corporate executive officer (1)		
	2015 financial year	2014 financial year
Marie Meynadier - Chief Executive Officer		
Compensation due for the financial year	€203,760	€254,010
Valuation of the options and free shares awarded during the financial year	€19,600	-
Valuation of the multi-year variable compensation awarded during the financial year	-	-
Total	**€223,360**	**€254,010**

(1) Messrs Michael J Dormer, Chairman of the Board of Directors until June 2015, and Gérard Hascoët, Chairman of the Board of Directors from 10 July 2015, are or were executive corporate officers within the meaning of the AMF MiddleNext Code but the only compensation they receive or received is directors' fees, shown in section 15.1.3.

15.1.2 Compensation and benefits paid to executive corporate officers in 2014 and 2015

The compensation paid to the executive corporate officers of EOS imaging for the 2014 and 2015 financial years breaks down as follows (Table 2 AMF Recommendation No. 2009-16)

Marie Meynadier *(Chief Executive Officer)* *(in euros)*	2015 financial year		2014 financial year	
	Amounts due(1)	Amounts paid(2)	Amounts due(1)	Amounts paid(2)
Compensation				
Fixed compensation	173,086	173,086	171,373	171,373
Annual variable compensation*(3)	17,309	59,980	69,422	64,889
Total compensation (**)	**190,395**	**233,067**	**240,795**	**240,091**
Directors' fees				
Eos imaging				
Other controlled companies				
Total directors' fees	**-**	**-**	**-**	**-**
Other compensation				
Benefits in kind* (car)	13,365	13,365	13,215	13,215
Total other compensation	**13,365**	**13,365**	**13,215**	**13,215**
TOTAL	**203,760**	**246,431**	**254,010**	**249,477**

** gross amount before tax (1) In respect of the financial year (2) During the financial year.*
(3) The variable compensation is calculated based on the achievement of the operational targets (sales revenue, operating margin, income growth, regulatory authorisations, etc.) set by the Compensation Committee at the beginning of the year, and for which the level of achievement is calculated by this same Compensation Committee at the beginning of the following year.
The amount of the variable compensation is the result of the target bonus x achievement rate of objectives.
The variable compensation is paid in February of the year following the year for which the target achievement rate is determined.
(**): The remuneration shown is paid under Ms Meynadier's employment contract. No remuneration is allocated to her corporate office.

As stated in section 15.1.2, Messrs Michael J Dormer, Chairman of the Board of Directors until June 2015, and Gérard Hascoët, Chairman of the Board of Directors from 10 July 2015, are or were executive corporate officers within the meaning of the AMF MiddleNext Code but the only compensation they receive or received is directors' fees, shown in section 15.1.3.

15.1.3 Compensation and benefits paid to other members of the Board of Directors in 2014 and 2015 (Table 3 AMF Recommendation No. 2009-16)

Non-executive corporate officers	Nature of the compensation	Amounts paid during the 2015 financial year	Amounts paid during the 2014 financial year
Michael Dormer	Directors' fees	32,500	65,000
	Other compensation	None	None
Gérard Hascoët	Directors' fees	32,500	None
	Other compensation	None	None
NBGI Private Equity represented by Aris Constantinides	Directors' fees	None	None
	Other compensation	None	None
BPI France Investissements represented by Marie-Laure Garrigues	Directors' fees	None	None
	Other compensation	None	None
	Other compensation	None	None
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Directors' fees	None	None
	Other compensation	None	None
Paula Ness Speers	Directors' fees	7,500	None
	Other compensation	None	None
Philip Whitehead	Directors' fees	€12,500	€25,000
	Other compensation (1)	- €	€15,000
Eric Beard	Directors' fees	€30,000	€30,000
	Other compensation	None	None
Stéphane Sallmard	Directors' fees	€30,000	€37,500
	Other compensation	None	None
TOTAL		**145,000**	**172,500**

(1): Remuneration agreement with Mr Whitehead on business development and on finding partners to grow the Group's business. This agreement was entered into for a term of 18 months, and took effect on 1 July 2012. The amount paid in 2014 comprises the balance paid at the beginning of 2014 in respect of the services agreement, which terminated on 31 December 2013.

15.1.4 Stock subscription or purchase options awarded to each executive corporate officer by the Company or by any Company in its Group during the financial years that ended on 31 December 2014 and 2015 (Table 4 AMF Recommendation No. 2009-16)

None

15.1.5 Stock subscription or purchase options exercised by each executive corporate officer during the financial years that ended on 31 December 2014 and 2015 (Table 5 AMF Recommendation No. 2009-16)

None

15.1.6 Free shares granted to each corporate officer during the financial years that ended on 31 December 2014 and 2015 (Table 6 AMF Recommendation No. 2009-16)

At its meeting on 8 December 2015, the Board of Directors awarded 5,000 free shares to the CEO. These 5,000 shares will vest on 7 December 2017.

Date of the General Meeting that authorised the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares in the process of being acquired	Acquisition date	Length of the retention period
16 October 2015	8 December 2015	5,000	5,000	8 December 2015	2 years

15.1.7 Free shares granted to each corporate officer during the financial years that ended on 31 December 2014 and 2015 (Table 7 AMF Recommendation No. 2009-16)

At its meeting on 16 January 2012, the Board of Directors awarded 360,000 free shares to the CEO. These 360,000 shares were vested on 16 January 2014. These shares have been issued by the Company, the release of their nominal value has been realised by way of deducting from reserves.

Date of the General Meeting that authorised the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares acquired	Acquisition date	Length of the retention period
16 January 2012	16 January 2012	360,000	360,000	16 January 2014	3 years

15.1.8 Stock subscription or purchase options awarded to the members of the Board of Directors

Below is a historical summary of the stock options awarded to executive corporate officers; no options were awarded to non-executive corporate officers (Table 8 AMF Recommendation No. 2009-16)

History of the awards of stock options			
General Meeting date	12 February 2009	9 April 2010	16 January 2012
Date of the Board of Directors' meeting	7 July 2009	6 July 2010	21 September 2012
Name of the plan	ESOP 2009	ESOP 2010	ESOP 2012
Number of shares that can be subscribed, including by:	277,482	162,000	37,648
Marie Meynadier	*184,988*	*129,000*	-
Starting date for the exercise of the options	7 July 2009	6 July 2010	21 Sept 2012
Expiration date	6 July 2019	5 July 2020	20 September 2021
Subscription price	€1	€1	€4.07
Terms and conditions of exercise	see (1) below	see (1) below	see (2) below
Number of shares subscribed at 31 December 2015	0	0	0
Cumulative number of stock subscription options that were cancelled or became null and void	0	0	0
Stock subscription or purchase options outstanding at the end of the financial year	277,482	162,000	37,648

The Share warrants plans allocated to the members of the Board of Directors are presented in chapter 17.2.2.

The stock options plans awarded to the members of the Board of Directors are also presented in chapter 17.2.3.

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- a further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

(2) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the first anniversary of the date they were awarded;
- a further 25% of the S.O. can be exercised on each new anniversary of the date they were awarded.

(1) and (2) the additional procedures are as follows:

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.
If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

15.1.9 History of free share allocations (Table 10 AMF Recommendation No. 2009-16)

At its meeting on 16 January 2012, the Board of Directors awarded 360,000 free shares to the CEO. These shares have been issued by the Company, the release of their nominal value has been realised by way of deducting from reserves.

On the date of publication of this report, in light of their terms and conditions, these 360,000 shares were definitively acquired according to the table below:

History of free share allocations					
Date of the General Meeting that authorised the award	**Date of the award by the Board of Directors**	**Number of shares awarded**	**Number of shares acquired**	**Acquisition date**	**Length of the retention period**
16 January 2012	16 January 2012	360,000	360,000	16 January 2014	2 years

15.1.10 Conditions for compensation and other benefits awarded to executive corporate officers

(Table 10 AMF Recommendation No. 2009-16)

Executive corporate officers	Employment Contract		Supplementary retirement plan		Compensation or benefits due or that might be due because of the termination or change of position		Compensation related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Marie Meynadier - Chief Executive Officer	X (*)			X	X			X
Term of office start date: *Term of office end date:*	First appointment: 16 June 1998 Last renewal: 13 June 2013 At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2015							
Gérard Hascoët Chairman of the Board of Directors		X		X		X		X
Term of office start date: *Term of office end date:*	First appointment: 10 July 2015 At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2017							
Michael J Dormer – Chairman of the Board of Directors		X		X		X		X
Term of office start date: *Term of office end date:*	First appointment: 9 November 2012 At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2014, 17 June 2015							

(*) in compliance with the MiddleNext Governance Code, see section 16.4 of this Registration Document.

Marie Meynadier also has unemployment insurance (corporate guarantee of firm heads and executives) taken out by the Company. For the financial year 2015, the premium for this was €11,258.

Marie Meynadier entered into an employment contract with the Company on 30 April 1998.

In the case of a termination of Marie Meynadier's employment contract that is not motivated by serious or gross misconduct as defined by the jurisprudence of the Employment Law Chamber of the French Supreme Court (*Cour de Cassation*), Marie Meynadier will be paid compensation for dismissal equal to six months of her gross salary.

15.2. PENSION, RETIREMENT AND OTHER BENEFITS

As at 31 December 2015, there were no obligations (other than those recognised within provisions for obligations to employees) concerning pensions, retirement or other benefits payable to members of the Board of Directors or Senior Management. However, as an employee of the Company, Marie Meynadier is covered by the scheme.

16 OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1. COMPANY MANAGEMENT– EXPIRATION DATE OF TERMS OF OFFICE

Information given in Chapter 14 (section 14.1.1) of this Registration Document.

16.2. INFORMATION ON SERVICE AGREEMENTS BETWEEN CORPORATE OFFICERS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES

None.

16.3. SPECIALISED COMMITTEES - CORPORATE GOVERNANCE

The Committees' composition, remit, operating procedures and activity reports are included in the Chairman's report on internal control presented in section 16.5 of this Registration Document.

16.4. DECLARATION CONCERNING CORPORATE GOVERNANCE

In order to comply with the requirements of Article L. 225-37 of the French Commercial Code, the Company designated the Corporate Governance Code for small and medium-sized companies, as published in December 2009 by MiddleNext (the "**MiddleNext Code**"), as the reference code it intends to use.

On the publication date of this Document, the Company complied with all the recommendations made by the Corporate Governance Code, except for one.

The Company considers that it is not in compliance with the recommendation relating to not holding a corporate office while covered by an employment contract.

The Board of Directors authorised the CEO to hold a corporate office while covered by an employment contract, in view of the size of the Company, her track record in the company (and, in particular, the fact that an employment contract was entered into prior to her corporate office being granted), and the significant operational responsibilities that she bears.

The Company has, in Stéphane Sallmard, Eric Beard and Paula Ness Speers, three independent directors within the meaning of the provisions of the Corporate Governance Code for small and medium-sized companies, as published in December 2009 by MiddleNext, and validated as reference code by the AMF (Autorité des marchés financiers), to the extent that neither of these three persons:

- is an employee or an executive corporate officer of the Company or of a Company in its Group and has not been so during the past three years;
- is a significant customer, supplier, or banker of the Company, or one for which the Company or its Group represents a significant share of the business activity;
- is a major shareholder of the Company;
- has a close family relationship with a corporate officer or a major shareholder; and
- has been an auditor of the Company during the past three years.

The Company’s Board of Directors has also begun steps to evaluate its own working methods and operations. A first self-assessment of the work carried out in 2012 was produced at the beginning of the 2013 financial year. The results were discussed by the Board and resulted in an action plan and, notably, the creation of a strategic committee in 2013.

During financial years 2014 and 2015, significant changes were made to the composition of the Board of Directors. Consequently, it has been decided that another self-assessment should be carried out in 2016 to ensure that the quality of the Board’s work is being maintained

16.5. CHAIRMAN'S REPORT ON INTERNAL CONTROL

In developing this Document, the Chairman consulted the Administrative and Finance Director. The Board of Directors approved this report, on the basis of the conclusions of the Audit Committee and the prior observations of the Statutory Auditors, at the Board meeting of 28 April 2016.

16.5.1 Governance

a. Board of Directors

Internal regulations of the Board of Directors

The internal regulations, available for consultation at the Company's registered office, were adopted on 16 December 2011. They specify, in particular, the role and composition of the Board, and the principles of conduct and obligations of the members of the Company's Board of Directors. Each member of the Board of Directors undertakes in particular to maintain his or her independent analysis, judgment and actions, and to take an active part in the Board's work. The internal regulations inform the Board of the conflict-of-interest situations that it might come across. In addition, the internal regulations include the current regulations relating to the distribution and use of insider information and specify that Board members must refrain from carrying out transactions with Company shares when they possess insider information. Each member of the Board of Directors is required to declare to the Company and the AMF the Company share transactions that he or she carries out directly or indirectly.

Conditions for preparing and organising the Board's work

The Board is regularly informed by the CEO about the Company and Group financial position, cash flow and financial commitments and about any significant events in the Company or Group.

Board members are convened to meetings by email within a reasonable time-frame, and at least ten days before each meeting. The Board may also be convened by any other means, even orally, if all the Board members in office are present or represented at the meeting.

Documents providing information on the agenda and on any questions submitted for examination by the Board are sent by email or made available to the Board members, within a reasonable period prior to the meeting.

Report on the Board's activities during the 2015 financial year

During the financial year ended on 31 December 2015, the Company's Board of Directors met six times and the average attendance rate of the Board members was 90%.

b. Audit Committee

Composition

The Audit Committee was established by the Board of Directors on 30 August 2012. As of the date of writing this report, it consists of Eric Beard and Marie-Laure Garrigues. Eric Beard chairs the committee.

Powers

The mission of the Audit Committee is to assist the Board of Directors, in particular, by carrying out the following missions:

- monitoring the process of drawing up financial information;
- monitoring the effectiveness of the internal control and risk management systems;
- monitoring the statutory audit of the annual financial statements and the consolidated financial statements by the Statutory Auditors;
- issuing a recommendation on the Statutory Auditors proposed for designation by the General Meeting and reviewing their compensation conditions;
- monitoring the independence of the Statutory Auditors;
- being informed periodically of developments in major litigation; and
- generally, providing any advice and making any appropriate recommendation in the above fields.

Operation

The Audit Committee meets at least twice a year, according to a schedule set by its Chairman, on an agenda determined by its Chairman and sent to the Audit Committee members at least seven days before the date of the meeting. It also meets at the request of its Chairman, of two of its members, or of the Chairman of the Company's Board of Directors.

The Audit Committee may interview any member of the Company's Board of Directors and arrange for any internal or external audit to be carried out on any topic that it considers within its mission. The Chairman of the Audit Committee shall first report to the Board of Directors. In particular, the Audit Committee may interview persons who participate in drawing up the financial statements or inspecting them (Administrative and Finance Director and lead members of the Financial Department).

The Audit Committee shall interview the Statutory Auditors. It may interview them in the absence of any Company representative.

Reports

The Chairman of the Audit Committee ensures that the Committee's activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.

The annual report will include a statement concerning the Committee's activities over the past financial year.

If, during its work, the Audit Committee detects a significant risk that it does not consider adequately dealt with, the Chairman shall inform the Chairman of the Board of Directors without delay.

Report on the Audit Committee's activities during the 2015 financial year

During the financial year ended on 31 December 2015, the Company's Audit Committee met twice, notably in order to examine the 2014 annual financial statements and the 2015 half-yearly financial statements.

c. Compensation Committee

Composition

The Compensation Committee, established on 2 March 2006, the members of which adopted the internal regulations described above, is made up of at least two members of the Board of Directors appointed by the Board of Directors.

It should be noted that, as required, no member of the Board of Directors exercising management duties within the Company may be a member of the Compensation Committee.

On the publication date of this report, the members of the Compensation Committee were:

- Stéphane Sallmard, Director;

  and

- BPI France participation, Director represented by Board member Marie-Laure Garrigues.

Stéphane Sallmard chairs this Committee.

Powers

The Compensation Committee is responsible, in particular, for:

- examining the principal objectives proposed by the management as regards compensation for executives who are not corporate officers of the Company, including bonus share plans and share subscription or purchase option plans;
- examining the compensation of executives who are not corporate officers, including bonus share plans and share subscription or purchase option plans, retirement and provident insurance schemes and benefits in kind;
- making recommendations and proposals to the Board of Directors concerning:
    - the compensation, retirement and provident insurance scheme, benefits in kind and other financial entitlements, including in the event of termination of activity, of the corporate officers. The Committee proposes compensation amounts and structures and, in particular, criteria for calculating the variable portion of compensation, taking account of the Company's strategy, objectives and results, as well as market practices, and
    - bonus share plans, share subscription or purchase plans and any other similar incentive mechanism and, in particular, individual allocations to corporate officers eligible for this type of mechanism;
- examining the total amount of directors' fees and the system for distributing them among the directors, as well as the conditions for reimbursing any costs incurred by members of the Board of Directors;
- preparing and presenting, where necessary, the reports foreseen by the internal regulations of the Board of Directors;
- preparing any other recommendation which may be requested by the Board of Directors with respect to compensation; and

- generally, providing any advice and making any appropriate recommendations in the above fields.

Operating procedures

The Compensation Committee meets at least twice a year, according to a schedule set by its Chairman, on an agenda determined by its Chairman and sent to the Compensation Committee members at least seven days before the date of the meeting. It also meets at the request of its Chairman, of two of its members or of the Board of Directors.

Non-executive directors, who are not members of the Compensation Committee, may participate freely in these meetings.

The Chairman of the Company's Board of Directors, if he is not a member of the Committee, may be invited to take part in Committee meetings. The Committee shall invite him to present his proposals. He has no right to vote and does not attend discussions relating to his own position.

The Compensation Committee may ask the Chairman of the Board of Directors for the assistance of any Company executive officer whose skills might facilitate dealing with an item on the agenda. The Chairman of the Compensation Committee or the chairman of the meeting shall draw the attention of any person taking part in the discussions to the confidentiality obligations incumbent on him or her.

Reports

The Chairman of the Compensation Committee shall ensure that the Committee's activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.

The annual report will include a statement concerning the Committee's activities over the past financial year.

The Compensation Committee shall examine in particular the Company's draft report on the compensation of corporate officers.

Report on the Compensation Committee's activities during the 2015 financial year

The Compensation Committee met twice during the 2015 financial year, primarily to examine and validate the compensation plan for the Management team and to examine and validate the plan on the Allocation of Free Shares adopted in 2015 and to agree the December 2015 allocation methods.

d. Strategy Committee

Composition

The Strategic Committee was established by the Board of Directors on 15 January 2013.

On the publication date of this report, the members of the Strategy Committee were:

- Gérard Hascoët, Chairman of the Board of Directors;
- Marie Meynadier, director and CEO;

and

- Paula Ness Speers, Director.

Gérard Hascoët chairs this Committee.

Powers

The Strategy Committee is responsible, in particular, for:

- studying all strategic questions that are of concern to the Group in the areas of R&D, manufacturing and alliances and partnerships of all kinds;
- studying all significant proposals for capital investment, alliance or partnership;
- providing the Board with any and all reports, opinions and recommendations on any and all questions that fall within its purview;
- generally, the Strategy Committee provides advice and makes appropriate recommendations in the aforementioned areas.

Operating procedures

The Strategy Committee meets at least twice a year on a schedule set by its chairperson, who also prepares the agendas.

The Strategy Committee may ask the Chairman of the Board of Directors for the assistance of any Company executive officer whose skills might facilitate dealing with an item on the agenda. The Chairman of the Strategy Committee or the Chairman of the Meeting shall draw the attention of any person taking part in the discussions to the confidentiality obligations incumbent on him or her.

Reports

The Chairman of the Strategy Committee ensures that the Committee's activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.

The annual report will include a statement concerning the Committee's activities over the past financial year.

Report on the Strategy Committee's activities during the 2015 financial year

The Strategy Committee met three times during 2015, with the aim of reviewing the Group's various strategic options and its main areas of development.

e. Limits to the powers of the Chief Executive Officer

The management of the Company is overseen, under the responsibility of the Chairman of the Board of Directors, either by the Chairman, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the Company. He or she exercises his or her powers within the limitations of the corporate purpose and subject to the powers that the law expressly grants to General Meetings and to the Board of Directors.

At each Board meeting, the Chief Executive Officer reports on the key events in the corporate life of the Group.

What is more, as described in paragraphs 16.5.1.a to 15.5.1.d, the Company has also introduced three ad hoc committees, each one chaired by directors other than the Chief Executive Officer. Two of those committees (the audit committee and the compensation committee) are chaired by independent directors.

As such, the powers of the Chief Executive Officer over meetings of the Board of Directors and the three specialist committees are limited, since each has a broad mandate over its respective area (the Group's strategic direction, financial communications and human resources).

The Board of Directors may remove the Chief Executive Officer at any time. If removal is decided without reasonable cause, it can result in damages, unless the Chief Executive Officer takes up the position of Chairman of the Board of Directors.

At the date of publication of this Registration Document, the Board of Directors was chaired by Gérard Hascoët. Marie Meynadier was the Company's Chief Executive Officer.

16.5.2 Internal control and risk management procedures

a. Definition and objectives of internal control

Internal control is a system which the Group is responsible for both in terms of its definition and of its implementation.

It comprises a set of resources, behaviours, procedures and actions adapted to the specific characteristics of each Company which:

- contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources; and
- must enable it to duly take account of significant risks, whether they are operational, financial or compliance-related.

The system aims specifically to ensure:

a) compliance with laws and regulations;

b) the application of the instructions and guidelines set by general management;

c) the proper operation of the Group's internal processes, in particular those protecting its assets;

d) the reliability of financial information.

Internal control is therefore not limited to a set of procedures nor to accounting and financial processes.

The definition of internal control does not cover all initiatives taken by the executive bodies or management; for example, definition of the Company's strategy, establishment of objectives, management decisions, risk management or performance monitoring.

Furthermore, internal control cannot provide an absolute guarantee that the Company's objectives will be attained.

b. Scope of internal control

The internal control system established by the Company is intended to cover all operations carried out.

c. Description of the internal control procedures

The Company structures its approach to internal control based on the five components contained in the AMF reference framework, namely:

1. general organisation: an organisation including a clear definition of responsibilities, possessing adequate resources and skills and relying on appropriate procedures, information systems, tools and practices;
2. internal distribution of relevant and reliable information, the knowledge of which allows everyone to carry out his or her duties;
3. a system that looks to identify and analyse the principal identifiable risks with regard to the Company objectives, and to ensure the existence of procedures for managing these risks;
4. control activities proportionate to the specific challenges of each process and designed to reduce risks likely to affect the achievement of the Company's objectives;
5. constant supervision of the internal control system and regular examination of its operation. This supervision may lead to changes to the internal control mechanism. General Management

assesses the conditions under which it reports to the Board on the principal results of the monitoring and evaluation thus carried out.

Component 1: General organisation

The organisation of the internal control and risk management procedures within the Company is based on the following principles and tools:

- organisation charts and job descriptions which are regularly updated under the responsibility of each business line manager and centralised by the Finance and Administration Department;
- a Quality Manual including detailed mapping of all operating processes and IT systems;
- a responsibilities matrix by activity (sales, development, production, maintenance, marketing, regulatory, support functions). For each of these activities, there is a description of processes, along with a link to the procedures or framework documents that define the duties and interactions between the various managers at each stage of the process.
- a management matrix for access rights to the IT system and also to the principal documents.
- formalised skills management: all employees receive an initial course of training tailored to the particular nature of each job. An annual assessment interview feeds the training plan. The effectiveness of training activities is assessed (at the time and during the annual interview). All training and skills management activities are continually monitored by the Regulatory Affairs and Quality department and by the Finance and Administration department.

Component 2: Internal distribution of relevant and reliable information

The Group's internal control system is also based on distributing and analysing the information needed to manage the activity, through leadership actions and tools:

Leadership actions

- Executive Committee: the CEO and the eight activity managers meet roughly once a month to address all operational items related to the business plan and the annual budget;
- quarterly general information meetings: the CEO describes in detail the objectives defined by the Executive Committee to the operational managers. Monitoring of objectives is also formalised and presented during these meetings;
- multifunction meetings: update across all functions concerning performance and product quality; and
- half-yearly Quality Management Reviews: review of the Group's quality control and assurance, of all quality indicators by business line, and identification of targeted actions to improve quality.

Tools

- ENNOV document database: electronic document management of all framework documents by activity;
- ENNOV process database: management of deficiencies that occur in the processes and of compliance issues in product quality, with action plans and monitoring; and
- Enterprise Resource Planning (ERP) software to manage production, inventory, maintenance and sales.

Component 3: Risk management process

The Group is subject to a regulatory obligation to manage its operational risks according to the ISO 14971 standard applicable to medical device activities. To this end, it identifies and assesses risks according to a criticality level defined by the Regulatory Affairs Department, which is based on the FMECA model (impact, probability of occurrence and probability of non-detection). The following processes fall within this scope: design, product development, services (operation and maintenance) and production (efficiency of production processes). The risk management files listing all the items described below are integrated into and updated in the design file for each product.

The set of Company risks was formalised in 2012 in the form of risk mapping. This exercise resulted in a formal hierarchy of the principal operational risks, and confirmed the relevance of the measures introduced by the Company to minimise these risks.

Component 4: Control activities

The control activities established are based on strong regulatory obligations, specific to the Group's sector of activity. Thus the Group must comply with the ISO 13485 and 21 CFR part 820 standards for quality management systems, the objective of which is to ensure patient health and comply with regulatory obligations. These standards impose specific activity procedures (Good Practices) and associated performance targets, which are integrated into the ENNOV document database.

Moreover, each Group employee must record every error in the ENNOV database. An assessment committee meets periodically to assess each fault and to decide what action to take with regard to it.

This process, called "CAPA" (Corrective Actions & Preventive Actions), compulsory under the ISO 13485 and 21 CFR 820 standards, is managed through the computerised ENNOV database, which has been set to comply with the requirements of those standards. It can cover all malfunction risks and control actions associated with operating processes. The ENNOV process database can, in particular, provide at any time a description of the control activities and action plans by type of occurrence, by period of time and by severity.

Component 5: Monitoring the internal control system

The Company is not of sufficient size as to require a permanent internal audit function. Nevertheless, internal audit missions are conducted under the auspices of the Regulatory Affairs Department according to an audit plan established annually and with dedicated resources, based in particular on the faults identified in ENNOV. For the 2015 financial year, the audits carried out covered the following themes:

- audits on the production department, inventory management, the maintenance department and the 3D services department;
- subcontractor audits;
- internal Quality audit of all processes, conducted annually by an external service provider specialising in quality management for manufacturers of medical devices. The recommendations from these audits are recorded and tracked in the ENNOV database.

Beyond the internal audit activities, the Group tracks extensive activity indicators (Quality, Performance) and the correction actions initiated.

Finally, the ENNOV process database is used throughout the year for strict management of the malfunctions identified in the course of the operational processes.

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

Organisation of the accounting and financial function

The accounting and financial function is managed in-house by a team of five persons. General accounting, along with consolidated accounting, is done in-house and reviewed by a chartered accountant. The tax review and payroll management are conducted by chartered accountant firms. Valuations of retirement bonuses and commitments related to stock-option allocations are conducted by independent experts.

Consolidation of accounts

The scope of consolidation comprises the French Company and its five subsidiaries. The consolidation of accounts is carried out by the Administrative and Finance department based on a monthly reporting format. The principal accounting procedures are formalised (in particular those defining consolidation operations and the controls on monthly reporting from the subsidiaries).

Monitoring subsidiaries

Each subsidiary has an annual budget, expressed in monthly figures, and monthly reporting that analyses discrepancies with that budget.

The subsidiaries' accounting is entirely subcontracted to local chartered accountant firms.

Closing of parent Company and consolidated accounts

A chartered accountant conducts the annual payroll and tax review, and also audits the consolidated annual and half-yearly financial statements.

Account closing schedule

The monthly accounts are closed within an eight business day deadline.

e. Conclusion: planned improvements

The Group attaches the greatest importance to its internal control system. In 2015, it maintained its investments to enhance and harmonise its quality control and assurance system across all business lines. These efforts, together with the analysis and improvement of the actions implemented to reduce the Group's exposure to major operational risks, will continue in 2016.

17 EMPLOYEES

17.1. HEADCOUNT AND DISTRIBUTION OF THE WORKFORCE

EOS imaging is aware that its employees are the main source of its growth, and its policies for managing human resources are therefore intended to help its employees to flourish. The Group strives to promote stable employment and equal opportunities, and to provide training that will enable the employees to hone and diversify their skills.

Scope of information presented

The disclosures cover, as far as possible, all employees and all activities of the Group over the period 1 January to 31 December 2015. Some information, however, is presented only with respect to France.

With regard to employment data:

- the total workforce, the breakdown of the workforce by gender, nationality and geographic area, hires and exits relate to the Group;
- work schedules, training, non-discrimination and working conditions relate to the Group;
- the age pyramid and industrial relations relate to the Group;
- workplace and commuting accidents, and absenteeism relate to the EOS imaging workforce in France and OneFit and do not therefore include foreign subsidiaries.

About the methodology

The published data is tracked, collected and compiled by the Finance Department. Given the limited number of people contributing to these reports, a reporting manual was not required.

To make sure that the data published is properly understood, it should be noted that certain figures in the employment data were rounded up to the nearest whole number. As a result, the totals specified in certain tables may not be the exact sum of the numbers above.

The definitions used in the published quantitative data are as follows:

- **Total headcount at 31 December 2015**: includes all employees working at the end of the year, on both fixed-term and permanent contracts. Employees on maternity leave and temporary workers are counted. Substitutes and interns are excluded. Employees whose exit date was 31/12/2015 are excluded.
- **Average workforce**: refers to the average headcount at the end of the month. All fixed-term and permanent employees, those on maternity leave and temporary workers are included in this figure. Substitutes and interns are excluded. Employees whose exit date was the last day of the month are excluded from the end of month headcount.
- **Training**: any course conducted in-house or by an external organisation is considered training for the 2015 financial year. Training hours are equal to the total number of training hours delivered to temporary and permanent employees for the year.
- **Additions/subtractions**: we count all new hires and exiting employees during the year, covering both temporary and permanent employment contracts. A move from temporary to permanent employment is treated as a subtraction from the temporary number and an addition to the permanent. "Other reasons for leaving" include instances where probationary periods were not renewed and those whose temporary contracts expired.

- **Percentage working part-time**: equals the part-time headcount divided by the average headcount.
- **Rate of absenteeism**: equals the number of days absent recorded during the year divided by a theoretical total number of days present. The total number of theoretical days present is calculated accurately by reference to the number of theoretical working days of employees in EOS and OneFit (the number of work days for supervisory personnel).
- **Percentage of women in supervisory positions**: equals the number of female supervisors divided by the total supervisory personnel as at 31/12/2015.
- **Number of employees by nationality**: equals the average headcount by nationality, rounded up to the nearest whole number.

a. Employment

To support its growth, the Group has continued its recruitment during the 2015 financial year.

EOS imaging's consolidated workforce as of 31 December 2015 totalled 122 people, as compared to 107 as of 31 December 2014. Women represented 33% of the total workforce and 40% of the management committee. EOS imaging is an international corporation: its employees work in four countries: France, the United States, Canada and Singapore.

As part of its development strategy, the Group continues to follow an ambitious recruitment programme. In 2015, 37 new employees joined EOS imaging. The use of temporary employment contracts is limited: the Group strongly favours permanent employment contracts, which represent 70% of the contracts for people hired in 2015. The Company dismissed three employees in 2015.

The yearly increase in the headcount by 15 persons is due, in particular, to five additions to the maintenance teams, with a view to supporting the expansion in maintained equipment, three hires in the R&D Department to continue to pursue current development, five new arrivals in the marketing and sales teams and two hires in the administrative teams.

The average consolidated workforce therefore rose from 106 in 2014 to 116 in 2015.

Workforce

During the periods under review, the Group's average workforce was as follows:

Average Group workforce	2015	2014	2013
Number of employees	116	106	77

The workforce breaks down as follows:

By location:

Average Group workforce	2015	2014	2013
EMEA employees	98	92	64
% of total workforce	*84%*	*87%*	*83%*
Non-EMEA employees	18	14	13
% of total workforce	*16%*	*13%*	*17%*

By gender:

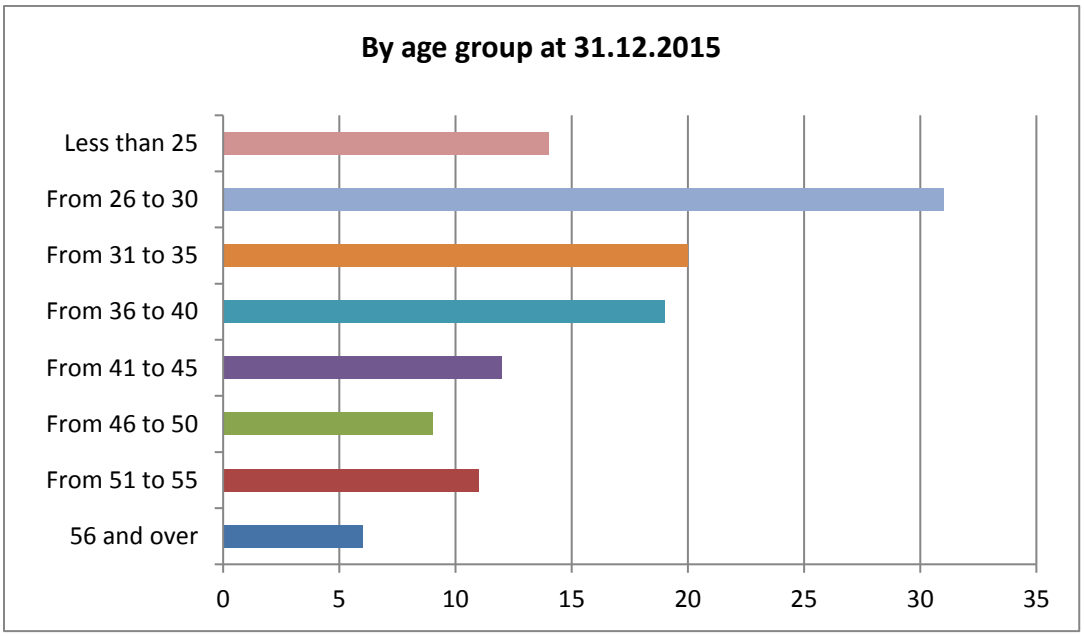
Average Group workforce	2015	2014	2013
Total	116	106	77
Men	78	70	49
Women	38	36	28

By type of contract:

Average Group workforce	2015	2014	2013
Temporary	6	7	6
Permanent	110	99	71
Total	116	106	77

By age group:

The table below is based on the workforce as at 31 December 2015.



Hires and dismissals

2015 saw the following changes to the workforce:

Movements – additions by type of contract:

Number of additions	31/12/15	31/12/14	31/12/13	31/12/12
Hires on permanent contracts (France and worldwide)	26	19	29	8
Additions on permanent contracts at Onefit Medical	-	-	11	-
Temporary hires	11	11	9	4
Additions on temporary contracts at Onefit Medical	-	-	3	-
Total	37	30	52	12

Movements – reasons for leaving:

Number of departure	31/12/15	31/12/14	31/12/13	31/12/12
Retirements/early retirements	-	-	-	1
Resignations	4	5	4	3
Dismissals	3	5	2	-
Contractual terminations	2	-	-	1
Terminations during probationary periods	2	1	1	-
End of temporary contract	11	15	7	3
Total	22	26	14	8

For reasons of clarity and accuracy, the “others” category, included as one of the reasons for departure up until 31 December 2014, has been split into two departure categories from this financial year onwards: terminations during probationary periods and end of temporary contracts. This correction has retrospective effect for previous financial years.

Compensation and changes over time

The Company's compensation policy is based on principles of fairness and transparency, and takes into account the recipient’s role, experience and performance appraisal, without distinction based on

gender. Besides fixed salary, the Group gives variable compensation to a significant portion of its staff, and does so as a matter of course to all management.

The compensation of all Group employees is subject to annual review. Increases made in 2015 are reflected in staff expenses, described in section 20.1.1, paragraph q (Payroll) to the consolidated financial statements. As stated in this note, the Group's wage bill for financial year 2015 was €10,437k compared to €10,019k for the previous financial year.

As of 31 December 2015, the Group had allocated free shares to a significant proportion of its employees with no condition relating to length of service.

b. Organisation of working hours

EOS imaging has taken initiatives in favour of flexibility and the balance between private and professional life, including:

- flexible arrival and departure times;
- part-time work;
- broad latitude in the choice of days off.

Accordingly, part-time schedules were granted to all those who requested them and represent 3.4% of the average headcount.

In France, executive staff work on an annualised contract (218 days) in Paris. Working hours for Besançon are calculated based on a working week of 35 hours. Employees in the United States, Canada and Singapore are mobile employees - distance workers who are particularly independent in how they arrange their working hours.

Absenteeism figures are as follows:

Breakdown by cause:

The table below contains information on the employees of EOS imaging France and OneFit.

Absenteeism rate	2015	2014	2013	2012
Illness	0.68%	1.0%	1.0%	1.1%
Work or travel-related accident	-	0.03%	-	0.1%
Maternity, paternity, adoption	0.56%	1.83%	0.7%	2.3%
Other absences	0.19%	0.16%	0.1%	0.1%
Unpaid absences (unpaid leave, parental leave)	0.28%	0.3%	0.8%	0.6%
Total	1.70%	3.45%	2.6%	4.2%

c. Industrial relations

EOS imaging strives to maintain a constructive dialogue in order to preserve harmonious industrial relations within the Company.

A Joint Staff Representation Committee was established in June 2014 to represent all Paris-based employees. This Joint Committee brings together the two staff representation bodies that are the Works Council and the staff representatives. It comprises two representatives of executive staff and one representative of non-executive employees, all three elected on 18 June 2014.

The members of the Joint Staff Representation Committee meet on average every two months. They are consulted by management and play an active part in the Company's major decisions.

Seven Joint Staff Representation Committee meetings were held in 2015. Its members were involved in significant decisions relating to work organisation, in particular the implementation of employee incentive and profit-sharing agreements, and the associated Employee Savings Plan.

An Occupational Health and Safety Committee (OHSC) was established in September 2014. The OHSC comprises three members appointed by the Joint Staff Representation Committee on 9 October 2014.

The OHSC met five times in 2015. Its members were involved in making decisions relating to work conditions and safety, notably taking part in the assessment of certain refurbishments that were carried out in 2015. They were also involved in updating the 2015 “Document Unique” (a mandatory document to be kept on the premises regarding employee health and safety). A safety officer was appointed at the September 2015 meeting of the OHSC.

As mentioned above, two collective agreements were signed in 2015 with employee representatives: an employee incentive agreement and a profit-sharing agreement, together with the operational rules of the Employee Savings Plan that relates to these two agreements.

Employees based in Besançon are represented by a staff representative, elected on 16 June 2014 (sole committee).

d. Health and safety

Guaranteeing the safety and promoting the health of every employee are priorities for EOS imaging. Given its operations, EOS imaging did an assessment of health and safety risks for the employees, formalised in its “Document Unique” created in 2008, and regularly updated. It was updated for the last time in 2015. The main risks identified are irradiation and electrocution in detector manufacturing, the testing of EOS systems and maintenance work. The means of prevention put in place limit such risks in the following ways:

Irradiation risks: training in radiation protection for the employees concerned, appropriate signage on the workstations, dosimetry on the personnel exposed and self-protective workstations;

Electrical risks: certification of the employees involved for low-voltage work, appropriate signage on workstations and the restriction of workstations to trained personnel.

EOS imaging's operations are carried out in a tightly regulated environment. The Group honours its obligations in terms of protecting the safety of employees who work in production and maintenance

and are exposed to the aforementioned risks. EOS imaging pursues a proactive risk prevention policy based on training and making all its employees aware of risk, from the time of the initial training of new hires.

A risk-prevention plan is due to be implemented in 2016 in cooperation with the safety officer and the OHSC.

In 2015, three industrial accidents were reported, with no lost work days. No work-related illnesses were reported. No accidents on the way to work were reported.

e. Training

Being focused on innovation, EOS imaging works to support the professional development of its employees and implements training initiatives to develop their skills in their current or future positions.

Every year EOS imaging draws up a training plan based on the occupational training courses necessary for employees' development and on requests that are made in annual performance reviews. The execution of the training plan is monitored on a regular basis and evaluated each year. This training offered breaks down as follows:

Mandatory courses for specific activities that are essential to the safety policy (radiological protection and electrical certification);

In-house occupational and product training;

In-house training courses on the quality management system and computer applications;

Outsourced technical and language training.

The table below shows the number of training hours spent over the last two years. The training courses taken into account are those courses carried out and completed in the 2015 financial year. No pro rata calculation has been carried out.

Breakdown of the number of training hours by category:

Number of training hours	31/12/15	31/12/14	31/12/13	31/12/12
Technicians	161 hrs	223 hrs	63 hrs	21 hrs
Supervisory staff	1,338 hrs	2,146 hrs	343 hrs	49 hrs
Total	1,499 hrs	2,369 hrs	406 hrs	70 hrs

The fall in the number of training hours in 2015 compared to 2014 largely results from the fall in electrical certification training, which is renewed every three years, with most courses having been completed in 2014.

f. Non-discrimination

Measures to promote gender equality

EOS imaging is committed to gender equality in its workforce, at all levels of the Company. As such, women accounted for 40% of the management team and 31% of executive staff as of 31 December 2015. The Company strives to make no distinction based on gender in the way it treats its employees.

In this context, EOS imaging prepared a comparison report on the general employment conditions of men and women within the Company, which illustrates these fairness principles.

EOS imaging's workforce did not include any disabled employees as of 31 December 2015. However, the Group is committed to promoting the employment of disabled people and, to this end, has entered into a contract for administrative supplies with a company employing disabled workers.

Anti-discrimination policy

Similarly, EOS imaging pursues a policy of human resource management that promotes equal opportunities. The diversity of nationalities represented in the Group's workforce is evidence of this policy: ten nationalities are represented.

Headcount by nationality:

Average Group headcount	**2015**	**2014**	**2013**	**2012**
France	93	85	58	7
United Kingdom	-	1	1	1
United States	12	11	11	8
Canada	3	2	2	1
Belgium	1	-	-	-
Malaysia	1	1	1	-
India	-	-	1	-
Colombia	1	-	1	-
Algeria	1	1	1	-
Tunisia	1	1	1	1
Italy	1	1	1	1
Portugal	1	1	1	1
Czech Republic	1	1	1	1
Number of nationalities represented	**10**	**10**	**12**	**8**

g. Promoting and complying with the fundamental conventions of the International Labour Organisation

Through its human resources management policies, EOS imaging complies with all the provisions of these conventions, on every subject covered, i.e.:

- freedom of association and the right to collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of forced or compulsory labour; and
- the abolition of child labour.

17.2. CORPORATE OFFICERS' EQUITY HOLDINGS, STOCK OPTIONS AND FREE SHARES

17.2.1 Equity holdings of each member of the Board of Directors

At 31 March 2016, according to the information held by the Company, the corporate officers' holdings are as follows:

Corporate Officer	Number of shares held (*)	Percentage of capital
Gérard Hascoët ***(Chairman of the Board of Directors)***	-	-
Stéphane Sallmard	-	-
Marie Meynadier ***(Chief Executive Officer)***	362,959	1.79%
NBGI Private Equity represented by Aris Constantinides	905,429	4.47%
BPI France Investissements represented by Marie-Laure Garrigues	1,825,222	9.02%
Philip Whitehead	-	-
Paula Ness Speers	-	-
Eric Beard	-	-
TOTAL	**2,730,651**	**13.49%**

(*) According to the statements submitted to the AMF or to the Company

17.2.2 Share warrants allocated to members of the Board of Directors

Below is a summary table on warrants allocated to corporate officers, occurred in 2012.	
General Meeting date	16 January 2012
Date of the Board of Directors' meeting	31 December 2012
Number of shares that can be subscribed, including by:	40,000
Eric Beard	*40,000*
Expiration date	30 December 2022
Exercise price	€4.24
Subscription price	€0.21
Terms and conditions of exercise	see (1) below
Number of shares subscribed at 28 June 2016	0
Cumulative number of share warrants that were cancelled or became null and void	0
Number of shares that may be subscribed at 28 June 2016	40,000

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 33% of the S.O. can be exercised beginning on 31 December 2013;
- a further 33% of the S.O. can be exercised beginning on 31 December 2014;
- The balance can be exercised beginning on 31 December 2015.

Below is a summary table on warrants allocated to corporate officers, occurred in 2016.	
General Meeting date	16 October 2015
Date of the Board of Directors' meeting	25 January 2016
Number of shares that can be subscribed, including by:	190,000
Paula Ness Speers	*40,000*
Gérard Hascoët	*150,000*
Expiration date	15 October 2018
Exercise price	€3.42
Subscription price	€0.17
Terms and conditions of exercise	see (1) below
Number of shares subscribed at 28 June 2016	0
Cumulative number of share warrants that were cancelled or became null and void	0
Number of shares that may be subscribed at 28 June 2016	190,000

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 33% of the S.O. can be exercised beginning on 24 January 2017;
- a further 33% of the S.O. can be exercised beginning on 24 January 2018;
- The balance can be exercised beginning on 24 January 2019

17.2.3 Stock subscription or purchase options awarded to the members of the Board of Directors

Below is a historical summary of the stock options awarded to executive corporate officers; no options were awarded to non-executive corporate officers. History of the awards of stock options			
General Meeting date	12 February 2009	9 April 2010	16 January 2012
Date of the Board of Directors' meeting	7 July 2009	6 July 2010	21 September 2012
Name of the plan	ESOP 2009	ESOP 2010	ESOP 2012
Number of shares that can be subscribed, including by:	277,482	162,000	37,648
Marie Meynadier	*184,988*	*129,000*	-
Hervé Legrand	*92,494*	*33,000*	*37,648*
Michael J Dormer *Gérard Hascoët*	-	-	-
Expiration date	6 July 2019	5 July 2020	20 September 2021
Subscription price	€1	€1	€4.07
Terms and conditions of exercise	see (1) below	see (1) below	see (2) below
Number of shares subscribed at 31 December 2015	0	0	0
Cumulative number of stock subscription options that were cancelled or became null and void	0	0	0
Number of shares that may be subscribed at 31 December 2015	277,482	162,000	37,648

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- a further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

(2) The additional procedures are as follows:

- Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.
- If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the

beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

17.2.4 Free shares awarded to members of the Board of Directors

At its meeting on 16 January 2012, the Company's Board of Directors awarded 360,000 free shares to CEO Marie Meynadier.

At its meeting on 8 December 2015, the Company's Board of Directors awarded 5,000 free shares to CEO Marie Meynadier.

On the date of publication of this report, in light of their terms and conditions, the 360,000 shares awarded in 2012 were definitively acquired and the 5,000 shares awarded in 2015 are in the process of being acquired, as shown by the table below:

Date of the General Meeting that authorised the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares in the process of being acquired	Acquisition date	Length of the retention period
16 January 2012	16 January 2012	360,000	360,000	16 January 2014	2 years
16 October 2015	8 December 2015	5,000	5,000	15 October 2018	2 years

No corporate officer other than Marie Meynadier was awarded free shares.

17.3. EMPLOYEE SHARE OWNERSHIP

17.3.1 Stock options and free shares granted to Company employees

Company employees have been granted the following stock options and free shares as at 31 December 2015:

Summary						
	SO Plan 2009	SO Plan 2010	SO Plan 2010	SO Plan 2012	SO Plan 2012	AGA Plan 2015
Plan issue date	12/02/2009 AGM	09/04/2010 AGM	09/04/2010 AGM	16/01/2012 AGM	16/01/2012 AGM	16/10/2015 AGM
Date awarded	Board of Directors of 07/07/2009	Board of Directors of 06/07/2010	Board of Directors of 20/05/2011	Board of Directors of 21/09/2012	Board of Directors of 23/05/2014	Board of Directors of 08/12/2015
In progress at 31/12/2015	470,389	308,415	44,625	273,432	211,500	181,500

2009 Plan	
Date of the meeting	12/02/2009
Date of the Board of Directors' meeting	07/07/2009
Name of the plan	ESOP 2009
Number of stock options awarded	598,000
Number of shares that can be subscribed	598,000
Expiration date	06/07/2019
Subscription price	€1
Terms and conditions of exercise	see (1) below
Number of shares subscribed at 31/12/2015	20,500
Cumulative number of stock subscription options that were cancelled or became null and void	107,111
Number of outstanding stock options at 31/12/2015	470,389
Number of shares still available for subscription at 31/12/2015	470,389

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;

- a further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

2010 Plan (July 2010)	
Date of the meeting	09/04/2010
Date of the Board of Directors' meeting	06/07/2010
Name of the plan	ESOP 2010
Number of stock options awarded	413,500
Number of shares that can be subscribed	413,500
Expiration date	05/07/2020
Subscription price	€1
Terms and conditions of exercise	see (1) below
Number of shares subscribed at 31/12/2015	17,710
Cumulative number of stock subscription options that were cancelled or became null and void	87,375
Number of outstanding stock options at 31/12/2015	308,415
Number of shares still available for subscription at 31/12/2015	308,415

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- a further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

2010 Plan (May 2011)	
Date of the meeting	09/04/2010
Date of the Board of Directors' meeting	20/05/2011
Name of the plan	ESOP 2010
Number of stock options awarded	53,000
Number of shares that can be subscribed	53,000
Expiration date	19/05/2021
Subscription price	€1
Terms and conditions of exercise	see (1) below
Number of shares subscribed at 31/12/2015	0
Cumulative number of stock subscription options that were cancelled or became null and void	8,375
Number of outstanding stock options at 31/12/2015	44,625
Number of shares that may be subscribed at 31 December 2015	44,625

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- a further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

2012 Plan (21 September 2012)	
Date of the meeting	16 January 2012
Date of the Board of Directors' meeting	21 September 2012
Name of the plan	ESOP 2012
Number of stock options awarded	376,916
Number of shares that can be subscribed	376,916
Expiration date	20 September 2022
Subscription price	€4.07
Terms and conditions of exercise	see (2) below
Number of shares subscribed at 31 December 2015	1,125
Cumulative number of stock subscription options that were cancelled or became null and void	102,350
Number of outstanding stock options at 31/12/2015	273,432
Number of shares that may be subscribed at 31 December 2015	273,432

(2) The options granted to employees by the Board of Directors on 21 September 2012 are only exercisable on the following conditions:

- up to 25% of the options granted starting from the grant date;
- up to 25% of the options granted on each anniversary date following the award;
- no later than ten years from the grant date.

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

2012 Plan (23 May 2014)	
Date of the meeting	16 January 2012
Date of the Board of Directors' meeting	23 May 2014
Name of the plan	ESOP 2012
Number of stock options awarded	223,000
Number of shares that can be subscribed	223,000
Expiration date	22 May 2024
Subscription price	€6.14
Terms and conditions of exercise	see (2) below
Number of shares subscribed at 31 December 2015	0
Cumulative number of stock subscription options that were cancelled or became null and void	11,500
Number of outstanding stock options at 31/12/2015	211,500
Number of shares that may be subscribed at 31 December 2015	211,500

(2) The options granted to employees by the Board of Directors on 21 September 2012 are only exercisable on the following conditions:

- up to 25% of the options granted starting from the grant date;
- up to 25% of the options granted on each anniversary date following the award;
- no later than ten years from the grant date.

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

AGA Plan 2015	
Date of the meeting	16 October 2015
Date of the Board of Directors' meeting	8 December 2015
Name of the plan	AGA Plan 2015
Number of shares awarded	181,500
Terms and conditions of acquisition	see (1) below
Number of shares acquired at 31 December 2015	-
Cumulative number of shares that were cancelled or became null and void	-
Number of shares in the process of being acquired at 31/12/2015	181,500

(1) The acquisition period for awarded shares is 2 years for all beneficiaries.

17.3.2 Stock subscription or purchase options granted to the top ten non-corporate officer employees of the Company and options exercised by the latter in 2015 (Table 9 AMF Recommendation No. 2009-16)

Stock subscription or purchase options granted to the first ten non-corporate officer employees of the Company and options exercised by the latter in 2015			
	Total number of options awarded/shares subscribed or purchased	**Weighted average price**	**Plan**
Options granted in 2015	-	-	-
Options exercised in 2015	2,436	€5.29	ESOP 2009 07/07/2009
Options exercised in 2015	16,210	€4.85	ESOP 2010 06/07/2010
Options exercised in 2015	3,750	€5.34	ESOP 2011 20/05/2011

17.4. EMPLOYEE PROFIT-SHARING AND INCENTIVE AGREEMENT

In accordance with the provisions of Article L 225-102, employee incentive and profit-sharing agreements were put in place for Company employees during 2015. No provision has been made as at 31 December 2015.

18 PRINCIPAL SHAREHOLDERS

18.1. COMPANY'S SHAREHOLDING STRUCTURE

18.1.1 Distribution of share capital over the past three financial years

To the best of the Company's knowledge, the Company's capital was distributed as follows at 31 December 2013, 2014 and 2015:

	As at 31/12/2013		As at 31/12/2014		As at 31/12/2015	
	Number of shares	% of share capital and voting rights *	Number of shares	% of share capital and voting rights *	Number of shares	% of share capital and voting rights *
Medivea	333,768	1.85%	333,768	1.82%	357,608	1.77%
Polissage Garnier	83,457	0.46%	83,457	0.45%	89,418	0.44%
Claude Hennion	172,890	0.96%	172,890	0.94%	138,312	0.68%
Yves Charpak & indivision	72,278	0.40%	57,278	0.31%	4,952	0.02%
Serge Charpak	38,886	0.22%				
Dominique Charpak	38,886	0.22%				
Eric Cloix			26,483	0.14%	26,483	0.13%
Keyzan Mazda	28,204	0.16%	28,204	0.15%	28,204	0.14%
Catherine Mazda	14,102	0.08%	14,102	0.08%	14,102	0.07%
Jacques Lewiner	11,781	0.06%	100	0.005%	100	0.005%
Colette de Botton-Lewiner	11,169	0.06%				
Fimalac	121,312	0.67%				
Stéphane Sallmard	1	0,000.005%	1	0,000.005%		
Founders (no action in concert)	**926,734**	**5.16%**	**716,283**	**3.90%**	**659,180**	**3.26%**
COFA Invest	302,117	1.68%	273,318	1.49%	273,318	1.35%
EDRIP	2,478,761	13.8%	2,430,862	13.2%	1,805,293	8.92%
UFG Siparex	906,055	5.04%	534,775	2.91%		
NBGI	1,358,143	7.56%	1,331,898	7.25%	905,429	4.47%
FCID	1,395,697	7.77%	1,395,696	7.60%	1,825,222	9.02%
Investment funds (no action in concert)	**6,440,773**	**35.8%**	**5,966,549**	**32.5%**	**4,809,262**	**23.8%**
Floating	**10,513,070**	**58.5%**	**11,313,837**	**61.62%**	**14,369,706**	**70.99%**
Gérard Hascoët (Chairman)					**2,000**	**0.01%**
Marie Meynadier (Chief Executive Officer)	**86,955**	**0.48%**	**362,955**	**1.98%**	**362,955**	**1.79%**
Management & employees	**86,955**	**0.48%**	**362,955**	**1.98%**	**364,955**	**1.80%**
Treasury shares	**38,046****	**0.00%**	**26,943****	**0.00%**	**38,867****	**0.00%**
Total	**18,005,578**	**100.00%**	**18,386,567**	**100.00%**	**20,241,970**	**100.00%**

**No double voting rights have been instituted **Treasury shares are deprived of voting rights*

In accordance with the provisions of article L. 233-13 of the French Commercial Code, we point out that shareholders holding directly or indirectly over a twentieth, a tenth, three twentieths, a fifth, a

quarter, a third, half, two thirds or nineteen twentieths of the share capital or voting rights at 31 December 2013 are identified in the table above.

18.1.2 Change in the shareholding structure since IPO (15 February 2012)

Shareholding structure	2015		2014		2013		15 February 2012 (IPO)	
	Number of shares	% of share capital and voting rights	Number of shares	% of share capital and voting rights	Number of shares	% of share capital and voting rights	Number of shares	% of share capital and voting rights
Medivea	357,608	1.77%	333,768	1.82%	333,768	1.85%	-	-
Polissage Garnier	89,418	0.44%	83,457	0.45%	83,457	0.46%	-	-
Claude Hennion	138,312	0.68%	172,890	0.94%	172,890	0.96%	172,890	0.96%
Yves Charpak	4,952	0.02%	57,278	0.31%	72,278	0.40%	261,936	1.45%
Serge Charpak					38,886	0.22%	-	-
Dominique Charpak					38,886	0.22%	-	-
Keyzan Mazda	28,204	0.14%	28,204	0.15%	28,204	0.16%	28,204	0.16%
Catherine Mazda	14,102	0.07%	14,102	0.08%	14,102	0.08%	14,102	0.08%
Jacques Lewiner	100	0.005%	100	0.005%	11,781	0.06%	11,781	0.06%
Colette de Botton-Lewiner					11,169	0.06%	11,169	0.06%
Fimalac					121,312	0.67%	225,615	1.25%
Eric Cloix	26,483	0.13%	26,483	0.14%			52,306	0.29%
Nazanin Sahami							36,667	0.20%
Stéphane Sallmard			1	**0.000005%**	1	**0.000005%**	**1**	**0.000005%**
Founders	**659,180**	**3.26%**	**716,283**	**3.90%**	**926,34**	**5.16%**	**814,671**	**4.68%**
COFA Invest	273,318	1.35%	273,318	1.49%	302,117	1.68%	559,749	3.11%
EDRIP	1,805,293	8.92%	2,430,862	13.2%	2,478,761	13.8%	3,209,459	17.82%
UFG Siparex			534,775	2.91%	906,055	5.04%	1,864,244	10.35%
NBGI	905,429	4.47%	1,331,898	7.25%	1,358,143	7.56%	1,758,501	9.8%
BPI France	1,825,222	9.02%	1,395,696	7.60%	1,395,697	7.77%	1,807,125	10.03%
Investment Funds	**4,809,262**	**23.8%**	**5,966,549**	**32.5%**	**6,440,773**	**35.8%**	**9,199,078**	**0**
Floating	**14,369,706**	**70.99%**	**11,313,837**	**62.83%**	**10,513,070**	**58.5%**	**5,520,000**	**30.66%**
Gérard Hascoët	**2,000**	**0.01%**						
Marie Meynadier	**362,955**	**1.79%**	**362,955**	**1.98%**	**86,955**	**0.48%**	86,955	0.48%
Management & employees	**364,955**	**1.80%**	**362,955**	**1.98%**	**86,955**	**0.48%**	**86,955**	**0.48%**
Treasury shares	**38,867****	**0.00%**	**26,943****	**0.00%**	**38,046***	**0.00%**	**53,866****	**0.00%**
Total	**20,241,974**	**100.00%**	**18,005,578**	**100.00%**	**18,005,578**	**100.00%**	**17,402,429**	**100%**

**Treasury shares are deprived of voting rights*

18.2. VOTING RIGHTS OF PRINCIPAL SHAREHOLDERS

At 31 December 2015, the number of voting rights held by each shareholder is equivalent to the number of shares they hold. No double voting rights have been instituted.

The introduction of double voting rights for a certain category of shareholders under the Florange law was rejected as the 14th resolution at the Combined General Meeting of 17 June 2015.

18.3. CONTROL OF THE COMPANY

To the Company's knowledge:

- there is no controlling shareholder within the meaning of Article L. 233-3 of the French Commercial Code;
- there is no action in concert among its shareholders.

Moreover, EOS imaging's Board of Directors comprises three independent directors out of a total six members (please see Chapter 16 of this Registration Document).

18.4. AGREEMENTS THAT MAY LEAD TO A CHANGE IN CONTROL

To the Company's knowledge, there is no agreement which, if implemented, could bring about a change in its control.

19 TRANSACTIONS WITH RELATED PARTIES

19.1. INTRA-GROUP TRANSACTIONS

Intra-group transactions are described in section 7.2 "Companies in the Group" of this Registration Document.

19.2. TRANSACTIONS WITH RELATED PARTIES

See the Statutory Auditors' report on related party agreements in the financial statements closed at 31 December 2013, 31 December 2014 and 31 December 2015 included in Chapter 20 of this Registration Document.

20 FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS, FINANCIAL POSITION AND RESULTS

20.1. CONSOLIDATED FINANCIAL STATEMENTS

20.1.1 Consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2015

STATEMENT OF FINANCIAL POSITION *(in thousands of euros)*

ASSETS	Note	Fiscal Year	
		2015	2014
Goodwill	*e*	5 131	5 131
Non-current intangible assets	*f*	2 454	1 945
Property, plant and equipments	*g*	1 404	1 322
Financial assets	*h*	107	168
Total non-current assets		**9 097**	**8 567**
Inventory and work in process	*i*	4 684	2 825
Accounts receivable	*j*	19 313	14 416
Other current assets	*j*	4 980	3 838
Cash en cash equivalents	*k*	14 091	10 154
Total current assets		**43 068**	**31 234**
TOTAL ASSETS		**52 164**	**39 801**

EQUITY AND LIABILITIES	Note	Fiscal Year	
		2015	2014
Share Capital	*l*	202	184
Treasury shares		(317)	(249)
Share-based bonuses		70 571	62 037
Reserves		(36 173)	(31 481)
Translation reserves		665	218
Consolidated income attributable to the parent		(7 181)	(5 245)
Total equity		**27 768**	**25 464**
Provisions	*m*	295	297
Financial liabilities	*n*	12 837	3 539
Total non-current liabilities		**13 132**	**3 836**
Accounts payable -trade	*o*	5 389	5 310
Other current liabilities	*o*	5 876	5 191
Total current liabilities		**11 265**	**10 501**
TOTAL LIABILITIES		**52 164**	**39 801**

STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euros)*

	Note	Financial year ended December 31th,	
		2015	**2014**
Revenue from ordinary activities			
Sales	*p*	21 812	20 062
Other revenue	*p*	1 844	1 657
Total revenue from ordinary activities		**23 656**	**21 719**
Operating expenses			
Direct costs of sales		(11 619)	(10 624)
Indirect costs of production and services	*s*	(3 487)	(2 757)
Research and development	*s*	(3 744)	(3 209)
Sales and Marketing	*s*	(7 041)	(6 884)
Regulatory	*s*	(627)	(651)
Administration	*s*	(3 581)	(3 250)
Share-based payments	*r*	(218)	(498)
Total operating expenses		**(30 317)**	**(27 872)**
OPERATING INCOME		**(6 661)**	**(6 152)**
Financial expenses	*t*	(617)	(149)
Financial revenue	*t*	97	1 056
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES		**(7 181)**	**(5 245)**
Income tax expense	*u*		
NET INCOME FOR THE PERIOD - Attributable to the parent		**(7 181)**	**(5 245)**
Items that will subsequentely be reclassified in net profit or loss			
Translation adjustment on foreign entities		447	263
Items that will not be reclassified in net profit or loss			
Actuarial difference on pension commitments		66	(74)
COMPREHENSIVE INCOME FOR THE PERIOD		**(6 668)**	**(5 056)**
Basic and diluted net income per share (in €)	*x*	(0,38)	(0,29)

STATEMENT OF CHANGES IN EQUITY *(in thousands of euros)*

EOS IMAGING Equity	Capital	Share premium	Treasury share	Consolidated reserves	Translation differences	Consolidated result	Total
31-dec-13	**180**	**62 015**	**(282)**	**(25 917)**	**(45)**	**(5 884)**	**30 067**
Appropriation of the result N-1				(5 884)		5 884	
Capital increase	4	20					24
BSA Award		2					2
Change in translation differences					263		263
Change in actuarial differences				(74)			(74)
Result for the period N						(5 245)	(5 245)
Payments in shares				395			395
Treasury shares			33				33
31-dec-14	**184**	**62 037**	**(249)**	**(31 481)**	**218**	**(5 245)**	**25 464**
Appropriation of the result N-1				(5 245)		5 245	
Capital increase	18	8 511					8 530
Capital increase resultaing from the exercice of optio		22					22
Change in translation differences					447		447
Change in actuarial differences				66			66
Result for the period N						(7 181)	(7 181)
Payments in shares				488			488
Treasury shares			(68)				(68)
31-dec-15	**202**	**70 571**	**(317)**	**(36 173)**	**665**	**(7 181)**	**27 768**

STATEMENT OF CASH FLOWS (*in thousands of euros*)

	Fiscal year closed on 31 December	
	2015	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	(7 181)	(5 245)
Financial income on acquisition		(750)
Elimination of depreciation, amortisation and provisions	1 157	1 036
Calculated revenue and expenditure related to share-based payments	218	395
Internally generated funds from operation	**(5 806)**	**(4 564)**
Change in working capital requirements related to operations	**(6 892)**	**(27)**
Inventory and work in process	(1 858)	389
Accounts receivable	(4 498)	(3 150)
Other current assets	(1 116)	76
Accounts payable - trade	(89)	1 278
Other current liabilities	669	1 379
Net cash flow related to operating activities	**(12 698)**	**(4 591)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and non-current intangible assets	(1 537)	(1 395)
Change in financial assets	1	
Acquisition of Onefit Medical	61	(83)
Net cash flow from investing activities	**(1 475)**	**(1 478)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital increase	8 302	24
Issue of Warrants		2
Reimbursable advances and financial interest	29	373
Reimbursable advances - reimbursement	(123)	
Acquisition of treasury shares	(4 441)	(6 456)
Disposal of treasury shares	4 373	6 489
Bound financing	9 912	
Net cash flow related to financing activities	**18 052**	**432**
Impact of current rate fluctuations	58	50
Change in cash	**3 937**	**(5 587)**
Cash and cash equivalent at beginning of period	10 154	15 742
Cash and cash equivalent at beginning of period	**10 154**	**15 742**
Cash and cash equivalent at close of period	14 091	10 154
Cash and cash equivalent at close of period	**14 091**	**10 154**
Change in cash	**3 937**	**(5 587)**

NOTES TO THE FINANCIAL STATEMENTS

a. The Company

Created in 1989, EOS imaging SA develops an innovative imaging medical device for musculoskeletal disorders and orthopaedic treatments, as well as related software applications.

For the purposes of its international development, the Company established four subsidiaries:

- EOS imaging Inc. in the United States in June 2006;
- EOS image Inc. in Canada in August 2000;
- EOS imaging GmbH in Germany in May 2008;
- EOS imaging Pte Ltd in Singapore in May 2015.

On November 2013 the Company acquired 100% of the shares of OneFit Médical, publisher of knee and hip surgery planning software and manufacturer of patient-specific cutting guides for orthopaedic surgeries.

The Company was listed on the NYSE Euronext regulated market in Paris on 15 February 2012.

b. Significant events

Bond issue

On 9 January 2015, the Company issued the following:

- 60,000 bonds with stock warrants attached (OBSA) with a nominal value of €9 each, representing a total of €540,000. The stock warrants entitle the owners to subscribe to a share at an exercise price of €4.71. They may be exercised in full or in part, in one or more instalments, before 9 January 2022.

- Three tranches of ordinary bonds at a unit price of €1 for a total amount of €14,460,000. The first tranche, for €4,460,000, was subscribed in March 2015. The second tranche, for €5,000,000, was subscribed in December 2015. The last tranche, for €5,000,000, is optional and may be subscribed up till 30 June 2016.

Loans have a four-year term and are remunerated at Euribor plus a 7.75% margin. A fund has undertaken to subscribe to all these shares.

Exercise of 603,449 stock warrants relating to the earn-out on acquisition of OneFit Médical shares

In November 2013, the Company acquired all the shares of OneFit Médical for €4 million. The acquisition memorandum of understanding envisaged an earn-out clause of €1 million, tied to achieving regulatory and revenue objectives, to be paid to the former shareholders of OneFit Médical under the form of a grant of 1,810,347 warrants to subscribe for 172,416 new shares of EOS imaging.

Since the targets were only partially achieved, the €1 million earn-out was reduced to €250K recognised as financial liabilities as at 31 December 2014.
During the first quarter of 2015, former OneFit Médical shareholders exercised the 603,449 stock warrants granted to them for the achievement of these targets and subscribed to 43,102 new shares. The resulting capital increase was recognised in the financial statements for the year ended 31 December 2015. The movements are presented in Note 12.

Private placement

On 6 October 2015, EOS imaging placed 1,789,909 new shares of a nominal unit value of €0.01, at a price of €4.85, including the issue premium, for a total of approximately €8.7 million, representing 9.7% of the Company's share capital.

The principle of the operation was authorised on 1 September 2015. The transaction was implemented by a decision of the Board of Directors at its meeting on 5 October 2015 and by a decision of the Chief Executive Officer on 6 October 2015 in accordance with the delegation granted by the Combined Shareholders' Meeting of 17 June 2015.

The capital increase was carried out by issuing common shares with cancellation of preferential subscription rights by private placement to qualified investors in accordance with Article L. 411-2 II of the French Monetary and Financial Code.

At the end of this transaction, the Company's share capital stood at €202,420 and was made up of 20,228,974 common shares fully subscribed and paid up, with a par value each of €0.01 (see Note 12).

Creation of a subsidiary in Singapore

On 6 May 2015, the Company created a subsidiary in Singapore, wholly-owned by EOS imaging SA. It has a capital of €47K. No revenues were recorded for this subsidiary for the 2015 financial year.

Changes to the Board of Directors

The term of director and Chairman of Michael J Dormer expired at the General Meeting called to approve the financial statements of the financial year ending 31 December 2014 that was held on 17 June 2015.

The term of director of Philip Whitehead also expired at the same time.

At the Combined General Meeting of 17 June 2015, Gérard Hascoët was appointed director for a three-year term expiring at the end of the general meeting that will be called to approve the financial statements for the year ending 31 December 2017. At the meeting of the Board of Directors that was held on 10 July 2015, Gérard Hascoët was elected Chairman of the Board of Directors for his remaining term as director until the end of the ordinary general meeting that will be called to approve the financial statements for the year ending 31 December 2017.

At the Combined General Meeting of 16 October 2015, Paula Ness Speers was appointed director for a three-year term expiring at the end of the general meeting that will be called to approve the financial statements for the year ending 31 December 2017.

c. Approval of financial statements

The annual consolidated financial statements as of 31 December 2015 of EOS imaging were approved by the Board of Directors on 28 April 2016.

d. Accounting principles and policies

Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

Numbers are rounded for the purposes of calculating certain financial data and other information contained in these financial statements. As a result, the totals specified in certain tables may not be the exact sum of the preceding numbers.

The financial statements are prepared on the historical cost basis, except for financial assets measured at fair value. When preparing financial statements under IFRS, it is necessary to make estimates and assumptions that affect the amounts and the information provided in the financial statements. Actual results may differ substantially from these estimates on the basis of different assumptions or conditions and, where appropriate, a material sensitivity analysis may be carried out. The main line item affected is the one relating to share-based payments (see section r. "Share-base payments").

Basis of accounting

Pursuant to European regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements of EOS imaging were prepared according to IFRS standards and interpretations as adopted by the European Union as at 31 December 2015. These are available on the website of the European Commission:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The accounting principles and policies used to prepare the annual consolidated financial statements for the financial year ended 31 December 2015 are identical to those used for the financial year ended 31 December 2014.

The other standards, amendments to the standards and interpretations adopted by the European Union and whose application is mandatory for the Group as at 1 January 2015 are as follows:

- IFRIC 21 – Levies – Accounting for a liability imposed as a duty or required tax
- Annual improvements 2011 – 2013
  - amendment of IFRS 1 – First-time Adoption of IFRS;
  - amendment of IFRS 3 – Business combinations;
  - amendment of IFRS 13 - Fair Value Measurement;
  - amendment of IAS 40 – Investment Property.

The first-time application of these standards does not materially impact the consolidated financial statements as at 31 December 2015.

In addition, the group elected not to apply in advance the following new standards, amendments to standards and interpretations that have not yet been adopted by the European Union or were not yet mandatory as at 31 December 2015:

- amendments to IAS 1 "Disclosure initiative";
- amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation";
- amendments to IAS 27 "Equity Method in Separate Financial Statements";
- amendments to IFRS 11 "Acquisition of an interest in a joint operation";
- IFRS annual improvements (2012-2014).

Standards not yet adopted by the European Union are:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from contracts with customers";
- IFRS 16 "Leases";
- amendments to IAS 7 "Statement of cash flow";
- amendments to IAS 12 " Recognition of Deferred Tax Assets for Unrealised Losses";
- amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities": applying the consolidation exception";
- amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture partner".

Management does not anticipate that the application of these standards will have a material impact on the consolidated financial statements.

Consolidation methods

A subsidiary is any entity over which the Company has the power to direct the financial and operating policies, this power generally deriving from ownership of more than half the voting rights. Subsidiaries are fully consolidated from the date on which the Company acquires control of them. They are deconsolidated from the date on which control is no longer exercised.

Inter-company transactions and balances are eliminated. The accounting methods of the subsidiaries match those of the Company.

At the date of publication of these consolidated financial statements, EOS imaging SA (the parent) has five fully consolidated, wholly-owned subsidiaries:

- EOS imaging Inc.;
- EOS image Inc.;
- EOS imaging Gmbh
- OneFit Médical.
- EOS imaging, Pte Ltd.

Net investment in a foreign operation

Receivables vis-à-vis consolidated foreign subsidiaries where settlement is not foreseeable are deemed to represent a net investment in foreign currencies. To this end and pursuant to IAS 21, foreign currency gains and losses on these receivables in functional currencies translated into euros for consolidation purposes were recognised under "other comprehensive income".

Business combinations

In accordance with IFRS 3 as revised, the identifiable assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities are recognised at fair value as at the acquisition date.

The item transferred is measured at fair value and includes the fair value of contingent items, if any.

The associated costs of an acquisition are recognised as an expense of the period in which they were incurred.

The positive difference measured at the date control was taken, between the acquisition cost of the entity and the net financial position attributable to the acquirer, is entered into "Goodwill" on the asset side of the consolidated statement of financial position. When the difference is negative, it is recognised directly in profit and loss.

Goodwill is not amortised but its value is tested at least once a year and at any time there appears to be some indication of impairment.

Non-current intangible assets

Pursuant to the criteria laid down in IAS 38, acquired intangible assets are recognised as assets at acquisition cost in the statement of financial position.

Research and development expenses

The Company develops an innovative imaging medical device for musculoskeletal disorders and orthopaedic treatments, as well as related software applications, which are regularly updated with new versions released on the market.

Research expenses are systematically expensed.

Pursuant to IAS 38, development expenses are recognised as non-current intangible assets if and only if all the following criteria are satisfied:

(a) technical feasibility necessary to complete the development project,

(b) the company's intention to complete the project and put it to use,

(c) ability to use the intangible asset,

(d) demonstration of the likelihood of future economic benefits flowing from the asset,

(e) availability of technical, financial and other resources to complete the project; and

(f) reliable measurement of development expenses.

By applying this standard and since 1 January 2008, expenses related to developing new functionalities for products and software applications are capitalised as assets. On the other hand, the cost of research and of improving existing features continues to be expensed as incurred.

Capitalised development costs, which primarily comprise employee benefit expenses, are amortised on a straight-line basis:

- over one to five years, for EOS products, estimated on the basis of the average lifespan of new features;
- over three years for sterEOS products. This is the estimated average lifespan of new functionality offered by each new version released.

Patents

The costs of filing valid patents, incurred by the Company until they are granted, are recognised as non-current intangible assets by virtue of the fact that they satisfy the capitalisation criteria set out in IAS 38. They are amortised on a straight-line basis from issuance of the patents over their lifetime, namely 20 years.

Software

Software licence acquisition costs are posted as assets on the basis of the costs incurred to acquire them and to get the software in question up and running. They are amortised on a straight-line basis over a period of one year.

Property, plant, and equipment

Items of property, plant and equipment are posted at acquisition cost. Major improvements and refurbishments are capitalised, while repair and maintenance expenses and the cost of other refurbishment work are expensed as incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter length of their own useful lives or the length of the lease.

The following depreciation periods are used:

Industrial and lab equipment	3 to 5 years
Fixtures and fittings	10 years
Office and computer equipment	3 years
Office furniture	5 years

Financial assets

Financial assets include available-for-sale financial assets, held-to-maturity investments, loans and receivables and cash and cash equivalents.

The valuation and accounting of financial assets and liabilities are defined by IAS 39 "Financial Instruments: Recognition and Measurement".

Available-for-sale financial assets

Available-for-sale financial assets primarily consist of capitalised securities that do not satisfy the definition of other categories of financial assets. They are measured at fair value and changes in value are recognised in equity.

The fair value represents the market price of listed securities or an estimate of the value in use for unlisted securities, determined using the most appropriate financial criteria for each individual security. Where there is an objective indication of the impairment of these securities, the cumulative loss that had been recognised in equity is taken to income.

Held-to-maturity investments

These securities are exclusively securities with fixed or determinable payments and with fixed maturities, other than loans and receivables, which the Company has the intention and ability to hold to maturity. After their initial posting at fair value, they are valued and recognised at amortised cost on the basis of the effective interest rate ("EIR") method. The effective interest rate is the rate that equates the expected future cash outflows to the net present book value of the financial liability in order to calculate its amortised cost.

Held-to-maturity investments are monitored for objective indications of impairment. Financial assets are impaired when the book value exceeds the recoverable amount estimated during impairment testing. Any impairment loss is recognised in income.

Loans and receivables

This category includes receivables from equity interests, other loans and receivables and trade receivables.

These instruments are initially recognised at fair value and subsequently at amortised cost calculated using the effective interest rate method. Short-term receivables without declared interest rates are measured at the amount of the original invoice so long as the application of an implied interest rate is not material.

For floating-rate loans and receivables, periodic cash flow re-estimations, to reflect changes in market interest rates, change the effective interest rate and accordingly the valuation of the loan or receivable.

Loans and receivables are monitored for objective indications of impairment. Financial assets are impaired when the book value exceeds the recoverable amount estimated during impairment testing. Any impairment loss is recognised in income.

Loans and receivables also include deposits and guarantees, classified as long-term investments in the statement of financial position.

Financial assets at fair value through profit or loss

Assets deemed to be held for trading include assets that the Company intends to re-sell in the short-term for capital gains, which are part of a portfolio of financial instruments managed together and for which there is a recent pattern of short-term profit-taking. Trading assets may also include assets voluntarily placed in this category, regardless of the above criteria (designated at "fair value").

Recoverable amount of non-current assets

Property, plant and equipment and non-current intangible assets with definite useful lives are tested for impairment when the company identifies indicators of impairment liable to affect the recoverability of their book value. An impairment loss is recognised for the amount by which the book value exceeds the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value less costs to sell or the value in use.

Inventory and work in process

Inventories are recognised at the lower of cost or net realisable value. In the latter case, the impairment loss is expensed.

Inventories are measured using the weighted average unit cost method.

Cash, cash equivalents and financial instruments

Cash and cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes. They are readily convertible into a known amount of cash and are subject to an

insignificant risk of a change in value. Cash and cash equivalents comprise immediately available liquid assets, readily saleable term investments and short-term investments. They are measured under the IAS 39 categories to which they belong.

Short-term investments are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value. They are measured at fair value and changes in value are recognised under "financial profit (loss)".

Capital

Common shares are classified in equity. Costs of capital transactions directly attributable to the issue of new shares or options are recognised in equity as a deduction from the proceeds of the issue.

Share-based payments

Since its founding, the Company has implemented a number of remuneration plans using equity instruments in the form of stock options granted to employees of EOS imaging in France. It has also awarded free shares to employees, as well as stock warrants to directors.

The Company has applied IFRS 2 to all equity instruments granted to employees and directors since 2007.

Pursuant to IFRS 2, the cost of transactions settled in equity instruments is expensed, offset by an increase in equity over the period in which the rights to receive equity instruments vest.

For the 2007 to 2011 plans, since all options issued vest when an employee leaves, there is no vesting period and the fair value of plans was fully recognised as of the reporting date of the financial year in which the plan was granted.

Since 2012, the fair value of stock options and free shares awarded to employees and that of the stock warrants offered to directors is determined by applying the Black-Scholes option valuation model, as described in section r."Share-based payments".

Measurement and recognition of financial liabilities

Financial liabilities at amortised cost

Borrowings and other financial liabilities are initially measured at fair value and subsequently at amortised cost, calculated using the effective interest rate.

Transaction costs directly attributable to the acquisition or issue of a financial liability are deducted from said financial liability. These costs are subsequently amortised on an actuarial basis over the lifetime of the liability, on the basis of the effective interest rate.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value.

Grants and regulated government subsidies

The Group has received a certain amount of financial aid, in the form of grants and regulated government subsidies. Details of this aid can be found in section n. "Non-current Financial liabilities".

The subsidies are recognised where there is reasonable assurance that:

- the Group will comply with the conditions attached to the subsidies and
- and the subsidies will be received.

Loans repayable under certain conditions are treated like government subsidies where there is reasonable assurance that the Company will satisfy the conditions for loan forgiveness. Otherwise, they are classified as liabilities.

A government subsidy to be received as either compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company, without related future costs, is recognised as income in the period in which it becomes receivable.

Provisions

Provisions for contingencies and losses

Provisions for contingencies and losses represent commitments arising from sundry risks and disputes, the timing and amount of which are uncertain, that the Company may face in the course of its business activities.

A provision is recognised where the Company has a legal or constructive obligation to a third party arising from a past event that is likely or certain to result in an outflow of resources to this third party, with no equivalent consideration to be expected from it, and where the future cash outflows can be reliably estimated.

The amount of provision funded is the best estimate of the expenditure required to settle the obligation, where necessary discounted at the reporting date.

Warranty provision

Sales are covered by a warranty period of at least one year. The assessment of the cost of the warranty as well as the likelihood that these costs will be incurred are based on an analysis of historical data. The provision represents the cost of maintaining systems under warranty, for a maximum one-year warranty period and for the remaining period at the reporting date for all systems sold.

Pension liabilities

Company employees enjoy the pension benefits provided for by law in France:

- receipt of a retirement lump sum, paid by the Company upon their retirement (defined benefit scheme);
- payment of pension benefits by social security schemes, financed out of contributions by employers and employees (state-run defined contribution scheme).

For a defined benefit scheme, pension benefit costs are estimated using the projected unit credit method. Under this method, pension costs are recognised in income in a manner that staggers them evenly over the length of service of employees. Pension liabilities are measured at the present value of future payments estimated on the basis of the market rate of long-term investment-grade corporate bonds with maturities matching the estimated duration of the scheme.

Following the revision of IAS 19, actuarial gains and losses are no longer amortised in expense but totally recognised in other items of comprehensive income; changes in the scheme are treated as the costs of past services and recognised immediately in profit and loss.

The Company retains actuaries to carry out an annual review of the valuation of these schemes.

Employees of foreign subsidiaries do not enjoy pension benefits.

Revenue from ordinary activities

Sales revenue

The Company's revenue is generated from the sale of medical imaging equipment and related services.

Revenue represents the fair value of the consideration received or receivable for the goods sold in the normal course of the Company's business activities. Revenue is net of value added tax, product returns, rebates and discounts, and less inter-company sales.

The Company recognises income once it can be reliably measured, it is likely that the future economic benefits will flow to the Company and that the specific criteria have been satisfied for the Company's business activities.

In the case of machine sales, revenue is recognised when all the risks and benefits of ownership of the property are transferred to the buyer, which, depending on the case, may be upon shipping, delivery or installation of the equipment.

Equipment sales are covered by a warranty. Only income relating to the warranty period exceeding one year is deferred, and recognised in income in the relevant period, warranties of up to one year not being sold separately from the equipment.

Other income

**) Grants and subsidies*

Since its inception, the Company has, by virtue of its innovative nature, received a certain number of grants or subsidies from the government or local authorities to defray its running costs or the cost of certain new hires. Subsidies are recognised in income as and when the associated expenses are incurred, independently of when they are actually received.

*) *Research tax credit*

Research tax credits are granted to companies by the French government to encourage them to carry out technical and scientific research. Companies demonstrating expenditure that satisfies the necessary criteria (research expenditure located in France or, since 1 January 2005, within the European Community or another State that is a part of the European Economic Area that has signed a tax agreement with France containing an administrative support clause) receive a tax credit that can be used to pay income tax due in the financial year within which the expenditure is incurred and the subsequent three financial years or, where applicable, be refunded the excess.

The group has received research tax credits since its founding and annually requests its reimbursement under the Community PME (Small and medium-sized enterprises) scheme in compliance with applicable legislation.

This financing is recognised under "other income" in the financial year in which the corresponding expenses are recognised. The portion of financing relating to capitalised expenses is deducted from the capitalised expenses in the statement of financial position and from the associated amortisation expenses in the income statement.

Leases

The group is not party to any finance lease as per IAS 17.

Leases in which a significant part of the risks and benefits are retained by the lessor are classified as operating leases. The payments made under these operating leases, net of any incentive, are expensed on a straight-line basis over the term of the lease.

Income tax

Deferred tax is recognised in line with the broad interpretation and using the liability method, for any timing differences between the tax and accounting bases of assets and liabilities in the financial statements. The main timing differences are associated with tax losses available for carry-forward. The tax rates enacted as of the reporting date are used to determine the deferred taxes.

Deferred tax assets are only recognised where it is likely that there will be sufficient future earnings to absorb the tax loss carry-forwards. Given its stage of development, which means that it is not possible to produce sufficiently reliable earnings forecasts, the Company does not recognise net deferred tax assets.

Segment information

The Company primarily operates in France and North America.

Research and development costs, production costs, regulatory expenses and the bulk of marketing, clinical and administrative costs are incurred in France.

At present, these costs are not accurately broken down by region in which the Company's products are marketed. As a result, the Company's performance is currently assessed on a consolidated basis.

Non-current assets and revenue by geographic region can be found in detail in sections e. "Goodwill" to h. "Financial assets and other assets" and in section p. "Revenue from ordinary activities".

Other comprehensive income

Components of income and expenses for the period recognised directly in equity are presented, where applicable, under "other components of total income".

These constitute euro-USD dollar, euro-CAD dollar and euro-Singapore dollar translation differences on the portion of inter-company receivables vis-à-vis the US, Canadian and Singaporean subsidiaries classified as a net investment in a foreign operation as well as actuarial gains and losses on retirement obligations.

Significant estimates and accounting judgements

Preparation of the financial statements according to the accounting standards described above requires management to make estimates and judgements based on historical information and other factors, particularly anticipated future events deemed reasonable in view of the circumstances. These estimates and judgments are primarily the valuation of stock options.

The fair value of stock options granted to employees is measured based on actuarial models. These models require the Company to use a number of calculation assumptions, such as the expected volatility of the security.

e. Goodwill

On 27 November 2013, EOS imaging acquired all of the shares of OneFit Médical for 4 million euros, of which €0.5 million was paid in cash and €3.5 million by the issuance to former OneFit Médical shareholders of 603,449 warrants for EOS imaging shares.

The acquisition memorandum of understanding envisaged an earn- out clause of €1 million, tied to achieving regulatory and revenue objectives, to be paid to the former shareholders of OneFit Médical under the form of a grant of 1,810,347 warrants to subscribe for 172,416 new shares of EOS imaging.

Taking into account the partial achievement of the objectives as at 31 December 2014, this earn-out of €1 million was reduced to €750K. With regard to the future economic advantages that the Group believes it can extract from the acquisition of ONEFIT Médical, the acquisition price of €5 million including the entire earn-out has been maintained and the difference has been accounted for as financial revenue in 2014.

f. Non-current intangible Assets

Changes in non-current intangible assets may be analysed as follows:

Non-current intangible assets	31/12/2014	Acquisitions	Reallocation	Decreases	Change in exchange rate	31/12/2015
Development costs	2 837	684	11			3 532
Software	1 035	265	20		1	1 321
Patents	374	103				477
Total gross value - non-current intangible	**4 246**	**1 052**	**31**		**1**	**5 329**
Development costs	1 496	416				1 912
Software	759	142	2		1	903
Patents	46	15				61
Total depreciation, amortisation and impai	**2 301**	**573**	**2**		**1**	**2 876**
Total net value - non-current intangible asse	**1 945**	**479**	**29**		**1**	**2 453**

During the financial year, the Group continued to develop new functionalities for its equipment and software applications.

In accordance with IAS 36, an impairment test is conducted on financial assets each year to verify that their value corresponds at least to their net carrying amount recognised in the Group's balance sheet.

The impairment test of the value of the shares of OneFit was performed according to the Discounted Cash Flows (DCF) method. The revenue used for this estimate was calculated on the basis of:

- sales of consumables and related services (historic business of the acquired company);
- incremental sales of EOS systems expected from the marketing of EOS apps (applications) since 2015.

g. Property, plant, and equipment

Changes in Property, plant and equipment may be analysed as follows:

Property, plant and equipment	31/12/2014	Acquisitions	Reallocation	Decreases	Change in exchange rate	31/12/2015
Fixtures and fittings	861	71		(54)	24	902
Fittings and technical equipment	1 616	270	(73)	(1)		1 812
Office and computer equipment	617	91	(31)	(7)	15	687
Furniture	4					4
PPE in progress		53	73			126
Total gross value - property, plant and equ	**3 099**	**485**	**(31)**	**(62)**	**40**	**3 531**
Fixtures and fittings	487	82		(54)	16	531
Fittings and technical equipment	807	228				1 035
Office and computer equipment	482	76	(2)	(7)	11	560
Furniture	2					2
Total depreciation, amortisation and impai	**1 777**	**385**	**(2)**	**(61)**	**27**	**2 127**
Total net value - property, plant and equipm	**1 322**	**100**	**(29)**	**(1)**	**12**	**1 405**

The €83K increase in net value of the property, plant, and equipment line primarily concerns R&D equipment for developments made by the Group, as well as an increase in office and computer equipment, linked to the increase in the workforce.

Net non-current intangible assets and property, plant and equipment by geographical sector are as follows:

Net value - non-current intangible assets and PPE (in thousands of euros)	Fiscal year closed on 31 December 2015	2014
France	3 701	3 161
North America	159	106
Total net value - non-current intangible assets and PPE	**3 860**	**3 267**

h. Financial assets and other assets

Changes in non-current financial assets may be analysed as follows:

Non-current financial assets	31/12/2014	Acquisitions	Decreases	Change in exchange rate	31/12/2015
Deposit	169	17	(79)	1	107
Total net value - non-current financial assets	**169**	**17**	**(79)**	**1**	**107**

i. Inventory and work in progress

Inventory and work in process (in thousands of euros)	Fiscal year closed on 31 December 2015	2014
Componants	2 145	2 825
Finished products	2 539	
Depreciation		
Total net value - inventory and work in process	**4 684**	**2 825**

The 66% increase in inventory and work in progress compared to 31 December 2014 is the result of the production of equipment based on sales forecasts that turned out to be higher than actual sales in the last quarter. This production was recognised on the "finished products" line.

j. Trade receivables and other current assets

Accounts receivable

Accounts receivable (in thousands of euros)	Fiscal year closed on 31 December 2015	2014
Accounts receivable	19 432	14 529
Depreciation of accounts receivable	(118)	(113)
Total net value - accounts receivable	**19 313**	**14 416**

The 34% increase in trade receivables is primarily due to the sharp rise in payment times, resulting from the delay in installing systems sold.

All trade receivables presenting a risk of insolvency were impaired.

During the financial year ended on 31 December 2015, no customer individually accounted for more than 10% of consolidated sales.

Other current assets

Other current assets may be analysed as follows:

Other current assets (in thousands of euros)	Fiscal year closed on 31 December 2015	2014
Research tax credit	1 614	2 278
Credits from suppliers	742	101
Value added tax	1 107	546
Prepaid expenses	424	319
Subsidies to be received	993	403
Other receivables	100	190
Total other current assets	**4 980**	**3 838**

The research tax credit recognised at 31 December 2015 is equal to the income recognised for eligible expenditure during the period by EOS imaging and OneFit. The budget line also includes the competitiveness and employment tax credit (CICE) of the two companies for 2015, the 2014 CICE for EOS imaging, which had not been reimbursed at the end of the period as well as the 2015 Innovation Tax Credit (CII) for OneFit. Reimbursements of research tax credit for 2013 and 2014 were made during the year, as were reimbursements of 2013 CICE for EOS imaging and 2014 CICE for OneFit.

The "Credits from suppliers" line primarily concerns goods returned.

The VAT receivable relates mainly to VAT repayment claims of the last quarter of 2015, amounting to €795K, and the balance is equal to the VAT deductible on goods and capital assets.

Prepaid expenses mainly relate to rent, insurance premiums and advertising costs.

The €590K increase in the "Subsidies to be received" line corresponds to payments expected for two collaborative projects.

Research tax credit and competitiveness and employment tax credit

Changes in the line item are as follows:

Receivable balance sheet closing on 31-12-2013	2 142
Revenue	1 183
Payments	(1 049)
Change in exchange rate	1
Receivable balance sheet closing on 31-12-2014	2 278
Revenue	1 504
Payments	(2 243)
Reallocation	78
Change in exchange rate	(2)
Receivable balance sheet closing on 31-12-2015	1 614

k. Cash and cash equivalents

Cash and cash equivalent (in thousand of euros)	Fiscal year closed on 31 December 2015	2014
Short-term bank deposits	13 907	9 903
Money market funds (SICAV)	184	251
Total	**14 091**	**10 154**

Short-term bank deposits consist of current accounts of €10.9 million, a term account in the amount of €3 million, and short-term investments of €184K, resulting from the implementation of the liquidity contract.

l. Capital

Share capital issued

The table below shows changes in the Company's capital over the period:

	Total as at 31 december 2013	**180 059**	**62 014 958**	**18 005 878**
28/01/2014	Capital increase resulting from exercice of options	120	11 880	12 000
25/02/2014	Capital increase resulting from the allocation of free shares	3 600	(3 600)	360 000
23/05/2014	Issue of warrants		1 800	
14/05/2014	Capital increase resulting from exercice of options	10	990	1 000
15/05/2014	Capital increase resulting from exercice of options	47	8 096	4 689
07/08/2014	Capital increase resulting from exercice of options	15	1 485	1 500
02/12/2014	Capital increase resulting from exercice of options	15	1 485	1 500
	Total as at 31 december 2014	**183 866**	**62 037 094**	**18 386 567**
16/02/2015	Capital increase resulting from exercice of warrants	133	77 013	13 301
28/02/2015	Capital increase resulting from exercice of warrants	60	34 514	5 961
03/03/2015	Capital increase resulting from exercice of warrants	238	138 034	23 840
23/06/2015	Capital increase resulting from exercice of options	44	4 392	4 436
24/06/2015	Capital increase resulting from exercice of options	50	4 910	4 960
08/10/2015	Capital increase	17 899	8 261 925	1 789 909
15/11/2015	Capital increase resulting from exercice of options	3	342	345
03/12/2015	Capital increase resulting from exercice of options	127	12 528	12 655
	Total as at 31 december 2015	**202 420**	**70 570 752**	**20 241 974**

Capital increases result from the following transactions:

- exercise of 603,449 stock warrants relating to the earn-out on acquisition of OneFit (see section b. "Significant events")
- exercise of 22,396 stock options, resulting in the creation of 22,396 new shares
- issue of 1,789,909 new shares (see section b. "Significant events").

As at 31 December 2015, the share capital was €202,420. It is divided into 20,241,974 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Treasury shares

Under the liquidity contract implemented following the initial public offering, the Company held 38,867 treasury shares on 31 December 2015. These shares reduced consolidated equity by €317K.

Stock options

On 8 December 2015, the EOS imaging Board of Directors decided to allocate 181,500 free shares to its employees, 39,500 of which went to employees with an employment contract by a group entity based in the United States.

The main characteristics of the plan are as follows:

- the vesting period of the shares allocated is two years for all beneficiaries;
- the only condition for vesting is the employee's continued employment during this two-year period;
- beneficiaries with an employment contract with an entity based outside the United States must hold their shares for a two-year period;
- beneficiaries with an employment contract with an entity based in the United States have no obligation to hold their shares.

The other plans, issued by the Company and outstanding at 31 December 2015, are the following:

Type	Granted date	Outstanding as of au 31.12.2015
SO 2009	07/07/2009	470 389
SO 2010	06/07/2010	308 415
SO 2010	20/05/2011	44 625
SO 2012	21/09/2012	273 432
BSA	31/12/2012	40 000
SO 2014	23/05/2014	211 500
Free shares	08/12/2015	181 500
BSA	31/03/2015	120 000
		1 649 861

The impact on the statement of comprehensive income of share-based payments is presented in section r. "Share-based payments".

m. Provisions

Retirement payment commitments

	31/12/2014	Acquisitions	Decrease	31/12/2015
Retirement payments	297		(2)	295
Total	**297**		**(2)**	**295**

Calculations of retirement payment commitments are based on the following assumptions:

Valuation date	31/12/2015	31/12/2014
Retirement methods	*For all employees*: voluntary retirement at 65	*For all employees*: voluntary retirement at 65
Payroll tax rate	50%	50%
Discount rate	2.35%	1.80%
Mortality tables	INSEE TD/TV 2009 – 2011	INSEE TD/TV 2008 – 2010
Rate of salary increase (including inflation)	3%	3%
Turnover rate	Average rate of 6.6%, smoothed by age category	Average rate of 6.6%, smoothed by age category

The rights of EOS imaging's employees are defined by the following collective bargaining agreements:

- *Accords Nationaux de la Métallurgie* (National Metallurgy Industry Agreements) (executives and non-executives);
- Regional Metallurgy Industry Agreement: Paris region (non-executives only).

n. Non-current financial liabilities

Financial liabilities (in thousands of euros)	FY closed on 31 December 2015	2014
Bond Financing	9 642	
OSEO advances	1 695	1 789
Zero-rate loan	1 500	1 500
Earn-out on OneFit Medical acquisition		250
Total	**12 837**	**3 539**

The €9.3 million increase in non-current financial liabilities over the year breaks down as follows:

- €9.6 million increase: bond issue as presented in section b. "Significant events";
- €250K capital increase related to the exercise of stock warrants, as presented in section b. "Significant events", with a symmetrical reduction in financial liabilities.

BPI France advances

- In the context of its participation in the Industrial Strategic Innovation project, EOS imaging received a reimbursable advance from OSEO in July 2009, for a maximum of €1,275 K.

  As at 31 December 2015, payments totalled €822K. They represent the share of the contractual funding of expenses incurred by the Company, which were lower than the forecasts made at the signing date of the programme. As such, the commitment under this programme was settled in accordance with these expenses.

  Reimbursements will be made according to the company's operating profit/loss, i.e. 0.5% of revenue from sales of products from the project, from the year following the year in which the company achieves aggregate sales of €30 million, then 0.75% once aggregate sales reach €50 million. The advance will be considered to have been repaid in full when the total of the payments made discounted at the rate of 4.47% reaches the total amount of the aid received discounted at the same rate. An initial repayment was made in June 2015 for an amount of €45K. As a result, this advance is shown in balance sheet liabilities in the amount of €946K, comprising €169K of accrued interest.

- As part of its development of a bespoke instrumentation for orthopaedic knee surgery, Onefit Médical received a reimbursable advance of €250K. The project was declared successful in 2015, and consequently, the reimbursement of the advance granted will be made over a 45-month period starting in 2016.

- OneFit Médical also received an innovation partnership loan of €150K for eight years including a three-year deferred amortisation period and granted at the rate of three-month Euribor plus 5.6%, reduced to three-month Euribor plus 3.80% during the deferred amortisation period. This loan is repayable in five years starting 31 May 2015. As at 31 December 2015, there had been repayments of up to €22.5K, bringing the balance of the debt to €127.5K.

- As part of its development of a new generation of knee instrumentation, Onefit Médical also received an interest-free repayable advance of €250K granted in June 2014. In the event that the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 96-month period starting in September 2017. Should it fail, these repayments will be capped at €100K and made over a 33-month period, starting September 2017.

Other advances

Onefit Médical received a reimbursable advance granted in February 2014 by the ARDEA (Regional small business development grant-giving body) regional authority for €100K. For a term of five years, including a six-month deferred amortisation period, this loan is repayable in 17 equal quarterly payments. As at 31 December 2015, the balance of this advance stood at €67K.

Onefit Médical also received a reimbursable advance of €86K granted in 2013 as a recruitment subsidy. As at 31 December 2015, the balance of this advance stood at €54K.

Interest-free OSEO loan

EOS imaging received an interest-free loan of €1.5 million from OSEO in May 2013, paid in July 2013.

This loan includes a deferred amortisation period followed by a straight-line amortisation period of 12 quarterly repayments, the first of which is due in March 2017.

o. Financial liabilities and other current liabilities, accounts payable

Accounts payable - trade

Accounts payable - Trade (in thousands of euros)	FY closed on 31 December 2015	2014
Accounts payable - Trade	5 389	5 310
Total	**5 389**	**5 310**

This item has not been discounted since the amounts are not due for more than one year at the end of each period.

Other current liabilities

Provisions under one year

	31/12/2014	Acquisitions	Decrease	31/12/2015
Customer warranties	683	484	(348)	819
Total	**683**	**484**	**(348)**	**819**

The change in the provision for warranties in 2015 relates to:

- the revaluation of the maintenance costs of equipment under warranty;
- the increase in the amount of equipment under warranty, given the increase in sales during the financial year.

Other current liabilities

Other current liabilities (in thousands of euros)	FY closed on 31 December 2015	2014
Tax liabilities	369	589
Social security liabilities	1 876	2 159
Other liabilities	965	927
Deferred revenue	1 848	833
Total other current liabilities	**5 057**	**4 508**

Tax liabilities mainly comprise VAT payable, as well as payroll taxes.
Employee-related charges relate to wages, social security contributions and paid holidays.
Other liabilities consist primarily of royalty fees payable of €681K on equipment sold in 2014 and 2015.
Deferred income consists mainly of maintenance invoices.

Financial instruments on the statement of financial position and impact on income

Fiscal year closed on 31 December 2015	Balance sheet value	Fair value through the income statement	Loans and receivables	Debt measured at amortised cost	Non-financial instruments
Non-current financial assets	107		107		
Accounts receivable	19 313		19 313		
Other current assets	4 980				4 980
Cash and cash equivalent	14 091	14 091			
Total asset	**38 491**	**14 091**	**19 421**		**4 980**
Long-term financial liabilities	12 837			12 837	
Short term bank loans					
Accounts payable - Trade	5 389			5 389	
Other current liabilities	5 876				5 876
Total liabilities	**24 102**			**18 226**	**5 876**

Fair value throught the income statement (in thousands of euros)	Fiscal year closed on 31 December 2015	2014
Losses on cash equivalents		
Revenue from cash equivalents		29
Fair value throught the income statement		**29**

p. Revenue from ordinary activities

Sales and other revenue

Sales and other revenue (in thousands of euros)	FY closed on 31 December 2015	2014
Sales of equipment	17 850	17 197
Maintenance revenue	3 133	2 104
Sales of consommable and services	830	761
Turnover	**21 812**	**20 063**
Grants	446	478
Research tax credit	1 398	1 179
Total revenue from ordinary activities	**23 656**	**21 719**

EOS imaging recorded annual sales revenue of €21.8 million in 2015, up 9%.

Revenue from equipment sales rose 4% to €17.9 million.

Recurring income rose by 38%. It is broken down into maintenance revenues and sales of consumables and related services. Maintenance revenues rose 49% to €3.1 million against €2.1 million in 2014, and sales of consumables and related services rose 9% to €0.83 million against €0.76 million in 2014.

Sales by geographical area

Sales by geographical area (in thousands of euros)	FY closed on 31 December 2015	2014
France	3 736	3 813
EMEA excluding France	5 431	4 863
North America	10 439	5 935
Asia	2 207	5 453
Total sales by geographical area	**21 812**	**20 063**

In 2015, EOS imaging recorded revenue of €2.2 million in Asia-Pacific, down 60%.
In the Europe-Middle East region, total revenue was €9.2 million, up 6%.
In North America, EOS imaging recorded revenue of €10.4 million, up 76%.

q. Payroll

Payroll (in thousands of euros)	FY closed on 31 December 2015	2014
Salaries	7 375	7 056
Employment taxes and social security contribution	3 062	2 963
Retirement commitments	59	53
Share-based payments	218	498
Total payroll	**10 714**	**10 569**
Average Headcount	**116**	**106**

Personnel costs increased by 1.4% over the financial year. The 4% increase in wages and social security contributions is the result of the new hires made in 2014, fully reflected in 2015, as well as to a lesser extent, new hires in 2015.

The Group average headcount for 2015 stood at 116 employees, versus 106 at 31 December 2014, an increase of 9%.

The items presented above do not take into account development expenditures incurred under IAS 38 (see section d. "Accounting principles and policies").

r. Share-based payments

The stock option plans issued by the Company and current as at 31 December 2015 are described in section I. "Capital".

Stock options

Using the authorisation granted by the Combined General Meeting of 16 January 2012, the Board of Directors on 21 September 2012 issued 376,916 stock options to employees of the Company, each carrying the right to purchase one ordinary share at a price of €4.07. As at 31 December 2015, 1,125 stock options had been subscribed.

The options offered to employees by the Board of Directors on 21 September 2012 are only exercisable on the following conditions:

- up to 25% of the options granted starting from the grant date;
- up to 25% of the options granted on each anniversary date following the award;
- no later than ten years from the grant date.

Thus the expense recognised as at 31 December 2015 for these stock option subscriptions was €33K.

The main assumptions used to determine the charge resulting from share-based payments applying the Black-Scholes options valuation model were:

- expected maturity: 5.5 to 7 years;
- dividend rate: zero;
- volatility equal to the average historical volatilities of a panel of comparable listed companies:

	SO 2007	SO 2009	SO 2010 (a)	SO 2010 (b)	SO 2012	Warrants 2012	SO 2014
Volatility	39.93%	40,75% à 41,62%	35.13%	38.06%	40.98%	37.82%	33.89%

- risk-free interest rate corresponding to the government borrowing rate on the dates the options were granted:

	SO 2007	SO 2009	SO 2010 (a)	SO 2010 (b)	SO 2012	Warrants 2012	SO 2014	Free Shares
Risk-free rate	4.60%	2,68% à 3,14%	2.43%	3.11%	1,32% à 1,77%	1,00% à 1,29%	0,89% à 1,16%	-0,04% à 0,12%

Using the authorisation granted by the Combined General Meeting of 16 January 2012, the Board of Directors on 23 May 2014 issued 223,000 stock options to employees of the Company, each carrying the right to purchase one ordinary share at a price of €6.14. As at 31 December 2015 no option has been subscribed.

The main assumptions used to determine the charge resulting from share-based payments were:

- Expected maturity: 5.5 to 7 years
- Volatility: 33.89%
- Risk-free rate: 0.89% to 1.16%

- Dividend rate and turnover: zero

These stock options may be exercised up to 25% as from 23 May 2015, 25% as from 23 May 2016, 25% as from 23 May 2017 and the balance as from 31 December 2018.

The expense recognised as at 31 December 2015 for these stock options was €155K.

Stand-alone stock warrants

Making use of the authorisation conferred by the Combined General Meeting of 16 January 2012, the Board of Directors on 31 December 2012 issued 270,000 stand-alone stock warrants to the directors, each entitling the owner to purchase one ordinary share at a price of €4.24. At 31 December 2013, 40,000 warrants were subscribed, the final date for subscriptions having been 30 June 2013.

The main assumptions used to determine the charge resulting from share-based payments were:

- Expected maturity: 5.5 to 6.5 years
- Volatility: 37.82%
- Risk-free rate: 1% to 1.29%
- Dividend rate and turnover: zero

33% of these warrants could be exercised as from 31 December 2013, 33% as from 31 December 2014 and the remainder as from 31 December 2015.

The expense recognised as at 31 December 2015 for these warrants was €11K. As at 31 December 2015 no warrant had been subscribed.

Free shares

On 8 December 2015, the Group decided to issue 181,500 free shares. The expense recognised as at 31 December 2015 for these shares was €19K (see section l. "Capital").

The strike prices, estimated life and fair value of underlying shares on the date of allocation of warrants were used to value each category of share-based payments. They are presented in the table below:

Type	Option fair value	Number of shares granted	Plan fair value (in thousands euros)
SO 2007	5.26 €	255 900	1 345
SO 2009 (a)	0.47 €	395 845	487
SO 2009 (b)	1.49 €	200 657	299
SO 2010 (a)	1.04 €	413 500	429
SO 2010 (b)	1.09 €	53 000	58
Free shares	5.15 €	360 000	1 854
SO 2012 (a)	between 1,61€ et 1,84€	376 916	651
SO 2012 (b)	between 2,02€ et 2,18€	40 000	84
SO 2014	between 3,92€ et 4,33€	223 000	380
Free shares	between 1,97€ et 2,26€	181 500	593
Warrants	2.25 €	120 000	270
Total			**6 450**

In the case of employees leaving the Company before their exercise date, options granted before 2012 vest and become exercisable before the exercise date. Therefore there is no vesting period for these grants and the fair value of the plan has been recognised immediately and in full at the end of the financial year during which the plan was granted.

The table below summarises the costs shown in the profit and loss account under the column "share-based payments".

(in thousands euros)	Free shares	SO 2012	Warrants	SO 2014	Free shares	Total
31/12/2012	852	91				943
31/12/2013	888	190	47			1 125
31/12/2014	114	130	26	125		395
31/12/2015		33	11	155	19	218
Total	**1 854**	**444**	**84**	**280**	**19**	**5 299**

Detailed information on the number of options by class and the exercise price is given in section I. "Capital".

s. Breakdown of operating expenses

Direct costs of goods and services

Direct costs of sales (in thousands of euros)	FY closed on 31 December 2015	2014
Purchasing and subcontracting	10 098	9 342
Payroll	939	659
Royalties	447	443
Provisions	135	180
Total direct costs of sales	**11 619**	**10 624**

Direct costs of sales consist primarily of costs of production, transportation, and installation of equipment sold during the year, as well as maintenance costs for equipment installed and maintained by EOS imaging.

As the system integration phase is sub-contracted, production costs are mainly made up of purchasing and sub-contracting costs, the increase in which is directly related to system production volumes over the period.

The 31% increase of the maintained installed base during the year was reflected in the combined increase in replacement part consumption, which slightly penalised the margin for the year. The same applied to the increase in payroll related to the resultant increase in maintenance staff.

The improvement in productivity resulted in a 3% reduction in the production cost of equipment, which was this time tempered by an unfavourable exchange-rate effect on purchases in foreign currency over the period.

Lastly, the 9% increase in the average sale price of equipment, facilitated by a favourable exchange-rate trend, pushed gross margin by more than 2 points.

These various effects stabilised the margin, which remained the same as for 2014, at 47%.

Indirect cost of production and service

Indirect costs of production and service (in thousands of euros)	FY closed on 31 December 2015	2014
Purchasing and subcontracting	1 085	759
Travel expenses	826	512
Payroll	1 506	1 450
Depreciation, amortisation and provisions	70	37
Total indirect costs of production and service	**3 487**	**2 757**

Indirect costs of production and service rose 27% compared with the previous year. This is primarily due to an increase in travel and subcontracting costs incurred by the support functions.

Research and development

Research and Development (in thousands of euros)	FY closed on 31 December 2015	2014
Purchasing and subcontracting	817	699
Travel expenses	59	55
Payroll	2 161	1 813
Depreciation, amortisation and provisions	706	641
Total research and development	**3 744**	**3 208**

Before IFRS restatements are taken into account, gross expenditure incurred during the year stood at €4.3 million compared with €3.8 million, or an increase of 13%. This increase is explained by the continuation of research activities geared towards new EOS functionalities and related software applications.

Sales, clinical and marketing

Sales, clinical and marketing (in thousands of euros)	FY closed on 31 December 2015	2014
Purchasing and subcontracting	1 797	1 814
Trade fairs and exhibitions	542	517
Travel expenses	1 040	866
Payroll	3 662	3 686
Total sales, clinical and marketing	**7 041**	**6 884**

Sales, clinical and marketing expenditure increased 2% during the financial year. This was mainly the result of the increase in the number of conferences in which the Group took part, as well as an increase in travel expenses, resulting from the Group's desire to be present on all its markets.

Regulatory

Regulatory (in thousands of euros)	FY closed on 31 December 2015	2014
Purchasing and subcontracting	202	257
Travel expenses	16	19
Payroll	410	375
Total regulatory	**627**	**651**

Despite a 9% increase in payroll, regulatory expenses dropped 4% compared with the previous year, where significant expenses were incurred for new applications for regulatory authorisations (Taiwan, Brazil and South Korea).

Administration

Administration (in thousands of euros)	FY closed on 31 December 2015	2014
Purchasing and subcontracting	2 338	1 981
Travel expenses	94	115
Payroll	873	905
Depreciation, amortisation and provisions	275	249
Total administration costs	**3 581**	**3 250**

Administrative costs rose by 10% over the financial year. This increase is due to external purchases (IT costs, sharp increase in insurance due to the development of the Group's activities in the United States, sundry fees).

t. Financial income and expenditure

Financial income and expenditures (in thousands of euros)	FY closed on 31 December 2015	2014
Losses on cash equivalents		
Interest expenses	496	(76)
Exchange gain or loss	120	(73)
Total financial expenses	**617**	**(149)**
Revenue from cash equivalents		29
Price adjustement on OneFit Medical acquisition		750
Exchange gain or loss	97	277
Total financial income	**97**	**1 056**
Total financial income and expenditures	**(520)**	**907**

Interest expenses mainly concern interest on the bond issue as presented in section b. "Significant events".
The change in financial income is primarily due to the accounting of the €750K from the adjustment Onefit price as at 31 December 2014.
The other line items primarily concern exchange rate differences.

u. Income tax expense

In accordance with current legislation, the Company has the following tax losses:

- indefinitely carried forward in France for a total amount of €45,477K;
- carried forward for 20 years in the United States for an amount of US$18,082K, or a total of €16,608K as at 31 December 2015;

- carried forward from 2015 to 2034 in Canada, a total of CA$2,263K, or a total of €1,497K as at 31 December 2015.

The tax base of the deferred tax asset less temporary differences of the liability were not recognised as assets by precaution, in application of the principles described in section d. "Accounting principles and policies".

The tax rate applicable to the Company is the rate in force in France, namely 33.33%.

	2015	2014
Consolidated net income of consolidated companies	(7 181)	(5 245)
Effective income tax expense		
Consolidated net profit/loss before taxes, goodwill and minority interests	**(7 181)**	**(5 245)**
Theoretical income tax rate	***33.33%***	***33.33%***
Theoretical income tax expense	(2 394)	(1 748)
Taxation timing differences		
- Other permanent differences:	69	231
- Share-based payments	73	132
- Other non-taxable revenue (Research Tax Credit)	(466)	(394)
- Tax Credit (CICE)	(35)	(36)
- Unused tax losses and temporary differences	2 754	2 066
- Financial income on acquisition		(250)
Effective income tax expenses	-	-
Effective tax rate	***0.00%***	***0.00%***

v. Undertakings

Commitments under operating lease contracts

The Company has a lease contract for its headquarters. The leases run for a period of nine full and consecutive years and the Company only has the option to terminate the leases every three years.

Total lease payments and future expenses are broken down as follows as at 31 December 2015:

EOS imaging SA:

Data in Euros	**Total**	**Payments owed per period**		
		1 year at most	**More than 1 year but less than 5 years**	**More than 5 years**
Simple leases	€685,453	€314,364	€371,089	-
TOTAL	**€685,453**	**€314,364**	**€371,089**	-

The lease payments recognised as expenditure during the financial year ended 31 December 2015 amounted to €317K.

EOS image Inc:

Data in Euros	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	$216,049	$70,941	$145,108	-
TOTAL	**$216,049**	**$70,941**	**$145,108**	-

w. Related parties

The compensation shown below, paid to members of the Company's Board of Directors and Executive Committees, is recognised as expenditure during the reporting periods presented:

(in thousands of euros)	FY closed on 31 December 2015	2014
Compensation and benefits in kind	1 311	1 478
Share-based payments		
Consultancy fees	145	150
Total	**1 456**	**1 628**

The valuation methods for share-based payments are presented in section r. "Share-based payments.

x. Earnings per share

The basic earnings per share are calculated by dividing the net income payable to the Company's shareholders by the weighted average number of common or preference shares in circulation during the financial year.

(in thousands of euros)	FY closed on 31 December 2015	2014
Net income (in thousands euros)	(7 181)	(5 245)
Weighted average number of shares in circulation	18 847 094	18 326 031
Net earnings per share (in euros)	**(0.38)**	**(0.29)**
Weighted average number of potential shares	20 259 726	19 834 497

Instruments giving deferred access to the Company's capital (stock options) are considered to be anti-dilutive, since they imply a reduction in the loss per share. Thus, the diluted earnings per share is identical to the basic earnings per share.

y. Financial risk management

The Company's main financial instruments consist of cash assets. The aim of managing these instruments is to finance the Company's operations. The Company excludes the subscription of financial instruments for speculative purposes. It does not use derivatives.

The main risks to which the Company is exposed are liquidity risk, exchange risk, interest rate and credit risks.

Liquidity risk

Liquidity is held to meet short-term cash commitments rather than for investment or other purposes. It is readily convertible into a known amount of cash and is subject to an insignificant risk of a change in value.

Foreign exchange risk

The purpose of the Company's subsidiaries is to distribute and market the Group's products in the United States, Canada and Germany. Within this framework, they are financed entirely by the parent company, with which they have established service agreements and current accounts.

The main operational exchange rate risks to which the Group is exposed relate to the translation of the accounts of EOS imaging Inc. into US dollars, those of EOS Image Inc. into Canadian dollars and those of EOS imaging Pte into Singapore dollars. This means that the Company is exposed to fluctuations in the euro/US dollar, euro/Canadian dollar and euro/Singapore dollar exchange rates through these subsidiaries.

The effect of changes in exchange rates as at 31 December 2015 has the same impact on the Company's results and equity, as follows:

- a 10% rise in the euro against the Canadian, US and Singapore dollars would have a negative impact on income of €204K;
- a 10% fall in the euro against the Canadian, US and Singapore dollars would have a positive impact on income of €204K.

At this stage in its growth, the Company does not use hedging strategies to protect its activity from fluctuations in exchange rates. On the other hand, it cannot rule out the possibility that a substantial increase in business would increase its exposure to exchange rate risk. In this case, the Company plans to adapt appropriate hedging strategies.

Credit risk

The Company ensures prudent management of its available cash. Liquidity includes cash and cash equivalents and current financial instruments held by the Company (basically term deposits). As at 31 December 2015, the Company's cash and cash equivalents were essentially invested in products maturing in less than 24 months.

In addition, the credit risk related to liquidity and current financial instruments is not significant in view of the credit worthiness of the co-contracting financial institutions.

As a final point, the credit risk with customers is limited, given that a significant fraction of the Company's customers are government bodies or distributors of satisfactory financial size. The risk presented by private customers is also limited, by the financing solutions that the Company generally identifies beforehand with leasing companies.

Interest rate risk

The Company's exposure to interest rate risk primarily concerns liquidities. These mainly consist of term deposits. Changes in interest rates have no impact on the earnings of term deposit accounts, whose return is fixed.

As at 31 December 2015 the Company's financial liabilities were not subject to interest rate risk with respect to the zero-rate loan and the repayable fixed rate advance.

Fair value

The fair value of financial instruments traded on an active market, such as the available-for-sale securities, is based on the market rate as of the closing date. The market prices used for financial assets held by the Company are the market bid prices on the valuation date.

The nominal value, less the provisions for depreciation, of the accounts receivable and current debts is presumed to approximate the fair value of those items.

z. Fees paid to the statutory auditors

Summary table of Statutory Auditors' fees recognised as expenses for the financial year.

In thousands of euros	**31/12/2015**		
	Deloitte	Fi Solutions	Actis
Auditing			
Independent audit, certification & examination of the parent and consolidated statements			
- Eos Imaging SA - Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, OneFit Medical, Singapour Pte Ltd)	55	26	4
Other investigations and services directly related to the audit engagement			
- Eos Imaging SA - Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, OneFit Medical, Singapour Pte Ltd)	33		
Sub-total	**88**	**26**	**4**
Other services rendered by partner firms to fully consolidated subsidiaries			
Legal, tax, employment			
Other			
Sub-total			
Total	**88**	**26**	**4**

aa. Events after the closing date

BPI repayable advance and debt write-off:

At the meeting of the collaborative projects monitoring committee on 27 January 2016, the members acknowledged partial commercial success for EOS imaging, with a debt write-off of €268,928.

Resignation of a director:

NBGI Private Equity resigned as director on 23 February 2016.

There were no material events after the reporting period.

20.1.2 Consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2014

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the Group's consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2014 as presented in the 2014 Annual Financial Report are included in this Registration Document for reference purposes.

20.1.3 Consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2013

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the Group's consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2013 as presented in the 2013 Annual Financial Report are included in this Registration Document for reference purposes.

Both of the above-mentioned financial reports are available on the Company's website www.eos-imaging.com.

20.2. PARENT COMPANY FINANCIAL STATEMENTS

20.2.1 Parent company financial statements Financial year ended on 31 December 2015

BALANCE SHEET – EQUITY & ASSETS *(In euros)*

	31/12/2015			31/12/2014
	Gross Value	Amort./ Deprec. / Imp.	Net Value	Net Value
Non-current intangible assets	1 706 725	1 340 868	365 857	247 673
Property, plant and equipment	3 167 478	1 875 998	1 291 481	1 197 200
Non-current financial assets	13 244 978	8 715 117	4 529 861	4 548 469
FIXED ASSETS	**18 119 182**	**11 931 983**	**6 187 199**	**5 993 342**
Inventory and work in process	4 683 905	-	4 683 905	2 825 482
Advances and deposits on orders	297	-	297	297
Accounts receivable - Trade	9 941 702	67 500	9 874 202	7 181 764
Other receivables	24 153 683	19 252 844	4 900 839	4 672 336
Cash	12 581 277	-	12 581 277	8 033 887
Prepaid expenses	353 968	-	353 968	220 057
CURRENT ASSETS	**51 714 831**	**19 320 344**	**32 394 488**	**22 933 822**
Issuance costs	279 364	-	279 364	-
Unrealised foreign exchange losses	192 908	-	192 908	51 294
TOTAL ASSETS	**70 306 285**	**31 252 327**	**39 053 958**	**28 978 458**

BALANCE SHEET – LIABILITIES *(In euros)*

	31/12/2015	31/12/2014
Capital	202 420	183 866
Additional paid-in capital	70 570 752	62 037 095
Legal reserve	20 557	20 557
Retained earnings	(47 274 304)	(36 874 115)
Prodit (loss) for the period	**(9 583 484)**	**(10 400 189)**
EQUITY	**13 935 941**	**14 967 213**
Regulated government subsidies	777 022	822 311
EQUITY AND REGULATED GOVERNMENT SUBSIDIES	**14 712 963**	**15 789 524**
Provisions for contengencies	818 833	687 683
PROVISIONS FOR CONTENGENCIES AND LOSSES	**818 833**	**687 683**
Convertible bond	10 000 000	-
Liabilities on non-current assets and related accounts	-	250 000
Various debts	1 626 313	1 525 647
Accounts payable - Trade	5 245 087	4 831 347
Taxes payable, liabilities to personnel and other accrued social liabilities	1 703 817	1 888 349
Other liabilities	718 847	2 029 686
Deferred revenue	858 696	461 478
LIABILITIES	**20 152 760**	**10 986 507**
Unrealised foreign exchange gains	3 369 402	1 514 744
TOTAL LIABILITIES & EQUITY	**39 053 958**	**28 978 458**

PROFIT AND LOSS ACCOUNT *(In euros)*

INCOME STATEMENT	31/12/2015 *12 mois*	31/12/2014 *12 mois*
Sales of goods		
Production sold (goods)	16 028 858	15 957 249
Production sold (services)	1 865 028	1 402 371
Net revenue	**17 893 887**	**17 359 620**
Operating subsidies	652 504	644 425
Reversals of impairment, provisions (and depr. & amort.) ; transf.	566 696	251 339
Other revenue	1 221 855	887 974
OPERATING INCOME	**20 334 942**	**19 143 358**
Purchases and changes in inventory of RM and other supplies	9 534 967	8 531 838
Other purchases and external expenses	6 771 677	5 815 989
Taxes and other contributions	222 142	267 288
Wages and salaries	4 987 672	4 804 093
Employment taxes and social security contribution	2 474 417	2 645 441
Depreciation, amortisation and impairment expense	773 967	799 827
Other expenses	593 966	600 070
OPERATING EXPENSES	**25 358 809**	**23 464 548**
OPERATING INCOME	**(5 023 867)**	**(4 321 190)**
Financial revenue	5 798 793	1 480 946
Financial expenses	11 561 893	8 586 687
NET FINANCIAL INCOME	**(5 763 100)**	**(7 105 741)**
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES	**(10 786 967)**	**(11 426 931)**
Extraordinary income	42 145	67 077
Extraordinary expenses	67 642	134 323
NET NON-RECURRING ITEMS	**(25 497)**	**(67 246)**
Corporation tax	(1 228 979)	(1 093 988)
NET RESULT	**(9 583 484)**	**(10 400 189)**

NOTES TO THE FINANCIAL STATEMENTS

a. The Company

Created in 1989, EOS imaging SA develops an innovative imaging medical device for musculoskeletal disorders and orthopaedic treatments, as well as related software applications.

For the purposes of its international development, the Company established the subsidiaries below:

- EOS imaging Inc. in the United States in June 2006;
- EOS image Inc. in Canada in August 2000;
- EOS imaging GmbH in Germany in May 2008;

  EOS imaging Pte Ltd in Singapore in May 2015.

On November 2013 the Company acquired 100% of the shares of OneFit Médical, publisher of knee and hip surgery planning software and manufacturer of patient-specific cutting guides for orthopaedic surgeries.

The Company was listed on the NYSE Euronext regulated market in Paris on 15 February 2012.

The annual financial statements of EOS imaging as at 31 December 2015 were approved by the Board of Directors on 28 April 2016.

b. Significant events of the year

Bond issue

On 9 January 2015, the Company issued the following:

- 60,000 bonds with stock warrants attached (OBSA) with a nominal value of €9 each, representing a total of €540,000. The stock warrants entitle the owners to subscribe to a share at an exercise price of €4.71. They may be exercised in full or in part, on one or more instalments, before 9 January 2022;

- Three tranches of ordinary bonds at a unit price of €1 for a total amount of €14,460,000. The first tranche, for €4,460,000, was subscribed in March 2015. The second tranche, for €5,000,000, was subscribed in December 2015. The last tranche, for €5,000,000, is optional and may be subscribed up till 30 June 2016.

Loans have a four-year term and are remunerated at Euribor plus a 7.75% margin. A fund has undertaken to subscribe to all these shares.

Exercise of 603,449 stock warrants relating to the earn-out on acquisition of OneFit Médical shares

In November 2013, the Company acquired all the shares of OneFit Médical for €4 million. The acquisition memorandum of understanding envisaged an earn- out clause of €1 million, tied to achieving regulatory and revenue objectives, to be paid to the former shareholders of OneFit Médical under the form of a grant of 1,810,347 warrants to subscribe for 172,416 new shares of EOS imaging.

Since the targets were only partially achieved, the €1 million earn-out was reduced to €250K recognised as financial liabilities as at 31 December 2014.

During the first quarter of 2015, former OneFit Médical shareholders exercised the 603,449 stock warrants granted to them for the achievement of these targets and subscribed to 43,102 new shares. The resulting capital increase was recognised in the financial statements for the year ended 31 December 2015.

Creation of a subsidiary in Singapore

On 6 May 2015, the Company created a subsidiary in Singapore, wholly-owned by EOS imaging SA. It has a capital of €47K. No figures were recorded for this subsidiary for the 2015 financial year.

Private placement

On 6 October 2015, EOS imaging placed 1,789,909 new shares of a nominal unit value of €0.01, at a price of €4.85, including the issue premium, for a total of approximately €8.7 million, representing 9.7% of the Company's share capital.

The principle of the operation was authorised on 1 September 2015. The transaction was implemented by a decision of the Board of Directors at its meeting on 5 October 2015 and by a decision of the Chief Executive Officer on 6 October 2015 in accordance with the delegation granted by the Combined Shareholders' Meeting of 17 June 2015.

The capital increase was carried out by issuing common shares with cancellation of preferential subscription rights by private placement to qualified investors in accordance with Article L. 411-2 II of the French Monetary and Financial Code.

At the end of this transaction, the Company's share capital stood at €202,420 and was made up of 20,228,974 common shares fully subscribed and paid up, with a par value each of €0.01 (see Note 11).

c. Accounting principles and policies

General principles

All amounts are shown in euros unless noted otherwise.

Generally accepted accounting principles were used, applying the principle of conservatism and in accordance with the basic assumptions:

- the going concern;
- continuity in accounting methods;
- self-contained accounting periods,

and in accordance with the general rules for drawing up and presenting annual statements.

The basic method used for valuing accounting items is the historical cost method.

Numbers are rounded for the purposes of calculating certain financial data and other information contained in these financial statements. As a result, the totals specified in certain tables may not be the exact sum of the preceding numbers.

The measurement and presentation methods used for this financial year remain the same as those used for the previous year.

Accounting policies

Non- current intangible assets

Software licence acquisition costs are posted as assets on the basis of the costs incurred to acquire them and to get the software in question up and running. They are amortised on a straight-line basis over a period of one year.

Costs relating to the filing of currently valid patents, incurred by the Company until they are granted, are posted as intangible assets. They are amortised on a straight-line basis over a period of five years.

Property, plant, and equipment

Items of property, plant and equipment are posted at acquisition cost. Major improvements and refurbishments are capitalised, while repair and maintenance expenses and the cost of other refurbishment work are expensed as incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter length of their own useful lives or the length of the lease.

Research and development costs are expensed as incurred. Capitalised costs of production, when they occur, refer to equipment made to perform testing.

The following depreciation periods are used:

- Industrial and lab equipment 3 to 5 years
- Fixtures and fittings 10 years
- Office and computer equipment 3 years
- Office furniture 5 years

Tangible non-current assets are impaired when, owing to events or circumstances occurring during the period, their economic value appears to be lower than their net book value and likely to remain so.

There are no material assets that call for the component approach.

Non-current financial assets

Non-current financial assets consist of the following items:

- Shares in associates;
- Treasury shares;
- Deposit.

Non-current financial assets are recognised at acquisition cost. In the case of an earn-out clause, the gross value of the securities attached to the earn-out, measured at the close of the year, are provisional in nature since at the date the financial statements were issued, the Company adopts the best estimate of the earn-out that will be paid. The earn-out is included on the asset side, offset by a liability on non-current assets.

At closing the value of the securities is compared to their carrying amount. The lower of these two values is carried on the balance sheet. For investments in associates, the carrying amount refers to the use value as determined by the utility that the holding offers the Company; and for treasury shares, to the average traded price during the last month of the period.

The Company has recognised a translation adjustment for receivables from equity stakes in associates, since the receivable on the statement of financial position is repayable in foreign currencies.

Inventory

Finished goods inventories are audited using the weighted average unit cost method.

A provision for inventory impairment loss, if any, is recognised for the difference between the carrying amount and the production value after subtracting selling costs.

Receivables

Receivables are measured at face value. A provision for impairment is recognised on a case by case basis when the economic value is lower than the carrying amount.

Short-term investments

Short term investments appear on the balance sheet at their purchase cost. An impairment loss is recognised for each line of securities of the same nature equal to the difference between their carrying amount and the average stock market price during the previous month or, in the case of unlisted securities, their probable trading value.

Capital gains and losses on disposals are recognised using the FIFO method (first in, first out). Unrealised gains are re-consolidated for tax purposes.

Foreign currency transactions

Income and expense in foreign currencies are recognised at their exchange value on date of the transaction. Liabilities, receivables and cash in foreign currencies appear on the balance sheet at their exchange at the close of the year. The difference resulting from updating liabilities and receivables in foreign currencies at that rate is carried as a "translation adjustment."

If there is no currency hedge, debited translation adjustments (unrealised foreign exchange losses) with no offsetting credit are recognised in provisions for contingencies. Unrealised gains are not recognised, in accordance with the principle of conservatism, but are consolidated later for tax purposes.

Provisions

- Provisions for contingencies and losses:

Provisions are recognised to account for the costs of contingencies and losses in the current period. The Company's policy in terms of provisions for legal claims and disputes is to evaluate, at the close of every fiscal year, the financial risks of each dispute and its possible consequences.

- Warranty provision:

Sales are covered by a warranty period of at least one year. The assessment of the cost of the warranty as well as the likelihood that these costs will be incurred are based on an analysis of historical data. The provision for warranties represents the cost of maintaining systems under warranty, for a maximum one-year warranty period and for the remaining period at the reporting date for all systems sold.

Debt issue expenses

Debt issue expenses are allocated on a straight-line basis over the term of the loans. Debt expenses recognised as expenses are transferred to assets at the end of the period to the "Debt issue expenses" account, from which the expense resulting from the spread is then deducted.

Revenue recognition

The Company's revenue is generated from the sale of medical imaging equipment, maintenance contracts and related services.

Revenue represents the fair value of the consideration received or receivable for the goods sold in the normal course of the Company's business activities. Revenue is net of value added tax, product returns, rebates and discounts.

The Company recognises income once it can be reliably measured, it is likely that the future economic benefits will flow to the Company and that the specific criteria have been satisfied for the Company's business activities.

In the case of equipment sales, revenue is recognised when the contract specifies that ownership and its risks are transferred, which, depending on the case, may be upon shipping, delivery or installation of the equipment.

Equipment sales are covered by a warranty. Only income relating to the warranty period exceeding one year is deferred, and recognised in income in the relevant period, warranties of up to one year not being sold separately from the equipment.

Other operating income

The Company receives, by virtue of its innovative nature, grants and subsidies from the government or local authorities to finance its running costs or the cost of certain new hires. Subsidies are recognised as and when the associated expenses are incurred, independently of when they are actually received.

The Company also charges management fees to its subsidiaries for the sales promotion policy services as well as the administrative services that it provides them.

Income tax

The Research Tax Credit (CIR) as well as the Competitiveness and Employment Tax Credit (CICE) are recognised as a reduction in corporation tax.

The CICE has been used to finance the recruitment expenses of the Company.

Net income from extraordinary items

Extraordinary income and expense consist of items which by their nature, by their usual character or their non-recurrence cannot be considered as inherent to the Company's operating activities.

d. Notes to the balance sheet and income statement

Note1: Table of changes in non-current assets

Changes in gross non-current assets can be shown as follows:

GROSS VALUE	31/12/2014	Acquisitions	Disposals / Subtraction	31/12/2015
Non-current intangible assets				
Software and Patents	1 481 362	154 387		1 635 750
Other non-current assets		70 976		70 976
	1 481 362	**225 363**		**1 706 725**
Property, plant and equipment				
Fixtures and fittings	655 924	38 060		693 985
Industrial equipments and tools	1 542 261	269 309		1 811 570
Computer, office equipment and furnitures	459 296	76 827		536 123
Property, plant and equipment under construction	73 230	52 570		125 800
	2 730 712	**436 767**		**3 167 478**
TOTAL Gross Value	**4 212 074**	**662 130**		**4 874 204**

Changes in amortisation can be shown as follows:

IMPAIRMENT	31/12/2014	Appropriations	Decreases	31/12/2015
Non-current intangible assets				
Software and Patents	1 233 690	107 179		1 340 868
	1 233 690	**107 179**		**1 340 868**
Property, plant and equipment				
Fixtures and fittings	348 008	59 549		407 557
Industrial equipments and tools	806 961	227 719		1 034 680
Computer, office equipment and furnitures	378 542	55 219		433 761
	1 533 511	**342 486**		**1 875 998**
TOTAL Amortisation, depreciation and impairment	**2 767 201**	**449 665**		**3 216 866**

Changes in property, plant, and equipment and intangible assets can be shown as follows:

NET VALUE	31/12/2014	Acquisitions	Disposals / Subtraction	31/12/2015
Non-current intangible assets	247 673	118 184		365 857
Property, plant and equipments	1 197 200	94 280		1 291 481
TOTAL Net Value	**1 444 873**	**212 464**		**1 657 338**

The €212K increase in net value of the property, plant, and equipment and intangible assets line primarily concerns R&D equipment for developments made by the Company as well as an increase in patent-related costs.

Note2: Non-current financial assets

Gross Value	31/12/2014	Acquisitions	Disposals / Subtraction	31/12/2015
Investment in associates	4 275 072	47 003		4 322 075
Receivables from associates	7 965 263	729 368	(51 589)	8 643 042
Treasury shares	134 458	212 303	(168 685)	178 076
Deposits and sureties	164 010	16 115	(78 340)	101 785
Total gross value	**12 538 804**	**1 004 789**	**(298 614)**	**13 244 978**

Impairment	31/12/2014	Appropriations	Decreases	31/12/2015
Investment in associates	25 072	47 003		72 075
Receivables from associates	7 965 263	1 618 047	(940 268)	8 643 042
Total Impairment	**7 990 335**	**1 665 050**	**(940 268)**	**8 715 117**
Net financial fixed assets	**4 548 469**			**4 529 861**

As stated in the note on Significant Events, the Company has created a subsidiary in Singapore, with a capital of €47K. The equity interests of this company were impaired at year-end, since it was not yet profit-making.

In accordance with IAS 36, an impairment test is conducted on financial assets each year to verify that their value corresponds at least to their net carrying amount recognised in the Group's balance sheet.

The impairment test of the value of the shares of OneFit was performed according to the Discounted Cash Flow (DCF) method. The revenue used for this estimate was calculated on the basis of:

- sales of consumables and related services (historic business of the acquired company);
- incremental sales of EOS systems expected from the marketing of EOS apps (applications) since 2015.

Thus, as at 31 December 2015, only the shares of OneFit were not impaired and were kept for a net value of €4,250K.

As at 31 December 2015, non-current financial assets consist mainly of receivables from investments in the Company's subsidiaries:

- EOS imaging Inc.: based in the United States, a US company with a share capital of US$1, with its registered office at Suite #410, 185 Alewife Brook Parkway, Cambridge, MA 02138, USA;

- EOS imaging GmbH: based in Germany, EOS imaging GmbH is a company under German law, with share capital of €25,000 and headquartered at Theodor-Stern-Kai 1, 60596 Frankfurt am Main;

- EOS Image Inc.: based in Canada, a company incorporated in view of Part IA of the Quebec Companies Act, with its registered office at 300, Rue du Saint Sacrement, Montreal, Quebec, Canada;

- OneFit Médical: a French simplified joint stock company (SAS) with paid in capital of €115,714 and headquartered at 18 rue Alain Savary, Besançon (25000), registered with the Besançon Trade and Companies Register under the number 534,162,219;

- EOS imaging, Pte Ltd: based in Singapore, EOS imaging Pte Ltd is a company under Asian law, with share capital of S$70,000 and with its registered office at 51 Goldhill Plaza, #21-02/06, Singapore (308900).

As at 31 December 2015 the Company owned 38,867 shares of its own stock as part of a liquidity contract as a result of the purchase of 881,207 shares and the sale of 869,283 shares over the year, creating a net capital loss of €24K for the period.

Table of subsidiaries and associates (in thousands of euros)

Subsidiaries and associates	Subsidiary Name	Capital	Equity other than share capital	Interest held	Comparable value of shares owned		Outstanding loans and advances from the company	Amount of guarantees and endorsements given by the Company	Pre-tax sales for the last FY	Last published net income	Dividends received by the Company during the year
In thousands euros				*(in %)*	*Gross*	*Net*					
Information concerning subsidiaries and associates											
Subsidiaries (over 50% of the share capital owned)											
	EOS Image Inc		(1 696)	100%			2 875		746	(174)	
	EOS Imaging Inc		(16 968)	100%			23 560		9 667	(1 821)	
	EOS Imaging Gmbh	25	(355)	100%	25		1 453		549	(181)	
	OneFit	116	(439)	100%	4 250	4 250	622		1 032	(355)	
	EOS Imaging Pte Ltd	47	(49)	100%	47		8			(48)	

Note3: Impairment table

	Impairment at start of period	Additions: expensed during the period	Subtractions: reversed during the period	Dépréciations à la fin de l'exercice
Non-current intangible assets				
Property, plant and equipment				
Non-current financial assets	7 990 335	1 665 050	(940 268)	8 715 117
Inventory				
Trade receivables	67 500			67 500
Other receivables	14 449 737	9 535 828	(4 732 721)	19 252 844
Short term investments				
TOTAL	**22 507 572**	**11 200 878**	**(5 672 989)**	**28 035 461**
including operating				
including financial		*11 200 878*	*(5 672 989)*	
including non-recurrent items				

The increase of €4,803K in impairments of other receivables corresponds to the impairment adjustment in the level of receivables as at 31 December 2015.

Note4: Statement of receivables

Breakdown and ageing of receivables:

		Gross Amount	Due within one year	Over one year
Non-current assets	Receivables from associates	8 643 042		8 643 042
	Loans			
	Other non-current financial assets	101 785		101 785
Current assets	Doubtful and disputed trade receivables			
	Other trade receivables	9 941 702	9 874 202	67 500
	Social security and other social welfare bodies	15 516	15 516	
	Government - Income tax	1 307 430	1 307 430	
	Government - Value Added Tax	1 051 787	1 051 787	
	Group and associates	19 874 583		19 874 583
	Non-trade receivables	1 904 366	1 904 366	
Prepaid expenses		353 968	353 968	
Issuance costs		279 364	85 958	193 406
TOTAL		**43 473 543**	**14 593 226**	**28 880 317**

Note5: Accrued income

Accrued income breaks down as follows:

	31/12/2015	31/12/2014
Trade receivables		
Uninvoiced sales	96 118	97 836
Taxes payable, liabilities to personnel and other accrued social liabilities		
Government - Accrued income	1 307 430	2 197 309
Other receivables		
Interests on bank term deposits	1 298	30 000
Assets to receive	742 062	100 583
Subsidies to be received	992 976	403 446
TOTAL	**3 139 884**	**2 829 174**

The "Government-Accrued Income" line item corresponds to €1,158K of Research Tax Credit (CIR) accounted for in 2015 as expenses incurred during the financial year.

It also covers the income related to the Competitiveness and Employment Tax Credit (CICE) accounted for in 2015 for €71K as well as the 2014 CICE of €78K that had not been reimbursed on the closing date.

The "Credits from suppliers" line item primarily concerns goods returned.

The "Subsidies to be received" line item corresponds to subsidies received for expenses incurred as at 31 December 2015 and not yet paid on this date.

Note6: Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/12/2015	31/12/2014
Short-term bank deposits	12 397 401	7 782 403
Money market funds (SICAV)	183 876	251 484
Cash and cash equivalents	**12 581 277**	**8 033 887**

During the 2015 financial year, net cash improved by €4.5 million.

Cash and cash equivalents consist largely of current accounts of €9.4 million, a term account in the amount of €3 million, interest due on this account of €1K and short term investments of €184K resulting from the liquidity contract.

Note7: Prepaid expenses

Prepaid expenses are all from operations and break down as follows:

PREPAID EXPENSES	31/12/2015	31/12/2014
Purchases of materials and merchandise	46 362	7 532
External costs	307 606	212 525
TOTAL	**353 968**	**220 057**

Note8: Statement of liabilities

Breakdown and ageing of liabilities:

		Gross Value	Due within one year	Over 1 year and within 5 years	Over 5 years
Convertible bond		10 100 505			10 100 505
Loans and borrowings from financial	Initially of 1 year or less	156		156	
	Initially of over 1 year				
Various debts and borrowings		1 500 000		1 500 000	
Accounts payable - Trade		5 245 087	5 245 087		
Liabilities to personnel and related accounts		724 557	724 557		
Social security and other social welfare bodies		755 228	755 228		
National and other government bodies	Corporation Tax				
	Value Added Tax	81 670	81 670		
	Secured bonds				
	Other taxes and contributions	142 362	142 362		
Liabilities on non-current assets and related accoun					
Group and associates		25 652	25 652		
Other liabilities		718 847	718 847		
Liabilities representing borrowed securities					
Deferred revenue		858 696	858 696		
TOTAL		**20 152 760**	**8 552 099**	**1 500 156**	**10 100 505**
Borrowing done during the period		10 000 000			
Reimbursment during the period		-			

Borrowings and other financial liabilities consist of a €1.5 million zero-interest loan granted in 2013 by BPI as assistance in developing new functionalities for EOS equipment.

As stated in section b. "Significant events of the year", the amount reported under convertible bonds concerns the first two tranches subscribed during the year, plus interest accrued on this bond issue.

Note9: Accrued expenses

Other accrued expenses break down as follows:

	31/12/2015	31/12/2014
Loans and borrowings from financial institutions		
Accrued interests	100 505	
Accounts payable - Trade		
Invoices not yet received	1 209 396	1 501 148
Taxes payable, liabilities to personnel and other accrued social liabilities		
Accrued pay for paid time off and bonuses	724 557	871 608
Other accrued employer contributions	340 152	403 367
Taxes & duties payable	148 137	177 295
Other liabilities		
Customers - assets to be provided		75 000
Royalties	681 012	616 733
TOTAL	**3 203 760**	**3 645 151**

Note10: Deferred income

Deferred income breaks down as follows:

DEFERRED INCOME	31/12/2015	31/12/2014
Sales of maintenance	858 696	461 478
TOTAL	**858 696**	**461 478**

Note11: Equity

Change in equity

	Share Capital	Additional paid-in capital	Legal Reserve	Retained earnings	Net Result	TOTAL
Equity as of 31/12/14	**183 866**	**62 037 095**	**20 557**	**(36 874 115)**	**(10 400 189)**	**14 967 213**
Appropriation of net income for 2014				(10 400 189)	10 400 189	
Capital increase: options	17 899	8 663 159				8 681 058
Capital increase: free shares		(401 234)				(401 234)
Issue of warrants	655	271 733				272 388
Profit (loss) for FY 2015					(9 583 484)	(9 583 484)
Equity as of 31/12/15	**202 420**	**70 570 752**	**20 557**	**(47 274 304)**	**(9 583 484)**	**13 935 941**

Capital increases

Capital increases result from the following transactions:

- Exercise of 603,449 stock warrants relating to the earn-out on acquisition of OneFit (see Section b. "Significant events");
- Exercise of 22,396 stock options, resulting in the creation of 22,396 new shares;
- Issue of 1,789,909 new shares (see Section b. "Significant events").

Make-up of share capital

As at 31 December 2015, the share capital was €202,420. It is divided into 20,241,974 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Options

On 8 December 2015, the Board of Directors decided to allocate 181,500 free shares to its employees, 39,500 of which went to employees with an employment contract by a group entity based in the United States.

The main characteristics of the plan are as follows:

- The vesting period of the shares allocated is two years for all beneficiaries;
- The only condition for vesting is the employee's continued employment during this two-year period;
- Beneficiaries with an employment contract with an entity based outside the United States must hold their shares for a two-year period;
- Beneficiaries with an employment contract with an entity based in the United States have no obligation to hold their shares.

The other plans, issued by the Company and outstanding at 31 December 2015 are the following:

Type	Granted date	Strike price	Outstanding as of au 31.12.2015
SO 2009	07/07/2009	1.00 €	470 389
SO 2010	06/07/2010	1.00 €	308 415
SO 2010	20/05/2011	1.00 €	44 625
SO 2012	21/09/2012	4.07 €	273 432
BSA	31/12/2012	4.24 €	40 000
SO 2014	23/05/2014	6.14 €	211 500
Free shares	08/12/2015	- €	181 500
BSA	31/03/2015	4.71 €	120 000
			1 649 861

Note12: Provisions for contingencies and losses

	Provisions at start of period	Additions: expensed during the period	Subtractions: reversals utilised	Provisions at close of period
Provisions for warranties	683 583	484 000	(348 750)	818 833
Provisions for unrealised foreign exchange losses	4 099		(4 099)	
TOTAL	**687 683**	**484 000**	**(352 850)**	**818 833**
including operating		*484 000*	*(348 750)*	
including financial			*(4 099)*	
including non-recurrent items				

The change in the provision for warranties in 2015 is tied to the following:

- The revaluation of the maintenance costs of equipment under warranty;
- The increase in the amount of equipment under warranty, given the increase in sales during the financial year.

Note13: Regulated government subsidies

In the context of its participation in the Industrial Strategic Innovation project, the Company received a reimbursable advance from OSEO in July 2009, for a maximum of €1,275K.

As at 31 December 2015, payments totalled €822K. They represent the share of the contractual funding of expenses incurred by the Company, which were lower than the forecasts made at the signing date of the programme. As such, the commitment under this programme was settled in accordance with these expenses.

Reimbursements will be made according to the company's operating profit/loss, i.e. 0.5% of revenue from sales of products from the project, from the year following the year in which the company achieves aggregate sales of €30 million, then 0.75% once aggregate sales reach €50 million. The advance will be considered to have been repaid in full when the total of the payments made discounted at the rate of 4.47% reaches the total amount of the aid received discounted at the same rate. An initial repayment was made in June 2015 for an amount of €45K, bringing the balance of the advance to €777K on the balance sheet.

Note14: Related party transactions

	Related companies
Non-current financial assets	12,965,117
Other receivables	19,874,583
Financial income	
Interests	97,773

There are no related party transactions that have not been concluded under normal market conditions.

Note15: Revenue breakdown

	2015			2014
	France	*Export*	*Total*	
Sales of manufactured goods	1 920 836	14 108 022	16 028 858	15 957 249
Service revenues	1 283 327	581 701	1 865 028	1 402 371
TOTAL	**3 204 163**	**14 689 723**	**17 893 887**	**17 359 620**

Note16: Research and development expenses

The Company continued to develop new functionalities for EOS equipment and related applications. Research and development expenses totalled €3,579K in 2015, against €3,047K in 2014. These costs were expensed in their entirety over the period.

Note17: Allowances and reversals of impairments, depreciations and provisions - transfers of expenses

	Provisions at start of period	Additions: expensed during the period	Subtractions: reversals utilised	Provisions at close of period
Impairment	22 507 572	11 200 878	(5 672 989)	28 035 461
Provisions for contengencies and losses	687 683	484 000	(352 850)	818 833
Sub-Total	**23 195 255**	**11 684 878**	**(6 025 839)**	**28 854 294**
Amortisation	2 767 201	449 665		3 216 866
TOTAL	**25 962 455**	**12 134 543**	**(6 025 839)**	**32 071 160**
including operating		*933 665*	*(352 850)*	
including financial		*11 200 878*	*(5 672 989)*	
including non-recurrent items				

Transfers of expenses amounted to €442K as at 31 December 2015 compared with €22K at the end of the previous period. They primarily concerned bond issue expenses of €344K.

Note18: Net financial income

	2015	2014
Financial Revenue		
Other receivables related to shares in associates	97 773	37 620
Other interest income	-	31 016
Foreign exchange gain/loss	29 176	5 389
Provision reversal	5 672 989	1 406 921
Sub-Total	***5 799 938***	***1 480 946***
Financial Expenses		
Interest expenses	310 483	38 092
Write-off OneFit Medical	-	600 000
Foreign exchange gain/loss	55 776	72 982
Provision for impairment	11 196 779	7 875 613
Sub-Total	***11 563 038***	***8 586 687***
TOTAL	**(5 763 100)**	**(7 105 742)**

Note19: Net non-recurring items

	2015	2014
Extraordinary Income		
Disposal of non-current assets	42 145	67 077
Sub-Total	***42 145***	***67 077***
Extraordinary Expenses		
Disposal of non-current assets	66 142	134 269
Miscellaneous	1 500	*54*
Sub-Total	***67 642***	***134 323***
TOTAL	**(25 497)**	**(67 246)**

Income and expense on the disposal of non-current assets refer to treasury shares.

e. Other information

Note20: Unrealised or deferred tax items

At 31 December 2015, total losses carried forward stood at €44,066 thousand and included €3,501 thousand in tax losses for the period.

Note21: Average headcount

The average workforce breaks down as follows:

Paid Employees	2015	2014
Executives	74	65
Non-executives	7	9
TOTAL	**81**	**74**

Note22: Off-Balance sheet obligations

Write-off

On 31 December 2014, the Company agreed to write off its debt of €600,000 to OneFit. This write-off is coupled with a financial recovery clause defined as the restoration of OneFit's shareholders' equity to a level at least half its share capital. In the event of a financial recovery, OneFit undertakes to reinstate to the credit of the current account of the Company, within six months of the closing date of each statutory accounting period and up to the sum written-off, a sum equal to 20% of its net income in that accounting period as it would appear on line HN of the tax form No. 2053, it being specified that this payment should not decrease its shareholders equity below that of half of its share capital. In the event of an accounting loss, the loss would be carried forward to the following financial years and the reintroduction of the debt would only impact starting in the financial year in which the loss would be allocated and for the fraction of the profit remaining after the deduction of losses.

Retirement bonuses

In accordance with French law, the Company fulfils its obligations to fund the retirement of its personnel in France by making payments to organisations that manage retirement plans, calculated on the wage base. There is no other obligation with respect to these payments.

French law also requires, where appropriate, the one-time payment of a lump sum pension. This payment is set as a function of the individual's seniority and compensation level at the time of retirement. Only employees working at the Company at the time they retire are entitled to this pension.

The payments required by law and contracts are calculated for each person employed by the Company at the close, based on his or her theoretical seniority on the day they retire. The euro amount of the obligation is measured using the projected unit credit method, which is a method that looks backward from the employee's final compensation. The method consists of prorating projected retirement benefits to seniority during the time period when the entitlement was earned.

Calculations of retirement payment commitments are based on the following assumptions:

Valuation date	**31/12/2015**	**31/12/2014**
Retirement methods	*For all employees*: voluntary retirement at 65	*For all employees: voluntary retirement at 65*
Payroll tax rate	50%	50%
Discount rate	2.35%	1.80%
Mortality tables	INSEE TD/TV 2009 – 2011	INSEE TD/TV 2008 – 2010
Rate of salary increase (including inflation)	3%	3%
Turnover rate	Average rate of 6.4%, smoothed by age category	Average rate of 6.6%, smoothed by age category

The rights of the Company's employees in France are defined by the following collective bargaining agreements:

- *Accords Nationaux de la Métallurgie* (National Metallurgy Industry Agreements) (executives and non-executives);
- Regional Metallurgy Industry Agreement: Paris region (non-executives only).

As at 31 December 2015 retirement benefit obligations amounted to €277K.

Commitments under operating lease contracts

The Company has a lease contract for its headquarters. The leases run for a period of nine full and consecutive years and the Company only has the option to terminate the leases every three years.

Total lease payments and future expenses are broken down as follows as at 31 December 2015:

Data in Euros	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	€685,453	€314,364	€371,089	-
TOTAL	**€685,453**	**€314,364**	**€371,089**	-

The lease payments recognised as expenditure during the financial year ended 31 December 2015 amounted to €317K.

To the Company's knowledge there are no other significant off-balance sheet obligations or ones that might become so in the future.

Note23 : Market risk

Liquidity risk

Liquidity is held to meet short-term cash commitments rather than for investment or other purposes. It is readily convertible into a known amount of cash and is subject to an insignificant risk of a change in value.

Foreign exchange risk

The purpose of the Company's subsidiaries is to distribute and market the Group's products in the United States, Canada, Singapore and Germany. Within this framework, they are financed entirely by the parent company, with which they have established service agreements and current accounts.

The main operational exchange rate risks to which the Group is exposed relate to the translation of the accounts of EOS imaging Inc. into US dollars, those of EOS Image Inc. into Canadian dollars and those of EOS imaging Pte Ltd. into Singapore dollars. This means that the Company is exposed to fluctuations in the euro/US dollar, euro/Canadian dollar and euro/Singapore dollar exchange rates through these subsidiaries.

At this stage in its growth, the Company does not use hedging strategies to protect its activity from fluctuations in exchange rates. On the other hand, it cannot rule out the possibility that a substantial increase in business would increase its exposure to exchange rate risk. In this case, the Company plans to adapt appropriate hedging strategies.

Credit risk

The Company ensures prudent management of its available cash. Liquidity includes cash and cash equivalents and current financial instruments held by the Company (basically term deposits). As at 31 December 2015, the Company's cash and cash equivalents were essentially invested in products maturing in less than 24 months.

In addition, the credit risk related to liquidity and current financial instruments is not significant in view of the credit worthiness of the co-contracting financial institutions.

As a final point, the credit risk with customers is limited, given that a significant fraction of the Company's customers are government bodies or distributors of satisfactory financial size. The risk presented by private customers is also limited, by the financing solutions that the Company generally identifies beforehand with leasing companies.

Interest rate risk

The Company's exposure to interest rate risk primarily concerns liquidities. This largely consists of term deposits. Changes in interest rates have no impact on the earnings of term deposit accounts, whose return is fixed.

As at 31 December 2015 the Company's financial liabilities were not subject to interest rate risk with respect to the zero-rate loan and the repayable fixed rate advance.

Note24: Compensation granted to members of the administration and management bodies

Compensation for members of the supervisory and management bodies are not disclosed, because this would require indications of individual compensation.

Note25: Fees paid to the statutory auditors

The fees paid to the Statutory Auditors accounted for in the 2015 financial year are €114,000.

In thousands of euros	**31/12/2015**	
	Deloitte	Fi Solutions
Auditing		
Independent audit, certification & examination of the parent and consolidated statements		
- Eos Imaging SA	55	26
- Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, OneFit Medical, Singapour Pte Ltd)		
Other investigations and services directly related to the audit engagement		
- Eos Imaging SA	33	
- Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, OneFit Medical, Singapour Pte Ltd)		
Sub-total	**88**	**26**
Other services rendered by partner firms to fully consolidated subsidiaries		
Legal, tax, employment		
Other		
Sub-total		
Total	**88**	**26**

Note26: Subsequent events

BPI repayable advance and debt write-off:

At the meeting of the collaborative projects monitoring committee on 27 January 2016, the members decided to pronounce the acknowledgement of partial commercial success for EOS imaging, with a debt write-off of €268,928.

Resignation of a director:

NBGI Private Equity resigned as director on 23 February 2016.

There were no material events after the reporting period.

20.2.2 Parent company financial statements for the financial year ended on 31 December 2014

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the parent company's financial statements and the Statutory Auditors' report on the parent company's financial statements for the year ended 31 December 2014 as presented in the 2014 Annual Financial Report are included in this Registration Document for reference purposes.

20.2.3 Parent company financial statements for the financial year ended on 31 December 2013

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the parent company's financial statements and the Statutory Auditors' report on the parent company's financial statements for the year ended 31 December 2013 as presented in the 2013 Annual Financial Report are included in this Registration Document for reference purposes.

Both of the above-mentioned financial reports are available on the Company's website www.eos-imaging.com.

20.2.4 Table of results over the past five financial years

TYPE OF INFORMATION	2 011	2 012	2 013	2 014	2 015
1. CAPITAL AT YEAR END					
a. Share Capital	116 036	174 024	180 058	183 866	202 420
b. Number of common share in existence	11 603 559	17 402 429	18 005 878	18 386 567	20 241 974
c. Number of preferred dividend shares (without voting rights) in existence					
2. TRANSACTIONS AND PROFIT / (LOSS) FOR THE PERIOD					
a. Pre-tax sales	6 431 557	8 311 867	13 350 424	17 359 620	17 893 887
c. Corporation tax	- 480 430	- 955 491	- 1 020 985	- 1 093 988	- 1 228 979
d. Employee profit-sharing due for the period					
e. Income after tax, profit-sharing, depreciation, amortisation and provisions	- 7 227 813	- 8 302 772	- 5 385 629	- 10 400 189	- 9 583 484
f. Appropriated earnings					
3. EARNINGS PER SHARE					
a. Earnings after tax and profit-sharing but before depreciation, amortisation and provisions	- 0.37	- 0.20	- 0.13	- 0.18	- 0.19
b. Earnings after tax, profit-sharing, depreciation, amortisation and provisions	- 0.62	- 0.48	- 0.30	- 0.57	- 0.47
c. Dividend per share					
4. PERSONNEL					
a. Average workforce during the period	47	48	59	73	81
b. Payroll for the period	3 126 926	3 477 745	3 988 594	4 804 093	4 987 672
c. Total sums paid in benefits for teh period (social security, social agencies, etc...)	1 541 615	2 221 843	1 996 316	2 645 441	2 474 417

20.2.5 Objective and exhaustive analysis of business performance, results and financial position, in particular the Company's debt position having regard to the volume and complexity of the business

The business of the parent company can be considered the same as that of the Group since the business of the three foreign subsidiaries of the Group is limited to selling EOS systems in their markets and since the business of OneFit Medical in 2015 may be judged to be not material at the Group level.

We also encourage you to refer to sections 9.1 and 9.2 of this Registration Document.

The liabilities recognised at 31 December 2015, together with the comparable figures for 2014, are as follows (in euros):

Liabilities	2015	2014
Convertible bond	10,000,000	-
Accounts payable - fixed assets	-	250,000
Borrowings and other financial liabilities	1,626,313	1,525,647
Accounts payable – trade	5,245,087	4,831,347
Taxes and payroll costs	1,703,817	1,888,349
Other liabilities	718,847	2,029,686
Deferred revenue	858,696	461,478
TOTAL	**20,152,760**	**10,986,507**

20.2.6 Information on supplier payment terms

Pursuant to Article D. 441-4 of the French Commercial Code, the Company hereby presents the breakdown as of 31 December 2015 of outstanding trade payables by due date:

(In euros)	Total	Under 30 days	Between 31 and 60 days	Over 60 days
As at 31/12/2015	3,899,925	3,296,522	706,513	(103,110)
As at 31/12/2014	3,330,199	2,536,881	302,281	491,037

Trade payables over 60 days are based on specific agreements with certain suppliers.

20.3. AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.3.1 Statutory Auditors' report on the consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2015

Fi.Solutions	Deloitte & Associés
8 rue Bayen	185 avenue Charles-de-Gaulle
75017 Paris	92524 Neuilly-sur-Seine Cedex

EOS Imaging

Public limited company

10 rue Mercœur

75011 Paris

Statutory Auditors' Report on the consolidated financial statements

Year ended 31 December 2015

To the Shareholders,

In compliance with the assignment given to us by your General Meeting, we present to you our report related to the financial year ended 31 December 2015, on:

- the audit of the consolidated financial statements of the company EOS Imaging, as attached to this report;
- the justifications for our assessments; and
- the specific verifications required by law.

The consolidated financial statements have been approved by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on these financial statements.

I. Opinion on the consolidated financial statements

We have carried out our audit according to the professional standards applicable in France; these standards require us to perform investigations to obtain reasonable assurance that the parent company financial statements do not contain material misstatements. An audit involves verifying, through sampling or other selection methods, the facts justifying the amounts and information disclosed in the consolidated financial statements. It also consists of evaluating the accounting principles used, the material estimates made and the overall presentation of the accounts. We believe that the facts we have obtained are sufficient and appropriate on which to base our opinion.

We certify that the consolidated financial statements for the financial year are, with regard to the IFRS standards as adopted in the European Union, consistent and fair and give a true picture of the assets and liabilities, of the financial position, as well as of the income as a whole from the persons and entities comprising the consolidated group.

II. Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring the following points to your attention:

- Note 4.6.1 "Research and development expenses" in the notes to the consolidated financial statements discusses the rules and accounting methods related to development expense accounting. Within the context of our assessment of the accounting principles used by your Company, we have examined the methods used for accounting development expenses as assets as well as the hypotheses used to determine their amortisation period and the recoverable value and we have checked that Notes 6 "Intangible assets" and 19.3 "" of the notes to the consolidated financial statements give appropriate disclosure.
- Note 4.13 "Share-based payments" in the notes to the consolidated financial statements discusses the rules and accounting methods related to the valuation and accounting of share-based remuneration plans granted to employees and to the Board of Directors. We have examined the hypotheses used to determine the fair value of the share-based instruments granted as well as the accounting methods and we checked that the notes 12.3, 17 and 18 in the notes to the consolidated financial statements provide appropriate disclosure.

The assessments thus made were in the context of our audit of the consolidated financial statements, taken as a whole, and have therefore contributed to forming our opinion expressed in the first part of this report.

III. Specific verification

We have performed, in accordance with the professional standards applicable in France, the specific verification required by law of the information related to the Group provided in the management report.

We have no remarks to make on their fairness and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 28 April 2016

The Statutory Auditors

Fi.Solutions	Deloitte & Associés
Jean-Marc Petit	Géraldine Segond

20.3.2 Statutory Auditors' report on the parent company's financial statements for the financial year ended on 31 December 2015

Fi.Solutions	Deloitte & Associés
8 rue Bayen	185 avenue Charles-de-Gaulle
75017 Paris	92524 Neuilly-sur-Seine Cedex

EOS Imaging

Public limited company

10 rue Mercœur

75011 Paris

Statutory Auditors' Report on the parent company financial statements

Year ended 31 December 2015

To the Shareholders,

In compliance with the assignment given to us by your General Meeting, we present to you our report related to the financial year ended 31 December 2015, on:

- the audit of the parent company financial statements of the company EOS Imaging, as attached to this report;
- the justifications for our assessments; and
- the specific verifications and information required by law.

The parent company financial statements have been approved by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on these financial statements.

I. Opinion on the parent company financial statements

We have carried out our audit according to the professional standards applicable in France; these standards require us to perform investigations to obtain reasonable assurance that the parent company financial statements do not contain material misstatements. An audit involves verifying,

through sampling or other selection methods, the facts justifying the amounts and information disclosed in the parent company financial statements. It also consists of evaluating the accounting principles used, the material estimates made and the overall presentation of the accounts. We believe that the facts we have obtained are sufficient and appropriate on which to base our opinion.

We certify that the parent company financial statements are, regarding French accounting rules and principles, true and fair and give a true image of the results from operations during the financial year ended as well as of the financial position and of the assets and liabilities of the Company at the end of this financial year.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following points to your attention: the Company annually reviews the book value of its financial assets and investments in subsidiaries according to the methods described in paragraph 3.2.3 "Financial assets" in the notes to the parent company financial statements. We have, within the context of our assessment of the accounting rules and principles followed by your Company, examined the methods of implementing impairment tests and the hypotheses used, and we have verified that Notes 2, 3 and 4 of paragraph 4 "Notes related to the balance sheet and income statement" of the notes to the parent company financial statements give appropriate disclosure.

The assessments thus made were in the context of our audit of the parent company financial statements, taken as a whole, and have therefore contributed to forming our opinion expressed in the first part of this report.**III. Specific verifications and information**

We have also performed, in accordance with the professional standards applicable in France, the specific verification required by law.

We have no remarks to make on the fairness and consistency between the parent company financial statements and the information provided in the management report of the Board of Directors and in the documents addressed to shareholders on the financial position and the parent company financial statements.

Concerning the information provided in accordance with the requirements of Article L.225-102-1 of the French Commercial Code on the remuneration and benefits paid to directors as well as the commitments made for their benefit, we have verified its consistency with the accounts or with the data underlying these accounts and, where relevant, with the information received by your company from companies controlling your company or controlled by it. On the basis of this work, we attest the accuracy and fair presentation of this information.

In accordance with the law, we have checked that all the information related to the identity of the shareholders and holders of voting rights have been disclosed to you in the management report.

Paris and Neuilly-sur-Seine, 28 April 2016

The Statutory Auditors

Fi.Solutions	Deloitte & Associés
Jean-Marc Petit	Géraldine Segond

20.3.3 Statutory Auditors' report on the consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2014

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the Group's consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2014 as presented in the 2014 Annual Financial Report are included in this Registration Document for reference purposes.

20.3.4 Statutory Auditors' report on the parent company's financial statements for the financial year ended on 31 December 2014

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the parent company's financial statements and the Statutory Auditors' report on the parent company's financial statements for the year ended 31 December 2014 as presented in the 2014 Annual Financial Report are included in this Registration Document for reference purposes.

20.3.5 Statutory Auditors' report on the consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2013

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the Group's consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2013 as presented in the 2013 Annual Financial Report are included in this Registration Document for reference purposes.

20.3.6 Statutory Auditors' report on the parent company's financial statements for the financial year ended on 31 December 2013

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the parent company's financial statements and the Statutory Auditors' report on the parent company's financial statements for the year ended 31 December 2013 as presented in the 2013 Annual Financial Report are included in this Registration Document for reference purposes.

20.4. DIVIDEND DISTRIBUTION POLICY

Pursuant to legal provisions (Article 243 bis of the French General Tax Code), it should be noted that no dividend has been paid out over the past three financial years.

Initiating a dividend payment policy is not anticipated in the short term, considering the stage of development of the Group.

20.5. LEGAL AND ARBITRATION PROCEEDINGS

To the Company's knowledge, on the date of publication of this Registration Document, there are no governmental, legal or arbitration proceedings, including pending or threatened, liable to have, or having had over the past 12 months, a material impact on the financial position, business or results of the Company and/or any of its subsidiaries. As a reminder, the Group won on appeal at the European Patent Office in its case opposing two patents owned by the company Brainlab. These two patents have been revoked (see Chapter 11.2.6 of this Registration Document).

20.6. SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION

To the Company's knowledge, and other than the information given in section 12.1 "*Main trends since the end of the last financial year*" of this Registration Document, there have been no significant changes in the financial or commercial position of the Company or Group since the 2015 year-end.

21 ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1 Amount of the Company's share capital

On 31 December 2015, the share capital amounted to €202,419.74, divided into 20,241,974 fully paid-up shares of the same class, each with a par value of €0.01.

21.1.2 Non-equity securities

None

21.1.3 Treasury shares

The Company signed a one-year liquidity contract with the Gilbert Dupont brokerage firm, effective as from 16 March 2012 and renewable by tacit agreement. This contract complies with the AMAFI Code of Ethics approved by the AMF decision of 21 March 2011 (press release of 16 March 2012).

The authorisation granted to the Board of Directors to purchase the Company's own shares for a period of 18 months, pursuant to Article L. 225-209 of the French Commercial Code and in accordance with the conditions set out in Articles 241-1 to 241-6 of the General Regulation of the AMF and European Regulation No. 2273/2003 implementing Directive 2003/6/EC of 28 January 2003, was successively renewed at the Combined General Meetings of EOS imaging held on 13 June 2013, 17 June 2014 and 17 June 2015.

Under the terms of this authorisation:

- the Company may purchase, sell or transfer its own shares by any means, on one or more occasions, either on the market or over-the-counter, including through block acquisition or sale, public offerings, or through the use of options or derivatives, as permitted by the financial markets authorities and in accordance with applicable regulations;

- the maximum purchase price is set at €25.00 per share (excluding fees and commissions), with an overall ceiling of €5 million;

- the maximum number of shares that can be purchased under this authorisation may at no time exceed 10% of the total number of shares, it being stipulated that (i) should the shares be acquired in order to promote the liquidity of the Company's shares, the number of shares used in calculating this limit will equal the number of shares purchased minus the number of shares sold during the authorisation period and (ii) should they be purchased to be held for subsequent use in payment or exchange in a merger, spinoff or asset contribution, the number of shares acquired may not exceed 5% of the total number of shares.

This authorisation is aimed at:

- ensuring liquidity in the Company's shares under a liquidity contract signed with an investment services provider in compliance with the Code of Ethics recognised by the AMF;

- fulfilling obligations arising from stock option programs, awards of free shares, company savings schemes or other allocations of shares to employees and executives of the Company or its associated companies;

- remitting shares when rights attached to securities giving access to the Company's capital are exercised;

- purchasing shares to be held for subsequent use in exchange or as payment during possible acquisitions; or

- cancelling all or part of the shares thus purchased, subject to the adoption of the twelfth resolution below, and in this case, in accordance with the terms specified therein.

For the 2015 financial year, 881,207 shares were purchased at an annual average share price of €5.04 and 869,283 shares were sold at an annual average price of €5.03. No trading costs were billed to the Company outside of the liquidity contract, for which the annual fixed fee is set at €20,000.

At 31 December 2015, 38,867 treasury shares were deducted from consolidated shareholders' equity, for €317 K. These shares represent 0.19% of the share capital.

21.1.4 Stock options

See sections 17.2.2 and 17.3 of this Registration Document.

21.1.5 Free share awards

See sections 17.2.3 and 17.3.1 of this Registration Document.

21.1.6 Other securities giving access to the Company's capital

Share warrants allocated to members of the Company's Board of Directors

See section 17.2.2 of this Registration Document.

Share warrants allocated to third parties

In June 2014, the Company issued 180,000 stand-alone stock warrants to Société Générale as part of a PACEO programme (capital increase plan through the issuance of stock options). Thus, Société Générale has committed to underwrite, only at the Company's request, successive tranches of capital increases over the next 36 months, up to the overall maximum of 1,800,000 shares. For each tranche, the issue price will be subject to a maximum 5% discount to the volume weighted average price over the three previous trading days. On the date this Registration Document was prepared, the company has not made any subscription request.

Moreover, on 9 January 2015, within the framework of an offer to qualified investors or a small circle of investors referred to in Article L.411-2 of the French Financial and Monetary Code, the Company issued bonds with stock warrants attached (OBSA) in the amount of €540,000, as well as three tranches of ordinary bonds for a total principal amount of €14,460,000. These bond issues were carried out in the framework of the 14th resolution approved by the Combined General Meeting of 13 June 2013.

The bonds with stock warrants attached were subscribed in January 2015 by IPF Partners. The first and second tranches of bonds, for €4,460,000 and €5,000,000, were subscribed for by IPF Partners in March 2015 and December 2015, respectively.

21.1.7 Summary of dilutive financial instruments

On the date of this Registration Document, the total number of common shares liable to be created following the exercise of or subscription to stock options or other securities issued giving access to the Company's capital amounts to 3,639,861, broken down as follows:

Exercise of stock options awarded to corporate officers (Marie Meynadier only):	313,988
Exercise of stock options awarded to Company employees (excluding Marie Meynadier):	994,373
Acquisition of free shares:	181,500
OBSA IPF	120,000
Exercise of BSAs (warrants) awarded to corporate officers:	230,000
Exercise of PACEO BSAs	1,800,000
Total	3,639,861

These 3,639,861 new shares represent a maximum potential dilution of 15.24% of the diluted capital. The dilution of voting rights also comes to 15.24%.

21.1.8 Option or conditional or unconditional agreement to grant options on the capital of any Group member

None

21.1.9 Status of the authorisations granted by the Company's General Meetings

The table below summarises the authorisations granted by the Combined General Meetings of 17 June 2015, 16 October 2015 and 16 June 2016, still valid on the date of this document, or having been applicable or used at the date of publication of this Registration Document.

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Issue of securities			
Capital increase through the issuing of common shares or any other securities giving access to the Company's capital, with preferential subscription rights (Articles L. 225-129 et seq of the French Commercial Code and in particular Articles L.225-129 to L. 225-129-6, L. 225-132, L. 225-133, L. 225-134. L. 228-91 and L. 228-92)	AGM of 17 June 2015 (15th Resolution) 26 months, i.e. up to 16 August 2017	€36,174	Not used
Capital increase through the issuing of common shares or any other securities giving access to the Company's capital, with cancellation of preferential subscription rights and public offering (Articles L. 225-129 et seq of the French Commercial Code), 2256135 et seq, 228-91 et seq	AGM of 17 June 2015 (10th Resolution) 26 months, i.e. up to 16 August 2017	€55,160	None
Capital increase through the issuing of common shares or any other securities giving access to the Company's capital, with cancellation of preferential subscription rights, as part of an offering to qualified investors (articles L.225-129 et seq. of the French Commercial Code, and, in particular, its Articles L. 225-129-2, L. 225-135, L. 225-135-1, L. 225-136, L. 228-91 and L. 228-92).	AGM of 17 June 2015 (11th Resolution) 26 months, i.e. up to 16 August 2017	€36,773	€17,899 Board meeting of 5 October 2015

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Issue of securities			
Authorisation to issue shares or any other securities giving access to the Company's capital, with cancellation of preferential subscription rights, and to set the issue price so as not to exceed 10% of the share capital (provisions of the second paragraph of Articles L. 225-136-1 of the French Commercial Code).	AGM of 17 June 2015 (12th Resolution) 26 months, i.e. up to 16 August 2017		Used as part of the 6 October 2015 transaction

Delegation of power for the purpose of increasing the number of securities to be issued in the event of a capital increase with or with cancellation of preferential subscription rights (provisions of Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-135-1 et seq, L. 228-91 and L. 228-92 of the French Commercial Code.)	AGM of 17 June 2015 (16th Resolution) 26 months, i.e. up to 16 August 2017		Not used
Capital increase through the issuing of common shares or any other securities giving access to the Company's capital, in the event of a public offering including an exchange component, initiated by the Company (Articles L. 225-129 to L. 225-129-6, L. 225-148, L. 228-91 and L. 228-92 of the French Commercial Code.)	AGM of 17 June 2015 (13th Resolution) 26 months, i.e. up to 16 August 2017	€36,773	Not used
Capital increase in consideration for in-kind contributions of shares or any other securities giving access to the capital of third-party companies, excluding public exchange offerings (Article L.225-147 of the French Commercial Code.)	AGM of 17 June 2015 (14th Resolution) 26 months, i.e. up to 16 August 2017	€18,386 and, at any rate, not exceeding 10% of the capital	Not used

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Issue of securities			
Capital increase through the capitalisation of premiums, reserves, profits or other (Articles L. 225-129, L. 225-129-2, and L. 225-130 of the French Commercial Code.)	AGM of 17 June 2015 (17th Resolution) 26 months, i.e. up to 16 August 2017	€18,396	Not used
Issue and award of BSAs without preferential subscription right (Article L.225-138-I of the French Commercial Code.)	AGM of 16 June 2016 (9th Resolution) 18 months, i.e. up to 15 December 2017	€5,000	€1,900 Board meeting of 25 January 2016

Awards of existing or new free shares (Articles L. 225-197-1 et seq of the French Commercial Code.)	AGM of 16 June 2015 (3rd Resolution) 38 months, i.e. up to 15 December 2018	€10,000	€1,815 Board meeting of 8 December 2015
Share buyback and capital reduction			
Buyback by the Company of its own shares (articles L.225-209 et seq of the French Commercial Code)	AGM of 16 June 2016 (7th Resolution) 18 months, i.e. up to 15 December 2017	10% of the capital	Yes As of 28 June 2016, the Company owns 54,346 shares
Reduction of share capital through the cancellation of shares as part of the authorised share buyback (Article L.225-209 of the French Commercial Code.)	AGM of 16 June 2016 (8th Resolution) 18 months, i.e. up to 15 December 2017	10% of the capital per 24-month period	Not used

21.1.10 Share capital history

The table below shows changes in the Company's capital over the period:

Date	Transaction	Capital	Issue Premium	Number of shares comprising the share capital
	Total at 31 December 2013	**180,059**	**62,014,958**	**18,005,878**
28/01/2014	Capital increase following the exercise of stock options	120	11,880	12,000
25/02/2014	Capital increase following the award of free shares	3,600	(3,600)	360,000
23/05/2014	BSA issue		1 800	
14/05/2014	Capital increase following the exercise of stock options	10	990	1,000
15/05/2014	Capital increase following the exercise of stock options	47	8,096	4,689
07/08/2014	Capital increase following the exercise of stock options	15	1,485	1,500
02/12/2014	Capital increase following the exercise of stock options	15	1,485	1,500
	Total at 31 December 2014	**183,866**	**62,037,094**	**18,386,567**
16/02/2015	Capital increase following the exercise of BSA	133	77,013	13,301
28/02/2015	Capital increase following the exercise of BSA	60	34,514	5,961
03/03/2015	Capital increase following the exercise of BSA	238	138,034	23,840
23/06/2015	Capital increase following the exercise of stock options	44	4,392	4,436
24/06/2015	Capital increase following the exercise of stock options	50	4,910	4,960
08/10/2015	Capital increase	17,899	8,261,925	1,789,909
15/11/2015	Capital increase following the exercise of stock options	3	342	345
03/12/2015	Capital increase following the exercise of stock options	127	12,528	12,655
	Total at 31 December 2015	**202,420**	**70,570,752**	**20,241,974**

Capital increases result from the following transactions:

- exercise of 603,449 stock warrants relating to the earn-out on acquisition of OneFit (see chapter 20.1.1, section b." Significant events")

- exercise of 22,396 stock options, resulting in the creation of 22,396 new shares

issue of 1,789,909 new shares (see section b." Significant events").

- issue of 1,789,909 new shares (see section b." Significant events").

On the date of this Registration Document, the share capital stood at €202,419.74 divided into 20,241,974 fully paid-up shares of the same class with a par value of €0.01 each.

The last two capital increases, respectively done on 15 November 2015 and 3 December 2015, have been formally stated by the Board of Directors held on 23 March 2016.

21.2. MEMORANDUM OF ASSOCIATION AND BYLAWS

21.2.1 Corporate purpose

The purpose of the Company, in France and abroad, is the study, development, manufacture, purchase and sale of any and all mechanical, electrical, electronic, computer, data communication, biological and medical equipment and any and all measurement apparatus, publication, any and all provisions of services, and any and all negotiations of patents and expertise in all the above fields, and, more generally, any and all industrial, commercial, or financial operations, involving movable or real property, that may be related directly or indirectly to the corporate purpose or that might facilitate the expansion or development thereof.

21.2.2 Statutory provisions or other provisions related to the administrative and management bodies

Board of Directors

A. Composition of the Board of Directors (Article 11 of the bylaws)

The Company is administered by a Board of Directors composed of natural persons or legal entities, the number of which is set by the Ordinary General Meeting within the limitations established by law. Any legal entity must, at the time of its appointment, designate a natural person to be its permanent representative on the Board of the Directors. The term of the permanent representative is the same as that of the legal entity member of the Board of the Directors that he or she represents. When the legal entity revokes its permanent representative, it must immediately provide for his or her replacement. The same provisions apply in case of the death or resignation of the permanent representative.

The term of the members of the Board of Directors is three years. The term of a member of the Board of Directors terminates at the close of the Ordinary General Shareholders' Meeting that has voted on the financial statements of the past financial year, held in the year in which the term of that member of the Board of Directors expires.

The members of the Board of Directors may be re-elected; they may be dismissed at any time by a decision of the General Shareholders' Meeting.

In the event of a vacancy of one or more seats on the Board of Directors caused by death or resignation, the Board of Directors may, between two General Meetings, make appointments on a temporary basis.

The appointments made by the Board pursuant to the paragraph above are submitted to the next Ordinary General Meeting for its ratification.

If they are not ratified, the decisions adopted and acts performed previously by the Board are nevertheless valid.

When the number of members of the Board of Directors has fallen below the legal minimum, the remaining members must immediately convene an Ordinary General Meeting, in order to fill the remaining seats on the Board.

An employee of the Company may be appointed as a member of the Board of Directors. His or her employment contract must, however, correspond to an actual job. In this case, he or she does not lose the benefit of his or her employment contract.

The number of members of the Board of Directors who have employment contracts with the Company may not exceed one-third of the members of the Board of Directors in office.

The number of members of the Board of Directors who are more than 70 years old may not exceed one-third of the members of the Board of Directors in office. When that limit is exceeded during a term, the oldest member of the Board is automatically deemed to have resigned at the end of the next General Shareholders' Meeting.

B. Non-voting members of the Board of Directors (Article 15 of the bylaws)

The Ordinary General Meeting may, upon a proposal made by the Board of Directors, appoint non-voting members of the Board. The Board of Directors may also appoint such members directly, subject to ratification by the next General Meeting.

The non-voting members of the Board, the number of which may not exceed three, form a panel (collège). They are chosen freely because of their competence.

They are appointed for a term of two years that ends at the close of the Ordinary General Shareholders' Meeting that has voted on the financial statements of the past financial year.

The panel of non-voting members of the Board of Directors examine the issues that the Board of Directors or its Chairman submits to its review, for opinion. The non-voting members of the Board attend meetings of the Board of Directors and participate in the deliberations in an advisory capacity only. Their absence does not affect the validity of the deliberations.

They are called to the meetings of the Board under the same conditions as the members of the Board.

The Board of Directors may compensate the non-voting members of the Board from the amount of the directors' fees set aside for the members of the Board by the General Meeting.

C. Meeting of the Board of Directors (Article 12 of the bylaws)

The Board of Directors meets as often as the interests of the Company requires.

The members of the Board are called to Board meetings by the Chairman. The notice to convene may be made by all means, in writing or orally.

The Chief Executive Officer may also ask the Chairman to call the Board of Directors to discuss a specific agenda.

Furthermore, directors who represent at least one-third of the members of the Board may validly call a meeting of Board. In that case, they must indicate the agenda for the meeting.

When a Works Council has been formed, the representatives of that committee, appointed in compliance with the provisions of the French Labour Code (Code du Travail), must be called to all the meetings of the Board of Directors.

The meetings of the Board take place either at the registered office of the Company or at any other place in France or outside of France.

For the deliberations of the Board to be valid, the number of members present must be equal to at least one-half of the members.

The decisions of the Board of Directors are made by majority vote; in the case of a tie vote, the Chairman presiding the meeting does not have a casting vote.

Any rules of procedure that may be adopted by the Board of Directors may stipulate, in particular, that for the calculation of quorum and majority, Board members who participate in a Board meeting via video-conference or telecommunications in compliance with the regulations in effect shall be deemed to be present. This provision is not applicable to the adoption of decisions coming under Articles L. 232-1 and L. 233-16 of the French Commercial Code.

Each Board member receives the information necessary to perform his or her mission and term and may have transmitted to him or her all the documents that he or she deems to be relevant.

Any member of the Board of Directors may give, by letter, telegram, telex, fax, e-mail, or any electronic means, a proxy to another member of the Board of Directors to represent him or her at any meeting of the Board, but each member of the Board may have only one proxy during a meeting.

The copies of or excerpts from the minutes of the Board of Directors' meetings may be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, a member of the Board to whom the position of Chairman has been delegated temporarily, or a proxy-holder authorised for this purpose.

D. Powers of the Board of Directors (Article 13 of the bylaws)

The Board of Directors determines the strategic directions for the business activity of the Company and ensures that they are implemented. Subject to the powers expressly awarded to the General Meetings and within the limitations of the corporate purpose, any issue concerning the proper operation of the Company can be referred to the Board, which settles matters concerning the Company by its deliberations.

In its relationships with third parties, the Company is bound even by the acts of the Board of Directors that do not fall within the corporate purpose, unless it proves that the third party knew that the act

went beyond that purpose and the third party could not have been unaware of that, in view of the circumstances; the mere publication of the bylaws is not sufficient to constitute that proof.

The Board of Directors conducts the assessments and verifications that it deems appropriate.

Moreover, the Board of Directors exercises the special powers that are conferred upon it by law.

Chief Executive Officer (Article 14 of the bylaws)

The management of the Company is overseen, under the responsibility of the Chairman of the Board of Directors, either by the Chairman, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the Company. He or she exercises his or her powers within the limitations of the corporate purpose and subject to the powers that the law expressly grants to General Meetings and to the Board of Directors.

He or she represents the Company in its relationships with third parties. The Company is bound even by the acts of the Chief Executive Officer that do not fall within the corporate purpose, unless it proves that the third party knew that the act went beyond that purpose and the third party could not be have been unaware of that, in view of the circumstances; the mere publication of the bylaws is not sufficient to constitute that proof.

The Chief Executive Officer may not be more than 65 years old. If the Chief Executive Officer reaches this age limit, he or she will be deemed to have resigned automatically. His or her term would be extended, however, until the next meeting of the Board of Directors during which the new Chief Executive Officer is appointed.

When the Chief Executive Officer is also a member of the Board of Directors, his or her term may not exceed that of his or her term as member of the Board of Directors.

The Board of Directors may remove the Chief Executive Officer at any time. If removal is decided without reasonable cause, it can result in damages, unless the Chief Executive Officer takes up the position of Chairman of the Board of Directors.

In an ordinary decision made by a majority vote of the members of the Board of Directors present or represented, the Board of Directors chooses between the two management options mentioned in the first paragraph.

The shareholders and third parties are informed of this choice under the legal and regulatory conditions.

The choice of the Board of Directors remains in effect either until the Board decides otherwise, or, at the choice of the Board, for the term of the Chief Executive Officer.

When the position of Chief Executive Officer of the Company is held by the Chairman of the Board of Directors, the provisions that are applicable to the Chief Executive Officer are applicable to him or her.

In compliance with the provisions of Article 706-43 of the French Code of Criminal Procedure (*Code de Procédure Pénale*), the Chief Executive Officer may validly delegate to any person of his or her choosing the power to represent the Company in criminal legal proceedings that might be brought against the latter.

Upon a proposal by the Chief Executive Officer, the Board of Directors may give a mandate to one or more natural persons to assist the Chief Executive Officer in the capacity of Executive Vice President.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and the term of the powers granted to the Executive Vice Presidents. The Board of Directors sets their compensation. When an Executive Vice President is a member of the Board of Directors, his or her term may not exceed that of his or her term as member of the Board of Directors.

With respect to third parties, Executive Vice Presidents have the same powers as the Chief Executive Officer; the Executive Vice Presidents have, in particular, the power to be a party in legal proceedings.

The number of Executive Vice Presidents may not be greater than five.

The Executive Vice President(s) may be dismissed at any time by the Board of Directors, upon a proposal by the Chief Executive Officer. If the dismissal is decided without reasonable grounds, it may result in damages.

An Executive Vice President may not be more than 65 years old. If an Executive Vice President reaches this age limit, he or she will be deemed to have resigned automatically. His or her term would be extended, however, until the next meeting of the Board of Directors during which a new Executive Vice President may be appointed.

When the Chief Executive Officer ceases to perform or is prevented from performing his or her duties, the Executive Vice President(s) retain their positions and their powers until the appointment of a new Executive Vice President, unless there is a decision to the contrary by the Board of Directors.

21.2.3 Rights, privileges, and restrictions attached to shares of the Company

Forms of securities (Article 7 of the bylaws)

The fully paid-up shares are in registered or bearer form, at the choice of each shareholder, subject, however, to the application of the legal provisions related to the form of the shares owned by certain natural persons or legal entities. The shares that are not fully paid up must be in registered form.

The shares are recorded in a registry under the conditions and in accordance with the procedures stipulated by the laws and regulations in effect.

Ownership of shares issued in registered form results from their being recorded in a registered account.

Voting rights (excerpt from Article 9 of the bylaws)

Except in cases where the law stipulates otherwise, each shareholder has as many voting rights and in Meetings casts as many votes as the number of fully paid-up shares that he, she, or it possesses. At equal par value, each capital share or dividend-right share entitles the holder to one vote.
As stated in section 18.2 of this Registration Document, the introduction of double voting rights for a certain category of shareholders under the Florange law was rejected as the 14th resolution at the Combined General Meeting of 17 June 2015.

Rights to dividends and profits (excerpts from Articles 9, 21 and 22 of the bylaws)

Each share entitles the shareholder, in terms of ownership of the corporate assets, the sharing of the profits, and the proceeds of liquidation, to a share in proportion to the number and par value of the existing shares.
Whenever it is necessary to own several shares, whether preference shares or not, or securities giving entitlement to exercise any right, the shareholders or the holders of securities are personally responsible for grouping together the required number of shares or securities.

A mandatory deduction of at least five percent (5%) must be made from the profit of the financial year, less any previous losses, and allocated to a reserve fund called the "legal reserve". This deduction ceases to be mandatory when the reserve has reached one-tenth of the Company's share capital.

The distributable profit is made up of the profit of the financial year, less prior losses and the deduction set out in the previous paragraph, plus retained earnings carried forward.

If there is a distributable profit in the financial statements at the end of the year, as approved by the General Meeting, that Meeting decides whether to post it to one or more reserve items, for which it controls the allocation or use, to retained earnings or to distribute it in the form of dividends.
After identifying the existence of reserves which it may have, the General Meeting may decide to distribute sums deducted from these reserves. In this case, the decision must expressly indicate the reserve items from which these deductions are to be made. However, dividends are deducted, first, from the distributable profit for the financial year.

The terms and conditions of the payment of dividends are set by the General Meeting, or, otherwise, by the Board of Directors.

Nevertheless, payment of the dividends must take place within a maximum time limit of nine months after the close of the financial year.

The General Meeting that votes on the financial statements for the year may grant to each shareholder, for some or all of the dividends to be paid, the option of dividend payment in cash or in shares.

Likewise, Ordinary General Meetings, ruling under the conditions stipulated in Article L. 232-12 of the French Commercial Code, may grant each shareholder an interim dividend and, for all or part of that interim dividend, an option between payment of the interim dividend in cash or in shares.

Preferential subscription right

The shares of the Company's stock have a preferential right to subscribe to share capital increases under the conditions stipulated by the French Commercial Code.

Limitations on voting rights

No clause in the bylaws limits the voting rights attached to the shares.

Identifiable bearer shares

The Company may, under the legal and regulatory conditions in effect, request at any time, in return for remuneration at its expense, from any authorised body, the name, or, if it concerns a legal entity, the corporate name, the nationality, and the address of the owners of securities conferring, immediately or in the future, the right to vote in its own General Shareholders' Meetings, as well as the number of securities owned by each of them and, as applicable, the restrictions to which those securities may be subject.

Buyback by the Company of its own shares

Please refer to section 21.1.3 "Treasury shares".

21.2.4 Terms and conditions for modifying shareholders' rights

The rights of shareholders as they appear in the Company's bylaws may only be modified by an Extraordinary General Shareholders' Meeting of the Company.

21.2.5 General Shareholders' Meetings

A. Holding the meetings (Article 19 of the bylaws)

The General Meetings are called and convened under the conditions established by law.
When the Company wishes to call a meeting by electronic communication instead and in place of a postal mailing, it must obtain prior approval from the shareholders involved, who will indicate their e-mail addresses.

The meetings are held at the Company's registered office or in any other place specified in the convocation notice.

The right to participate in the meetings is governed by the legal and regulatory provisions in effect and is subject, in particular, to the recording of the securities in the register in the name of the shareholder, or of the intermediary recorded on his or her behalf, on the third business day preceding the meeting as of 00:00 hours, Paris time, either in the securities registers held by the Company or in the bearer registers held by an authorised intermediary.

If a shareholder does not personally attend the meeting, he or she may choose one of the following three ways to participate, subject to the conditions stipulated by law and regulations:

- give a proxy in accordance with the conditions authorised by law and regulations;

- vote by postal vote, or
- send a proxy to the Company without indicating the proxy holder.

The Board of Directors may arrange, in accordance with the conditions stipulated by law and regulations in effect, for the participation and voting of the shareholders in the meetings by video conference or by telecommunications methods that allow them to be identified. If the Board of Directors decides to exercise this option for a given meeting, this decision is notified by the Board in the meeting and/or convocation notice. The shareholders, who participate in the meetings by video-conference or by any of the other telecommunication methods mentioned above, as the Board of Directors chooses, are deemed to be present for the calculation of quorum and majority.

The meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Chief Executive Officer, by an Executive Vice President if he or she is a member of the Board of Directors, or by member of the Board of Directors who is specifically delegated for this purpose by the Board. Otherwise, the meeting elects its own chairman.

The positions of scrutineers are filled by the two members of the meeting who are present and accept these positions, who have the largest number of votes. The Executive Committee appoints the secretary, who may be chosen from among persons who are not shareholders.

An attendance sheet is maintained in accordance with the conditions stipulated by law.

An Ordinary General Meeting that is held upon the first calling may only deliberate validly if the shareholders present or represented own at least one-fifth of the shares that have voting rights. An Ordinary General Meeting that is held upon the second calling may deliberate validly regardless of the number of shareholders that are present or represented.

Decisions of the Ordinary General Meeting are made with a majority vote of the shareholders present or represented.

An Extraordinary General Meeting that is held upon the first calling may only deliberate validly if the shareholders present or represented own at least one-quarter of the shares that have voting rights. An Extraordinary General Meeting that is held upon the second calling may only deliberate validly if the shareholders present or represented own at least one-fifth of the shares that have voting rights.

Decisions of the Extraordinary General Meeting are made with a two-thirds majority vote of the shareholders present or represented.

Copies or excerpts from the minutes of the meeting may be validly certified by the Chairman of the Board of Directors, by a member of the Board of Directors who holds the position of Chief Executive Officer, or by the Secretary of the Meeting.

B. Powers of the meetings (Article 19 of the bylaws)

The Ordinary and Extraordinary General Meetings exercise their respective powers in accordance with the conditions stipulated by law

21.2.6 Mechanisms allowing a change of control to be delayed, deferred or prevented

The bylaws of the Company do not contain mechanisms that allow a change of control to be delayed, deferred, or prevented.

21.2.7 Breaching statutory thresholds (Article 8 of the bylaws)

Any natural person or legal entity, acting alone or in concert, who owns, in any manner whatsoever, under the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code, directly or indirectly, a proportion equal to three percent (3%) of the share capital or voting rights of the Company, must transmit to the Company the information indicated in Article 233-7-I of the French Commercial Code (notably the total number of shares and voting rights that that person or entity holds) by means of registered letter with return receipt requested or by any other equivalent means for persons residing outside of France, sent to the registered office within four trading days from the date the threshold is crossed.

This obligation also applies, under the conditions above, whenever a new threshold of 3% of the share capital or voting rights of the Company is reached or exceeded, regardless of the reason therefore, including beyond the legal threshold of 5%.

Any shareholder whose interest in the share capital or voting rights falls below one of the thresholds stipulated above is also required to inform the Company thereof within the same time limit of four trading days, in accordance with the same terms and conditions.

If this provision is not properly complied with, at the request of one or more shareholders holding at least five percent of the share capital or voting rights of the Company, the shares that exceed the threshold and that should have been declared are deprived of the voting rights for any shareholders' meeting that is held until the expiration of a time period of two years following the date the notification is brought into compliance.

21.2.8 Special specifications governing changes in the share capital

There are no special stipulations in the bylaws of the Company that govern changes in its share capital.

22 SIGNIFICANT AGREEMENTS

With the exception of the agreements described below, the Group has not concluded significant agreements other than those concluded in the normal course of its business.

22.1. Subcontracting and partnership agreement between AXE Group and EOS imaging SA dated 21 February 2012

On 21 February 2012, the Company signed an agreement with the AXE Group concerning the manufacturing of the EOS system, for a period of three years.

Under the terms of this agreement, the Company entrusts the production as well as the assembly (i.e., the integration) of its EOS radiology apparatus to AXE Group. Axe is committed to a production capacity of at least four of these appliances per month under this agreement, beginning on 1 July 2012.

Since Financial Year 2014, production capacity has been increased to eight appliances per month.

Since 1 July 2015, the contract has renewed tacitly every year.

The price of the EOS system is defined each year on the basis of an open-book analysis of the costs incurred by AXE Group, to which are added a margin agreed between the Parties. The Parties also agreed on a scale for sharing the savings related to the productivity gains expected from their collaboration.

The Company agrees to work exclusively with Axe Group for the EOS integration, and AXE Group agrees to seek prior approval from the Company before working with a new customer that might be a competitor of the Company. The protocol specifies that the conditions of this mutual exclusivity could be revised in the case of a change in control of either of the Parties.

22.2. License agreement between the École de Technologie Supérieure (ETS) and EOS imaging dated 2 November 2011

By a license agreement dated 2 November 2011 and applicable retroactively beginning on 1 January 2006, ETS granted the Company a worldwide license to use the intellectual property (patents and software packages) related to the technology that allows three-dimensional reconstruction on the basis of planar views. This license is exclusive for the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray plane images. EOS is authorised to grant sub-licenses to the technology for which the license is granted, for a term that does not exceed that of the license.

This license is granted to EOS in consideration for the payment of royalties.

This agreement is concluded for a term that runs, unless terminated early, until the earlier of the following two dates: the lapsing of the technology ownership rights or 31 December 2024.
ETS may, in particular, terminate the license early if the following three conditions are fulfilled: (i) change in control of EOS imaging (ii) as a result of which a new legal entity is substituted for EOS imaging, and (iii) that new legal entity refuses to assume the rights and obligations of EOS under the

terms of the license. ETS grants no warranty of any kind whatsoever for the technology for which the license is granted to EOS imaging, and EOS imaging is responsible for the expenses related to the legal protection of the intellectual property rights for which the license is granted to it.
EOS imaging may freely transfer its rights and obligations under the license to any company that controls it or in which it holds more than 40% of the share capital. In all other cases of transfers, ETS may oppose the transfer envisaged for valid and serious reasons.

Each Party is subject to a confidentiality clause that requires it to protect the confidentiality of the confidential information disclosed within the framework of the agreement.

22.3. License agreement between ARTS (Association de Recherche Technologie et Sciences) acting in partnership with the Laboratoire de BioMécanique of the École Nationale Supérieure d'Arts et Métiers and EOS imaging dated 28 July 2011

By a license agreement dated 28 July 2011 applicable retroactively beginning on 1 January 2006, ARTS granted to the Company a worldwide license to use the intellectual property (patents and software packages) related to the technology that allows 3D reconstruction on the basis of one, two, or more plane X-ray views. This license is exclusive for the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray plane images. EOS is authorised to grant sub-licenses to the technology for which the license is granted, for a term that does not exceed that of the license.

This license is granted to EOS in consideration for the payment of royalties.
This agreement is concluded for a term that runs, unless terminated early, until 31 December 2024.

ARTS grants no warranty of any kind whatsoever for the technology for which the license is granted to EOS imaging (in particular for its original nature, that it is not counterfeit, its utility, or its quality), and EOS imaging is responsible for the expenses related to the legal protection of the intellectual property rights for which the license is granted to it.

ARTS may, in particular, terminate the license early if the following three conditions are fulfilled: (i) change in control of EOS imaging (ii) as a result of which a new legal entity is substituted for EOS imaging, and (iii) that new legal entity refuses to assume the rights and obligations of EOS under the terms of the license. EOS imaging may freely transfer its rights and obligations under the license to any company that controls it or in which it holds more than 40% of the share capital. In all other cases of transfers, ARTS may oppose the transfer envisaged for valid and serious reasons.

Each Party is subject to a confidentiality clause that requires it to protect the confidentiality of the confidential information disclosed within the framework of the agreement.

23 INFORMATION PROVIDED BY THIRD PARTIES, APPRAISERS' CERTIFICATIONS, AND DECLARATIONS OF INTERESTS

None

24 DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION

The Company's press releases and documents, including in particular, its Bylaws, its financial statements and the reports presented at the General Meetings by the Board of Directors and the Statutory Auditors, and the annual information document are available on the Company's website at the following address: www.eos-imaging.com.

A copy of these documents can be obtained from the Company's head office.

A summary of the main press releases issued by the Company over the course of the last 24 months is set out below.

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Financial Communication/Investor Relations
Pierre Laurent
Tel: +33 (0)1 44 71 94 91
eosimaging@newcap.fr

24.1 Press releases issued during financial year 2014

March 2014: EOS imaging obtains CE marking for hipEOS, the first 3D planning software for hip replacement surgery.

April 2014: EOS imaging is eligible for the PEA-PME programme.

October 2014: 100th EOS system installed.

October 2014: EOS imaging obtains regulatory authorisations to market and sell in South Korea.

December 2014: EOS imaging obtains FDA approval for hipEOS, the first 3D planning software for hip replacement surgery.

24.2 Press releases issued during financial year 2015

January 2015: EOS imaging acquires additional financial means through the issuance of a €15 million bond in three tranches (the second and third tranches are optional) of €5 million each.

January 2015: EOS imaging obtains FDA authorisation for the Microdose option.

April 2015: EOS imaging strengthens its presence in Asia with its first installation in Hong Kong.

May 2015: Incorporation of the subsidiary EOS imaging Pte Ltd in Singapore, wholly owned by EOS imaging SA. This entity is intended to sell Group products in Singapore.

May 2015: EOS imaging launches its "EOS 3D Service", a 3D modelling service. The online modelling service, based in Montreal, will provide personalised 3D data from patients' stereo-radiographic EOS images.

May 2015: EOS imaging obtains the CE mark for kneeEOS, the first 3D stereo-radiographic planning software for full knee replacements.

September 2015: EOS imaging announces the acquisition of the exclusive rights over a technology that predicts the progression of scoliosis. Eight international centres take part in a multicentre study to confirm the benefits of this predictive technology.

October 2015: private placement of €8.7 million.

October 2015: EOS imaging announces its first installation in the Middle East.

24.3 Press releases issued during financial year 2016

January 2016: EOS imaging announces an exclusive licensing agreement and partnership in surgical simulation. The agreement with Spinologics relates to the co-development of personalised 3D biomechanical simulation software for spinal surgery.

February 2016: EOS imaging obtains the status of Innovative Technology from the Korean national health agency.

February 2016: EOS imaging obtains CE marking for spineEOS, its online 3D planning solution for spinal surgery.

March 2016: EOS imaging and Stryker announce a co-promotion agreement in the United Kingdom. The partnership will provide British hospitals with access to complete orthopaedic treatment solutions.

March 2016: EOS imaging obtains marketing approval for the EOS system in China. The authorisation from the CFDA (China Food and Drug Administration) enables to Group to break into a significant, fast-growing market.

April 2016: EOS imaging announces a co-marketing agreement with Medtronic Japan. This exclusive partnership will enable Medtronic Japan's sales force to market the EOS imaging platform to its customers and to thereby facilitate the adoption of EOS by the Japanese market.

April 2016: EOS imaging obtains FDA authorisation for the spineEOS, its online 3D surgical planning solution for spinal surgery.

April 2016: EOS imaging announces a 60% increase in revenue in the first quarter of 2016, as a result of excellent performance in the United States and Europe.

May 2016: EOS imaging announces the acquisition of the 10th EOS system by the Shriners Hospitals for Children network in the United States.

25 INFORMATION CONCERNING INVESTMENT INTERESTS

The information concerning the companies in which the Company owns a portion of the share capital that might have a significant impact on the assessment of its assets, financial position, or results appears in Chapters 7 "Organisation Chart" and 20 "Financial Information concerning the Company's assets, financial position and results" in this Registration Document.

26 CROSS-REFERENCE TABLE

Annual Financial Report

As required by Articles L. 451-1-1 of the Financial and Monetary Code and Article 222-3 of the AMF General Regulation, the Annual Financial Report comprising the documents listed below is included in this Registration Document.

Documents required under the aforementioned articles	Registration Document
Consolidated financial statements (IFRS)	section 20.1 page 210
Parent company financial statements (French standards)	section 20.2 page 247
Management Report	section 6.7 pages 100 to 103 sections 9.1 and 9.2 pages 117 to 128 See also the "Board of Directors' Management Report" Concordance Table
Declaration of the person responsible for the document	Chapter 1 page 10
Statutory Auditors' Report on the consolidated financial statements	section 20.3.1 page 272
Statutory Auditors' Report on the parent company financial statements	section 20.3.2 page 275
Statutory Auditors' fees	section 20.1.1 page 245

Management Report of the Board of Directors

The 2015 Management Report presenting the information listed below is included in this Registration Document. It was approved by EOS imaging's Board of Directors on 28 April 2016.

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	**Registration Document**
Analysis of the Company's business trends, results and financial position during the previous financial year (Articles L. 225-100 and L. 232-1 of the French Commercial Code)	section 20.2.1 page 247
Analysis of the Group's business trends, results and financial position during the previous financial year (Articles L. 225-100-2 and L. 233-26 of the French Commercial Code)	sections 9.1 and 9.2 pages 117 to 128
Results of controlled subsidiaries by business line (Article L. 233-6 of the French Commercial Code)	section 7.2 page 105
Foreseeable future development and outlook (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	section 12.2 page 149
Material events after the reporting date (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	section 12.1 page 148 section 20.1 page 246
Research and development activities (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	Chapter 6 Pages 91 and 102 Chapter 11 page 137
Taking of controlling interests or takeovers in France (Article L. 233-6 of the French Commercial Code)	sections 5.2.1 pages 54 and 55
Information concerning environmental issues and the environmental impacts of operations (Articles L. 225.100, L. 225-102-1 and R. 225-105 of the French Commercial Code)	section 4.5.4 page 47 section 8.2 page 110
Information on employee-related matters and social impacts of operations (Articles L. 225.100, L. 225-102-1 and R. 225-105 of the French Commercial Code)	Chapter 17 pages 180 to 201 section 8.3 pages 113 to 115
Description of main risks and uncertainties (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	Chapter 4 pages 20 to 49
Group financial risk management policy (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	section 4.4 pages 34 to 42 section 10.5 page 135
Group's exposure to price, credit, liquidity and cash flow risks (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	section 4.4 pages 34 to 42 section 10.5 pages 135

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	**Registration Document**
Summary table of current authorisations granted by the General Shareholders' Meeting to the Board of Directors for capital increases and use thereof during the financial year (Article L. 225-100 of the French Commercial Code)	section 21.1.9 pages 282 to 285
Information likely to have a material impact in the event of a public offering (Article L. 225-100-3 of the French Commercial Code)	Chapter 15 pages 157 to 166 Chapter 18 pages 202 to 206 Chapter 21 pages 279 to 294
Employee shareholding as at the last day of the financial year (Article L. 225-102 of the French Commercial Code)	section 17.3 pages 195 to 201
Information on supplier payment terms (Article L. 441-6-1 of the French Commercial Code)	section 20.2.6 page 272
Table of Company results over the past five financial years (Article R. 225-102 of the French Commercial Code)	section 20.2.4 page 271
Identity of shareholders holding more than 5%; treasury shares (Article L. 233-13 of the French Commercial Code)	sections 18.1.1 and 18.1.2 pages 203 to 205
Summary statement of transactions executed by Senior Managers on Company shares (Article L. 621-18-2 of the Financial and Monetary Code and Article 223-26 of the AMF General Regulation)	sections 14.1.3 pages 155 and 156
Total compensation and benefits in kind paid to each corporate officer (Article L. 225-102-1 of the French Commercial Code)	Chapter 15 pages 157 to 166
Offices and positions held in any company by each of the corporate officers during the year (Article L. 225-102-1 of the French Commercial Code)	section 14.1.1. pages 152 to 156
Information on the sale and purchase of treasury shares (Article L. 225-211 of the French Commercial Code)	sections 21.1.3 pages 280 and 281
Dividends distributed in the last three financial years (Article 243 bis of the General Tax Code)	section 20.4 page 277
Changes in the presentation of the annual financial statements (Article L. 232-6 of the French Commercial Code)	section 20.1.1 page 215