A French Public Limited Company (*Société Anonyme*), with share capital of €202,887.64
Registered office: 10 rue Mercœur, 75011 Paris
Paris Trade and Companies Register No. 349 694 893

2016 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

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

AMF AUTORITÉ DES MARCHÉS FINANCIERS

This Registration Document has been filed with the *Autorité des Marchés Financiers* (AMF) on 27/04/2017, in accordance with its General Regulations, in particular Article 212-13.
This document should not be used as a basis for a financial transaction unless accompanied by a prospectus approved by the AMF. The Regsitration Document has been prepared by the issuers and its signatories assume responsibility for its content.

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)

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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 certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and of all the undertakings included in the consolidation and The Management's Discussion and Analysis ("MD & A"), on pages 114 to 127, provides a true and fair view of the business, earnings and financial position of the Company and all consolidated companies and describes Risks and uncertainties they face.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.

Paris, 27 April 2017

Marie Meynadier
CEO

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 under the name Biospace Instruments, EOS Imaging SA, the Group's parent company, has developed an innovative medical imaging solution dedicated to osteo-articular conditions and orthopaedics. Today, the Group's products include the EOS low dose biplane x-ray equipment, the sterEOS 2D/3D image review workstation, software applications and services for skeletal modelling and orthopaedic surgery planning and the sale of 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 Médical 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 2016 were approved by the Board of Directors on 22 March 2017.

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 2016. 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 2016, are identical to those for the financial year ended 31 December 2015.

The new standards, amendments and interpretations of standards adopted by the European Union and which must be mandatorily applied by the Group from 1 January 2016 are as follows:

- Amendments to IAS 1 "Presentation of financial statements – disclosure initiative";
- Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation";
- IFRS annual improvements (2012-2014);
- Amendments to IFRS 11 "Acquisition of an interest in a joint operation";
- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: exception to consolidation";
- Amendments to IAS 27 "Equity method in separate financial statements".

The first application of these standards does not have a material impact on the consolidated financial statements as at 31 December 2016.

- 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 and interpretations adopted by the European Union and whose application is mandatory for the Group as of 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 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 2016 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 €981,000;
- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €981,000.

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 set out in this Chapter 3 is extracted from the Group's financial statements contained in section 20.1 of this Registration Document.

This financial information must be read in conjunction with (i) the analysis of the Group's results and financial position set out in Chapter 9 of this Registration Document and (ii) the analysis of the Group's cash and shareholders' equity set out in Chapter 10 of this Registration Document.

The sales revenue achieved by the Group for the first quarter of 2017 is also presented in this Chapter, following the annual figures for 2014 to 2016.

Simplified consolidated balance sheets

Consolidated data	2016 financial year	2015 financial year	2014 financial year
€K	12 months	12 months	12 months
Total assets	**58,779**	**52,164**	**39,801**
Non-current assets	**9,792**	**9,097**	**8,567**
Current assets	**48,987**	**43,067**	**31,234**
o/w which cash and cash equivalents	*14,909*	*14,091*	*10,154*
Total liabilities	**58,779**	**52,164**	**39,801**
Shareholders' equity	**22,768**	**27,768**	**25,464**
Non-current liabilities	**14,793**	**13,132**	**3,836**
o/w which long-term debt(1)	*14,019*	*12,837*	*3,539*
Current liabilities	**21,218**	**11,264**	**10,501**

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

Simplified consolidated income statements

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
€K	**12 months**	**12 months**	**12 months**
Total operating income	**33,097**	**23,656**	**21,719**
o/w which sales revenue	30,773	21,812	20,062
o/w sales of equipment	*25,062*	*17,850*	*17,197*
o/w sales of maintenance contracts	*4,697*	*3,133*	*2,104*
o/w sales of consumables and related services	*1,014*	*830*	*761*
Direct cost of sales	(16,198)	(11,619)	(10,624)
Gross margin	**14,575**	**10,193**	**9,439**
In %	**47%**	**47%**	**47%**
Total operating expenses	(37,660)	(30,137)	(27,872)
Total operating income	**(4,563)**	**(6,661)**	**(6,152)**
Pre-tax profit (loss) from ordinary activities	**(6,172)**	**(7,181)**	**(5,245)**
Total net profit (loss) for the period	**(5,541)**	**(6,668)**	**(5,056)**
Net earnings per share (in €)	(0.30)	(0.38)	(0.29)

Simplified cash flow statements

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
€K	**12 months**	**12 months**	**12 months**
Cash flows related to operating activities	**(3,302)**	**(12,698)**	**(4,591)**
o/w internal financing capacity	(3,514)	(5,806)	(4,564)
o/w change in working capital requirements	212	(6,892)	(27)
Cash flows related to investment activities	**(1,746)**	**(1,475)**	**(1,478)**
Cash flows related to financing activities	**5,465**	**18,052**	**432**
Impact of exchange rate fluctuations	401	58	50
Change in cash	**818**	**3,937**	**(5,587)**

Sales revenue for first quarter of 2017

In millions of euros		31 March 2017	31 March 2016
Equipment sales		**5.47**	**4.09**
	As a % of total revenue	*77%*	*77%*
Sales of maintenance		**1.40**	**0.99**
	As a % of total revenue	*19%*	*18%*
Sales of consumables and services		**0.26**	**0.24**
	As a % of total revenue	*4%*	*5%*
Total revenues		**7.13**	**5.33**

Unaudited data

In millions of euros	31 March 2017	31 March 2016
EMEA	**3.21**	**2.45**
North America	**2.48**	**2.85**
Asia-Pacific	**1.44**	**0.03**
Total revenues	**7.13**	**5.33**

Unaudited data

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 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 2016, the R&D department had 43 employees and the R&D budget in 2016 stood at more than €3.9 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 is planning to continue to expand its geographic coverage. 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 and to provide technical support for these third-party staff members.

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 is 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 have enabled us to continually improve manufacturing yields since 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 looking at the possibility of adding a second supplier with an equivalent performance to its first supplier to 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 also leads to lower purchasing volumes by suppliers, with a potential increase in costs. 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 assessments, 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. In conjunction with the continual improvement of the assembly and testing processes, this investment has reduced any risk of insufficient assembly capacity.

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 therefore the strict 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. Tests and validations would then need to be re-performed to maintain and obtain the Group's marketing authorisations in the relevant countries. 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 brief 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

Counting more than 240 references as at 31 December 2016, EOS Imaging's customer portfolio 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.

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. The Group's experience with distributors may, however, lead it, in certain circumstances, to determine that there is a risk associated with those distributors and recognise an impairment of trade receivables. As such, the amount of impairments of trade receivables at 31 December 2016 was €296k, with total trade and other receivables of €25,308, i.e. 1.2%.

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 2015 and 2016 was 4% and 2% respectively, while for the same period, the aggregate weight of the Group's three largest customers accounted for 10% and 6% 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 2016, 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.

To supplement the analysis above, please also refer to Chapter 20.1, section 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, €9.1 million per claim and insurance year;
- after delivery, €5 million per claim and insurance year excluding North America;

- after delivery, €5 million 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 2016, its cumulative operating losses over the last three financial years ended on 31 December 2014, 2015 and 2016 reached €17,376,000 including an operating loss of €4,563,000 for the financial year ended 31 December 2016.

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 (OBSA) each with a nominal value of €9, for a total of €540,000. The 60,000 warrants entitle their holders 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, with a total amount of €14,460,000. 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 60,000 warrants are attached to the three tranches of ordinary bonds, at 20,000 warrants per tranche. They are exercisable on or after the date on which the bonds are issued. If the bonds are not issued, the warrants are void.

In 2015, the company issued the first two tranches of this bond issuance, for a total amount of €10,000,000. These bonds have a term of 4 years. They carry interest at Euribor plus 7.75%. A third tranche, for €5,000,000, was subscribed on 29 June 2016. The repayment schedule for these bonds is set out in Chapter 4.4.5.

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 €(4,591)k, €(12,698)k and €(3,302)k respectively for the 2014, 2015 and 2016 financial years.

At 31 December 2016, the Company's cash and cash equivalents came to €14,909,000.

The Company has carried out a specific review of its liquidity risk. In particular, it carried out a detailed assessment of repayments under public advances, which are set out in detail in Chapter 4.4.4 and of repayments on the bonds, which are set out in Chapter 4.4.5.

On the basis of this assessment, the Company considers that it is able to meet all payments falling due over the course of 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 be required to repay the bonds early if it does not comply with its contractual obligations for the entire term of the borrowing, as stated in section 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 2016 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 2016 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 may be broken down as follows:

At 31 December 2016 (in €K)	Ref	Amount granted	Amount received	Amount repaid	Waiver of receivable	Amount to repay
OSEO repayable advance - 2009 (1)	A	1,275	822	135	269	418
OSEO repayable advance - 2011	B	250	250	69		181
Innovation Loan - 2012	C	150	150	53		97
Interest-free loan BPIFrance - 2013	D	1,500	1,500	-		1,500
Repayable recruitment advance 2013	E	86	86	75		11
BPIFrance repayable advance - 2014	F	250	250	-		250
Ardea repayable advance - 2014	G	100	100	56		44
Total		3,611	3,158	388	269	2,501

(1) On 27 January 2016, BPI France announced that the project had been partially commercially successful, and €268,928 of the loan was waived.

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	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	Nature of payment deadline
A	106	125	85	69	33					418	Renegotiable (2)
B	65	76	40							181	Firm
C	23	34	32	8						97	Firm
D	500	500	500							1,500	Firm
E	11									11	Firm
F	10	31	31	31	31	31	31	31	23	250	Renegotiable (2)
G	20	20	4							44	Firm
TOT (1)	735	786	692	108	64	31	31	31	23	2,501	

(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 April 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 €1,275k. Repayments of €822,000 have been made, corresponding to the contractually financed portion of expenditure committed by the company, which was lower than the amount forecast on signature of the agreement. On 2 February 2016, BPI recognised that the project had been partially commercially successful, and €269k of its receivable was waived. New terms and conditions were agreed for repayment of the advance, under which the company will repay €553k over a six-year period. The first repayment of the advance was made in June 2015 in an amount of €45k. In July 2016, the company made the second repayment of €90k.

As part of its development of bespoke instrumentation for orthopaedic knee surgery, OneFit Médical received a reimbursable advance of €250k. As the project was deemed successful in 2015, repayments made during the 2016 financial year amounted to €69k.

As part of its development of a new generation of knee instrumentation, OneFit Médical 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 partnership loan

OneFit Médical also received an innovation partnership loan of €150k for eight years including a three-year deferred amortisation period 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 over five years beginning on 31 May 2015. As at 31 December 2016, reimbursements of €30k have been made, reducing the balance of this loan to €97k.

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. At 31 December 2016, the balance of this advance stood at €44k.

OneFit Médical also received a reimbursable advance of €86k granted in 2013 as a recruitment subsidy. At 31 December 2016, the balance of this advance stood at €11k.

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 third tranche of €5,000,000 was subscribed in June 2016 on the same conditions as the first two tranches.

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.	2017	2018	2019	2020	Total (1)
Tranche 1 (€k)	2,284	2,429	1,050	-	5,763
Tranche 2 (€k)	904	2,560	2,854	-	6,318
Tranche 3 (€k)	452	2,045	2,499	1,744	6,740
Total (€k)	3,640	7,034	6,403	1,744	18,821

(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 2016 is €15,283k. This amount includes the principal of €15,000,000, from which issue costs, amortisable over the term of the loan, are deducted. It also includes interest incurred as of 31 December 2016.

The subscription agreement contains a number of contractual obligations, including compliance with certain ratios (maximum net debt, debt service/revenue ratio).

If the Group does not comply with the contractual conditions of the bond subscription agreement, it could be obliged 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 Company considers that the risk of non-compliance with these ratios is very low.

4.4.6. Foreign exchange risk

The sales made by the American and Canadian subsidiaries, and the expenses incurred in connection therewith, are respectively denominated in USD and CAD.

As described in Chapter 7.3 of this Registration Document, 50% of the 2016 revenue, i.e. €15.4 million, was denominated in euros and 50%, i.e. equivalent to €15.4 million, was denominated in US or Canadian dollars.

The 41% increase in revenue in 2016 at historical exchange rates (the 2015 revenue was established using at the average rates for 2015 and the 2016 revenue was established using at the average rates for 2016) would be 0.06% lower at constant exchange rates (2015 and 2016 revenue established using 2015 average exchange rates).

Likewise, 54% of 2016 operating expenses, i.e. €20.5 million, were denominated in euros and 46%, i.e. the equivalent of 17.2 million dollars, was denominated in foreign currencies, with 16.1 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 2016 has the same impact on the Company'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 €981k;

- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €981k.

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.

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. The third tranche of €5,000,000 was subscribed in June 2016 on the same conditions as the first two tranches. 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 2016, 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 beginning on 31 May 2015. Reimbursements of €30k were made during the period ended on 31 December 2016, reducing the balance of this loan to €97k.

These advances are recognised at their amortised cost. They appear as debts on the balance sheet in the amount of €2,468k.

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 2016, 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 customer payment terms, which depend on a number of different factors:

- Sector-specific factors:

- The sales group for medical imaging equipment for which installation, user training and acceptance of the equipment 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 the sale agreement;
- The payment terms 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 2016 was 211 days, compared to 284 days at the end of December 2015. The fall in the DSO is principally the result of a significant reduction in the average installation period for the equipment that is sold.

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, 1,255,821 outstanding stock options and 172,000 free shares have thus been awarded.

On 15 December 2016, the Group decided to issue 133,000 free shares and to award 280,000 free shares subject to performance conditions.

Furthermore, 40,000 BSAs (warrants) 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.

Lastly, 190,000 BSAs giving the right to subscribe to 190,000 shares were subscribed by two directors as part 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 3,990,821 new shares, thus generating a dilution equal to 19.67% on the basis of the diluted capital. The dilution of voting rights would come to a maximum of 19.67% 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 Group 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 Group 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 Group is subject to regular FDA inspection which requires that the Group 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 Group would be unable to sell and market its products in the U.S. market or would have to implement other longer and more costly 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 Group 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 several countries outside of the European Union and the United States, in particular Canada, Australia, Saudi Arabia, Taiwan, Mexico, Korea, Thailand, 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 Group'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 Group 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 Group of a Quality Management System (QMS) certified compliant with international standard ISO 13485 seek to guarantee full compliance of each product with applicable regulations as well as its quality.

The Group 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 Group's products. The suspension, total stoppage or total or partial prohibition of the activities of the Group'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 2013/59/Euratom dated 05 December 2013 laying down basic safety standards for the protection of the health of workers and the general public against the dangers resulting from exposure to 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.

This Directive also 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.

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	5200416904	Equipment/Furnishings: €40,000 Information media: €16,262
Automobile fleet	AXA	3 928 616 104	7 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: €9,000,000/claim Civil liability after delivery: -€5,000,000/year and /claim excluding 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 €96k, €222k and €252k respectively, for the financial years ended 31 December 2014, 2015 and 2016.

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 Médical, 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 to coordinate the Group's sales activity in Asia.

May 2015: EOS imaging launches its “EOS 3D Service”, a 3D modelling service.

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 surgical simulation with the Canadian company Spinologics.

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 commercialisation agreement in the United Kingdom.

March 2016: EOS imaging obtains marketing approval for the EOS system in China.

April 2016: EOS imaging announces a co-marketing agreement with Medtronic Japan.

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

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

July 2016: EOS Imaging announces the conclusion of a framework agreement with the prestigious German hospital network Schön Kliniken.

July 2016: EOS Imaging announces a new, exclusive partnership with Anatoscope (Montpellier, France) in the area of virtual patient models.

November 2016: EOS Imaging announces that it has obtained 510(k) authorisation from the FDA (Food and Drug Administration) to sell its kneeEOS software in the United States.

November 2016: EOS Imaging announces the installation of the first EOS system in the university hospital at Konyang, South Korea, the third largest market in Asia.

April 2017: EOS imaging announces first sale of EOS System in Israel.

April 2017: EOS imaging reports revenues up 34% in the first quarter of 2017, driven by the recovery of excellent momentum in Asia Pacific and strong growth in the EMEA region, supported by the Group's Sales in the United Kingdom.

April 2017: private placement of €7.8 million

5.2. INVESTMENTS

5.2.1 Principal investments made in the last three financial years

Gross investment (IFRS, in €K)	2016 financial year 12 months Consolidated	2015 financial year 12 months Consolidated	2014 financial year 12 months Consolidated
EXTERNAL GROWTH			
Goodwill			
ORGANIC GROWTH	**1,787**	**1,554**	**1,485**
Intangible assets	1,252	1,052	920
Property, plant, and equipment	516	485	475
Financial assets	19	17	90
TOTAL INVESTMENTS	**1,787**	**1,554**	**1,485**

ORGANIC GROWTH:

Intangible assets

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

Their information by type is shown in section 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 section 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 section 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 section 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 section 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 Research Tax Credit.

5.2.3 Principal investments in progress and projected

EOS imaging has established a team of 40 R&D engineers based in Paris and Besançon, France.

In 2016, 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.

Development also continued 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.

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.

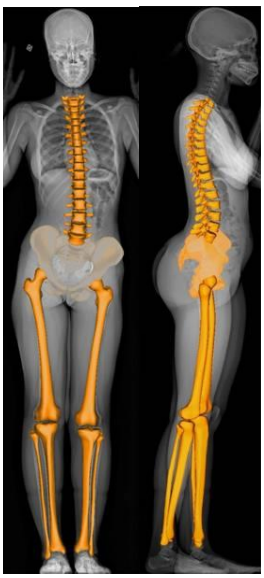
EOS is a unique biplane stereoradiographic (SR) imaging system that combines proprietary technologies to allow a biplanar imaging examination of the whole skeleton at a low radiation dose.

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 will depend on a number of parameters (including the purchase cost of the machine, the customers' economic environment, its adoption by healthcare professionals), 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 already 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, China and the European Union.
- EOS has been used in more than 1,200,000 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 250 articles have been published about EOS in scientific journals.

A high-calibre management team.

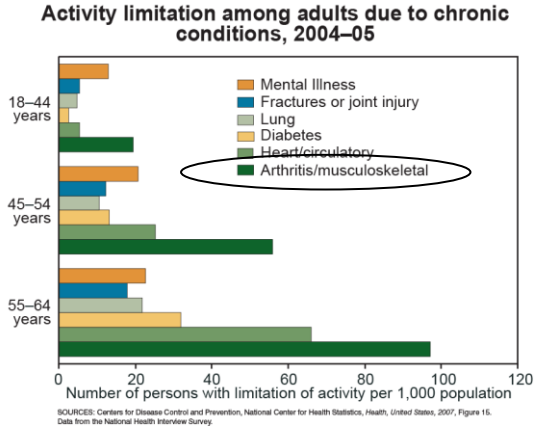
The Group is managed by a team with a great deal of strong professional experience, accumulated in large company groups (General Electric, Philips, Stryker, etc.) and in technological SMEs. The team combines experience from the medical imaging and orthopaedic surgery sectors that are particularly relevant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

6.1. FIELD OF APPLICATIONS

6.1.1 Musculoskeletal disorders, orthopaedic surgery and the associated issues

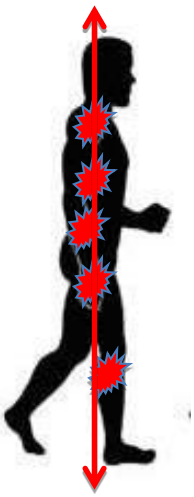
Disorders of the bones and joints, referred to as musculoskeletal disorders, are diseases that, for the most part, are associated with ageing. Osteoarthritis, in which the cartilage and bone in the joint degenerate, is the most common musculoskeletal condition and affects between 5 and 15% of the world's 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

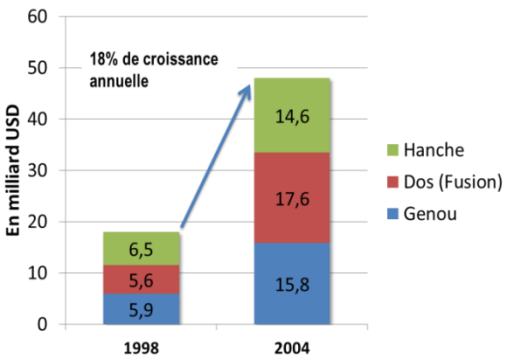


These disorders are one of the leading sources of direct public health costs and the primary cause of disability in western countries (table opposite), well ahead of cardiovascular diseases and diabetes. A sedentary lifestyle, obesity and ageing are factors that contribute to the significant growth in 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



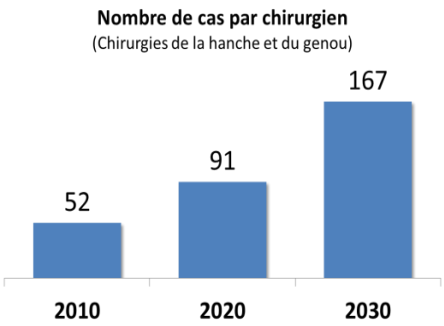
The upright position puts strain on the skeletal joints, particularly on the main joints – the knees, hips and spine – which suffer the effects of the weight they are bearing and consequently degenerate more quickly. As a result, osteoarthritis and the other disorders affecting these joints are not only 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 2010-2030 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.

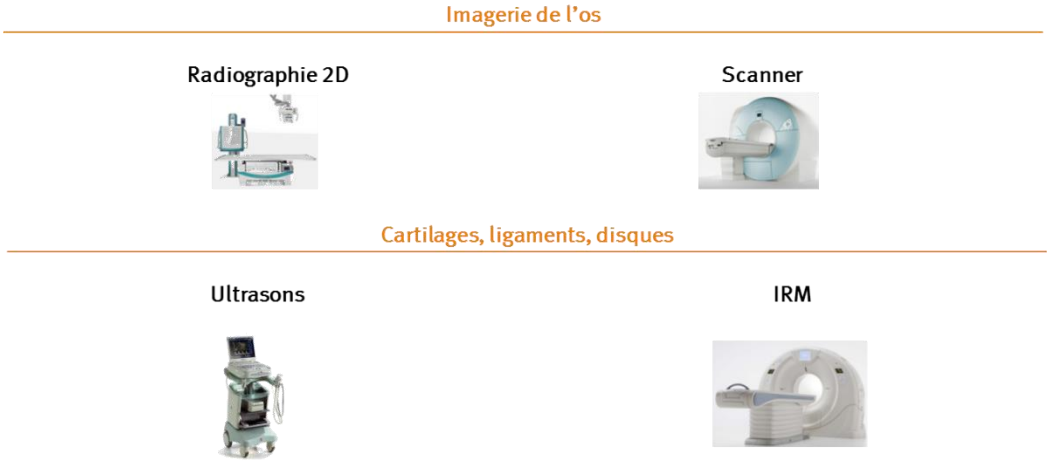
[12] Bozic et al, Clin. Orthop. Relat. Res. 468 (2010): 45-51

[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.

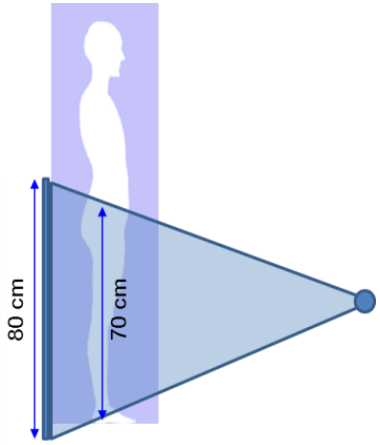


X-rays are used in the form of 2D radiographs (historically produced on film, but nowadays obtained directly or indirectly in digital form) and only provide two-dimensional images. X-rays provide two-dimensional images CT scanners, which also use X-rays, produce cross-sectional images which can be used 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.

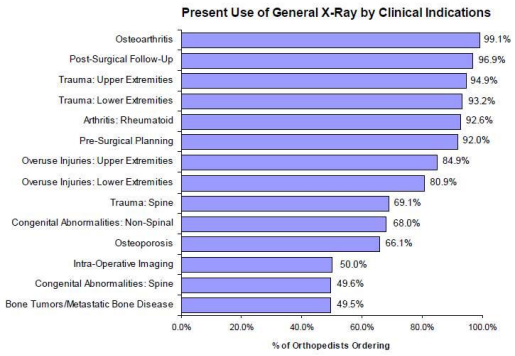
e. Calculation errors too frequent with standard radiography

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].

[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.

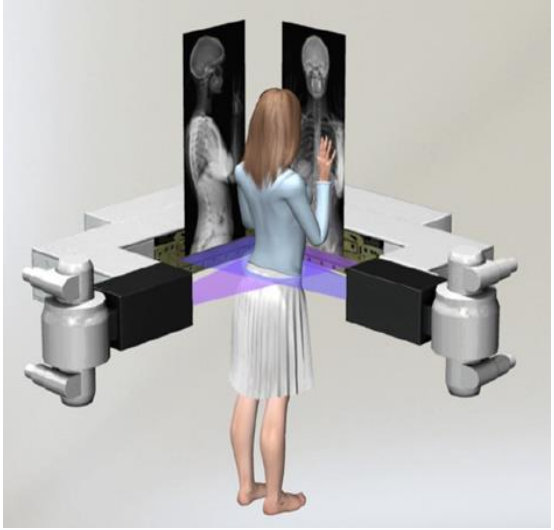
Neither 2D radiology nor CT scanners really meet the needs of orthopaedics, which until now has not had the benefit of specialised or innovative imaging addressing its particular needs.

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, member of the *Académie de Médecine*, 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/professionals/materials

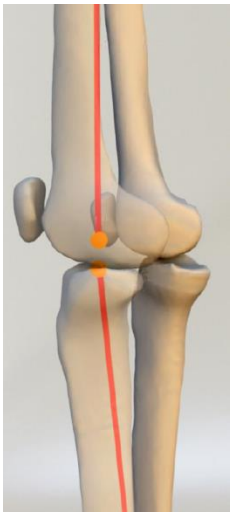
a. A simple idea: full body images, at lower doses, and with 3D



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

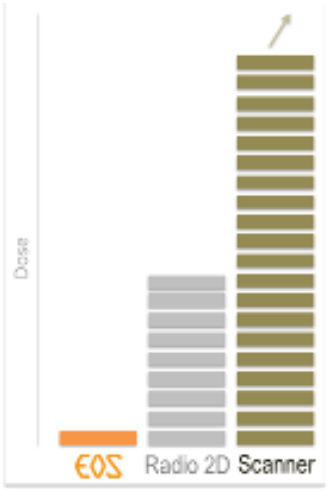


The complete EOS output consists in the two simultaneous X-ray images, the 3D model specific to each patient, and a report that includes the clinical parameters, calculated automatically, that are necessary for diagnosis, surgery and post-operative care. It allows monitoring the patient along the entire 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 section 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 available online 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, which have strengthened 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 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)

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 almost 150 full spinal examinations.

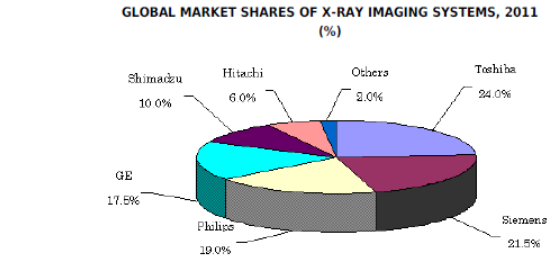
6.2. EOS MARKET POSITIONING AND COMPETITIVE ENVIRONMENT

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, its biplane scanning system and 3D reconstruction technology. Its general competitive environment is made up of medical imaging companies, including the big ones – General Electric, Siemens, Philips, Toshiba (now Canon) and Samsung. The first four of those offer a full range of body scanners which may be used for 3D musculoskeletal imaging. Certain companies (Planmed and Carestream) offer small-scale tunnel scanners which take localised 3D images of a part of a limb or the head. Outside the large groups, a number of medium-sized companies offer a range of digital radiological products, including Canon, Hitachi, Carestream, Fuji, Agfa, Shimadzu and Mindray. These ranges include mural radiography systems and remotely controlled tables, some of which have a tomosynthesis function (Shimadzu, for example), and robotic systems (Siemens, for example), which may be used for 2D musculoskeletal imaging and, in respect of the last two, for very localised 3D imaging.



Source: BCC Research

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

[19] MaRS Market Insights, December 2009

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

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 dollars 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.

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	1350
Cible moyen terme	402	593	3 102
Total	528	900	4 452

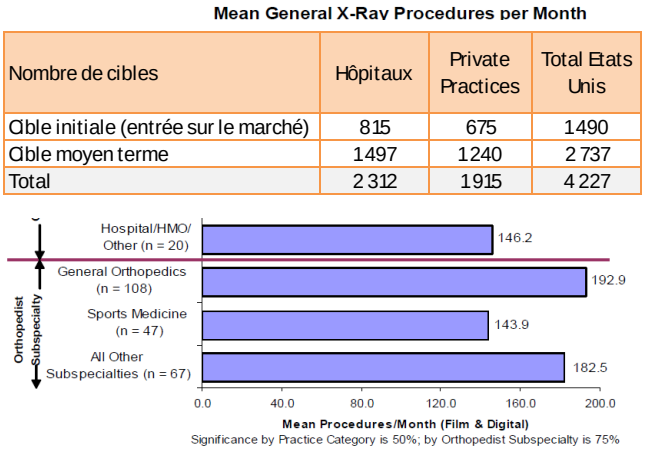
[21] The number of "Initial Targets" corresponds to the number of sites carrying out more than 400 surgical procedures per year. "Medium-term targets" correspond to the number of facilities carrying out between 100 and 400 surgical interventions per year. Data taken from: France - PMSI 2009, Allemagne 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.

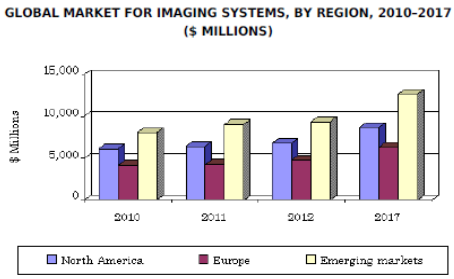
The number of establishments targeted by the Group in the United States is summarised opposite.

Nombre de cibles	Hôpitaux	Private Practices	Total Etats Unis
Cible initiale (entrée sur le marché)	815	675	1490
Cible moyen terme	1497	1240	2 737
Total	2 312	1915	4 227



Rest of the World

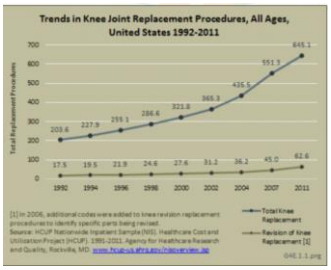
As the data on surgery in the rest of the world is more fragmentary, the Group's estimate for this area is averaged between the European market and that of the hospitals alone in the US. This estimate is a conservative one with respect to the numbers of hospitals in Asia and South America, as shown in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

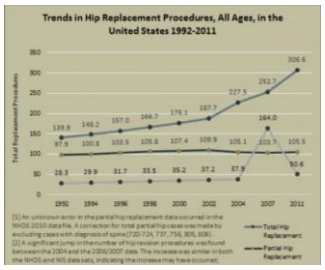


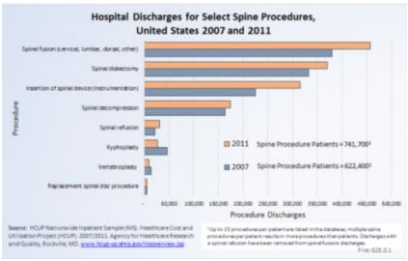
The growth in the amount of orthopaedic surgery performed worldwide derives largely from ageing, inactivity and obesity. The growth in the number of knee, hip and spine surgical procedures in the United States between 2007 and 2011, illustrated in the diagrams below, is 17, 21 and 19%, respectively. 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 and identified by levels of surgery that are already high.

[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

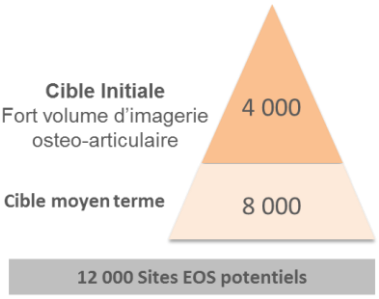






Source: http://www.boneandjointburden.org/2014-report

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 10% of the total accessible market of 528 sites. In the United States, almost 100 healthcare centres have adopted the EOS technology and certain hospitals have acquired several machines with a view to standardising their treatment.

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.

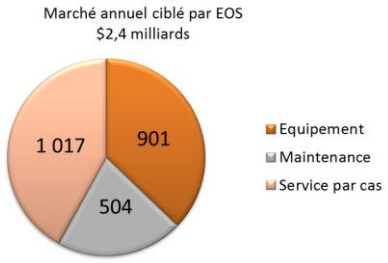
Nombre de cibles	Nb de cibles	Prix moyen par EOS	Valeur du parc d''equipement cible (m$)	Marché annuel (renouvellement tous les 7 ans) en $m	Maintenance (8%)
Cible initiale (entrée sur le marché)	3 853	$ 500 000	1 926	275	154
Cible moyen terme	8 758	$ 500 000	4 379	626	350
Total	**12 611**		**6 306**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

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 relatively pronounced seasonal patterns. This is demonstrated by the fact that a very large part of the revenue is realised in the fourth quarter, particularly in December, during which many commercial negotiations are concluded.

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 the progress of the contractual service, irrespective of the invoicing arrangements, which, depending on the circumstances, may be monthly, quarterly or annually, in arrears or in advance.

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 for the purpose of clinical trials and at sites that do not have the necessary human resources for processing images

(ii) surgical planning services, currently deployed in a restricted manner among opinion leaders.

(iii) Sales of consumables: instruments customised to the patient's anatomy, created using 3D printing.

Business lines (i) and (ii) are being developed within the Group by OneFit Médical 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 February 2017, EOS had an installed base of over 200 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 1,200,000 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 60% of the 50 best US paediatric orthopaedic hospitals (2017 ranking), 24% of the 50 best US adult orthopaedic hospitals (2017 ranking), 13 hospitals from the Shriners network, and 5 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 1,200,000 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 almost 150 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 Ilharreborde 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 [33] team 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 et 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.

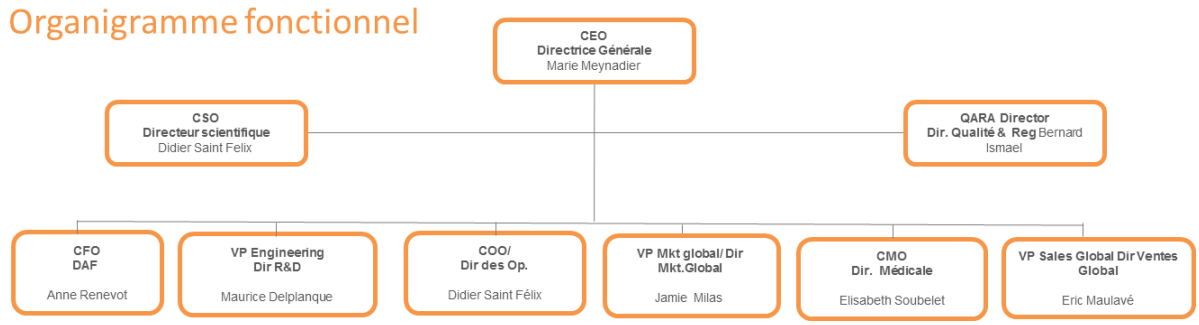
f. Planning and control

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 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.

- **VP Engineering: 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.

6.4.2 Marketing

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. The Group also maintains an active presence on social networks.

- **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.

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 providing specific clinical parameters that are 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:

- more than 80 clinical studies are currently underway worldwide;
- 55 oral medical presentations, as well as posters, were delivered in 2016 at national and international conferences;
- 245 scientific articles on EOS and its technology have been published in leading journals, 78 of which were published in 2016.

A list of the principle publications is available on the Group's website at the following address: http://www.eos-imaging.com/professionals/publications

6.4.4 Sales

The Group has set up a sales network in the areas of Europe/Middle East, Latin America, North America and Asia-Pacific. These last two areas were the focus of particular investments between 2012 and 2014: strengthening of the local marketing and sales teams, conclusion of distribution agreements and a significant presence at 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 2016 financial year as well, around 75% of sales have been made directly by the Group's sales teams, and 25% through its network of distributors. Likewise, 50% of sales, i.e. €15.4 million, were denominated in euros and 50%, i.e. the equivalent of 15.4 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 VP Global Sales, 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, the United Kingdom (partly in partnership with Stryker) and Benelux;
- A mixed approach in Germany using local agents;
- A distribution approach in Austria, Switzerland, Scandinavia, Italy, Serbia, Poland, the Czech Republic, Hungary, Israel, Overseas Departments and Regions, the Maghreb, Lebanon, Saudi Arabia, the United Arab Emirates, Jordan 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 February 2017, the Group had an installed base of 93 systems across the 16 countries in the EMEA area that have purchased systems: France, Great Britain, Germany, the Netherlands, Luxembourg, Denmark, Italy, Hungary, Switzerland, Turkey, Belgium, Tunisia, Saudi Arabia, Iran 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 February 2017, the Group had an installed base of 81 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. Since obtaining marketing authorisation in China (CFDA approval) in March 2016, the Group has marketing authorisations for all these countries.

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 February 2017, the Group had an installed base of 24 systems in the Asia-Pacific region.

d. Latin America

In 2016, the Group entered the Latin American market with a first sales agreement in Brazil.

e. Applications/Training/Sales support

The Group has set up structured processes through which the sales force, 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 31/12/2016	As at 31/12/2015	As at 31/12/2014
EMEA	11,416	9,167	8,675
North America	15,370	10,439	5,935
Asia	3,235	2,207	5,453
Latin America	752		
Total	**30,773**	**21,812**	**20,063**

In 2016, the Group generated annual revenue of €30.8 million, an increase of 41%.

The Group recorded revenue of €3.24 million in Asia-Pacific, up by 47%. This growth reflects the Group's reorganisation in Japan that began in 2015, the recognition in Korea, in February 2016, of EOS as an innovative technology, and the obtaining of marketing approval from the CFDA in China in March 2016.

In the Europe-Middle East region, revenue was up by 25% to €11.42 million. At the beginning of 2016, the Group reviewed and strengthened its sales team and is now in a position to resume its activities with stronger growth.

In North America, the Group's revenue grew 47% to reach €15.4 million. This growth reflects the adoption of the EOS technology by the Group's largest market. At the beginning of 2016, the Group made adjustments and strengthened its sales team.

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

Sales revenue by category (€k)	As at 31/12/2016	As at 31/12/2015	As at 31/12/2014
Equipment sales	25,062	17,850	17,197
Sales of maintenance contracts	4,697	3,133	2,104
Sales of consumables and related services	1,014	830	761
Total	**30,773**	**21,812**	**20,063**

In 2016, revenue from equipment sales grew to €25.1 million, an increase of 40%.

Recurring revenues grew by 44%. They can be broken down into revenue from maintenance and from sales of consumables and services, which respectively grew by 50% to €4.7 million from €3.1 million in 2015, and by 21% to €1 million from €0.83 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.

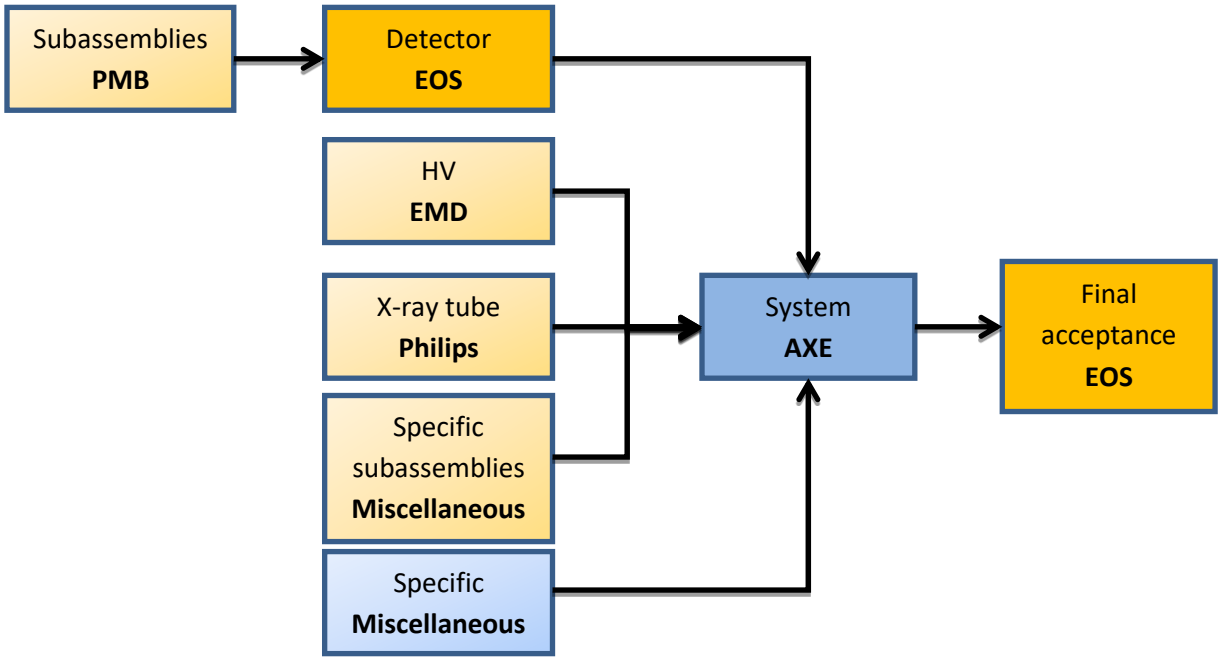
For its part, the systems integrator partner is responsible for:

- 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 triple 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 2016 resulted in a small increase of 3% in production costs.

6.4.6 Service organisation

An organisation focused on service quality: After-sales 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 sub-contractor's 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, and through the Boston office 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 more than 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 above 80%.

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 2016 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 43 engineers, several of whom are doctors – that has been built up 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;
- three functional groups, led by a manager-expert, that respectively cover the systems business line (electronics, detection physics and mechanics), the software business line (applications and embedding) and algorithms (signal processing, 3D modelling and machine learning).

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 and has collaborated with the LTCI, Telecom ParisTech and CNRS's joint research lab, on image-processing.

These collaborations are often carried out within the context of projects co-financed by the French or European public authorities:

- The Group leads 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;
- 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.

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 half-yearly 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 Médical, the Group is also involved in the development of patient-specific and/or connected instruments for orthopaedic surgery, adapted to the patient's anatomy. OneFit Médical 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 CT 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 a suite of orthopaedic surgery planning software based on the stereoradiographic images produced by EOS. 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 automatically plan the choice and position of the orthopaedic implant in 3D. 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 and are continually enhanced by new features. 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 Médical, 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 Help surgeons a complete solution, from diagnostic imaging right through to assistance with prosthetic surgery.

In addition to its support functions, OneFit Médical has a team of 13 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 (Marle group).

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 relating to 3D reconstruction with two academic partners: ARTS (Association de Recherche Technologie et Science, acting in partnership with the Georges Charpak Human Biomechanics Institute of the École Nationale Supérieure d'Arts et Métiers) and the Orthopaedic Imaging Laboratory of the École de Technologie Supérieure (ETS) in Montreal. Details of these two agreement are provided in Chapters 22.2 and 22.3.

Lastly, the Group has entered into licensing agreements with Spinologics and Anatoscope which will be exploited on future products.

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;
- the 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 the amended EU directive 93/42/EEC on medical devices. 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 2013/59/Euratom of 5 December 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation 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 effectiveness 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 the requirements of 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 more than 50 countries, including the United States (FDA), Japan and the European Union (CE). These authorisations are summarised in the table below:

	Authorisation date				
	EOS	**sterEOS**	**hipEOS**	**kneeEOS**	**spineEOS**
CE marking[(1)]	05/2007	06/2007	04/2015	04/2015	02/2016
Canada	06/2007	11/2007	05/2015		08/2016
United States	09/2007	08/2008	12/2014	10/2016	04/2016
Australia	02/2011	02/2011	09/2015	09/2015	05/2016
Saudi Arabia	02/2012	02/2012			
Hong Kong	12/2012[(2)]	[(3)]			
Thailand	02/2013	02/2013			
Japan	10/2013	10/2013			
Singapore	10/2013	11/2014			

Taiwan	03/2014	03/2014			
Philippines	05/2014	05/2014			
Vietnam	07/2014	07/2014			
Brazil	09/2014	09/2014			
Malaysia	10/2014(2)	(3)			
South Korea	10/2014	10/2014			
Iran	01/2015	01/2015			
Mexico	02/2015	03/2015			
Qatar	10/2015(2)	(3)			
China	02/2016	08/2015			
Israel	02/2017	02/2017			

(1): European Union and pays acknowledging the CE mark for medical devices.
(2): importation licence as a system that emits ionising radiation.
(3): not regulated as a medical device

The Group plans to maintain all authorisations it has obtained by updating them if modifications made to the products are required to be notified to the authorities, or by renewing those authorisations with an expiry date.

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, 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 (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 2016 FINANCIAL YEAR

Bond issue:
On 29 June 2016, the company issued the third and final tranche of 5,000,000 ordinary bonds at €1 each for a total of €5,000,000 (redeemable on the same terms and conditions as the two previous tranches).
As for the first two tranches, an investment fund committed to subscribe the full amount of the issue.

BPIFrance repayable advance and waiver of receivable:
At a meeting of its collaborative projects monitoring committee on 27 January 2016, BPIfrance formally recognised a partial commercial success for EOS Imaging and the waiver of a €268,928 receivable.

Changes to the Board of Directors:
NBGI Private Equity resigned as a director of the company on 23 February 2016.

Authorisation to market the EOS system in China:
In March 2016, the Group obtained authorisation from the CFDA (China Food and Drug Administration) to market the EOS system in China.

Acquisition of licence rights:
In February 2016, the Group acquired exclusive rights to market a spinal biomechanical simulation technology from the Canadian company Spinologics.

Partnership agreement with Stryker:
In March 2016, the Group signed a co-marketing agreement in the United Kingdom with Stryker.

Partnership agreement with Medtronic:
In April 2016, EOS Imaging signed a co-marketing agreement with Medtronic Japan.

Partnership agreement with Anatoscope:
On 21 July 2016, the Group announced an exclusive partnership with Anatoscope (Montpellier, France).

FDA authorisation for kneeEOS:
In November 2016, EOS Imaging obtained 510(k) authorisation from the FDA (Food and Drug Administration) to sell its kneeEOS software in the United States.

6.7.1 Research and development

EOS imaging has established a team of 43 R&D engineers based in Paris and Besançon, France and in Montreal, Canada.

In 2016, 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 2016 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 approximately 33%, with almost 200 installed devices as at 31 December 2016. 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 2016, the Company continued to support clinical studies undertaken by several medical teams worldwide that use EOS. The year was marked by: the international nature of the publication of clinical trials on EOS with, for the first time, publication by Asian teams (43 publication in EMEA, 28 in North America and 7 in Asia); the sharp increase (105%) in the number of publications; lastly, the involvement of internationally renowned clinicians in the development of the software associated with EOS.

6.7.4 Sales and Marketing

EOS Imaging accelerated its commercial development in 2016, with sales revenue up 41%.

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 substantially, up by 40%, and recurring revenues grew by 44%.

6.7.5 Human resources

To support its growth, the Group has continued its recruitment during the 2016 financial year.

EOS Imaging's consolidated workforce as of 31 December 2016 totalled 129 people, as compared to 122 as of 31 December 2015.

The year-on-year increase in the headcount by seven persons is due, in particular, to three hires in the sales and marketing teams, two hires in the maintenance teams, with a view to supporting the expansion in equipment maintained, one hire in the administration teams and one hire in the production teams.

The average consolidated workforce rose from 116 in 2015 to 132 in 2016.

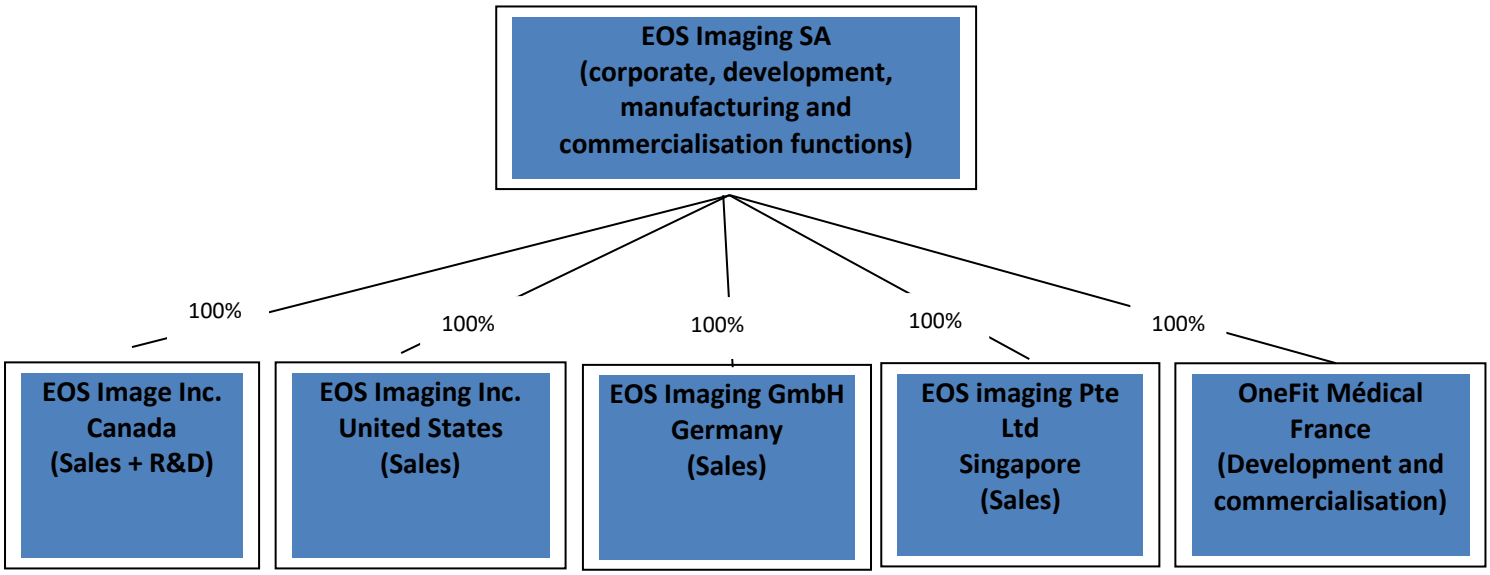
6.7.6 Progress made – difficulties encountered

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 2016, it generated revenue of US$16,188k (or €14,629k) and a net loss of US$1,900k (or €1,717k).

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 2016, it generated revenue of €1,865k and a net loss of €33k.

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 2016, it generated revenue of CA$1,122k (or €765k) and a loss of CA$152k (€104k).

OneFit Médical SAS:

Based in France, OneFit Médical 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 2016, it generated revenue of €1,261k and a net loss of €327k.

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 2016, it generated no revenue and recorded a net loss of $276k SING (or €180k).

In 2016, EOS imaging SA billed its subsidiaries:

- for equipment sales, in the amount of €12,286k;
- for management fees, in the amount of €1,229k;
- for interest on current accounts, in the amount of €123k.

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.

50% of the 2016 revenue, i.e. €15.4 million, was denominated in euros and 50%, i.e. equivalent to €15.4 million, was denominated in US or Canadian dollars.

Other operating income, made up of public financings, was denominated solely in euros and represented €2.3 million.

7.3.2 Operating expenses

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

54% of 2016 operating expenses, i.e. €20.5 million, were denominated in euros and 46%, i.e. the equivalent of €17.2 million, was denominated in foreign currencies, with €16.1 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 2016 has the same impact on the Company'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 €981k;
- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €981k.

This effect has two distinct elements:

- operational risk: the 31.5% increase in 2016 Operating Income at historic exchange rates would have been limited to 31.3% at constant exchange rates;
- the risk linked to investments made in foreign subsidiaries and recognised in the financial results on conversion of the receivables relating to investments in the consolidated accounts. This element represents the balance of this effect.

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

RENTAL COMPANY	DURATION	Site	START DATE	END DATE	AREA (sq.m)
Etoile gestion	9 years (3x3)	Ground Floor; Mercoeur street - Paris	01/12/2012	30/06/2017	166
Etoile gestion	9 years (3x3)	3rd Floor; Mercoeur street - Paris	01/03/2007	28/02/2019	159
Etoile gestion	9 years (3x3)	4th Floor; Mercoeur street - Paris	01/07/2008	30/06/2017	674
Etoile gestion	9 years (6+3)	4th Floor; Mercoeur street - Paris	01/09/2013	31/08/2019	255

With two leases expiring in 2017, future lease payments and expenses are as follows:

	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	€ 369 931	€ 210 048	€ 159 883	-
TOTAL	**€ 369 931**	**€ 210 048**	**€ 159 883**	**-**

The amount of rents recognised as expenses for the fiscal year ended on 31 December 2016 totalled €312k versus €317k in 2015 and €333k in 2014. 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 dollars. The lease is for a term of 3 years and may be terminated early after 2 years, on 3 months' notice.

RENTAL COMPANY	DURATION	Site	START DATE	END DATE	AREA (sq.m)
Alewife Properties	3 years	5 Alewife Brook Parkw	16/12/2015	15/12/2018	1 000

The future rental charges and expenses are the following:

	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	$ 144 832	$ 72 887	$ 71 945	-
TOTAL	**$ 144 832**	**$ 72 887**	**$ 71 945**	**-**

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 dollars.

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 Médical** 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 section 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, as amended by the following laws:

- Articles 70 and 173 of Law 2015-992 of 17 August 2015 on energy transition for green growth;
- Article 4 of Law 2016-138 of 11 February 2016 on food waste;
- Article 37 of Law 2016-1088 of 8 August 2016 on employment, the modernisation of social dialogue and the safeguarding of career paths.

In that context EOS imaging has had in place for the fifth 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 section 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.

Even if adaptation to climate change is not a structural issue for the Group's business activity, this topic is nevertheless dealt with in the environmental section of this report, through the measurement of carbon emissions.

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 relating to business travel refer to 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 comprise emissions from the air and sea transportation of sold units, monitored and collected by the Group’s principal carrier.

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 2016 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 2016, EOS imaging made no accounting provisions and posted no bonds for environmental risk.

b. Circular economy

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 2,9 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 machines. 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 machines 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.

Food waste

The activities carried out by the EOS Imaging Group do not give rise to any direct or indirect risk of food waste that might benefit from specific anti-food waste policies. EOS Imaging does not, moreover, have an in-house catering service.

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 2016, electricity consumption at its Paris facilities was 136,232 kWh compared with 138,058 kWh in 2015.

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 2016, the Group used 360 reams of paper, compared with 390 in 2015, representing 0.9 tonnes of paper, compared with 1 tonne in 2015, and a cost of €5,092 compared with €6,094 in 2015.

c. Climate change

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

In 2016, CO2 emission linked to the air and sea transportation of the sold machines were monitored on the basis of reports provided by the Group's principal carrier. In 2016, emissions associated with air transport amounted to 138,383kg CO2 equivalent in respect of 160 deliveries, giving an average of 865kg CO2 equivalent per delivery. Emissions associated with sea transport amounted to 37,806kg CO2 equivalent in respect of 25 deliveries, giving an average of 1,512kg CO2 equivalent per delivery.

Employee travel also represents a big source of greenhouse gas emissions. In 2016, the emissions associated with employee travel were calculated using the restricted scope of EOS France employees and their businesses travel by plane and train. These fell to 255,977 kg CO2 equivalent in 2016 compared with 283,625 kg CO2 equivalent in 2015, representing a total of 2.74 million kilometres travelled by air or by train, compared with 2.22 million in 2015. EOS Imaging began to consider the areas that produce the most greenhouse gas emissions in the use and production of the machines that it sells, as required by Articles 70 and 173 of Law no. 2015-992 of 17 August 2015.

As the EOS machines do not directly emit greenhouse gases, the Group is currently considering introducing reporting tools for indirect emissions associated with the use of these machines by end customers and, more specifically, the electrical consumption required to use these machines. Moreover, as the Group does not currently have a quantitative analysis of the emissions linked to the manufacture of its machines by its sub-contracting partner, it is considering ways of introducing analyses of this type in the future.

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 49% of revenues in 2016, which was stable compared to the previous year. 41% of outsourced services were provided in France in 2016. This was slightly lower than the figure for 2015, where they accounted for 43% 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 section) and patients (discussed in the next section), 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 (LNE/G-MED) accredited by a number of bodies such as ANSM, COFRAC, CCN, IECEE and the FDA.

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 2016, 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).

Measures taken to foster consumers' health and safety

A low-radiation technology:

EOS technology fits well into 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. In addition, a “code of conduct” detailing these rules is appended to each of the contracts concluded with the Group’s distributors.

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.

The Asia-Pacific region recorded a 47% rise in sales revenue in 2016. The financial year was notable for the Group's reorganisation in Japan that began in 2015, the recognition in Korea, in February 2016, of EOS as an innovative technology, and the obtaining of marketing approval from the CFDA in China in March 2016.

The Europe-Middle East region recorded growth of 25%. At the beginning of 2016, the Group reviewed and strengthened its sales team and is now in a position to resume its activities with stronger growth.

Revenue in North America grew by 47% in 2016 and reflects the fact that EOS technology has been adopted by the Group's largest market. At the beginning of 2016, the Group made adjustments and strengthened its sales team.

Lastly, in 2016, the Group entered the Latin American market with a first agreement in Brazil.

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 2016, 2015 and 2014 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 €21,719k, €23,656k and €33,097k in financial years 2014, 2015 and 2016, 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 the annual revenue being made in the fourth quarter.

Operating income also includes subsidies received in connection with research projects led by the Group and by 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 case, may be upon shipping, installation of the equipment or on delivery. 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.

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	**12 months**	**12 months**	**12 months**
Revenue	**30,773**	**21,812**	**20,062**
o/w sales of equipment	*25,062*	*17,850*	*17,197*
o/w sales of maintenance contracts	*4,697*	*3,133*	*2,104*
o/w sales of consumables and related services	*1,014*	*830*	*761*
Subsidies	9,416	446	478
Research tax credit	1,383	1,398	1,179
Total revenue from ordinary activities	**33,097**	**23,656**	**21,719**

) Revenue:

The distribution table for consolidated sales revenue shows the Group's strong growth in North America between 2014 and 2016 as well as continued growth in Europe:

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	**12 months**	**12 months**	**12 months**
Sales by geographical area	**30,773**	**21,812**	**20,062**
France	*6,238*	*3,736*	*3,813*
Europe excl. France	*5,177*	*5,431*	*4,863*
North America	*15,370*	*10,439*	*5,935*
Asia-Pacific	*3,235*	*2,207*	*5,453*
Latin America	*752*		

EOS imaging generated annual sales revenue of €30.8 million in 2016, an increase of 41% at historic exchange rates (the 2015 revenue calculated using average rates for 2015 and the 2016 revenue calculated using 2016 average exchange rates). At constant exchange rates (2015 and 2016 sales revenue calculated using average rates for 2015), the effective growth in sales revenue would have been 0.06% lower.

During financial year 2016, the Group sold 60 items of EOS® equipment, compared to 44 in 2015. Revenue from equipment sales amounted to €25.1 million, an increase of 40%. The average selling price per unit was €418,000, versus €406,000 in 2015.

Recurring revenue amounted to €5.7 million, an increase of 44%. They can be broken down into revenue from maintenance and from sales of consumables and services, which respectively grew by 50% to €4.7 million from €3.1 million in the previous financial year, and by 22% to €1 million from €0.83 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 €2,324k, up 26% over the preceding year.

The Research Tax Credit was €1,383k, stable in comparison with 2015 in line with the growth in research expenditures incurred during the year.

Subsidies amounted to €941k, against €446k in 2015. 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 €2,477k.

b. Direct cost of production and services

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Direct cost of production and services	**16,198**	**11,619**	**10,624**
Purchasing and subcontracting	*14,203*	*10,098*	*9,342*
Payroll costs	*1,233*	*939*	*659*
Royalties	*613*	*447*	*443*
Depreciation and allowances	*149*	*135*	*180*

Direct costs of production and services 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 maintained installed base, only a part of which brought in revenue under maintenance contracts, grew by 33% over the course of the financial year, also translated into an increased consumption of spare parts.

These led to an increase in the gross profit margin of 0.7 percentage points to 47.4%, compared to 46.7% in 2015.

c. Operating expenses by area

Indirect costs of production and service

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Indirect costs of production and service	**3,826**	**3,487**	**2,757**
Purchasing and subcontracting	*1,081*	*1,085*	*759*
Travel costs	*930*	*826*	*512*
Payroll costs	*1,733*	*1,506*	*1,450*
Depreciation and allowances	*82*	*70*	*37*

Indirect costs of production and service increased by 10% in comparison with the previous financial year. This increase can be explained principally by the rise in payroll and associated costs, resulting from hires made during the previous financial year in the support functions.

Research and development expenses

Research and development expenses during the relevant years can be broken down as follows:

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Research and development	**3,887**	**3,744**	**3,208**
Purchasing and subcontracting	*724*	*817*	*699*
Travel costs	*44*	*59*	*55*
Payroll costs	*2,331*	*2,161*	*1,813*
Depreciation and allowances	*788*	*706*	*641*

As stated in section 6.7.1, in 2016 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 4% over the financial year, from €3,744k in 2015 to €3,887k in 2016.

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 €2,126k at 31 December 2016, compared to €1,620k at the end of the previous financial year.

If IFRS restatements are excluded, costs incurred over the course of the period amount to €4.1m in 2016 compared to €4.3m in 2015.

IFRS restatements may be summarised as follows:

in thousands euros	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Basis of expenditure	4 626	5 500	4 809
Public finding share	1 516	1 805	1 639
Of wich financing corresponding to capitalizable expenses	*827*	*924*	*735*
Part of R&D expenditures activated during financial year	18%	23%	25%
Part recognized in deferred revenue	153	212	181
Amortization of R&D expenditures activated during the year	30.80%	29.70%	34.60%
Share of corresponding public funding	161	131	137

Sales, clinical and marketing expenses

Audited consolidated data	**2016 financial year**	**2015 financial year**	**2014 financial year**
In €K	**12 months**	**12 months**	**12 months**
Sales, clinical and marketing	**8,655**	**7,041**	**6,884**
Purchasing and subcontracting	*2,117*	*1,797*	*1,814*
Trade fairs and exhibitions	*518*	*542*	*517*
Travel costs	*1,062*	*1,040*	*866*
Payroll costs	*4,958*	*3,662*	*3,686*

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 primarily associated with annual sales seminars and participation in national and international conferences.

Sales and marketing expenses amounted to €8,655k at 31 December 2016, up 23% year on year. This increase can be explained principally by the rise in payroll costs and associated travel expenses, linked to the growth in the Group's business activity in all its markets.

Regulatory

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Regulatory	**699**	**627**	**651**
Purchasing and subcontracting	*234*	*202*	*257*
Travel costs	*10*	*16*	*19*
Payroll costs	*455*	*410*	*375*

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 2016, regulatory expenses had increased by 11% in comparison with the previous financial year. This increase can be explained by a 10% rise in payroll costs and sub-contracting costs in connection with regulatory certifications.

Administrative costs

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Administrative costs	**3,912**	**3,581**	**3,250**
Purchasing and subcontracting	*2,363*	*2,338*	*1,981*
Travel costs	*80*	*94*	*115*
Payroll costs	*1,208*	*873*	*905*
Depreciation and allowances	*260*	*275*	*248*

Administrative costs primarily comprise:

- Staff costs (general management and administrative and financial departments),
- Fees of auditors, lawyers and consultants,
- Insurance and rent costs.

Administrative expenses increased by 9% over the 2016 financial year. The increase in payroll costs as a result of the growth in the headcount in 2015, is offset by a fall in external acquisitions and in taxes and duties.

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.

On 25 January 2016, the Board of Directors issued 190,000 stock warrants to two company directors. The two beneficiaries subscribed to the scheme on 3 February 2016 and 29 March 2016, respectively.

On 15 December 2016, the Group's Board of Directors decided to issue 133,000 free shares and to award 280,000 performance shares.

The charge resulting from these awards was determined by applying the Black-Scholes model, in accordance with the assumptions developed in section r. “Share-based payments” of the consolidated financial statements. It was €484k in 2016 as against €218k in 2015.

Operating profit (loss)

The Group made an operating loss of €4,563k, compared to €6,661k in 2015. It represents 15% of revenue, compared to 31% in 2015. This improvement in performance can be explained by the significant 41% increase in the Group’s sales revenue and by an improvement of 0.7 percentage points in the gross profit margin, linked to a controlled increase in operating expenses of 15% and a 26% increase in other income, comprising research tax credits and subsidies.

9.2.2. Net profit (loss)

a. Financial income and expenditure

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Financial expenses	**1,799**	**617**	**149**
Interest expense	*1,758*	*496*	*76*
Exchange rate differences	*41*	*120*	*73*
Financial revenue	**191**	**97**	**1,056**
Income on cash equivalents	*164*		*29*
Adjustment of acquisition price of OneFit shares			*750*
Exchange rate differences	*27*	*97*	*277*
Total financial income and expenditure	**(1,608)**	**(520)**	**907**

The Company's main financial instruments consist of cash assets. The aim of managing these instruments is to finance the Group'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, EUR/CAD and EUR/SGD exchange rates through its subsidiaries EOS Imaging Inc., EOS Image Inc. and EOS Imaging Pte Ltd.

At 31 December 2016, the Group made a net financial loss of €1,608k compared to a net financial loss of €520k in 2015. This fall is the result of the first two tranches of bonds issued in 2015 that had an impact on the entire 2016 financial year and the third tranche of €5 million issued at the end of the first quarter of 2016.

b. Company taxation

The Group did not incur any charge to company taxation in respect of its profits.

The Group has the following tax losses:

- indefinitely carried forward in France for a total amount of €49,040k.
- Losses carried forward for 20 years in the United States for an amount of US$18,936k, or a total of €17,964k as at 31 December 2016.
- Losses carried forward between 2016 and 2035 in Canada, a total of CA$2,396k, or a total of €1,689k as at 31 December 2016.

In compliance with the principles described in Chapter 20.1, section d. “accounting principles and methods”/”income tax”, the loss carry-forwards have not been activated.

The tax rate applicable to the Company is the rate in force in France, namely 33.33%.

c. Net profit

The Group posted a net loss for financial year 2016 of €6,172k, against a loss of €7,181k in 2015. As set out above, this increase reflects the size of the financial loss which detracted from the Group’s very good operating performance over the period.

d. Net income per share

Basic earnings per share are calculated by dividing the net income attributable to the Company's shareholders by the weighted average number of common or preference shares in circulation during the financial year.

Audited consolidated data	**2016 financial year**	**2015 financial year**	**2014 financial year**
In €K	**12 months**	**12 months**	**12 months**
Net profit/loss (in thousands of euros)	(6,172)	(7,181)	(5,245)
Weighted average number of common shares in circulation	20 246 316	18 847 094	18 326 031
Net earnings per share (in €)	**(0.30)**	**(0.38)**	**(0.29)**
Weighted average number of potential shares	21,992,471	20,259,726	19,834,497

9.2.3. Balance sheet analysis

a. Non-current assets

Non-current assets totalled €8,567k, €9,097k and €9,792k on 31 December 2014, 2015 and 2016, respectively.

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Non-current assets	**9,792**	**9,097**	**8,567**
o/w Goodwill	*5,131*	*5,131*	*5,131*
o/w intangible assets	*3,047*	*2,454*	*1,945*
o/w property, plant and equipment	*1,494*	*1,404*	*1,322*
o/w financial assets	*120*	*107*	*168*

The goodwill relates to the acquisition of OneFit in November 2013.

Projects on which development costs have been capitalised related to EOS and sterEOS equipment. Costs relating to the filing of currently valid patents, incurred by the Group until they are issued, are posted as intangible assets.

Net intangible assets and property, plant and equipment by geographical sector are as follows:

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Net intangible assets and property, plant and equipment	**4,541**	**3,860**	**3,267**
France	*4,415*	*3,701*	*3,161*
North America	*126*	*159*	*106*

Non-current financial assets comprise security deposits paid under operating leases.

b. Current assets

The Group's current assets increased to €31,324k, €43,067k and €48,987k in the financial years ended on 31 December 2014, 2015 and 2016, respectively.

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Current assets	**48,987**	**43,068**	**31,234**
Inventories and work in progress	*2,960*	*4,684*	*2,825*
Trade receivables	*25,011*	*19,313*	*14,416*
Other current assets	*6,106*	*4,980*	*3,838*
Cash and cash equivalents	*14,909*	*14,091*	*10,154*

Inventory corresponds to EOS equipment in progress and spare parts falling with the scope of the warranty and the maintenance of sold equipment. At 31 December 2016, they also include inventory of finished goods in the amount of €345k, compared to €2,539 at the end of 2015.

During the financial years ended on 31 December 2014, 2015 and 2016, no customer individually accounted for more than 10% of consolidated sales. The increase of 30% between 2015 and 2016 can be explained by:

- A 41% increase in activity over financial year 2016;
- A sharp fall of 26% in payment terms linked to a significant reduction in the average installation period for the equipment that is sold.

In 2014, 2015 and 2016, the Research Tax Credit represented 59%, 32% and 25%, 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 at 31 December 2016 is included in section k of Chapter 20.1.

c. Shareholders' equity

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Shareholders' equity	**22,768**	**27,768**	**25,464**
Equity	*203*	*202*	*184*
Treasury stock	*(339)*	*(317)*	*(249)*
Share premium	*70,649*	*70,571*	*62,037*
Reserves	*(42,850)*	*(36,173)*	*(31,481)*
Translation reserves	*1,276*	*665*	*218*
Consolidated profits, Group share	*(6,172)*	*(7,181)*	*(5,245)*

As at 31 December 2016, the share capital was €202,888. It was divided into 20,288,764 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 section l. "Capital" of Chapter 20.1.

d. Non-current liabilities

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Non-current liabilities	**14,793**	**13,132**	**3,836**
Provisions	*773*	*295*	*297*
Financial liabilities (1)	*14,019*	*12,837*	*3,539*

The provisions relate each year to retirement bonuses for EOS imaging and OneFit Médical. At 31 December 2016, they also include provisions for disputes with employees.

(1) Financial liabilities can be broken down as follows:

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Financial liabilities	**14,019**	**12,837**	**3,539**
Debt obligations	*12,284*	*9,642*	*-*
BPI advances - Ardea	*735*	*1,695*	*1,789*
Interest-free loan	*1,000*	*1,500*	*1,500*
Earn-out on acquisition of OneFit	*-*	*-*	*250*

Debt obligations: see 4.4.5

BPI and Ardea advances and interest-free loan: see 4.4.4

e. Current liabilities

Audited consolidated data	2016 financial year	2015 financial year	2014 financial year
In €K	12 months	12 months	12 months
Current liabilities	**21,218**	**11,265**	**10,501**
Financial liabilities– due in less than a year	*4,745*	*-*	*-*
Trade receivables	*7,844*	*5,389*	*5,310*
Other current liabilities	*8,629*	*5,876*	*5,191*

Financial liabilities due in less than one year are described in section y. “Financial risk management/Liquidity risks” of the consolidated financial statements.

Accounts payable were not due for more than one year at the end of each period.

The increase in the amount of accounts payable and accounts receivable between 2014 et 2016 (+47.7%) is lower than the increase in sales revenue over that same period (+53.4%).

Other current liabilities are principally made up of provisions under one year, in particular warranties give for one year, tax and social security liabilities, royalty fees to paid in connection with equipment sales and deferred income consisting mainly of maintenance invoices.

Provisions for warranties in 2016 increased to €968k, compared to €819k in 2015 and are linked to the warranty conditions granted in respect of the equipment sold during the financial year.

10. CASH AND SHAREHOLDER'S EQUITY

10.1. INFORMATION ON SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

EOS IMAGING Equity	Capital	Share base bonuses	Treasury share	Consolidated reserves	Translation reserves	Consolidated earnings	Total
31/12/2014	**184**	**62 037**	**(249)**	**(31 481)**	**218**	**(5 245)**	**25 464**
Appropriation of income from the previous year				(5 245)		5 245	
Capital increase	18	8 511					8 530
Capital increase resulting from the exercise of option		22					22
Change in translation adjustments					447		447
Change in actuarial adjustments				66			66
Income for the current period						(7 181)	(7 181)
Share-based payments				488			488
Treasury shares			(68)				(68)
31/12/2015	**202**	**70 571**	**(317)**	**(36 173)**	**665**	**(7 181)**	**27 768**
Appropriation of income from the previous year				(7 181)		7 181	
Capital increase resulting from the exercise of option		46					47
BSA award		32					32
Change in translation adjustments					611		611
Change in actuarial adjustments				19			19
Income for the current period						(6 172)	(6 172)
Share-based payments				484			484
Treasury shares			(22)				(22)
31/12/2016	**203**	**70 649**	**(339)**	**(42 850)**	**1 276**	**(6 172)**	**22 768**

10.2. STATEMENT OF CASH FLOWS

	Financial year ended december 31th,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	(6 172)	(7 181)
Elimination of depreciation, amortisation and provisions	1 701	1 157
Calculated revenue and expenditure related to share-based payments	484	218
Financial interests	473	
Internally generated funds from operation	**(3 514)**	**(5 806)**
Change in working capital requirements related to operations	**212**	**(6 892)**
Inventory and work in process	1 723	(1 858)
Accounts receivable	(5 407)	(4 498)
Other current assets	(1 074)	(1 116)
Accounts payable - trade	2 455	(89)
Other current liabilities	2 514	669
Net cash flow related to operating activities	**(3 302)**	**(12 698)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and non-current intangible assets	(1 764)	(1 537)
Disposals of property, plant and equipment and non-current intangible assets	31	1
Change in financial assets	(13)	61
Net cash flow from investing activities	**(1 746)**	**(1 475)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital increase		8 302
Issue of warrants	32	
Bound financing	5 000	9 912
Receivables mobilized	1 013	
Reimbursable advances and financial interest	(34)	29
Reimbursable advances - reimbursement	(524)	(123)
Acquisition of treasury shares	(2 866)	(4 441)
Disposal of treasury shares	2 844	4 373
Net cash flow related to financing activities	**5 465**	**18 052**
Impact of current rate fluctuations	401	58
Change in cash	**818**	**3 937**
Cash and cash equivalent at beginning of period	14 091	10 154
Cash and cash equivalent at beginning of period	**14 091**	**10 154**
Cash and cash equivalent at close of period	14 909	14 091
Cash and cash equivalent at close of period	**14 909**	**14 091**
Change in cash	**818**	**3 937**

Comments on the cash flow statement:

Net cash requirements from operating activities were €3,302k at the end of 2016.
They include a loss of €6,172k from which non-cash expenses are deducted (IFRS2 charge, together with amortisation and impairments recognised over the period together with interest on the bonds in the amount of €2,657k). Net cash surpluses linked to the growth in working capital requirements, in the amount of €212k, compared to a net cash requirement of €6,892k at the end of 2015. This change can be principally explained by an increase in customer accounts and other assets, offset by a substantial fall in inventory and work in progress and an increase in accounts payable and other current liabilities (see Chapter 20.1, section n).

Net cash requirements from investments were €1,746k at the end of 2016, up by $271k in comparison to the previous year. They relate mainly to development works capitalised over the period and to investments made in connection with the Group's growth (see sections f and g of Chapter 20.1).

Net cash resources from financing amounted to €5,465k in financial year 2016. They result from the issuance of a third tranche bonds in the amount of €5 million (see Chapter 20.1, section b. "Significant Events") and the financing of receivables for a total amount of €1 million.

This resulted in an increase in cash of €0.8 million during the financial year.

10.3. BORROWING CONDITIONS AND FINANCING STRUCTURE

10.3.1. Financing through repayable advances

a. General description

As described in section 4.4.4, repayable advances granted to the Group since 2009 can be broken down as follows:

At 31 December 2016 (in €K)	Amount granted	Amount received	Amount repaid	Waiver of receivable	Amount to repay
OSEO repayable advance - 2009 (1)	1,275	822	135	269	418
OSEO repayable advances - 2011	250	250	69		181
Innovation Loan - 2012	150	150	53		97
Interest-free loan BPIFrance - 2013	1,500	1,500	-		1,500
Repayable recruitment advance 2013	86	86	75		11
BPIFrance repayable advance - 2014	250	250	-		250
Ardea repayable advance - 2014	100	100	56		44
Total	**3,611**	**3,158**	**388**	**269**	**2,501**

(1) As described in the significant events of the period, 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 €269k of the loan.

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 €1,275k. Payments under the advance amounted to €822k, corresponding to the contractually financed portion of expenditure committed by the company, which was lower than the amount forecast on signature of the agreement. On 2 February 2016, BPI recognised that the project had been partially commercially successful, and €269k of its receivable was waived. New terms and conditions were agreed for repayment of the advance, under which the company will repay €553k over a six-year period. The first repayment of the advance was made in June 2015 in an amount of €45k. In July 2016, the company made the second repayment of €90k. At 31 December 2016, the balance of this advance had therefore been reduced to €418k.

As part of its development of bespoke instrumentation for orthopaedic knee surgery, OneFit Médical received a reimbursable advance of €250k. As the project was deemed successful in 2015, repayments made during the 2016 financial year amounted to €69k. At 31 December 2016, the balance of this advance had therefore been reduced to €181k.

OneFit Médical also received an innovation partnership loan of €150k for eight years including a three-year deferred amortisation period 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 over five years beginning on 31 May 2015. As at 31 December 2016, reimbursements of €30k have been made, reducing the balance of this loan to €97.5k.

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 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 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. At 31 December 2016, the balance of this advance stood at €44k.

OneFit Médical also received a reimbursable advance of €86k granted in 2013 as a recruitment subsidy. At 31 December 2016, the balance of this advance stood at €11k.

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 April 2017.

b. Changes in repayable advances during the financial year

At 31 December 2016 (in €K)	Amounts repaid during previous financial years	Amounts repaid during the financial year	Total repayments made
OSEO repayable advances - 2009	45	90	135
OSEO repayable advances - 2011	-	69	69
Innovation Loan - 2012	23	30	53
Interest-free loan BPIFrance - 2013	-	-	-
Repayable recruitment advance 2013	32	43	75
BPIFrance repayable advance - 2014	-	-	-
Ardea repayable advance - 2014	33	23	56
Total	**133**	**255**	**388**

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.

The third tranche, for €5,000,000, was subscribed in June 2016 on the same conditions as the first two tranches.

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 €2,324k, up 26% over the preceding year.
The Research Tax Credit was €1,383k, stable in comparison with 2014 in line with the growth in research expenditures incurred during the year.

Subsidies amounted to €941k, against €446k in 2015. 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 €2,477k.

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 section v - “Commitments” of the notes to the consolidated financial statements included in Chapter 20.1 of this Registration Document.

As a reminder, retirement bonuses are recognised under provisions, as described in section 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 equivalent (in thousand of euros)	Financial year ended December 31th, 2016	2015
Short-term bank deposits	14 747	13 907
Money market funds (SICAV)	162	184
Total Cahs and cash equivalent	**14 909**	**14 091**

Short-term bank deposits can be broken down as follows:

- Current accounts in the amount of €9.7 million, €0.8 million of which is held by the American, Canadian and Singaporean subsidiaries;
- a term deposit account totalling €5 million. The term deposit account is for one month, renewable by tacit agreement, and receives interest at the rate of 0.2%;
- Liquid assets in the amount of €162k. These amounts relate to funds committed under a liquidity agreement that had not been invested in treasury shares at 31 December 2016.

Cash is mainly denominated in euros, with euro holdings totalling €14.1 million at 31 December 2016. The balance, i.e. €0.8 million, is denominated in US dollars (as to €0.7 million) and Canadian dollars (also as to €0.1 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 section 4.4 (Financial Risks) and are also addressed in Chapter 20.1, section y (Financial risk management).

10.7. SOURCES OF FINANCING NEEDED IN THE FUTURE

At 31 December 2016, the Company’s cash and cash equivalents came to €14.9 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.

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.

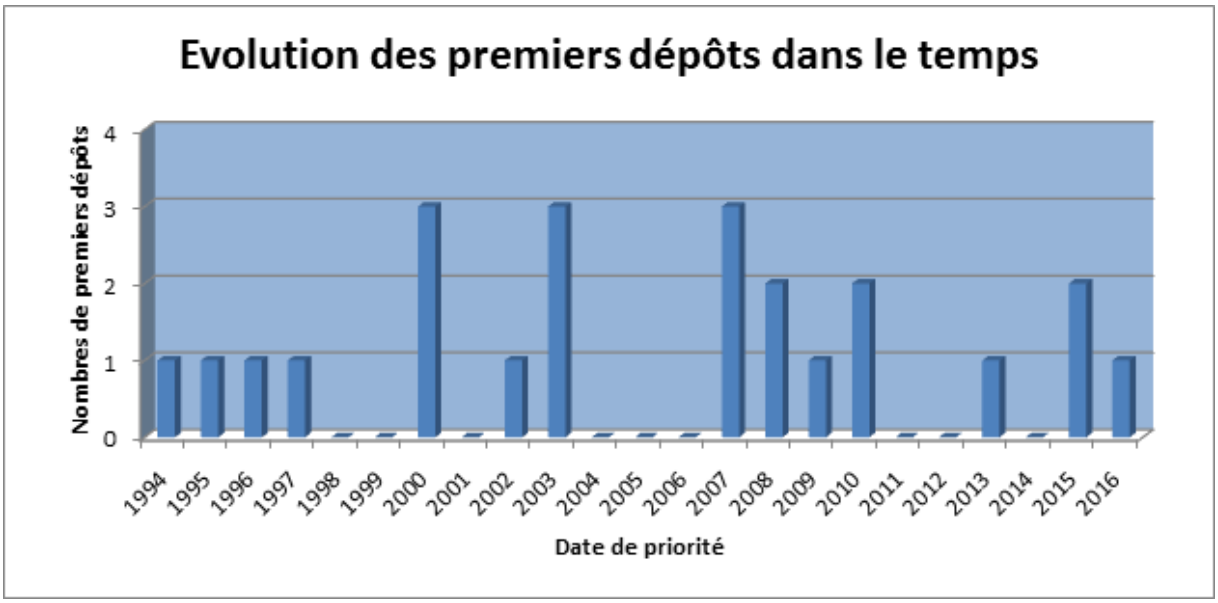
This policy encourages the emergence and the development of ideas, in particular through sessions dedicated to brainstorming, supported by continuous oversight in the medical, scientific, technological, and industrial property fields.

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.

Due to the changes made to the American law on invention patents, effective as from 16 March 2013, to bring them into line with European practices, EOS imaging will need to adapt its procedure.

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
Cross-scatter mechanical correction	METHOD OF RADIOGRAPHY OF AN ORGAN OF A PATIENT	EOS imaging	2016	Pending (PCT)
Triple derotation preoperative planning	METHOD OF PREOPERATIVE PLANNING TO CORRECT SPINE MISALIGNMENT OF A PATIENT	EOS imaging	2015	Pending (PCT)
Modular clip sensor	SENSOR MEASURING PATIENT SPINE VERTEBRA ANGULAR ORIENTATION	EOS imaging	2015	Pending (PCT)
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	EOS imaging	2010	Issued (US, CN) Pending (EP, JP)
Drift-free high resolution radiography	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2009	Issued (US, FR, EP, JP)
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)

[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
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 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	Issued (EP)
Counting and integration	METHOD AND DEVICE FOR IMAGING WITH IONISING RAYS	EOS imaging	2000	Issued (FR, US)
Detector of particles with parallel electrodes	DETECTOR OF PARTICLES WITH MULTIPLE PARALLEL ELECTRODES AND METHOD FOR MANUFACTURING SAID DETECTOR	EOS imaging & CEA	1997	Issued (EP)
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	Pending (EP, US)
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, CN)

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, 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	Issued (US, CN) Pending (EP, JP)
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)

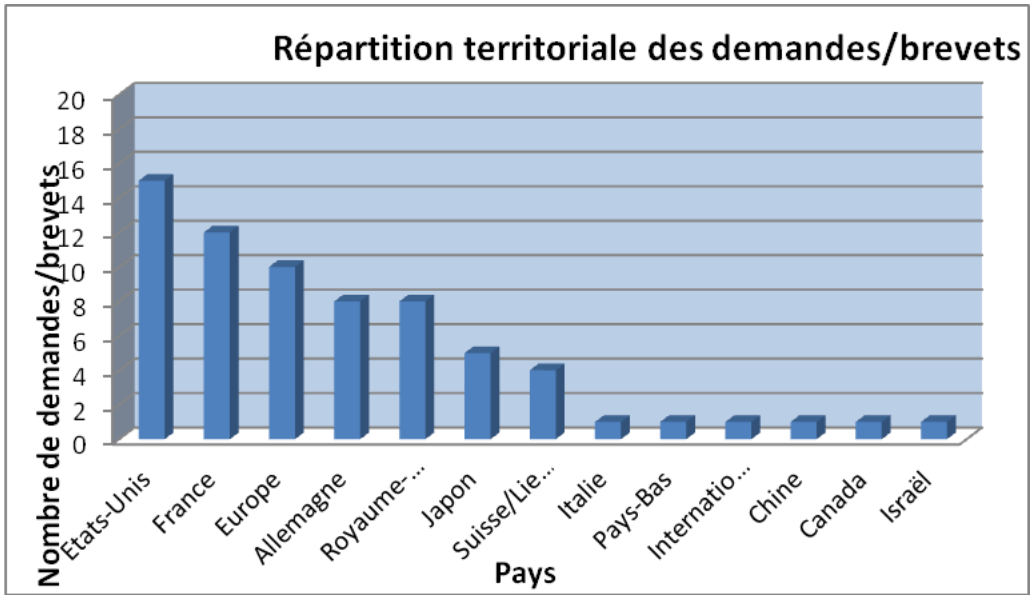
Planning software suite:

Ref.	Family	Ownership	Priority date	Status
Preshaping of spinal implants	PROCESS AND APPARATUS TO DESIGN A CUSTOMISED ORTHOPAEDIC DEVICE	EOS imaging	2013	Pending (PCT)

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. Thus, it has brought before the European Patent Office two procedures challenging European patents EP 1348393 and EP 1348394 that it believes were improperly issued to BRAINLAB, in order to have them invalidated.

These two European patents were definitively revoked by the European Patent Office. These revocations were published on 30 September 2015.

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) EOS	USA	20/01/2006 Registered on 18/01/2008
073 545 352	sterEOS	FRANCE	20/12/2007
985 442	sterEOS	INTERNATIONAL Concerning:	16/05/2008
		USA	16/05/2008 Accepted. Protection limited to categories 9 and 10
		EUROPEAN UNION	16/05/2008 Accepted
		CHINA	Accepted (subsequent designation on 10/06/2013)
		REPUBLIC OF KOREA	Accepted on 27/01/2016 (subsequent designation on 10/06/2013)
		JAPAN	Accepted (subsequent designation on 29/03/2013)

Number	Trademark	Countries	Date of filing
1 788 041	EOS	EUROPEAN UNION	02/08/2000 renewed on 01/03/2010
1 166 095	EOS	INTERNATIONAL Concerning:	10/06/2013
		CHINA	Accepted on 13/03/2014
		REPUBLIC OF KOREA	Published on 2 March 2015 Accepted on 19/05/2015
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 Registered on 27/09/2016
840 556 837	sterEOS	BRAZIL	24/06/2013 Registered on 19/04/2016

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 Médical holds the following family of patents:

Ref.	Family	Ownership	Priority date	Status
Mould for temporary implant	TEMPORARY IMPLANT PRODUCTION PROCESS	OneFit Médical	2012	Issued (FR)

The principal trademarks owned by OneFit Médical 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 Médical 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 continuing its commercial development on the markets in which it operates. It also remains committed to the community of healthcare professionals that use and might potentially use the EOS solution. It therefore attended the conference of the American Association of Orthopedic Surgeons (San Diego, Mar 8-10), with a strong presence based on a number of oral medical presentations backed up by a variety of recent publications that document the growing adoption of the EOS solution as a healthcare standard.

Finally, in the first quarter of 2016, EOS imaging achieved sales revenue of €7.13 million, an increase of 34% over the same period of the previous year. The business momentum of the firs quarter of 2017 reflects strong growth in the EMEA region, supported by the Group's entry into Israel and significant sales in the United Kingdom. This also reflects an excellent momentum in the Asia-Pacific region, driven by market approval in China obtained in 2016.

In millions of euros	**31 March 2017**	**31 March 2016**
Sales of equipment	**5.47**	**4.09**
As a % of total revenue	*77%*	*77%*
Sales of maintenance contracts	**1.40**	**0.99**
As a % of total revenue	*19%*	*18%*
Sales of consumables and related services	**0.26**	**0.24**
As a % of total revenue	*4%*	*5%*
Total sales revenue	**7.13**	**5.33**

Unaudited data

The revenue from equipment sales stands at €5.47 million, an increase of 34% compared to the first quarter of 2016, and corresponds to the sale of 14 EOS® platforms, against 10 for the same period of the previous financial year.

Sales of maintenance contracts rose by 41% during the first quarter of 2017, and stand at €1.40 million versus €0.99 million in the first quarter of 2016. This reflects the continued increase in the installed base of EOS systems and an associated high contract subscription rate after warranty.

Sales of consumables and related services amounted to €0.26 million for the quarter against €0.24 million for the first quarter of 2016.

In millions of euros	**31 March 2017**	**31 March 2016**
EMEA	**3.21**	**2.45**
North America	**2.48**	**2.85**
Asia	**1.44**	**0.03**
Total sales revenue	**7.13**	**5.33**

Unaudited data

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) and to grow its presence in Latin America after entering the market in 2016. A continuous stream of new medical publications and the adoption of EOS by new leading establishments supports and strengthens the Group's commercial activity.

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' meeting 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' meeting held on 28 April 2016 for the same term as her directorship.
Stéphane Sallmard	Independent director 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 2016. 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 Chairman of the Board of Directors Chairman Member of the Supervisory Board Chairman of the Board of Directors Chairman of the Board of Directors Managing Partner Manager Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Manager	MD Start SAS MD Start SA LimFlow SA Altamir SpineVision CorWave SA MD Start Gmbh & Co KG MD Start Gmbh APD LimFlow GmbH Dupont Medical Lumarge (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 Médical 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	Uromems 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 Member of the Board of Directors Member of the Supervisory Board	Health Advances (Boston, MA) Partners Continuing Care (Boston, MA) Partners Healthcare Implanet SA For His Children

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	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 Member of the Board of Directors	Cytheris Medtech
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 section w "Related parties" of the notes to the consolidated financial statements as set out in Chapter 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 2016, 2015 and 2014 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 2015 AND 2016

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)		
	2016 financial year	2015 financial year
Marie Meynadier - Chief Executive Officer		
Compensation due for the financial year	€264,394	€203,760
Valuation of the options and free shares awarded during the financial year	€9,215	€19,600
Valuation of the multi-year variable compensation awarded during the financial year	-	-
Total	**€273,609**	**€223,360**

(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 2015 and 2016

The compensation paid to the executive corporate officers of EOS imaging for the 2015 and 2016 financial years breaks down as follows (Table 2 AMF Recommendation No. 2009-16)

Marie Meynadier *(Chief Executive Officer)* *(in euros)*	2016 financial year		2015 financial year	
	Amounts due(1)	Amounts paid(2)	Amounts due(1)	Amounts paid(2)
Compensation				
Fixed compensation*	173,086	173,086	173,086	173,086
Annual variable compensation*(3)	77,889	17,309	17,309	59,980
Total compensation (**)	**250,975**	**190,395**	**190,395**	**233,067**
Directors' fees				
Eos Imaging				
Other controlled companies				
Total directors' fees	**-**	**-**	**-**	**-**
Other compensation				
Benefits in kind* (car)	13,419	13,419	13,365	13,365
Total other compensation	**13,419**	**13,419**	**13,365**	**13,365**
TOTAL	**264,394**	**203,814**	**203,760**	**246,431**

** 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 2015 and 2016 (Table 3 AMF Recommendation No. 2009-16)

Non-executive corporate officers	Nature of the compensation	Amounts paid during the 2016 financial year	Amounts paid during the 2015 financial year
Michael Dormer	Directors' fees	- €	€32,500
	Other compensation	None	None
Gérard Hascoët	Directors' fees	€65,000	€32,500
	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	€30,000	€7,500
	Other compensation	None	None
Philip Whitehead	Directors' fees	- €	€12,500
	Other compensation	None	None
Eric Beard	Directors' fees	€30,000	€30,000
	Other compensation	None	None
Stéphane Sallmard	Directors' fees	€30,000	€30,000
	Other compensation	None	None
TOTAL		**155,000**	**145,000**

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 2015 and 2016 (Table 4 AMF Recommendation No. 2009-16)

None

15.1.5 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 2015 and 2016 (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 2015 and 2016 (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.

At its meeting on 15 December 2016, the Board of Directors awarded 5,000 free shares to the CEO. These 5,000 shares will vest on 14 December 2018.

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	08 December 2015	2 years
16 October 2015	15 December 2016	5,000	5,000	15 December 2016	2 years

15.1.7 Free shares granted and available to each corporate officer during the financial years that ended on 31 December 2015 and 2016 (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 vested	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 September 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 2016	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 plans for awarding warrants to the members of the Board of Directors are described in Chapter 17.2.2.

The plans for awarding stock subscription or purchase options to the members of the Board of Directors are also described 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 vested**	**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: 16 June 2016 At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2018							
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							

(*) 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 2016, the premium for this was €11,428.

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 2016, 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 begun steps to evaluate its own working methods and its 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 debated by the Board and resulted in an action plan and, in particular, the creation of a strategic committee in 2013.

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 22 March 2017.

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 2016 financial year

During the financial year ended on 31 December 2016, the Company's Board of Directors met seven times and the average attendance rate of the Board members was 86%.

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 2016 financial year

During the financial year ended on 31 December 2016, the Company's Audit Committee met twice, notably in order to examine the 2015 annual financial statements and the 2016 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 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 2016 financial year

The Compensation Committee met twice during the 2016 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 2016 and to agree the December 2016 allocation methods and approve the performance shares plan adopted in December 2016.

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.

Report on the Strategy Committee's activities during the 2016 financial year

The Strategy Committee met three times during 2016, 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 sections 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 are chaired by independent directors (the audit committee and the compensation committee).

As such, the powers of the Chief Executive Officer in respect of 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 seven 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 2016 financial year, the audits carried out covered the following themes:

- 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;
- subcontractor audits.

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 2016, 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 2017.

17 EMPLOYEES

17.1. HEADCOUNT AND DISTRIBUTION OF THE WORKFORCE

Aware that its employees are the main source of its growth, EOS imaging's policies for managing human resources are meant to help its employees to flourish. The Group strives to promote stable employment and equal opportunity, 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 2016. 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 refer to the Group;
- work schedules, training, non-discrimination and working conditions refer to the Group;
- the age pyramid and industrial relations refer to the Group;
- workplace and commuting accidents, and absenteeism refer to the EOS imaging workforce in France and OneFit and do not therefore include foreign subsidiaries.

About the methodology

The published data are tracked, collected and compiled by the Finance Department. The limited number of people contributing to this reporting did not call for the creation of a reporting manual.

To make sure the data published are properly understood, we would point out that in calculating certain employment data they 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 preceding numbers.

The definitions of the quantitative data published are as follows:

- **Total headcount at 31 December 2016**: 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 31/12/2016 are excluded.
- **Average workforce**: refers to the average headcount at the end of the month. Counted in this number are all fixed-term and permanent employees, those on maternity leave and temporary workers. 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 outside organisation is considered training for the 2016 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, both temporary (on closed-end employment contracts) and permanent (open-ended 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 non-renewal of the trial period and reaching the end of closed-end contracts.

- **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 precisely calculated 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 31/12/2016.
- **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 2016 financial year.

EOS imaging's consolidated workforce as of 31 December 2016 totalled 129 people, as compared to 122 as of 31 December 2015. Women represented 34% of the total workforce and 44% 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 have an ambitious recruitment programme. In 2016, 33 new employees joined EOS imaging. Our use of temporary employment contracts is limited: the Group strongly favours open-ended employment contracts, which represent 78% of the contracts for people hired in 2016. The Company dismissed four employees in 2016.

These 33 hires over the year were mainly in the R&D teams with 7 new employees hired to continuing ongoing development work and 6 new employees also hired in the maintenance teams to support the increasing number of machines subject to maintenance contracts. The sales and marketing teams were also strengthened with 6 hires over the course of the year.

The year-on-year increase in the headcount by seven persons is due, in particular, to three hires in the sales and marketing teams, two hires in the maintenance teams, with a view to supporting the expansion in equipment maintained, one hire in the administration teams and one hire in the production teams.

The average consolidated workforce therefore rose from 116 in 2015 to 132 in 2016.

Workforce

During the periods under review, the Group's average workforce was as follows:

Average Group workforce	2016	2015	2014
Number of employees	132	116	106

The workforce breaks down as follows:

By location:

Average Group workforce	2016	2015	2014
EMEA employees	103	98	92
% of total workforce	*78%*	*84%*	*87%*
Non-EMEA employees	29	18	14
% of total workforce	*22%*	*16%*	*13%*

By gender:

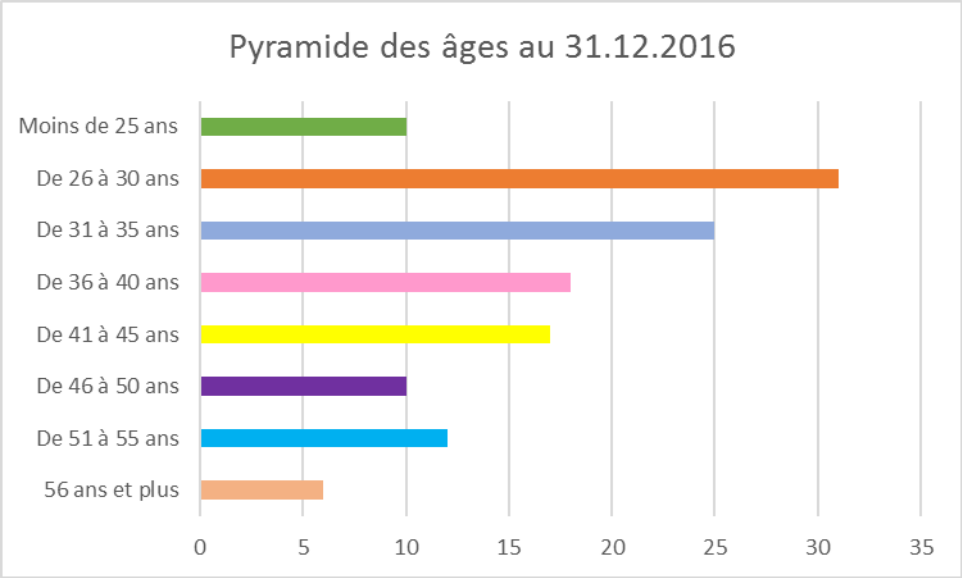
Average Group workforce	2016	2015	2014
Total	132	116	106
Men	85	78	70
Women	44	38	36

By type of contract:

Average Group workforce	2016	2015	2014
Temporary	6	6	7
Permanent	126	110	99
Total	132	116	106

By age group:

The table below is based on the workforce as at 31 December 2016.



Hires and dismissals

The headcount in 2016 was affected by the following changes:

Changes - entries by type of contract:

Number of entries	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Permanent hires (France and rest of the world)	26	26	19	29
Consolidation of OneFit Medical: permanent hires	-	-	-	11
Temporary hires	7	11	11	9
Consolidation of OneFit Medical: temporary hires	-	-	-	3
Total	33	37	30	52

Changes - reasons for departure:

Number of departures	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Retirement/early retirement	-	-	-	-
Resignations	14	4	5	4
Dismissals	4	3	5	2
Contractual terminations	-	2	-	-
Terminations during probationary periods	1	2	1	1
End of temporary contract	7	11	15	7
Total	26	22	26	14

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 fixed-term contracts. This correction has retrospective effect in respect of the previous financial year.

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 2016 are reflected in personnel expenses, described in section 20.1.1 / q – « Payroll » to the consolidated financial statements. As stated in this note, the Group's wage bill for financial year 2016 was €12,332k compared to €10,437k for the previous financial year.

As of 31 December 2016, 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 5.3% of the average headcount.

In France, executive staff works 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 especially independent in how they arrange their work 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	2016	2015	2014	2013
Illness	2.92%	0.68%	1.0%	1.0%
Workplace and commuting accidents	0.26%	-	0.03%	-
Maternity, paternity, adoption leave	1.75%	0.56%	1.83%	0.7%
Other absences	0.04%	0.19%	0.16%	0.1%
Unpaid absences (unpaid leave, parental leave)	0.39%	0.28%	0.3%	0.8%
Total	5.37%	1.70%	3.45%	2.6%

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 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.

Two collective agreements were signed in 2015 with employee representatives: an employee incentive agreement, a profit-sharing agreement and the operational rules of the Employee Savings Plan that is associated with these two agreements. No collective bargaining agreement or agreement of the health and safety of employees was signed in 2016.

Six Joint Staff Representation Committee meetings were held in 2016. Its members were consulted and involved in material decisions on, in particular, the Company's action plan for gender equality and, for example, the employee training programme for 2016.

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. Their appointments were renewed by the Joint Staff Representation Committee on 10 October 2016.

The OHSC met four times in 2016. Its members were involved in making decisions relating to work conditions and safety and, in particular, contributed their ideas to the refurbishments to be carried out at the premises in 2017. The members of the OHSC also took part in an in-depth analysis on occupational hazards at the Company and the identified risk factors. They were also involved in updating the 2016 Document Unique (mandatory document to be kept on the premises regarding employee health and safety).

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" (mandatory document to be kept on the premises regarding employee health and safety), created in 2008 and regularly updated. It was updated for the last time in 2016. 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 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.

In 2016, EOS Imaging, in conjunction with the safety officer and the OHSC, worked on implementing a risk prevention plan. This followed an in-depth analysis of occupational hazards and the identification of risk factors.

One workplace accident was declared in 2016, leading to 19 lost work days. Two travel-related accidents were declared in 2016, one of which led to 29 lost work days. No work-related illness was reported.

e. Training

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 the 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 our safety policy (radiological protection and electrical certification);
- in-house occupational and product training;
- in-house courses on the quality management system and computer applications;
- out-sourced technical and language training.

The table below shows the number of training hours over the last two years. The training taken into account relates to training courses carried out and completed in the 2016 financial year. No pro rata calculation has been carried out.

Breakdown of the number of training hours by category:

Number of hours of training	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Technicians	255h	161h	223h	63h
Managers	1,585h	1,338h	2,146h	343h
Total	1,840h	1,499h	2,369h	406h

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 44% of the management team and 38% of executive staff as of 31 December 2016. 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 2016. However, the Group is committed to promoting the employment of disabled people, and to this end has concluded 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 opportunity. The diversity of nationalities represented in the Group's workforce is a proof of this: thirteen nationalities are represented.

Headcount by nationality:

Average Group workforce	2016	2015	2014	2013
France	98	93	85	58
United Kingdom	-	-	1	1
United States	17	12	11	11
Canada	7	3	2	2
Belgium	1	1	-	-
Malaysia	1	1	1	1
India	-	-	-	1
Colombia	-	1	-	1
Algeria	1	1	1	1
Tunisia	1	1	1	1
Italy	1	1	1	1
Spain	1			
Senegal	1			
Morocco	1			
Portugal	1	1	1	1
Czech Republic	1	1	1	1
Number of nationalities represented	**13**	**11**	**10**	**12**

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 December 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)***	2,000	0.01%
Stéphane Sallmard	1	0.00%
Marie Meynadier ***(Chief Executive Officer)***	362,959	1.79%
NBGI Private Equity represented by Aris Constantinides	905,429	4.46%
BPI France Investissements represented by Marie-Laure Garrigues	1,825,222	9.00%
Philip Whitehead	-	-
Paula Ness Speers	-	-
Eric Beard	-	-
TOTAL	**3,095,610**	**15.26%**

(*) 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 31 December 2016	0
Cumulative number of share warrants that were cancelled or became null and void	0
Number of shares still available for subscription at 31 December 2016	40,000

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 33% of the share warrants can be exercised beginning on 31 December 2013;
- a further 33% may 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 31 December 2016	0
Cumulative number of share warrants that were cancelled or became null and void	0
Number of shares still available for subscription at 31 December 2016	190,000

(1) The terms governing the exercise of the share warrants are as follows:

- 33% of the share warrants can be exercised beginning on 24 January 2017;
- a further 33% 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 2016	0	0	0
Cumulative number of stock subscription options that were cancelled or became null and void	0	0	0
Number of shares still available for subscription at 31 December 2016	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 08 December 2015, the Company's Board of Directors awarded 5,000 free shares to CEO Marie Meynadier.

At its meeting on 15 December 2016, 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 definitively vested and the 5,000 shares awarded in 2015 and the 5,000 shares awarded in 2006 are in the process of vesting, 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 vesting	Vesting date	Length of the retention period
16 January 2012	16 Jan. 2012	360,000	360,000	16 Jan. 2014	2 years
16 October 2015	8 Dec. 2015	5,000	5,000	15 Oct. 2018	2 years
16 October 2015	15 Dec. 2016	5,000	5,000	15 Dec. 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 2016:

Summary								
	SO Plan 2009	SO Plan 2010	SO Plan 2010	SO Plan 2012	SO Plan 2012	AGA Plan 2015	AGA Plan 2015	AGA Plan 2015
Plan issue date	AGM of 12/02/09	AGM of 09/04/10	AGM of 09/04/10	AGM of 16/01/12	AGM of 16/01/12	AGM of 16/10/15	AGM of 16/10/15	AGM of 16/10/15
Date awarded	Board of Directors of 07/07/09	Board of Directors of 06/07/10	Board of Directors of 20/05/11	Board of Directors of 21/09/12	Board of Directors of 23/05/14	Board of Directors of 08/12/15	Board of Directors of 15/12/16	Board of Directors of 15/12/16
In progress at 31/12/2016	470,389	292,625	13,625	273,432	205,750	172,000	133,000	280,000

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 31/12/2016	20,500
Cumulative number of stock subscription options that were cancelled or became null and void	107,111
Number of outstanding stock options at 31/12/2016	470,389
Number of shares still available for subscription at 31/12/2016	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 31/12/2016	33,500
Cumulative number of stock subscription options that were cancelled or became null and void	87,375
Number of outstanding stock options at 31/12/2016	292,625
Number of shares still available for subscription at 31/12/2016	292,625

(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.

2011 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 31/12/2016	31,000
Cumulative number of stock subscription options that were cancelled or became null and void	8,375
Number of outstanding stock options at 31/12/2016	13,625
Number of shares still available for subscription at 31 December 2016	13,625

(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 2016	1,125
Cumulative number of stock subscription options that were cancelled or became null and void	102,350
Number of outstanding stock options at 31/12/2016	273,432
Number of shares still available for subscription at 31 December 2016	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 2016	5,750
Cumulative number of stock subscription options that were cancelled or became null and void	11,500
Number of outstanding stock options at 31/12/2016	205,750
Number of shares still available for subscription at 31 December 2016	205,750

(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	08 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 2016	-
Cumulative number of shares that were cancelled or became null and void	9,500
Number of shares in the process of being acquired at 31/12/2016	172,000

AGA Plan 2015	
Date of the meeting	16 October 2015
Date of the Board of Directors' meeting	15 December 2016
Name of the plan	AGA Plan 2015
Number of shares awarded	133,000
Terms and conditions of acquisition	see (1) below
Number of shares acquired at 31 December 2016	-
Cumulative number of shares that were cancelled or became null and void	-
Number of shares in the process of being acquired at 31/12/2016	133,000

AGA Plan 2015	
Date of the meeting	16 October 2015
Date of the Board of Directors' meeting	15 December 2016
Name of the plan	Performance shares
Number of shares awarded	280,000
Terms and conditions of acquisition	see (1) below
Number of shares acquired at 31 December 2016	-
Cumulative number of shares that were cancelled or became null and void	-
Number of shares in the process of being acquired at 31/12/2016	280,000

(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 2016 (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 2016	-	-	-
Options exercised in 2016	30,000	€4.21	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. A provision of €78,352 was recognised in the Company's accounts at 31 December 2016 in respect of employee incentives.

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 2014, 2015 and 2016:

	As at 31/12/2014		As at 31/12/2015		As at 31/12/2016	
	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	1.82%	357,608	1.77%	357,608	1.76%
Polissage Garnier	83,457	0.45%	89,418	0.44%	89,418	0.44%
Claude Hennion	172,890	0.94%	138,312	0.68%	138,312	0.68%
Yves Charpak & indivision	57,278	0.31%	4,952	0.02%	4,952	0.02%
Eric Cloix	26,483	0.14%	26,483	0.13%	26,483	0.13%
Keyzan Mazda	28,204	0.15%	28,204	0.14%	28,204	0.14%
Catherine Mazda	14,102	0.08%	14,102	0.07%	14,102	0.07%
Jacques Lewiner	100	0.0005%	100	0.0005%	100	0.005%
Stéphane Sallmard	1	0,000.005%			1	0,000.005%
Founders (no action in concert)	**716,283**	**3.90%**	**659,180**	**3.26%**	**659,180**	**3.25%**
COFA Invest	273,318	1.49%	273,318	1.35%	273,318	1.35%
EDRIP	2,430,862	13.2%	1,805,293	8.92%	1,805,293	8.90%
UFG Private Equity	534,775	2.91%				
NBGI	1,331,898	7.25%	905,429	4.47%	905,429	4.46%
BPI	1,395,696	7.60%	1,825,222	9.02%	1,825,222	9.00%
Investment funds (no action in concert)	**5,966,549**	**32.5%**	**4,809,262**	**23.8%**	**4,809,262**	**23.70%**
Floating	**11,313,837**	**61.62%**	**14,369,706**	**70.99%**	**14,411,765**	**71.03%**
Gérard Hascoët (Chairman)			**2,000**	**0.01%**	**2,000**	**0.01%**
Marie Meynadier (Chief Executive Officer)	**362,955**	**1.98%**	**362,955**	**1.79%**	**362,959**	**1.79%**
Management & employees	**362,955**	**1.98%**	**364,955**	**1.80%**	**364,959**	**1.80%**
Treasury stock	**26,943****	**0.00%**	**38,867****	**0.00%**	**43,598****	**0.00%**
Total	**18,386,567**	**100.00%**	**20,241,970**	**100.00%**	**20,288,764**	**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 2016 are identified in the table above.

18.1.2 Change in the shareholding structure since IPO (15 February 2012)

Shareholding structure	2016		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*	Number of shares	% of share capital and voting rights*
Medivea	357,608	1.76%	357,608	1.77%	333,768	1.82%	333,768	1.85%	-	-
Polissage Garnier	89,418	0.44%	89,418	0.44%	83,457	0.45%	83,457	0.46%	-	-
Claude Hennion	138,312	0.68%	138,312	0.68%	172,890	0.94%	172,890	0.96%	172,890	0.96%
Yves Charpak	4,952	0.02%	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	0.14%	28,204	0.15%	28,204	0.16%	28,204	0.16%
Catherine Mazda	14,102	0.07%	14,102	0.07%	14,102	0.08%	14,102	0.08%	14,102	0.08%
Jacques Lewiner	100	0.00%	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	0.13%	26,483	0.14%			52,306	0.29%
Nazanin Sahami									36,667	0.20%
Stéphane Sallmard	1	0.00%			1	0.000005%	1	0.000005%	1	0.000005%
Founders	**659,180**	**3.25%**	**659,180**	**3.26%**	**716,283**	**3.90%**	**926,734**	**5.16%**	**814,671**	**4.68%**
COFA Invest	273,318	1.35%	273,318	1.35%	273,318	1.49%	302,117	1.68%	559,749	3.11%
EDRIP	1,805,293	8.90%	1,805,293	8.92%	2,430,862	13.2%	2,478,761	13.8%	3,209,459	17.82%
UFG Private Equity					534,775	2.91%	906,055	5.04%	1,864,244	10.35%
NBGI	905,429	4.46%	905,429	4.47%	1,331,898	7.25%	1,358,143	7.56%	1,758,501	9.8%
BPI France	1,825,222	9.00%	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**	**23.7%**	**4,809,262**	**23.8 %**	**5,966,549**	**32.5%**	**6,440,773**	**35.8%**	**9,199,078**	**0**
Floating	**14,411,765**	**71.03%**	**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%	**2,000**	**0.01%**						
Marie Meynadier	362,959	1.79%	**362,955**	**1.79%**	**362,955**	**1.98%**	**86,955**	**0.48%**	86,955	0.48%
Management & employees	**364,959**	**1.80%**	**364,955**	**1.80%**	**362,955**	**1.98%**	**86,955**	**0.48%**	**86,955**	**0.48%**
Treasury stock	**43,598****	**0.00%**	**38,867****	**0.00%**	**26,943****	**0.00%**	**38,046***	**0.00%**	**53,866****	**0.00%**
Total	**20,288,764**	**100.00%**	**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 2016, 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 2014, 31 December 2015 and 31 December 2016 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 2016

STATEMENT OF FINANCIAL POSITION *(in thousands of euros)*

ASSETS	*Note*	**Financial year ended on 31 December**	
		2016	**2015**
Goodwill	*e*	5,131	5,131
Intangible assets	*f*	3,047	2,454
Property, plant, and equipment	*g*	1,494	1,404
Financial assets	*h*	120	107
Total non-current assets		**9,792**	**9,097**
Inventories and work in progress	*i*	2,960	4,684
Trade receivables	*j*	25,011	19,313
Other current assets	*j*	6,106	4,980
Cash and cash equivalents	*k*	14,909	14,091
Total current assets		**48,987**	**43,068**
TOTAL ASSETS		**58,779**	**52,164**

LIABILITIES	*Note*	**Financial year ended on 31 December**	
		2016	**2015**
Share capital	*l*	203	202
Treasury stock		(339)	(317)
Share-based bonuses		70,649	70,571
Reserves		(42,850)	(36,173)
Translation reserves		1,276	665
Consolidated income attributable to the parent		(6,172)	(7,181)
Total equity		**22,768**	**27,768**
Provisions	*m*	773	295
Non-current financial liabilities	*n*	14,019	12,837
Total non-current liabilities		**14,793**	**13,132**
Financial liabilities- *due in less than a year*	*n*	4,745	
Trade payables	*o*	7,844	5,389
Other current liabilities	*o*	8,629	5,876
Total current liabilities		**21,218**	**11,265**
TOTAL LIABILITIES		**58,779**	**52,164**

STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euros)*

	Note	**Financial year ended on 31 December**	
		2016	**2015**
Revenue from ordinary activities			
Revenue	*p*	30,773	21,812
Other income	*p*	2,324	1,844
Total revenue from ordinary activities		**33,097**	**23,656**
Operating expenses			
Direct costs of production and service	*s*	(16,198)	(11,619)
Indirect costs of production and service	*s*	(3,826)	(3,487)
Research and development	*s*	(3,887)	(3,744)
Sales, clinical and marketing	*s*	(8,655)	(7,041)
Regulatory	*s*	(699)	(627)
Administrative costs	*s*	(3,912)	(3,581)
Share-based payments	*r*	(484)	(218)
Total operating expenses		**(37,660)**	**(30,317)**
OPERATING PROFIT (LOSS)		**(4,563)**	**(6,661)**
Financial expenses	*t*	(1,658)	(617)
Financial revenue	*t*	50	97
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES		**(6,172)**	**(7,181)**
Income tax expense	*u*		
NET PROFIT (LOSS) FOR THE PERIOD - Attributable to the parent		**(6,172)**	**(7,181)**
Items that will subsequently be reclassified in net profit or loss			
Translation differences on foreign entities		611	447
Items that will not be reclassified in net profit or loss			
Actuarial difference on pension commitments		19	66
TOTAL PROFIT (LOSS) FOR THE PERIOD		**(5,541)**	**(6,668)**
Basic and diluted net earnings per share (in €)	*x*	(0.30)	(0.38)

STATEMENT OF CHANGES IN EQUITY *(in thousands of euros)*

EOS IMAGING Equity	Capital	Share base bonuses	Treasury share	Consolidated reserves	Translation reserves	Consolidated earnings	Total
31/12/2014	**184**	**62 037**	**(249)**	**(31 481)**	**218**	**(5 245)**	**25 464**
Appropriation of income from the previous year				(5 245)		5 245	
Capital increase	18	8 511					8 530
Capital increase resulting from the exercise of option		22					22
Change in translation adjustments					447		447
Change in actuarial adjustments				66			66
Income for the current period						(7 181)	(7 181)
Share-based payments				488			488
Treasury shares			(68)				(68)
31/12/2015	**202**	**70 571**	**(317)**	**(36 173)**	**665**	**(7 181)**	**27 768**
Appropriation of income from the previous year				(7 181)		7 181	
Capital increase resulting from the exercise of option		46					47
BSA award		32					32
Change in translation adjustments					611		611
Change in actuarial adjustments				19			19
Income for the current period						(6 172)	(6 172)
Share-based payments				484			484
Treasury shares			(22)				(22)
31/12/2016	**203**	**70 649**	**(339)**	**(42 850)**	**1 276**	**(6 172)**	**22 768**

STATEMENT OF CASH FLOWS *(in thousands of euros)*

	Note	Financial year ended december 31th,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		(6 172)	(7 181)
Elimination of depreciation, amortisation and provisions		1 701	1 157
Calculated revenue and expenditure related to share-based payments	*r*	484	218
Financial interests	*n*	473	
Internally generated funds from operation		**(3 514)**	**(5 806)**
Change in working capital requirements related to operations		**212**	**(6 892)**
Inventory and work in process	*i*	1 723	(1 858)
Accounts receivable	*j*	(5 407)	(4 498)
Other current assets	*j*	(1 074)	(1 116)
Accounts payable - trade	*o*	2 455	(89)
Other current liabilities	*o*	2 514	669
Net cash flow related to operating activities		**(3 302)**	**(12 698)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and non-current intangible assets		(1 764)	(1 537)
Disposals of property, plant and equipment and non-current intangible assets		31	1
Change in financial assets		(13)	61
Net cash flow from investing activities		**(1 746)**	**(1 475)**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase			8 302
Issue of warrants	*b & l*	32	
Bound financing	*n*	5 000	9 912
Receivables mobilized	*n*	1 013	
Reimbursable advances and financial interest	*n*	(34)	29
Reimbursable advances - reimbursement		(524)	(123)
Acquisition of treasury shares	*l*	(2 866)	(4 441)
Disposal of treasury shares		2 844	4 373
Net cash flow related to financing activities		**5 465**	**18 052**
Impact of current rate fluctuations		401	58
Change in cash		**818**	**3 937**
Cash and cash equivalent at beginning of period		14 091	10 154
Cash and cash equivalent at beginning of period		**14 091**	**10 154**
Cash and cash equivalent at close of period	*k*	14 909	14 091
Cash and cash equivalent at close of period		**14 909**	**14 091**
Change in cash		**818**	**3 937**

NOTES TO FINANCIAL STATEMENTS

a. The company

Formed in 1989, EOS Imaging SA develops innovative medical imaging devices dedicated to osteo-articular conditions and orthopaedics, as well as associated applications.

The Company has established four subsidiaries as part of its international expansion:

- 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.

In November 2013, the Company acquired 100% of the shares in OneFit Médical, a developer of knee and hip surgery planning software and a 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 29 June 2016, the company issued the third and final tranche of 5,000,000 ordinary bonds at €1 each for a total of €5,000,000 (redeemable on the same terms and conditions as the two previous tranches).
As for the first two tranches, an investment fund committed to subscribe the full amount of the issue.

BPIFrance repayable advance and waiver of receivable:
At a meeting of its collaborative projects monitoring committee on 27 January 2016, BPIfrance formally recognised a partial commercial success for EOS Imaging and the waiver of a €268,928 receivable.

Resignation of a director:
NBGI Private Equity resigned as a director of the company on 23 February 2016.

Authorisation to market the EOS system in China:
In March 2016, the Group obtained authorisation from the CFDA (China Food and Drug Administration) to market the EOS system in China.

Acquisition of licence rights:
In February 2016, the Group acquired exclusive rights to market a spinal biomechanical simulation technology from the Canadian company Spinologics, subject to obtaining the relevant authorisations.

Partnership agreement with Stryker:
In March 2016, the Group signed a co-marketing agreement in the United Kingdom with Stryker.

Partnership agreement with Medtronic:
In April 2016, EOS Imaging signed a co-marketing agreement with Medtronic Japan.

Partnership agreement with Anatoscope:
On 21 July 2016, the Group announced an exclusive partnership with Anatoscope (Montpellier, France).

FDA authorisation for kneeEOS:

In November 2016, EOS Imaging announced that it had obtained 510(k) authorisation from the FDA (Food and Drug Administration) allowing it to market its kneeEOS software in the United States. kneeEOS is a new addition to the EOSapps range of solutions dedicated to the most up-to-date orthopaedic treatments.

c. Approval of financial statements

EOS Imaging's consolidated financial statements as at 31 December 2016 were approved by its Board of Directors on 22 March 2017.

d. Accounting principles and policies

Basis of preparation of the consolidated financial statements

The consolidated 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 consolidated financial statements are prepared on the historical cost basis, except for financial assets measured at fair value. When preparing consolidated financial statements under IFRS, it is necessary to make estimates and assumptions that affect the amounts and the information provided in the consolidated financial statements. Actual results may differ substantially from these estimates on the basis of different assumptions or conditions and, where appropriate, a sensitivity analysis may be carried out for material amounts. The main line item affected relates to share-based payments (see section r. "Share-base payments").

Accounting standards

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 2016.

These are available on the website of the European Commission:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The accounting principles used to prepare the annual consolidated financial statements for the financial year ended on 31 December 2016 are identical to those used for the financial year ended on 31 December 2015.

The new standards, amendments and interpretations of standards adopted by the European Union and which must be mandatorily applied by the Company from 1 January 2016 are as follows:

- Amendments to IAS 1 "Presentation of financial statements – disclosure initiative";
- Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation";
- IFRS annual improvements (2012-2014);
- Amendments to IFRS 11 "Acquisition of an interest in a joint operation";
- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: exception to consolidation";
- Amendments to IAS 27 "Equity method in separate financial statements".

The first-time application of these standards did not have a material effect on the Company's consolidated financial statements at 31 December 2016.

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 2016.

Standards adopted by the European Union but not yet mandatory as at 31 December 2016 were as follows:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from contracts with customers".

Standards not yet adopted by the European Union are:

- IFRS 16 "Leases"
- Clarification of IFRS 15 "Revenue from contracts with customers".
- IFRS annual improvements (2014-2016);
- Amendments to IFRS 7 "Statement of Cash Flows";
- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses";
- Amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate/joint venture";
- Amendments to IFRS 2 "Clarifications of classification and measurement of share based payment transactions";
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

Analysis of the impact of applying these standards is currently being carried out. At the date of drafting this report, Management does not anticipate any material impact.

Consolidation methods

A subsidiary is any entity whose financial and operating policies may be controlled by the Company, a power that derives 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 are aligned with those of the consolidating Company.

On the date on which these consolidated financial statements are published, EOS Imaging SA (the parent company) has five fully consolidated subsidiaries:

- EOS Imaging Inc.
- EOS Image Inc.
- EOS Imaging GmbH
- OneFit Médical
- EOS Imaging Pte Ltd

Net investments abroad

Receivables vis-à-vis consolidated foreign subsidiaries for which 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 on the acquisition date.

The consideration 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 is acquired, between the acquisition cost of the entity and the share of the net financial position acquired is recognised as "Goodwill" on the asset side of the consolidated statement of financial position. When the difference is negative, it must be recognised directly through 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.

Intangible assets

Under the criteria set out 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 innovative medical imaging devices dedicated to osteo-articular conditions and orthopaedics, as well as associated applications, with new versions being regularly released on the market.

Research costs are systematically recognised as expenses.

Under IAS 38, development expenses are recognised as intangible assets if and only if all the following criteria are met:

(a) technical feasibility necessary to complete the development project;

(b) the Company intends 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.

This standard has been applied since 1 January 2008, with expenses related to developing new features for products and software applications capitalised as assets. However, the cost of research and the cost 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 the new features offered by each new version released.

Patents

Costs relating to the filing of currently valid patents, incurred by the Company up until the point at which they are granted, are recognised as intangible assets since they meet 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 recognised as assets based on the costs incurred in acquiring and commissioning the software in question. 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 recognised at acquisition cost. Major improvements and refurbishments are capitalised, while repair and maintenance expenses and the cost of other refurbishment work are recorded as expenses as and when they are 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 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 furnishings	10 years
Office and computer equipment	2 to 5 years
Office furniture	5 years

Financial assets

Financial assets include available-for-sale financial assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

The valuation and accounting of financial assets and liabilities are defined in IAS 39 "Financial Instruments: Recognition and Measurement".

Available-for-sale financial assets

Available-for-sale financial assets principally comprise investment securities that do not meet 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 profit or loss.

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 recognition at fair value, they are valued and recognised at amortised cost on the basis of the effective interest rate ("EIR") method. The EIR is the rate that equates the expected future cash outflows to the net present carrying 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 carrying value exceeds the recoverable amount estimated during impairment testing. Any impairment loss is recognised through profit or loss.

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 EIR method. Short-term receivables without declared interest rates are measured at the amount of the original invoice provided the application of an implied interest rate would not be material.

For variable-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 carrying amount exceeds the recoverable amount estimated during impairment testing. Any impairment loss is recognised through profit or loss.

Loans and receivables also include deposits and guarantees, classified as long-term investments in the balance sheet.

Financial assets at fair value through profit or loss

Assets held for trading purposes comprise assets that the Company intends to resell in the short term to realise a capital gain, belonging to a portfolio of financial instruments managed as a whole in respect of which there is a pattern of short-term disposals. Trading assets may also include assets voluntarily placed in this category, regardless of the above criteria (the "fair value option").

Recoverable amount of non-current assets

Amortised intangible and tangible assets are tested for impairment when it is doubtful that their carrying value will be recovered. An impairment loss is recognised equal to the amount by which the carrying value exceeds the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less disposal costs or its value in use.

For intangible assets in progress, even where there are no indicators of impairment, an impairment test is carried out annually.

In relation to the Group's intangible assets, there is no market data available to calculate the fair value net of disposal costs other than through an estimate of future cash flows. As such, the recoverable amount is, in substance, equal to the value in use.

The value in use is calculated every year in accordance with IAS 36: it corresponds to the discounted value of estimated future cash flows expected from the continued use of the assets and their disposal at the end of their planned use by the company. It does not reflect the impact of the financing structure, the effect of taxes or restructurings that have not been committed to.

The valuation method is based on the discounted cash flow valuation method using cash flows for 2017 to 2022 obtained from company forecasts.

The principal parameters used are set out below:

- Forecast horizon: 6 years,
- The discount rate used is the Group's weighted average cost of capital of 12% and a growth rate to infinity of 1%. These rates are consistent with the average rates used by financial analysts of the business sector who report on the value.
- the assumptions used by the Group in calculating the recoverable amount of its assets are based on assumptions of future growth.
-

IAS 36.134(f) requires sensitivity analysis to be carried out on the key assumptions used in impairment tests.

The principal sensitivity parameters used are set out below:
- change in the weighted average cost of capital of + or - 1 percentage point.
- change in the growth rate to infinity of + or - 1 percentage point.

In 2016, the sensitivity of the recoverable amount to a change of one percentage point in the discount rate or the growth rate to infinity would have no impact on the valuation of assets or the profits for the financial year.

Inventories and work in progress

Inventories are recognised at the lower of cost or net realisable value. In the latter case, the impairment loss is expensed.

Inventories are valued 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 realisable term investments and short-term investments. They are measured by reference to 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)".

Equity

Common shares are classified as equity. Costs of capital transactions directly attributable to the issue of new shares or options are recognised in equity as a deduction from the issue proceeds.

Share-based payments

Since being established, 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", save in respect of the AGA 2016 plan, where the expense was considered to be immaterial over the period.

Bonds with stock warrants attached (OBSAs)

On 9 January 2015, EOS Imaging issued 60,000 OBSAs, each with a nominal value of €9. The bonds are for a period of four years and carry interest at the rate of Euribor + 7.75%.

Three stock 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, within seven years of their subscription date.

At the same time as it issued these OBSAs, the Company issued two tranches of ordinary bonds totalling €5 million for a period of four years at an interest rate of Euribor + 7.75%.

In addition to the nominal interest rate, all bond issues pay additional interest of 2% compounded annually and are subject to 3% exit fees on the date on which the principal is repaid.

Structuring fees were also charged at 2.5% for the first issue, and at 2% for the second and third tranches of ordinary bonds.

The OBSAs are compound instruments as defined by IAS 32.28. The proceeds received by the Group in respect of each OBSA represent the issue of a debt instrument and the issue of an equity instrument (the BSAs).

These proceeds were initially broken down in accordance with the provisions of IAS 32.31-32, as follows:

- The initial carrying value of the debt component corresponds to the fair value of the instrument and is calculated by discounting the cash flows of the debt at the rate at which the issuer would have issued the instrument in the absence of the equity component.
  The debt was measured using the amortised cost basis. The costs incurred in arranging the bond issue were included in the bond's effective interest rate of 13%.

- The carrying value of the equity component (the BSAs) was calculated using the difference between the proceeds received and the initial value of the debt component.

Valuation 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 that are directly attributable to the acquisition or issue of a financial liability are deducted from that 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.

Conditional subsidies and advances

The Group receives a certain amount of financial aid, in the form of conditional government subsidies and grants. Detailed information on these repayable advances is provided in section n. "non-current financial liabilities".

They are recognised in accordance with IAS 20; financial advances granted at interest rates that are below market rates are measured at amortised cost, in accordance with IAS 39, if the impact is material.

The amount derived from the interest rate advantage obtained on the granting of non-interest bearing repayable advances is considered to be a grant. This benefit is calculated by applying a discount rate corresponding to a market rate at the date of grant.

A loan that is not repayable under certain conditions its treated like a government subsidy where there is reasonable certainty that the Company will satisfy the conditions for waiver of the loan. In other cases, it is recognised as a liability.

These advances are recognised in "non-current financial liabilities" and in "current financial liabilities", depending on their maturity date. Where the project is recognised as a failure, the waiver of receivable is recognised as a grant.

Provisions

Provisions for liabilities and charges

Provisions for liabilities and charges represent commitments arising from miscellaneous risks and disputes, the timing and amount of which are uncertain, that the Company may face in the course of its business activities.

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", 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 the provision 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.

Retirement obligations

Company employees are covered by the retirement 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 entities, financed out of contributions by employers and employees (state-run defined contribution scheme).

For a defined benefit scheme, retirement benefit costs are estimated using the projected unit credit method. Under this method, the cost of retirement benefits is recognised through profit or loss evenly over the length of service of employees. Retirement obligations 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 expenses but fully recognised in other items of comprehensive income; changes in the scheme are treated as the cost 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 receive pension benefits.

Revenue from ordinary activities

Revenue

The Company's revenue is realised through sales 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 Group recognises income once it can be reliably measured, it is likely that the future economic benefits will flow to the Group and that the specific criteria have been satisfied for the Group's business activities.

In the case of equipment sales, revenue is recognised on the transfer of all inherent risks and benefits of ownership of the asset to the purchaser, 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

**) Subsidies*

Since it was established, the Group 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. See also "Conditional subsidies and advances"

**) 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 those credits to be paid 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 within the meaning of IAS 17.

Leases in which a significant part of the risks and benefits are retained by the lessor are classified as operating leases. Payments made under these operating leases, net of any incentive, are expensed on a straight-line basis over the term of the lease.

Tax on profits

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 in force at the reporting date are used to calculate deferred taxes.

Deferred tax assets are only recognised where it is likely that there will be sufficient future earnings to absorb the carried forward tax loss. 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.

Sector information

The Company principally operates in France and North America but manages its worldwide activities homogeneously.

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 p. "revenue from ordinary activities" and g. "property, plant, and equipment".

Other items of comprehensive income

Components of income and expenses for the period recognised directly in equity are presented, where applicable, under "other items of comprehensive 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.

Key accounting estimates and judgements

Preparation of the financial statements in accordance with 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 judgements 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

Acquisition of OneFit Médical:

On 27 November 2013, EOS imaging acquired all the shares of OneFit Medical for €4 million, of which €0.5 million was paid in cash and €3.5 million by the issuance to former OneFit Médical shareholders of 603,449 stand alone warrants for EOS Imaging shares.

The acquisition memorandum of understanding provided for an earn-out clause of €1 million, tied to achieving regulatory and revenue objectives, to be paid to the former shareholders in OneFit Médical 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 as at 31 December 2014, this earn-out of €1 million has been reduced to €750,000. With regard to the future economic advantages that the Group believes it can obtain 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.

Impairment of the cash generating unit:

In accordance with the principles described in section e. "Goodwill", goodwill recognised on the balance sheet is not amortised but is the subject of impairment tests carried out at least annually. The impairment test is carried out in respect of the cash generating unit(s) to which the goodwill is allocated. These units are economic entities whose continuous activity generates cash flows which are broadly independent of each other. The Group considers that it only has one cash generating unit, comprising sales of equipment, maintenance contracts and related services. These three types of sale are considered to be interdependent. The Group also manages its worldwide activities homogeneously.

An impairment test carried out on 31 December 2016 on the entire CGU applies to all group assets. No impairment was recognised.

f. Intangible assets

Changes in non-current intangible assets may be analysed as follows:

Non-current intangible assets	31/12/2015	Acquisitions	Reallocation	Decreases	Change in exchange rate	31/12/2016
Development costs	3 532	948	89			4 569
Software	1 322	272	(67)	(5)	3	1 524
Patents	477	32				509
Total gross value - non-current intangible asse	**5 330**	**1 252**	**22**	**(5)**	**3**	**6 602**
Development costs	1 912	531				2 443
Software	903	138			3	1 043
Patents	61	8				70
Total depreciation, amortisation and impairme	**2 876**	**677**			**3**	**3 556**
Total net value - non-current intangible assets	**2 454**	**575**	**22**	**(5)**		**3 047**

During the financial year under review, the Group continued to develop new functionalities for EOS, the imaging workstation, for sterEOS, the 3D reconstruction workstation, and for the associated software applications.

In addition to internal development costs, research and development costs include the cost of licences related to partnership agreements entered into, in particular with Spinologics and Anatoscope (see section b. "Significant Events").

g. Property, plant, and equipment

Changes in property, plant and equipment may be analysed as follows:

Property, plant and equipment	31/12/2015	Acquisitions	Reallocation	Decreases	Change in exchange rate	31/12/2016
Fixtures and fittings	902	41	22		7	972
Fittings and technical equipment	1 812	119	31			1 963
Office and computer equipment	687	72			5	763
Furniture	4					4
PPE in progress	126	285	(76)	(26)		309
Total gross value - property, plant and equipn	**3 531**	**516**	**(22)**	**(26)**	**12**	**4 011**
Fixtures and fittings	531	82			5	618
Fittings and technical equipment	1 035	220				1 255
Office and computer equipment	561	77	(4)		4	639
Furniture		1	4			4
Total depreciation, amortisation and impairme	**2 127**	**380**			**9**	**2 516**
Total net value - property, plant and equipment	**1 405**	**136**	**(22)**	**(26)**	**3**	**1 494**

Net 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)	**Financial year ended December 31th, 2016**	**2015**
France	4 415	3 701
North America	126	159
Total net value - non-current intangible assets and PPE	**4 541**	**3 860**

h. Financial assets and other assets

Changes in financial assets may be analysed as follows:

Non-current financial assets	31/12/2015	Acquisitions	Reallocation	Decreases	Change in exchange rate	31/12/2016
Deposit	107	19		(7)	1	120
Total net value - non-current financial assets	**107**	**19**		**(7)**	**1**	**120**

i. Inventories and work in progress

Inventory and work in process (in thousands of euros)	Financial year ended December 31th, 2016	2015
Componants	2 652	2 145
Finished products	345	2 539
Depreciation	(37)	
Total net value - inventory and work in process	**2 960**	**4 684**

The €1.7 million reduction in carrying amount is due to a decline in finished goods inventories, which were particularly high at 31 December 2015.

j. Trade receivables and other current assets

Trade receivables

Accounts receivable (in thousands of euros)	Financial year ended December 31th, 2016	2015
Accounts receivable	25 308	19 432
Depreciation of accounts receivable	(296)	(118)
Total net value - accounts receivable	**25 011**	**19 313**

The change in trade receivables of approximately 30% is due to:

- A 41% increase in activity over the financial year;
- A sharp fall of 26% in payment terms linked to a significant reduction in the average installation period for the equipment that is sold.

The receivables that expose the Group to a risk of non-recovery are impaired. Trade receivables are impaired on a case-by-case basis by reference to a variety of criteria such as the risk of non-recovery or the Group's experience with the debtor distributor.

Other current assets

Other current assets break down as follows:

Other current assets (in thousands of euros)	Financial year ended December 31th, 2016	2015
Research tax credit /CICE / CII	1 502	1 614
Credits from suppliers	1 106	742
Value added tax	999	1 107
Prepaid expenses	784	424
Subsidies to be received	1 558	993
Other receivables	157	100
Total other current assets	**6 106**	**4 980**

The "Research tax credit / CICE /CII" line includes:

- The research tax credit (CIR) as at 31 December 2016, corresponds to the revenue booked in respect of expenditure during the financial year by EOS Imaging and OneFit for totals of €1,131k and €221k, respectively, and the Canadian CIR in the amount of €33k;
- The competitiveness and employment tax credit (CICE) for 2016 for both companies in the amounts of €66k and €33k, respectively;
- The innovation tax credit (CII) for 2016 for OneFit in the amount of €17k;

The amounts recognised at 31 December 2015 were received by the companies during financial year 2016, except for the Canadian provision in the amount of €33k.

The line item Suppliers – Credit Notes Receivable principally relates to returned goods.

The VAT receivable principally comprises requests for repayments of VAT credits recorded in July and November 2016 in the amounts of €300k and €253k, respectively, with the balance corresponding to VAT deductible on goods and items of property, plant and equipment.

Deferred charges correspondent mainly to rent, insurance premiums and conference costs.

The line item Subsidies Receivable represents amounts recognised in respect of expenses to 31 December 2016 not reimbursed as at that date.

Research tax credit, Competitiveness and Employment tax credit

Changes in the carrying amount are as follows:

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
Revenue	1 483
Payments	(1 596)
Reallocation	
Change in exchange rate	1
Receivable balance sheet closing on 31-12-2016	1 502

k. Cash and cash equivalents

Cash and cash equivalent (in thousand of euros)	Financial year ended December 31th, 2016	2015
Short-term bank deposits	14 747	13 907
Money market funds (SICAV)	162	184
Total Cahs and cash equivalent	**14 909**	**14 091**

Short-term bank deposits can be broken down as follows:

- Current accounts in the amount of €9.7 million, €0.8 million of which is held by the American, Canadian and Singaporean subsidiaries;
- a term deposit account totalling €5 million. The term deposit account is for one month, renewable by tacit agreement, and receives interest at the rate of 0.2%;
- Liquid assets in the amount of €162k. These amounts relate to funds committed under a liquidity agreement that had not been invested in treasury shares at 31 December 2016.

Cash is mainly denominated in euros, with euro holdings totalling €14.1 million at 31 December 2016. The balance, i.e. €0.8 million, is denominated in US dollars (as to €0.7 million) and Canadian and Singapore dollars (as to €0.1 million).

I. Equity

Share capital issued

The table below shows changes in the Company's capital over the period:

Date	Transaction	Capital	Additional paid-in capital	Nber of shares constituting the capital
	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**
01/03/2016	Issue of warrants		32 300	
08/11/2016	Capital increase resulting from exercice of options	20	1 980	2 000
11/11/2016	Capital increase resulting from exercice of options	40	3 960	4 000
14/11/2016	Capital increase resulting from exercice of options	18	1 772	1 790
16/11/2016	Capital increase resulting from exercice of options	80	7 920	8 000
30/11/2016	Capital increase resulting from exercice of options	50	4 944	4 994
02/12/2016	Capital increase resulting from exercice of options	10	990	1 000
01/12/2016	Capital increase resulting from exercice of options	28	2 729	2 757
05/12/2016	Capital increase resulting from exercice of options	61	6 030	6 091
06/12/2016	Capital increase resulting from exercice of options	45	4 413	4 458
07/12/2016	Capital increase resulting from exercice of options	77	7 623	7 700
08/12/2016	Capital increase resulting from exercice of options	40	3 960	4 000
	Total as at 31 december 2016	**202 888**	**70 649 374**	**20 288 764**

Capital increases result from the following transactions:

- On 25 January 2016, the board of directors approved the issuance of 190,000 BSAs to directors, 150,000 of which were subscribed on 5 February 2016 and the remaining 40,000 on 30 March 2016.
- The exercise of 46,790 options, leading to the creation of 46,790 new shares.

As at 31 December 2016, the share capital was €202,888. It was divided into 20,288,764 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Treasury stock

Under the liquidity agreement implemented following the initial public offering, the Company held 43,598 of its own shares at 31 December 2016. These shares have been deducted from consolidated equity in an amount of €339k.

Stock subscription options

The plans issued by the Company and outstanding at 31 December 2016 are as follows:

Type	Granted date	Exercise price	Outstanding as of 31.12.2016
SO 2009	07/07/2009	1.00 €	470 389
SO 2010	06/07/2010	1.00 €	292 625
SO 2010	20/05/2011	1.00 €	13 625
SO 2012	21/09/2012	4.07 €	273 432
Warrants	31/12/2012	4.24 €	40 000
SO 2014	23/05/2014	6.14 €	205 750
Free shares	08/12/2015	- €	172 000
Warrants	31/03/2015	4.71 €	120 000
Warrants	01/03/2016	3.42 €	190 000
Free shares	15/12/2016	- €	133 000
Performance shares	15/12/2016	- €	280 000
			2 190 821

The impact on the statement of comprehensive income of share-based payments is described in section r. "share-based payments".

m. Provisions

Obligation to pay retirement bonuses

	31/12/2015	Acquisitions	Decrease	31/12/2016
Retirement payments	295	44		339
Total	**295**	**44**		**339**

Calculations of retirement bonuses are based on the following assumptions:

Valuation date	31/12/2016	31/12/2015
Retirement methods	*For all employees*: voluntary retirement at 65	*For all employees*: voluntary retirement at 65
Level of social security expenses	50%	50%
Discount rate	1.85 %	2.35 %
Mortality tables	INSEE TD / TV 2011-2013	INSEE TD / TV 2009-2011
Rate of salary increase (including inflation)	3%	3%
Turnover rate	Average rate of 7.25%, 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:

- National Metallurgy Industry Agreements (executives and non-executives)
- Regional Metallurgy Industry Agreement: Paris region (non-executives only).

Disputes

	31/12/2015	Acquisitions	Decrease	31/12/2016
Disputes		434		434
Total		**434**		**434**

The provision for disputes relates to ongoing disputes with employees as at 31 December 2016. The amounts of the provisions are consistent with the principles described in section d. "Accounting principles and policies/Provisions".

n. Non-current financial liabilities

Financial liabilities (in thousands of euros)	FY closed on 31 December 2016	2015
Bond Financing	15 283	9 642
OSEO advances	968	1 695
Zero-rate loan	1 500	1 500
Receivables mobilized	1 013	
Total	**18 764**	**12 837**

The increase of €5.9 million in financial liabilities over the financial year may be analysed as follows:

- Increase of €5.6m: issuance of the third tranche of bonds, as described in note 2, also including financing costs;
- Decrease in repayable advances of approximately €0.7 million: effect of the receivable waiver, as described in note 2 and repayments in accordance with payment schedules.
- Refinanced receivables in the amount of €1m.

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 €1,275k. and the payments under which amounted to €822k, corresponding to the contractually financed portion of expenditure committed by the company, which was lower than the amount forecast on signature of the agreement.
- On 2 February 2016, BPI recognised that the project had been partially commercially successful, and €269k of its receivable was waived. New terms and conditions were agreed for repayment of the advance, under which the company will repay €553k over a six-year period. The first repayment of the advance was made in June 2015 in an amount of €45k. In July 2016, the company made the second repayment of €90k.

- As part of its development of bespoke instrumentation for orthopaedic knee surgery, OneFit Médical received a reimbursable advance of €250k. As the project was deemed successful in 2015, repayments made during the 2016 financial year amounted to €69k. At 31 December 2016, the balance of this advance had therefore been reduced to €181k.

- OneFit Médical also received an innovation partnership loan of €150k for eight years including a three-year deferred amortisation period 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 over five years beginning on 31 May 2015. As at 31 December 2015, reimbursements of €30k have been made, reducing the balance of this loan to €97.5k.

- 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 the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 96-month period beginning in September 2017. Should it fail, these repayments will be capped at €100k and made over a 33-month period, beginning in 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. At 31 December 2016, the balance of this advance stood at €44k.

OneFit Médical also received a reimbursable advance of €86k granted in 2013 as a recruitment subsidy. At 31 December 2016, the balance of this advance stood at €11k.

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 April 2017.

o. Financial liabilities and other current liabilities, trade payable

Trade payables

Accounts payable - Trade (in thousands of euros)	FY closed on 31 December 2016	2015
Accounts payable - Trade	7 844	5 389
Total	**7 844**	**5 389**

The 46% increase in trade payables during the year was primarily due to growth in sales.

Other current liabilities

Provisions for amounts due within one year

	31/12/2015	Acquisitions	Decrease	31/12/2016
Customer warranties	819	600	(451)	968
Total	**819**	**600**	**(451)**	**968**

Changes in the provision for customer warranties is linked to:

- The revaluation of maintenance costs for equipment under warranty;
- An increase in the amount of equipment under warranty, resulting from sales during the financial year.

Other current liabilities

Other current liabilities (in thousands of euros)	FY closed on 31 December 2016	2015
Tax liabilities	827	369
Social security liabilities	2 468	1 876
Other liabilities	950	965
Deferred revenue	3 416	1 848
Total other current liabilities	**7 661**	**5 057**

Tax liabilities principally comprise VAT and payroll-based taxes.

Payroll-based liabilities represent salaries, social security expenses and holiday pay accruals. The change in the carrying amount is principally due to an increase in the headcount at the end of the financial year compared to the end of 2015 (an increase of 7 people), and an increase in the provision for bonuses, given the performance in 2016.

Other liabilities principally comprise royalty fees payable of €856k on equipment sold in 2015 and 2016.

Deferred income represents mainly maintenance invoices. The change in the carrying amount is principally due to the recognition of revenue invoiced in advance under equipment sales agreements that include a warranty of longer than one year.

Financial instruments recognised on the balance sheet and impact

Fiscal year closed on 31 December 2016	Balance sheet value	Fair value through the income statement	Loans and receivables	Debt measured at amortised cost	Non-financial instruments
Non-current financial assets	120		120		
Accounts receivable	25 011		25 011		
Other current assets	6 106				6 106
Cash and cash equivalent	14 909	14 909			
Total asset	**46 146**	**14 909**	**25 132**		**6 106**
Long-term financial liabilities	14 019			14 019	
Short term bank loans	4 745			4 745	
Accounts payable - Trade	7 844			7 844	
Other current liabilities	8 629				8 629
Total liabilities	**35 237**			**26 608**	**8 629**

The payment schedule for financial liabilities is set out in note section y. "Financial risk management/Liquidity risks".

Fair value throught the income statement (in thousands of euros)	Fiscal year closed on 31 December 2016	2015
Losses on cash equivalents		
Revenue from cash equivalents	164	
Fair value throught the income statement	**164**	

p. Revenue from ordinary activities

Revenue and other income

Sales and other revenue (in thousands of euros)	FY closed on 31 December 2016	2015
Sales of equipment	25 062	17 850
Maintenance revenue	4 697	3 133
Sales of consommable and services	1 014	830
Turnover	**30 773**	**21 812**
Grants	941	446
Research tax credit	1 383	1 398
Total revenue from ordinary activities	**33 097**	**23 656**

In 2016, EOS imaging generated annual revenue of €30.8 million, an increase of 41%.

During the financial year, the Group sold 60 items of EOS® equipment, compared to 44 in 2015. Revenue from equipment sales amounted to €25.1 million, an increase of 40%.

Recurring revenue amounted to €5.7 million, an increase of 44%. It can be broken down into maintenance revenue and revenue from sales of consumables and services, which respectively grew by 50% to €4.7 million, and by 22% to €1 million.

Sales by geographical area

Sales by geographical area (in thousands of euros)	FY closed on 31 December 2016	2015
EMEA	11 415	9 167
North America	15 370	10 439
Asia-Pacific	3 235	2 207
Latina America	752	
Total sales by geographical area	**30 773**	**21 812**

EOS Imaging sales in North America totalled €15.4 million, up 47%. They comprised 50% of Group sales in 2016.

The Europe-Middle East region grew by 25% with sales of €11.4 million.

Sales in the Asia-Pacific region amounted to €3.2 million, an increase of 47%. This growth is the result of the continued strengthening of the distribution work, begun at the start of 2016.

Sales in Latin America amounted to €0.8m. This is the result of a first agreement being signed in Brazil.

q. Payroll costs

Payroll (in thousands of euros)	FY closed on 31 December 2016	2015
Salaries	9 414	7 375
Employment taxes and social security contribution	3 461	3 062
Retirement commitments	57	59
Share-based payments	484	218
Total payroll	**13 417**	**10 714**
Average Headcount	**132**	**116**

Payroll costs grew by 25% over the financial year. The 23% increase in salaries and social security expenses is a result of the recruitment carried out in 2015, which is fully reflected in 2016 and, to a lesser extent, the recruitment carried out in 2016.

The average consolidated headcount in 2016 was 132, compared to 116 at 31 December 2015, an increase of 14%.

r. Share-based payments

The plans issued by the Company and in force at 31 December 2016 are described in section l. "capital".

Stock subscription options

Pursuant to the authorisation granted by the Combined General Meeting of 16 January 2012, on 21 September 2012 the Board of Directors issued 376,916 stock subscription options to employees of the Company, each carrying the right to purchase one ordinary share at a price of €4.07. No shares were subscribed for during the 2016 financial year.

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.

As such, the expense recognised at 31 December 2016 in respect of these options was €27,000.

The main assumptions used to calculate the expense 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:

Pursuant to the authorisation granted by the Combined General Meeting of 16 January 2012, on 23 May 2014 the Board of Directors issued 223,000 stock subscription 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 2016, no options had been subscribed for.

The main assumptions used to calculate the expense 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.

25% of these options may be exercised from 23/05/2015, 25% from 23/05/2016, 25% from 23/05/2017 and the balance from 31/12/2018.

As such, the expense recognised at 31 December 2016 in respect of these options was €90,000.

On 25 January 2016, the Board of Directors issued 190,000 stock warrants to two company directors; these stock warrants entitle their holders to acquire an ordinary share at the exercise price of €3.42.

Beneficiaries had until 30 March 2016 to subscribe to the scheme by paying a subscription of €0.17 per stock warrant.

The two beneficiaries subscribed to the scheme on 3 February 2016 and 29 March 2016, respectively.

These stock warrants may be exercised as follows:

- 33% may be exercised on or after 24 January 2017
- an additional 33% may be exercised on or after 24 January 2018
- the balance may be exercised on or after 24 January 2019.

The stock warrants may be exercised up until 24 January 2026.

The main assumptions used to calculate the expense resulting from share-based payments were:

- Expected maturity: 5.5 to 6.5 years
- Volatility: 36.19%
- Risk-free rate: 0.04% to 0.15%
- Dividend rate and turnover: zero.

25% of these options may be exercised from 23/05/2015, 25% from 23/05/2016, 25% from 23/05/2017 and the balance from 31/12/2018.

The expense recognised at 31 December 2016 in respect of these options was €44k.

Free shares

On 8 December 2015, the Group decided to issue 181,500 free shares. The expense recognised at 31 December 2016 in respect of these shares was €324k. (See 17.3.1).

On 15 December 2016, the Group decided to issue 133,000 free shares and to award 280,000 performance shares. No expense was recognised at 31 December 2016, as the expense was considered to be immaterial over the relevant period.

Summary:

	SO 2007	SO 2009	SO 2010 (b)	SO 2012	Warrants 2012	SO 2014	Warrants 2016
Volatility	39.93%	40,75% à 41,62%	38.06%	40.98%	37.82%	33.89%	36.19%

- Risk-free interest rate corresponding to the government borrowing rate on the dates the options were granted:

	SO 2007	SO 2009	SO 2010 (b)	SO 2012	Warrants 2012	SO 2014	Free shares	Warrants 2016
Risk-free rate	4.60%	2,68% à 3,14%	3.11%	1,32% à 1,77%	1,00% à 1,29%	0,89% à 1,16%	-0,04% à 0,12%	0,04% à 0,15%

The exercise prices, estimated life and fair value of underlying shares on the date of allocation of the warrants were used to value each category of share-based payments, as summarised 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€ & 1,84€	376 916	651
SO 2012 (b)	between 2,02€ & 2,18€	40 000	84
SO 2014	between 3,92€ & 4,33€	223 000	380
Free shares	between 1,97€ & 2,26€	181 500	593
Warrants 2015	2.25 €	120 000	270
Warrants 2016	between 0,68€ & 0,77€	190 000	137
Free shares		133 000	
Performance shares		280 000	
Total			**6 587**

If employees leave the Company before their exercise date, options granted before 2012 vested and became exercisable. Therefore there was no vesting period for these grants and the fair value of the plan was recognised immediately and in full at the reporting date for the financial year during which the plan was granted.

The table below summarises the costs shown in the income statement under "share-based payments".

(in thousands euros)	Free shares	SO 2012	Warrants	SO 2014	Free shares	Warrants	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
31/12/2016		27		90	323	44	484
Total	**1 854**	**471**	**84**	**370**	**342**	**44**	**5 783**

Detailed information on the number of options by class and the exercise price is given in section I. "capital".

s. Detail of operating expenses

Direct costs of production and service

Direct costs of production and services (in thousands of euros)	FY closed on 31 December 2016	2015
Purchasing and subcontracting	14 203	10 098
Payroll	1 233	939
Royalties	613	447
Provisions	149	135
Total direct costs of production and services	**16 198**	**11 619**

The direct cost of sales essentially comprises the costs of production, transport and installation of equipment sold over the period, together with the maintenance costs of installed equipment maintained by EOS Imaging.

As the equipment integration phase is sub-contracted, production costs comprise mainly purchasing and sub-contracting costs, the increase in which is directly related to production volumes over the period.

The 33% increase in the size of the maintained installed base over the course of the financial year, only a part of which brought in revenue under maintenance contracts, translated into an increased consumption of spare parts, which caused the profit margin for the period to slightly fall.

Lastly, the 3% increase in the average sale price of equipment led to growth of approximately 2 percentage points in the gross margin.

These two main elements led to an increase in the gross profit margin of 0.7 percentage points to 47.4%, compared to 46.7% in 2015.

Indirect costs of production and service

Indirect costs of production and service (in thousands of euros)	FY closed on 31 December 2016	2015
Purchasing and subcontracting	1 081	1 085
Travel expenses	930	826
Payroll	1 733	1 506
Depreciation, amortisation and provisions	82	70
Total indirect costs of production and service	**3 826**	**3 487**

Research and development

Research and Development (in thousands of euros)	FY closed on 31 December 2016	2015
Purchasing and subcontracting	724	817
Travel expenses	44	59
Payroll	2 331	2 161
Depreciation, amortisation and provisions	788	706
Total research and development	**3 887**	**3 744**

Sales, clinical and marketing

Sales, clinical and marketing (in thousands of euros)	FY closed on 31 December 2016	2015
Purchasing and subcontracting	2 117	1 797
Trade fairs and exhibitions	518	542
Travel expenses	1 062	1 040
Payroll	4 958	3 662
Total sales, clinical and marketing	**8 655**	**7 041**

Regulatory

Regulatory (in thousands of euros)	FY closed on 31 December 2016	2015
Purchasing and subcontracting	234	202
Travel expenses	10	16
Payroll	455	410
Total regulatory	**699**	**627**

Administrative costs

Administrative costs (in thousands of euros)	FY closed on 31 December 2016	2015
Purchasing and subcontracting	2 363	2 338
Travel expenses	80	94
Payroll	1 208	873
Depreciation, amortisation and provisions	260	275
Total administrative costs	**3 912**	**3 581**

t. Financial income and expenditure

Financial income and expenses (in thousands of euros)	FY closed on 31 December 2016	2015
Losses on cash equivalents		
Interest expenses	1 758	496
Exchange gain or loss	41	120
Total financial expenses	**1 799**	**617**
Revenue from cash equivalents	164	
Exchange gain or loss	27	97
Total financial income	**191**	**97**
Total financial income and expenses	**(1 608)**	**(520)**

Interest expense principally comprises interest in respect of the bonds, as described in section b. "Significant events".
The other entries principally relate to exchange rate gains or losses.

u. Income tax expense

Under current laws, the Company has the following tax losses:

- Losses indefinitely carried forward in France for a total amount of €49,040k.
- Losses carried forward for 20 years in the United States for an amount of US$18,936k, or a total of €17,964k as at 31 December 2016.
- Losses carried forward between 2016 and 2035 in Canada, a total of CA$2,396k, or a total of €1,689k as at 31 December 2016.

For reasons of prudence, deferred tax assets net of deferred tax liabilities on timing differences have not been recognised, under the principles described in section d. "accounting principles and methods"/"income tax".

The tax rate applicable to the Company is the rate in force in France, namely 33.33%.

	2016	2015
Consolidated net income of consolidated companies	(6 172)	(7 181)
Effective income tax expense		
Consolidated net profit/loss before taxes, goodwill and minority interests	**(6 172)**	**(7 181)**
Theoretical income tax rate	***33.33%***	***33.33%***
Theoretical income tax expense	(2 057)	(2 394)
Taxation timing differences		
- Other permanent differences:	77	
- Share-based payments	161	73
- Other non-taxable revenue (Research Tax Credit)	- 461	(473)
- Tax Credit (CICE)	- 33	
- Unused tax losses and temporary differences	2 313	2 794
Effective income tax expenses		
Effective tax rate	***0%***	***0%***

v. Commitments

Commitments under operating leases

The Company has a lease over its head office. The leases are for a period of nine full and consecutive years and the Company has the option to terminate the leases every three years.

With two of the leases expiring in 2017, future lease payments and expenses may be broken down as follows at 31 December 2016:

EOS imaging SA:

	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	€ 369 931	€ 210 048	€ 159 883	-
TOTAL	**€ 369 931**	**€ 210 048**	**€ 159 883**	**-**

The lease payments recognised as expenses during the financial year ended on 31 December 2016 amounted to €312,000.

EOS Image Inc.:

	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	$ 144 832	$ 72 887	$ 71 945	-
TOTAL	**$ 144 832**	**$ 72 887**	**$ 71 945**	**-**

w. Related parties

The compensation set out below, paid to members of the Company's Board of Directors and Executive Committee, is recognised as expenditure during the relevant financial years:

(in thousands of euros)	FY closed on 31 December 2016	2015
Compensation and benefits in kind	1 843	1 311
Share-based payments	54	
Consultancy fees	155	145
Total	**2 052**	**1 456**

The valuation methods for share-based payments are set out in section r. "Share-based payments".

x. Earnings per share

Basic earnings per share are calculated by dividing the net income attributable 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 2016	2015
Net income (in thousands euros)	(6 172)	(7 181)
Weighted average number of shares in circulation	20 246 316	18 847 094
Net earnings per share (in euros)	**(0.30)**	**(0.38)**
Weighted average number of potential shares	21 992 471	20 259 726

Instruments giving deferred access to the Company's capital (stock options) are considered not to be dilutive, since they imply a reduction in the loss per share. Thus, diluted earnings per share are identical to basic earnings per share.

y. Financial risk management

The Company's main financial instruments consist of cash and cash equivalents. The aim of managing these instruments is to finance the Company's operations. The Company's policy is not to subscribe for financial instruments for speculative purposes. The Company 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

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.

The Company has carried out a specific review of its liquidity risk. In particular, it carried out a detailed assessment of repayments under public advances, which are set out in detail in note 14 and of repayments on the bonds, the payment dates for which are set out below:

Financial liabilities	Balance sheet value	1 year at most	More than 1 year but less than 5 years	More than 5 years
Bond Financing	15 283	2 999	12 284	
OSEO advances	968	232	618	116
Zero-rate loan	1 500	500	1 000	
Receivables mobilized	1 013	1 013		
Total financial liabilities	**18 764**	**4 745**	**13 902**	**116**

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

In respect of the bonds, the subscription agreement contains a number of contractual obligations, including compliance with certain ratios (maximum net debt, debt service/revenue ratio). If the Group does not comply with the contractual conditions of the bond subscription agreement, it could be obliged to repay the sums advanced ahead of schedule. Such a situation could deprive the Group of some of the financial resources needed to successfully implement its development projects.

The Company considers that the risk of non-compliance with these ratios is very low.

On the basis of this assessment, the Company considers that it is able to meet all payments falling due over the course of the next 12 months. Nevertheless, the Group will continue to have significant financing needs to develop its technologies and market its products.

Foreign exchange risk

The role of the Company's subsidiaries is to distribute and market the Group's products in the United States, Canada and Germany. They are accordingly financed entirely by the parent company, with which they have entered into service agreements and current accounts.

The main operational exchange rate risk to which the Group is exposed is the translation into euros of the US-dollar denominated accounts of EOS Imaging Inc., the Canadian-dollar denominated accounts of EOS Image Inc., and the Singapore-dollar denominated accounts of EOS imaging Pte. 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 a change in the exchange rates as of 31 December 2016 has the same impact on the Company'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 €981k;
- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €981k.

At this stage in its growth, the Company does not use hedging strategies to protect its activity from fluctuations in exchange rates. It cannot, however, rule out the possibility that a substantial increase in business activity would increase its exposure to exchange rate risk. If those circumstances were to arise, the Company would adapt appropriate hedging strategies.

Credit risk

The Company prudently manages its available cash and cash equivalents. Cash and equivalents include cash in hand and current financial instruments held by the Group (essentially money market funds and term deposits). As at 31 December 2016, these were exclusively securities with fixed or determinable income and 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 recognition 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 current financial instruments is not significant given the quality of the financial institutions with which the Group works.

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

- Sector-specific factors:
  - The Group sells medical imaging equipment for which installation, user training and acceptance of the equipment 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 terms as part of negotiating the sale agreement;
  - The payment terms for public hospitals are traditionally long, irrespective of the contractual conditions entered into.
- Geographic factors:
  - payment terms are traditionally long in certain geographic areas (Asia and the Middle East).

Thus, the DSO at the end of December 2016 was 211 days, compared to 284 days at the end of December 2015. The 26% fall in the DSO is principally the result of a significant reduction in the average installation period for the equipment that is sold.

Potential impairment is assessed on an individual basis and takes account of a variety of criteria such as the risk of non-recovery or the Group's experience with the debtor distributor.

Interest rate risk

The Company's exposure to interest rate risk primarily relates to cash and cash equivalents. These largely consist of term deposits. Changes in interest rates have no impact on the interest earned on term deposit accounts, since the return on those accounts is fixed.

As at 31 December 2016, the Company's financial liabilities were not subject to interest rate risk, given that they comprise the interest-free 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 price as of the reporting 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 any provision for impairment, of the accounts receivable and current liabilities is presumed to approximate the fair value of those items.

z. Statutory auditors' fees

Summary table of Statutory Auditors' fees recognised as expenses for the financial year.

In thousands of euros	**31/12/2016**		
	Deloitte	Fi Solutions	Actis
Auditing			
Independant audi, certfication and examination of the parent and consolidated statements			
- Eos Imaging SA	55	26	4
- Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, Onefit Medical, EOS Imaging 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, EOS Imaging Pte Ltd)			
Sub-total	**88**	**26**	**4**
Other services rendered by partners firms to fully consolidated subsidiaries			
Legal, tax, employment			
Other			
Sub-total			
Total	**88**	**26**	**4**

aa. Events after the reporting date

Private placement:

On 21 April 2017, EOS imaging placed 1,868,000 new shares of a nominal unit value of €0.01, at a price of €4.20, including the issue premium, for a total of approximately €7.8 million, representing 9.2% of the Company's share capital.

The transaction was implemented by a decision of the Board of Directors at its meeting on 20 April 2017 and by a decision of the Chief Executive Officer on 20 April 2017 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 privte 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 €220,610 and was made up of 22,261,027 common shares fully subscribed and paid up, with a per value each of €0.01.

20.1.2 Consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2015

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 2015 as presented in the 2015 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 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 2015 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 for financial year ended on 31 December 2016

BALANCE SHEET – ASSETS *(in euros)*

	31/12/2016			31/12/2015
	Gross Value	**Amort./ Deprec. / Imp.**	**Net Value**	**Net Value**
Non-current intangible assets	2 126 579	1 446 693	679 886	365 857
Property, plant and equipment	3 614 383	2 215 323	1 399 060	1 291 481
Non-current financial assets	13 530 141	8 991 973	4 538 168	4 529 861
FIXED ASSETS	**19 271 104**	**12 653 990**	**6 617 114**	**6 187 199**
Inventory and work in process	2 997 868	37 455	2 960 413	4 683 905
Advances and deposits on orders	297	-	297	297
Accounts receivable - Trade	11 425 471	252 500	11 172 971	9 874 202
Other receivables	31 029 265	25 417 389	5 611 875	4 900 839
Subscribed capital - called, unpaid	46 790	-	46 790	-
Cash	13 554 216	-	13 554 216	12 581 277
Prepaid expenses	312 154	-	312 154	353 968
CURRENT ASSETS	**59 366 060**	**25 707 344**	**33 658 716**	**32 394 488**
Issuance costs	300 330	-	300 330	279 364
Unrealised foreign exchange losses	71 649	-	71 649	192 908
TOTAL ASSETS	**79 009 143**	**38 361 334**	**40 647 809**	**39 053 958**

BALANCE SHEET – LIABILITIES *(in euros)*

	31/12/2016	31/12/2015
Capital	202 888	202 420
Additional paid-in capital	70 649 374	70 570 752
Legal reserve	20 557	20 557
Retained earnings	(56 857 789)	(47 274 304)
Prodit (loss) for the period	**(10 257 372)**	**(9 583 484)**
EQUITY	**3 757 659**	**13 935 941**
Regulated government subsidies	418 453	777 022
EQUITY AND REGULATED GOVERNMENT SUBSIDIES	**4 176 112**	**14 712 963**
Provisions for contengencies	1 402 790	818 833
PROVISIONS FOR CONTENGENCIES AND LOSSES	**1 402 790**	**818 833**
Convertible bond	15 311 842	10 100 505
Various debts	2 538 652	1 525 808
Accounts payable - Trade	7 777 863	5 245 087
Taxes payable, liabilities to personnel and other accrued social liabilities	2 643 778	1 703 817
Debt on fixed assets	78 046	-
Other liabilities	879 061	718 847
Deferred revenue	1 350 744	858 696
LIABILITIES	**30 579 986**	**20 152 760**
Unrealised foreign exchange gains	4 488 921	3 369 402
TOTAL LIABILITIES & EQUITY	**40 647 809**	**39 053 958**

PROFIT AND LOSS ACCOUNT *(in euros)*

INCOME STATEMENT	31/12/2016 *12 months*	31/12/2015 *12 months*
Sales of goods		
Production sold (goods)	22 286 238	16 028 858
Production sold (services)	2 824 207	1 865 028
Net revenue	**25 110 446**	**17 893 887**
Operating subsidies	659 982	652 504
Reversals of impairment, provisions (and depr. & amort.) ; transf.	325 986	566 696
Other revenue	1 207 205	1 221 855
OPERATING INCOME	**27 303 619**	**20 334 942**
Purchases and changes in inventory of RM and other supplies	13 319 108	9 534 967
Other purchases and external expenses	6 846 175	6 771 677
Taxes and other contributions	277 436	222 142
Wages and salaries	5 901 358	4 987 672
Employment taxes and social security contribution	2 702 519	2 474 417
Depreciation, amortisation and impairment expense	1 479 462	773 967
Other expenses	768 593	593 966
OPERATING EXPENSES	**31 294 651**	**25 358 809**
OPERATING INCOME	**(3 991 032)**	**(5 023 867)**
Financial revenue	12 342 600	5 798 793
Financial expenses	19 697 437	11 561 893
NET FINANCIAL INCOME	**(7 354 837)**	**(5 763 100)**
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES	**(11 345 869)**	**(10 786 967)**
Extraordinary income	143 406	42 145
Extraordinary expenses	186 999	67 642
NET NON-RECURRING ITEMS	**(43 594)**	**(25 497)**
Employee participation in results	78 352	
Corporation tax	(1 210 443)	(1 228 979)
NET RESULT	**(10 257 372)**	**(9 583 484)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

a. The company

Formed in 1989, EOS Imaging SA develops innovative medical imaging devices dedicated to osteo-articular conditions and orthopaedics, as well as associated applications.

The Company has established the following subsidiaries as part of its international expansion:

- 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.

In November 2013, the Company acquired 100% of the shares in OneFit Médical, a developer of knee and hip surgery planning software and a manufacturer of patient-specific cutting guides for orthopaedic surgeries.

EOS Imaging SA, the consolidating entity, and the Company's five subsidiaries described above, the consolidated entities, comprise the EOS Group.

The Company was listed on the NYSE Euronext regulated market in Paris on 15 February 2012.

The consolidated financial statements of EOS Imaging for the year ended 31 December 2016 were approved by the Board of Directors on 22 March 2017.

b. Significant events of the year

Bond issue

On 29 June 2016, the company issued the third and final tranche of 5,000,000 ordinary bonds at €1 each for a total of €5,000,000 (redeemable on the same terms and conditions as the two previous tranches).

As for the first two tranches, an investment fund committed to subscribe the full amount of the issue.

BPIFrance repayable advance and waiver of receivable:

At a meeting of its collaborative projects monitoring committee on 27 January 2016, BPIfrance formally recognised a partial commercial success for EOS Imaging and the waiver of a €268,928 receivable.

Resignation of a director:

NBGI Private Equity resigned as a director of the company on 23 February 2016.

Authorisation to market the EOS system in China:

In March 2016, EOS Imaging obtained authorisation from the CFDA (China Food and Drug Administration) to market the EOS system in China.

Acquisition of licence rights:

In February 2016, EOS Imaging acquired exclusive rights to market a spinal biomechanical simulation technology from the Canadian company Spinologics.

Partnership agreement with Stryker:

In March 2016, EOS Imaging signed a co-marketing agreement in the United Kingdom with Stryker.

Partnership agreement with Medtronic:

In April 2016, EOS Imaging signed a co-marketing agreement with Medtronic Japan.

Partnership agreement with Anatoscope:

On 21 July 2016, EOS Imaging announced an exclusive partnership with Anatoscope (Montpellier, France).

FDA authorisation for kneeEOS:

In November 2016, EOS Imaging announced that it had obtained 510(k) authorisation from the FDA (Food and Drug Administration) allowing it to market its kneeEOS software in the United States. kneeEOS is a new addition to the EOSapps range of solutions dedicated to the most up-to-date orthopaedic treatments.

c. Accounting principles and policies

General Principles

All amounts are expressed in euros, save where otherwise stated.

Generally accepted accounting principles were used, applying the principle of prudence and in accordance with the following underlying assumptions:

- Going concern.
- Continuity of accounting policies,
- Separation of accounting periods,

and in accordance with the general rules for drawing up and presenting annual financial 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 methods of valuation and presentation used for this financial year are the same as those used for the previous financial year.

Accounting methods

Intangible assets

Software licence acquisition costs are recorded as assets based on the costs incurred in acquiring and commissioning the software in question. 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 up until the point at which they are granted, are recognised as intangible assets. They are amortised on a straight-line basis over a period of five years starting from the first delivery.

Property, plant, and equipment

Items of property, plant and equipment are recognised at acquisition cost. Major improvements and refurbishments are capitalised, while repair and maintenance expenses and the cost of other refurbishment work are recorded as expenses as and when they are 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 of their own useful lives or the length of the lease.

Research and development costs are recorded as expenses for the period. Capitalised costs of production, when they occur, relate to equipment use to carry out testing.

The following depreciation periods are used:

- Industrial and lab equipment 3 to 5 years
- Fixtures and furnishings 10 years
- Office and computer equipment 2 to 5 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 carrying amount and is likely to remain so.

There are no material assets that call for use of the component approach.

Non-current financial assets

Non-current financial assets comprise the following items:

- Shares in associates;
- Treasury shares
- Security deposits

Non-current financial assets are recognised at acquisition cost. In the case of an earn-out clause, the gross value of the securities associated with the earn-out, measured at the closing date, are provisional in nature since, at the date the financial statements are approved, the Company uses a best estimate of the earn-out that will be paid. The earn-out is included on the asset side, offset by a non-current liability.

At closing, the value of the securities is compared to their carrying amount. The lower of these two values is recognised on the balance sheet. For investments in associates, the carrying amount refers to the value in use as determined by the utility of the investment to the Company; and for treasury shares, to the average traded price during the last month of the period.

Inventories

Finished goods inventories are recognised using the weighted average unit cost method.

A provision for inventory impairment loss, if any, is recognised for the difference between carrying amount and realisable 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 investment securities

Short-term investment securities are recognised on the balance sheet at acquisition cost. Where necessary, 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 security 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 (first in, first out) method. Unrealised gains are recognised for tax purposes.

Foreign currency transactions

Income and expenses denominated in foreign currencies are recognised at their exchange value on the date of the transaction. Liabilities, receivables and cash holdings denominated in foreign currencies are recognised on the balance sheet at their exchange value at the end of the financial period. The difference resulting from the discounting of liabilities and receivables denominated in foreign currencies at this rate is recognised under "translation adjustments".

A provision for liabilities is recognised for unhedged translation adjustments recognised as an asset (unrealised foreign exchange losses). Unrealised gains are not recognised, in accordance with the prudence principle, but are recognised for tax purposes.

Provisions

- Provisions for liabilities and charges:

Provisions are recognised to account for the costs of liabilities and charges in the current period. The Company's policy in terms of provisions for legal claims and disputes is to evaluate, at the close of each financial period, the financial risks of each dispute and its possible consequences.

- Warranty provisions:

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.

Loan issue costs

Loan issue costs are spread on a straight line basis over the term of the loan. Loan costs recognised initially as expenses are transferred to assets at the end of the financial period under "Loan issue costs" and then reduced at the end of each financial period by the expense amortised.

Revenue recognition

The Company's revenue is generated from the sale of medical imaging equipment, maintenance and servicing contracts.

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, when 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 on the transfer of ownership and risks to the purchaser, as stated in each agreement, 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, 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.

The Company also invoices management fees to its subsidiaries for services it provides in respect of management and sales and administrative policies.

Tax on profits

The Research Tax Credit (CIR) and the Competitiveness and Employment Tax Credit (CICE) are recognised as a reduction in corporation tax.

The CICE has been used to finance the Company's recruitment expenses.

Non-recurring income and expenses

Non-recurring income and expenses consist of items which, by their nature, unusual character or infrequency, cannot be considered as inherent to the Company's operating activities.

d. Notes to the balance sheet and income statement

Statement of changes in non-current assets

Changes in gross non-current assets may be analysed as follows:

GROSS VALUE	31/12/2015	Acquisitions	Disposals / Subtraction	31/12/2016
Non-current intangible assets				
Software and Patents	1 635 750	113 192	(26 488)	1 722 453
Other non-current assets	70 976	333 150		404 126
	1 706 725	**446 342**	**(26 488)**	**2 126 579**
Property, plant and equipment				
Fixtures and fittings	693 985	62 736		756 721
Industrial equipments and tools	1 811 570	150 736		1 962 306
Computer, office equipment and furnitures	536 123	50 469		586 592
Property, plant and equipment under construction	125 800	347 682	(164 719)	308 764
	3 167 478	**611 624**	**(164 719)**	**3 614 383**
TOTAL Gross Value	**4 874 204**	**1 057 966**	**(191 207)**	**5 740 962**

Changes in amortisation may be analysed as follows:

IMPAIRMENT	31/12/2015	Appropriations	Decreases	31/12/2016
Non-current intangible assets				
Software and Patents	1 340 868	105 825		1 446 693
	1 340 868	**105 825**		**1 446 693**
Property, plant and equipment				
Fixtures and fittings	407 557	59 409		466 966
Industrial equipments and tools	1 034 680	220 260		1 254 940
Computer, office equipment and furnitures	433 761	59 656		493 417
	1 875 998	**339 326**		**2 215 323**
TOTAL Amortisation, depreciation and impairment	**3 216 866**	**445 150**		**3 662 016**

Changes in net property, plant, and equipment and intangible assets may be analysed as follows:

NET VALUE	31/12/2015	Acquisitions	Disposals / Subtraction	31/12/2016
Non-current intangible assets	365 857	340 517	(26 488)	679 886
Property, plant and equipments	1 291 481	272 298	(164 719)	1 399 060
TOTAL Net Value	**1 657 338**	**612 816**	**(191 207)**	**2 078 946**

Financial assets

Gross Value	31/12/2015	Acquisitions	Disposals / Subtraction	31/12/2016
Investment in associates	4 322 075			4 322 075
Receivables from associates	8 643 042	291 125	(14 269)	8 919 898
Treasury shares	178 076	288 060	(283 628)	182 508
Deposits and sureties	101 785	3 875		105 660
Total gross value	**13 244 978**	**583 060**	**(297 897)**	**13 530 141**

Impairment	31/12/2015	Appropriations	Decreases	31/12/2016
Investment in associates	72 075			72 075
Receivables from associates	8 643 042	291 125	(14 269)	8 919 898
Total Impairment	**8 715 117**	**291 125**	**(14 269)**	**8 991 973**
Net financial fixed assets	**4 529 861**			**4 538 168**

In accordance with the accounting methods described in section c. "Accounting principles and policies", the value of securities is compared to their carrying amount on a yearly basis.

As at 31 December 2016, the shares in OneFit are the only securities that are not impaired, with their net carrying amount maintained at €4,250,000.

As at 31 December 2016, non-current financial assets consist mainly of receivables from investments in the Company's subsidiaries:

- EOS Imaging Inc.: based in the United States, EOS Imaging Inc. is a US company with share capital of US$1 whose registered office is at Suite #410, 185 Alewife Brook Parkway, Cambridge, MA 02138, USA.
- EOS Imaging GmbH: based in Germany, EOS Imaging GmbH is a German company with share capital of €25,000 whose registered office is at Theodor-Stern-Kai 1, 60596 Frankfurt am Main.
- EOS Image, Inc.: based in Canada, EOS Image Inc. is a company incorporated under Part IA of the Quebec Companies Act whose registered office is at 300 rue du Saint Sacrement, Montreal, Quebec, Canada.
- OneFit Médical: a French simplified company limited by shares (SAS) with share capital of €115,714 whose registered office is at 18 rue Alain Savary, Besançon (25000), registered on the Besançon Trade and Companies Register under number 534 162 219.
- EOS Imaging, Pte Ltd: based in Singapore, EOS imaging Pte Ltd is an Asian company with share capital of 70,000 Singapore dollars, whose registered office is at 51 Goldhill Plaza, #21-02/06, Singapore (308900).

As at 31 December 2016, the Company held 43,598 treasury shares as part of a liquidity contract as a result of the purchase of 851,072 shares and the disposal of 846,341 shares over the year, leading to a net capital loss of €18,000 for the period.

Subsidiaries and associates (in €k)

Subsidiaries and associates *In thousands of euros*	Subsidiary Name	Capital	Equity other than share capital	Interest held *(in %)*	Comparable value of shares owned *Gross*	 *Net*	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
Information concerning subsidiaries and associates											
Subsidiaries (over 50% of the share capital owned)											
	EOS Image Inc		(1 878)	100%			2 327 141		765	(104)	
	EOS Imaging Inc		(15 678)	100%			30 238 359		14 629	(1 717)	
	EOS Imaging Gmbh	25	(387)	100%	25		1 565 978		1 865	(33)	
	OneFit	116	(112)	100%	4 250	4 250	1 076 815		1 261	327	
	EOS Imaging Pte Ltd	47	(237)	100%	47		205 809			(189)	
Renseignements globaux concernant les autres titres											

Impairment

	Impairment at start of period	Additions: expensed during the period	Subtractions: reversed during the period	Impairment at close of period
Non-current intangible assets				
Property, plant and equipment				
Non-current financial assets	8 715 117	291 125	(14 269)	8 991 973
Inventory		37 455		37 455
Trade receivables	67 500	185 000		252 500
Other receivables	19 252 844	18 345 034	(12 180 488)	25 417 389
Short term investments				
TOTAL	**28 035 461**	**18 858 614**	**(12 194 757)**	**34 699 318**
including operating		*222 455*		-
including financial		*18 636 159*	*(12 194 757)*	
including non-recurrent items				

The increase of €6,165,000 in impairment of other receivables corresponds to the impairment adjustment to receivables as at 31 December 2016.

Receivables

Breakdown and ageing of receivables:

		Gross Amount	1 year at most	More than 1 year
Non-current assets	Receivables from associates	8 919 898		8 919 898
	Loans			
	Other non-current financial assets	105 660		105 660
Current assets	Doubtful and disputed trade receivables			
	Other trade receivables	11 425 471	11 357 971	67 500
	Payroll	96	96	
	Social security and other social welfare bodies	513	513	
	Government - Income tax	1 196 943	1 196 943	
	Government - Value Added Tax	891 635	891 635	
	Group and associates	26 540 995	46 790	26 494 205
	Non-trade receivables	2 445 874	2 445 874	
Prepaid expenses		312 154	312 154	
Loan issue costs		300 330	106 924	193 406
TOTAL		**52 139 568**	**16 358 899**	**35 780 669**

Accrued income

Accrued income breaks down as follows:

	31/12/2016	31/12/2015
Trade receivables		
Uninvoiced sales	128 283	96 118
Tax and social receivables		
Government - Accrued income	1 196 943	1 307 430
Other receivables		
Interests on bank term deposits	618	1 298
Assets to receive	1 106 020	742 062
Subsidies to be received	1 301 887	992 976
TOTAL	**3 733 751**	**3 139 884**

The line item Government - Accrued Income corresponds to the 2016 provisions for the CIR and the CICE.

The line item Suppliers – Credit Notes Receivable principally relates to returned goods.

The line item Subsidies Receivable represents amounts recognised in respect of expenses incurred to 31 December 2016 not reimbursed as at that date.

Liquid assets

CASH AND CASH EQUIVALENTS	31/12/2016	31/12/2015
Short-term bank deposits	13 392 374	12 397 401
Money market funds (SICAV)	161 842	183 876
TOTAL	**13 554 216**	**12 581 277**

Cash and cash equivalents principally comprise current accounts of €8.4 million, a term account in the amount of €5 million, and short-term investments of €162,000 resulting from implementation of the liquidity contract.

Prepaid expenses

Prepaid expenses are all from operations and break down as follows:

PREPAID EXPENSES	31/12/2016	31/12/2015
Purchases of materials and merchandise	11 689	46 362
External costs	300 465	307 606
TOTAL	**312 154**	**353 968**

Liabilities

Breakdown and ageing of liabilities:

		Gross Amount	1 year at most	More than 1 year but less than 5 years	More than 5 years
Convertible bond		15 311 842	2 999 342	12 312 500	
Loans and borrowings from financial	Initially of 1 year or less	1 013 000	1 013 000		
	Initially of over 1 year				
Various debts and borrowings		1 500 000	500 000	1 000 000	
Accounts payable - Trade		7 855 909	7 855 909		
Liabilities to personnel and related accounts		1 200 541	1 200 541		
Social security and other social welfare bodies		867 542	867 542		
National and other government bodies	Corporation Tax				
	Value Added Tax	358 063	358 063		
	Secured bonds				
	Other taxes and contributions	217 631	217 631		
Liabilities on non-current assets and related accounts					
Group and associates		25 652	25 652		
Other liabilities		879 061	879 061		
Liabilities representing borrowed securities					
Deferred revenue		1 350 744	1 350 744		
TOTAL		**30 579 986**	**17 267 486**	**13 312 500**	
Borrowing done during the period		5 000 000			
Reimbursment during the period		-			

During the financial year, the Company refinanced two client receivables with a bank in the amount of €1,013,000 in consideration for short-term financing. The Company retained ownership of the receivables, which are recognised on the balance sheet under trade receivables.

Miscellaneous borrowings and financial liabilities comprise an interest-free loan of €1.5 million granted by the BPI in 2013 to assist in developing new functionalities for EOS equipment.

As described under "Significant events of the year", the amount of the bond issue comprises the third tranche issued during the financial year.

Accrued expenses

Accrued expenses break down as follows:

	31/12/2016	31/12/2015
Loans and borrowings from financial institutions		
Accrued interests	311 842	100 505
Accounts payable - Trade		
Invoices not yet received	2 241 009	1 209 396
Taxes payable, liabilities to personnel and other accrued social liabilities		
Accrued pay for paid time off and bonuses	1 187 964	724 557
Other accrued employer contributions	541 919	340 152
Taxes & duties payable	217 631	148 137
Other liabilities		
Royalties	856 068	681 012
TOTAL	**5 356 432**	**3 203 760**

Deferred income

Deferred income breaks down as follows:

DEFERRED INCOME	31/12/2016	31/12/2015
Sales of maintenance	1 350 744	858 696
TOTAL	**1 350 744**	**858 696**

Shareholders' equity

Changes in equity

	Share Capital	Additional paid-in capital	Legal Reserve	Retained earnings	Net Result	TOTAL	Dividends
Equity as of 31/12/15	**202 420**	**70 570 752**	**20 557**	**(47 274 304)**	**(9 583 484)**	**13 935 941**	
Appropriation of net income for 2015				(9 583 484)	9 583 484		
Capital increase in cash	468	46 322				46 790	
Issue of warrants		32 300				32 300	
Profit (loss) for FY 2016					(10 257 372)	(10 257 372)	
Equity as of 31/12/16	**202 888**	**70 649 374**	**20 557**	**(56 857 789)**	**(10 257 372)**	**3 757 659**	

Capital increases

Capital increases result from the following transactions:

- The exercise of 46,790 options, leading to the creation of 46,790 new shares

Composition of share capital

As at 31 December 2016, the share capital was €202,888. It was divided into 20,288,764 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Options

On 25 January 2016, the Board of Directors of EOS Imaging approved the issuance of 190,000 stand-alone stock warrants to two directors; these stock warrants entitle their holders to acquire an ordinary share at the exercise price of €3.42.

Beneficiaries have until 30 March 2016 to subscribe to the scheme by paying a subscription of €0.17 per stock warrant.

The two beneficiaries subscribed to the scheme on 3 February 2016 and 29 March 2016, respectively.

These stock warrants may be exercised as follows:

- 33% may be exercised on or after 24 January 2017
- an additional 33% may be exercised on or after 24 January 2018
- the balance may be exercised on or after 24 January 2019.

The stock warrants may be exercised up until 24 January 2026.

As part of the 2015 free share allotment plan, on 15 December 2016, the Board of Directors resolved to award 133,000 free shares and 280,000 performance shares.

The other plans issued by the Company and outstanding at 31 December 2016 are as follows:

Type	Granted date	Exercise price	Outstanding as of 31.12.2016
SO 2009	07/07/2009	1.00 €	470 389
SO 2010	06/07/2010	1.00 €	292 625
SO 2010	20/05/2011	1.00 €	13 625
SO 2012	21/09/2012	4.07 €	273 432
Warrants	31/12/2012	4.24 €	40 000
SO 2014	23/05/2014	6.14 €	205 750
Free shares	08/12/2015	- €	172 000
Warrants	31/03/2015	4.71 €	120 000
Warrants	01/03/2016	3.42 €	190 000
Free shares	15/12/2016	- €	133 000
Performance shares	15/12/2016	- €	280 000
			2 190 821

Provisions for liabilities and charges

	Provisions at start of period	Additions: expensed during the period	Subtractions: reversals utilised	Provisions at close of period
Provisions for disputes		434 540		434 540
Provisions for warranties	818 833	600 000	(450 583)	968 250
TOTAL	**818 833**	**1 034 540**	**(450 583)**	**1 402 790**
including operating		*1 034 540*	*(450 583)*	
including financial				
including non-recurrent items				

The provision for disputes relates to ongoing disputes with employees as at 31 December 2016. The amounts of the provisions are consistent with the principles described in section c. "Accounting principles and policies".

Conditional advances

As part of its participation in the Industrial Strategic Innovation project, the Company received a reimbursable advance from OSEO in July 2009, for a maximum of €1,275,000.

As at 31 December 2016, amounts received totalled €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 up to the programme. As such, the commitment under this programme was settled in line with these amounts.

Repayments will be made by reference to the operating profits of the Company, namely 0.5% of sales revenue from the products resulting from the project beginning in the year following the year in which cumulative sales reach €30 million, then 0.75% once cumulative sales have reached €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 funding received discounted at the same rate.

During the financial year, the Company repaid €90,000 and BPIfrance formally recognised a partial commercial success and the waiver of a €269,000 receivable, bringing the balance of the advance to €418,000.

Transactions with related parties

No transactions were carried out with related parties on abnormal market terms.

Revenue breakdown

	2016			2015
	France	*Export*	*Total*	
Sales of manufactured goods	3 994 828	18 291 410	22 286 238	16 028 858
Service revenues	1 749 439	1 074 768	2 824 207	1 865 028
TOTAL	**5 744 268**	**19 366 178**	**25 110 446**	**17 893 887**

Research and development expenditure

The Company continued to develop new functionalities for EOS equipment and related applications. Research and development expenditure increased to €3,762,000 in 2016 compared to €3,579,000 in 2015. These costs were expensed in their entirety over the period.

Amortisation, depreciation and impairment provisions and reversals and provisions - transfers of charges

	Provisions at start of period	Additions: expensed during the period	Subtractions: reversals utilised	Provisions at close of period
Impairment	28 035 461	18 858 614	(12 194 757)	34 699 318
Provisions for contengencies and losses	818 833	1 034 540	(450 583)	1 402 790
Sub-Total	**28 854 294**	**19 893 154**	**(12 645 341)**	**36 102 108**
Amortisation	3 216 866	445 150		3 662 016
TOTAL	**32 071 160**	**20 338 305**	**(12 645 341)**	**39 764 124**
including operating		*1 479 690*	*(450 583)*	
including financial		*18 858 614*	*(12 194 757)*	
including non-recurrent items				

Transfers of charges totalled €199,000 at 31 December 2016 compared to €442,000 at the end of the previous financial year and principally comprise bond issue costs of €122,000.

Financial income

	2016	2015
Financial Revenue		
Other receivables related to shares in associates	122 598	97 773
Other interest income	18 745	-
Foreign exchange gain/loss	6 500	29 176
Provision reversal	12 194 757	5 672 989
Sub-Total	***12 342 600***	***5 799 938***
Financial Expenses		
Interest expenses	1 020 741	310 483
Foreign exchange gain/loss	40 536	55 776
Provision for impairment	18 636 159	11 196 779
Sub-Total	***19 697 437***	***11 563 038***
TOTAL	**(7 354 837)**	**(5 763 100)**

Non-recurring income and expenses

	2016	2015
Extraordinary Income		
Disposal of non-current assets	143 406	42 145
Sub-Total	***143 406***	***42 145***
Extraordinary Expenses		
Disposal of non-current assets	186 999	66 142
Miscellaneous		*1 500*
Sub-Total	***186 999***	***67 642***
TOTAL	**(43 594)**	**(25 497)**

Income and expense on the disposal of non-current assets relate to treasury shares.

e. Other information

Latent and deferred tax liabilities

At 31 December 2016, total losses carried forward stood at €47,690,000 and included €3,628,000 in tax losses for the period.

Average headcount

The average headcount breaks down as follows:

Paid Employees	2016	2015
Executives	70	74
Non-executives	11	7
TOTAL	**81**	**81**

Off-balance sheet commitments

- ***Waiver of receivable***

On 31 December 2014, EOS Imaging agreed to waive a receivable of €600,000 from OneFit (see section b. "Significant events"). This waiver is coupled with a return to better fortune clause defined as the restoration of OneFit's shareholders' equity to a level at least equal to half its share capital. In the event of a return to better fortune, OneFit Médical undertakes to re- credit its current account with the Company, within six months of the closing date of each statutory accounting period and up to the amount waived, with an amount equal to 20% of its net profit in that accounting period as stated on line HN of French tax return no. 2053, it being specified that this appropriation must not decrease its shareholders' equity below half of its share capital. In the event of an accounting loss, the loss would be carried forward to subsequent financial years and the amount payable would only be re-recognised in the financial year in which the losses are able to be absorbed and only for that fraction of the profit remaining after deduction of the loss.

- ***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 by reference to salaries. There is no other commitment associated with these contributions.

French law also requires, where applicable, the payment of a lump sum retirement bonus. This bonus is calculated by reference to the employee's number of years of service and salary at the time of retirement. Only employees working at the Company at the time they retire are entitled to this bonus.

The payments required by law are calculated for each person in employment at the end of the financial year by reference to their theoretical number of years of service on their retirement date. The amount of the commitment is valued using the projected unit credit method, which is a method that calculates the amount retrospectively from the employee's final salary. The method involves prorating projected retirement benefits to number of years of service over the period in which the entitlement accrues.

Calculations of retirement benefits were based on the following assumptions:

	2016 Assumptions	2015 Assumptions
Retirement methods	*For all employees*: voluntary retirement at 65.	*For all employees*: voluntary retirement at 65.
Level of social security expenses	50%	50%
Discount rate	1.85%	2.35%
Mortality tables	INSEE 2011-2013 tables	INSEE 2009-2011 tables
Rate of salary increase (including inflation)	3%	3%
Turnover rate	Average rate of 7.25%, smoothed by age category using a decreasing function	Average rate of 6.4%, smoothed by age category using a decreasing function

The rights of the Company's employees in France are defined by the following collective bargaining agreements:

- National Metallurgy Industry Agreements (executives and non-executives)
- Regional Metallurgy Industry Agreement: Paris region (non-executives only).

As at 31 December 2016, the commitment in respect of retirement bonuses amounted to €315,000.

- ***Commitments under operating leases***

The Company has a lease over its head office. The leases are for a period of nine full and consecutive years and the Company has the option to terminate the leases every three years.

With two of the leases expiring in 2017, future lease payments and expenses may be broken down as follows at 31 December 2016:

	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Simple leases	€ 369 931	€ 210 048	€ 159 883	-
TOTAL	**€ 369 931**	**€ 210 048**	**€ 159 883**	**-**

The lease payments recognised as expenses during the financial year ended on 31 December 2016 amounted to €312,000.

As far as the Company is aware, there are no other significant off-balance sheet commitments or commitments that might become so in the future.

Market risk

Liquidity risk

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.

The Company has carried out a specific review of its liquidity risk. In particular, it carried out a detailed assessment of repayments under the repayable advance, as described in detail in section d. "Notes to the balance sheet and income statement/Conditional advances" and of repayments on the bonds, the payment dates for which are set out below:

Financial liabilities	Balance sheet value	1 year at most	More than 1 year but less than 5 years	More than 5 years
Bond Financing	15 311 842	2 999 342	12 312 500	
OSEO advances	1 500 000	500 000	1 000 000	
Zero-rate loan	1 013 000	1 013 000		
Receivables mobilized	418 453	105 570	312 883	-
Total financial liabilities	**18 243 295**	**4 617 912**	**13 625 383**	**-**

If the Company 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 Company of some of the financial resources needed to successfully pursue its development projects.

In respect of the bonds, the subscription agreement contains a number of contractual obligations, including compliance with certain ratios (maximum net debt, debt service/revenue ratio). If the Company does not comply with the contractual conditions of the bond subscription agreement, it may be required to repay financial resources it needs to successfully implement its development projects. The Company considers that the risk of non-compliance with these ratios is very low.

On the basis of this assessment, the Company considers that it is able to meet all payments falling due over the course of the next 12 months. Nevertheless, the Company will continue to have significant financing needs to develop its technologies and market its products.

Foreign exchange risk

The role of the Company's subsidiaries is to distribute and market the Group's products in the United States, Canada and Germany. They are accordingly financed entirely by the parent company, with which they have entered into service agreements and current accounts.

The main operational exchange rate risk to which the Group is exposed is the translation into euros of the US-dollar denominated accounts of EOS Imaging Inc., the Canadian-dollar denominated accounts of EOS Image Inc., and the Singapore-dollar denominated accounts of EOS imaging Pte. 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 business activity from fluctuations in exchange rates. It cannot, however, rule out the possibility that a substantial

increase in business activity would increase its exposure to exchange rate risk. If those circumstances were to arise, the Company would adapt appropriate hedging strategies.

Credit risk

The Company prudently manages its available liquid assets. Liquid assets include cash and cash equivalents and short-term financial instruments held by the Company (for the most part money market funds and term deposits). As at 31 December 2016, 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.

The credit risk related to cash and cash equivalents and short-term financial instruments is not significant in view of the creditworthiness of the counterparty financial institutions.

As for its customers, the Company does not have a significant concentration of credit risk. The Company has implemented policies enabling it to ensure that its customers have an appropriate credit risk history. However, the Company must take account of variable customer payment terms, which depend on a number of different factors:

- Sector-specific factors:
  - The Company sells medical imaging equipment for which installation, user training and acceptance of the equipment can be relatively long. These three items are pre-conditions to payment for the equipment, although pre-payments are sometimes obtained;
  - The Company may grant relatively long payment deadlines as part of negotiating the sale agreement;
  - The payment terms for public hospitals are traditionally long, irrespective of the contractual conditions entered into.
- Geographic factors:
  - Payment terms are traditionally long in certain geographic areas (Asia and the Middle East).

Thus, the DSO at the end of December 2016 was 211 days, compared to 284 days at the end of December 2015. The 26% fall in the DSO is principally the result of a significant reduction in the average installation period for the equipment that is sold.

Potential impairment is assessed on an individual basis and takes account of a variety of criteria such as the risk of non-recovery or the Company's experience with the debtor distributor.

Interest rate risk

The Company's exposure to interest rate risk primarily relates to cash and cash equivalents. These largely consist of term deposits. Changes in interest rates have no impact on the interest earned on term deposit accounts, since the return on those accounts is fixed.

As at 31 December 2016, the Company's financial liabilities were not subject to interest rate risk, given that they comprise an interest-free loan and a repayable fixed-rate advance.

Compensation granted to members of the administration and management bodies

Compensation received by members of the supervisory and management bodies is not disclosed, because this would require details of individual compensation to be provided.

Statutory auditors' fees

The fees paid to the Statutory Auditors recognised in the 2016 financial year were €114,000.

In thousands of euros	**31/12/2016**	
	Deloitte	Fi Solutions
Auditing		
Independant audi, certfication and 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, EOS Imaging 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, EOS Imaging Pte Ltd)		
Sub-total	**88**	**26**
Other services rendered by partners firms to fully consolidated subsidiaries		
Legal, tax, employment		
Other		
Sub-total		
Total	**88**	**26**

Subsequent events

Private placement:

On 21 April 2017, EOS imaging placed 1,868,000 new shares of a nominal unit value of €0.01, at a price of €4.20, including the issue premium, for a total of approximately €7.8 million, representing 9.2% of the Company's share capital.

The transaction was implemented by a decision of the Board of Directors at its meeting on 20 April 2017 and by a decision of the Chief Executive Officer on 20 April 2017 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 privte 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 €220,610 and was made up of 22,261,027 common shares fully subscribed and paid up, with a per value each of €0.01.

20.2.2 Parent company financial statements for financial year ended on 31 December 2015

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 2015 as presented in the 2015 Annual Financial Report are included in this Registration Document for reference purposes.

20.2.3 Parent company financial statements for 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.

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 / in euros	2012	2013	2014	2015	2016
1. CAPITAL AT YEAR END					
a. Share Capital	174 024	180 058	183 866	202 420	202 888
b. Number of common share in existence	17 402 429	18 005 878	18 386 567	20 241 974	20 288 764
c. Number of preferred dividend shares (without voting rights) in existence					
2. TRANSACTIONS AND PROFIT / (LOSS) FOR THE PERIOD					
a. Pre-tax sales	8 311 867	13 350 424	17 359 620	17 893 887	25 110 446
c. Corporation tax	- 955 491	- 1 020 985	- 1 093 988	- 1 228 979	- 1 210 443
d. Employee profit-sharing due for the period					
e. Income after tax, profit-sharing, depreciation, amortization and provisions	- 8 302 772	- 5 385 629	- 10 400 189	- 9 583 484	- 10 257 372
f. Appropriated earnings					
3. EARNINGS PER SHARE					
a. Earnings after tax and profit-sharing but before depreciation, amortization and provisions	- 0.20	- 0.13	- 0.18	- 0.19	- 0.13
b. Earnings after tax, profit-sharing, depreciation, amortization nd provisions	- 0.48	- 0.30	- 0.57	- 0.47	- 0.51
c. Dividend per share					
4. PERSONNEL					
a. Average workforce during the period	48	59	73	81	81
b. Payroll for the period	3 477 745	3 988 594	4 804 093	4 987 672	5 901 358
c. Total sums paid in benefits for the period (social security, social agencies,...)	2 221 843	1 996 316	2 645 441	2 474 417	2 702 519

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 four foreign subsidiaries of the Group is limited to selling EOS systems in their markets and since the business of OneFit Medical in 2016 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 2016, together with the comparable figures for 2015, are as follows (in euros):

Liabilities	2016	2015
Convertible debt obligations	15,000,000	10,000,000
Liabilities on fixed assets and related accounts	78,046	-
Miscellaneous borrowings and financial liabilities	2,850,494	1,623,313
Trade receivables	7,777,863	5,245,087
Tax and social security	2,643,778	1,703,817
Other liabilities	856,068	718,847
Deferred revenue	1,350,744	858,696
TOTAL	**30,556,993**	**20,152,760**

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 2016 of outstanding trade payables by due date:

(in euros)	Total	Under 30 days	Between 31 and 60 days	Over 60 days
As at 31/12/2016	5,614,900	2,914,558	594,015	2,106,327
As at 31/12/2015	3,899,925	3,296,522	706,513	(103,110)

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 2016

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 on 31 December 2016

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meeting, we hereby report to you for the year ended 31 December 2016 on:

- the audit of the accompanying consolidated financial statements of EOS Imaging;

- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional practice standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended, in accordance with IFRS as adopted by the European Union.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby bring the following matters to your attention:

- Note 4.6.1 "Research and development expenses" in the Notes to the consolidated financial statements discusses the accounting rules and methods related to development expense accounting. As part of our assessment of the accounting principles used by your Company, we have examined the methods used to capitalise development expenses and the assumptions adopted to determine their amortisation period and the recoverable amount, and we have verified that Notes 6 "Intangible assets" and 19.3 "Research and development" in the Notes to the consolidated financial statements provide appropriate disclosure.
- Note 4.13 "Share-based payments" in the Notes to the consolidated financial statements discusses the accounting rules and methods related to the valuation and recognition of equity-settled share-based payments to employees and to the Board of Directors. We have examined the assumptions used to determine the fair value of the instruments granted, as well as the accounting methods and we have verified that Notes 12.3, 17 and 18 in the Notes to the consolidated financial statements provide appropriate disclosure.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France, we have also conducted the specific verification required by French law regarding the information relating to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 26 April 2017

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 2016

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 financial statements

Year ended on 31 December 2016

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meeting, we hereby report to you for the year ended 31 December 2016 on:

- the audit of the accompanying financial statements of EOS Imaging;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the parent company financial statements

We conducted our audit in accordance with professional practice standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as at 31 December 2016 and the results of its operations for the year then ended in accordance with French accounting regulations.

II. Justification of our assessments

In accordance with 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 reviews the book value of its financial assets and investments on an annual basis according to the methods described in section 3.2.3 "Financial assets" in the Notes to the financial statements. As part of our assessment of the accounting rules and principles adopted by your Company, we examined the methods used for impairment tests and the assumptions adopted, and verified that Notes 2, 3 and 4 of section 4 "Notes to the balance sheet and income statement" provide appropriate disclosure.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

III. Specific verifications and information

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.

We have no comment to make as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information provided in accordance with 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 their consistency with the financial statements or with the data underlying these financial statements and, where relevant, with the information collected 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 verified that all the information relating to the identity of shareholders and holders of voting rights has been disclosed to you in the management report.

Paris and Neuilly-sur-Seine, 26 April 2017

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 2015

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 2015 as presented in the 2015 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 2015

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 2015 as presented in the 2015 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 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.

20.3.6 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.

20.4. 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 (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 2016 year-end.

21 ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1 Amount of the Company's share capital

On 31 December 2016, the share capital amounted to €202,887.64, divided into 20,288,764 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 17 June 2014, 17 June 2015 and 16 June 2016.

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 2016 financial year, 851,072 shares were purchased at an annual average share price of €3.37 and 846,341 shares were sold at an annual average price of €3.36. 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 2016, 43,598 treasury shares were deducted from consolidated shareholders' equity, for €339k. These shares represent 0.21% 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 had 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. The third tranche, for €5,000,000, was subscribed on 29 June 2016 on the same conditions as the first two tranches.

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 3,990,821, 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):	941,833
Acquisition of free shares:	305,000
Acquisition of performance shares:	280,000
OBSA IPF	120,000
Exercise of BSAs (warrants) awarded to corporate officers:	230,000
Exercise of PACEO BSAs	1,800,000
Total	3,990,821

These 3,990,821 new shares represent a maximum potential dilution of 19.67% of the diluted capital. The dilution of voting rights also comes to 19.67%.

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 of Directors of 05 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 of Directors 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 of Directors of 08 December 2015 €1,330 Board of Directors of 15 December 2016
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 At 31 december 2016, the Company held 43,598 treasury 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 17 June 2015 (9th Resolution) 18 months, i.e. up to 16 December 2016 AGM of 16 June 2016 (8th Resolution) , 18 months, i.e. up to 15 December 2017	10% of the capital per 24-month period 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	Additional paid-in capital	Nber of shares constituting the capital
	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**
01/03/2016	Issue of warrants		32 300	
08/11/2016	Capital increase resulting from exercice of options	20	1 980	2 000
11/11/2016	Capital increase resulting from exercice of options	40	3 960	4 000
14/11/2016	Capital increase resulting from exercice of options	18	1 772	1 790
16/11/2016	Capital increase resulting from exercice of options	80	7 920	8 000
30/11/2016	Capital increase resulting from exercice of options	50	4 944	4 994
02/12/2016	Capital increase resulting from exercice of options	10	990	1 000
01/12/2016	Capital increase resulting from exercice of options	28	2 729	2 757
05/12/2016	Capital increase resulting from exercice of options	61	6 030	6 091
06/12/2016	Capital increase resulting from exercice of options	45	4 413	4 458
07/12/2016	Capital increase resulting from exercice of options	77	7 623	7 700
08/12/2016	Capital increase resulting from exercice of options	40	3 960	4 000
	Total as at 31 december 2016	**202 888**	**70 649 374**	**20 288 764**

During financial year 2016, capital increases resulted from the following transactions:

- On 25 January 2016, the board of directors approved the issuance of 190,000 BSAs to directors, 150,000 of which were subscribed on 5 February 2016 and the remaining 40,000 on 30 March 2016.
- The exercise of 46,790 options, leading to the creation of 46,790 new shares.

On the date of this Registration Document, the share capital stood at €202,887.64 divided into 20,288,764 fully paid-up shares, of the same class with a par value of €0.01 each.

21.2. MEMORANDUM OF ASSOCIATION AND BYLAWS

21.2.1 Corporate objects

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 section.

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. 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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Newcap
Financial Communication/Investor Relations
Pierre Laurent
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24.1 Press releases issued during financial year 2014

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.

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.

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

July 2016: EOS Imaging announces the conclusion of a framework agreement with the prestigious German hospital network Schön Kliniken, which opens the way for the EOS platform to become a standard part of the orthopaedic treatment of patients by the network.

July 2016: EOS Imaging announces a new exclusive partnership with Anatoscope (Montpellier, France) that combines Anatoscope's virtual patient models with the 2D/3D patient data produced by EOS examinations using EOSapps advanced orthopaedic applications. The first applications should be available in 2017.

November 2016: EOS Imaging announces that it has obtained 510(k) authorisation from the FDA (Food and Drug Administration) to sell its kneeEOS software in the United States. KneeEOS is added to the EOSapps range of solutions dedicated to the most up-to-date orthopaedic treatments.

November 2016: EOS Imaging announces the installation of the first EOS system in the university hospital at Konyang, South Korea, the third largest market in Asia.

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 209
Parent company financial statements (French standards)	section 20.2 page 249
Management Report	section 6.7 pages 98 to 100 sections 9.1 and 9.2 pages 115 to 127 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 275
Statutory Auditors' Report on the parent company financial statements	section 20.3.2 page 278
Statutory Auditors' fees	section 20.1.1 page 247

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)	sections 20.2.1 pages 209 et seq.
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 115 to 127
Results of controlled subsidiaries by business line (Article L. 233-6 of the French Commercial Code)	section 7.2 page 102
Foreseeable future development and outlook (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	section 12.2 page 150
Material events after the reporting date (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	section 12.1 page 149 section 20.1 page 247
Research and development activities (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	Chapter 6 Pages 89 and 99 Chapter 11 page 136
Taking of controlling interests or takeovers in France (Article L. 233-6 of the French Commercial Code)	sections 5.2.1 page 56
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 48 Chapter 8.2 page 107
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
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 51
Group financial risk management policy (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	section 4.4 pages 35 to 44 section 10.6 page 134
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 35 to 44 section 10.6 page 134

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 286 to 288
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 158 to 166 Chapter 18 pages 202 to 205 Chapter 21 pages 282 to 298
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 274
Table of Company results over the past five financial years (Article R. 225-102 of the French Commercial Code)	section 20.2.4 page 273
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 156 and 157
Total compensation and benefits in kind paid to each corporate officer (Article L. 225-102-1 of the French Commercial Code)	Chapter 15 pages 158 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 153 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 283 and 284
Dividends distributed in the last three financial years (Article 243 bis of the General Tax Code)	section 20.4 page 280
Changes in the presentation of the annual financial statements (Article L. 232-6 of the French Commercial Code)	section 20.1.1 page 214