A French Public Limited Company (*Société Anonyme*), with share capital of €226,482.58
Registered office: 10 rue Mercœur, 75011 Paris
Paris Trade and Companies Register No. 349 694 893

2017 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

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

AMF AUTORITÉ DES MARCHÉS FINANCIERS

The French version of this Registration Document has been filed with the *Autorité des marches financiers* (AMF) on 27/04/2018 pursuant to Article 212-13 of the AMF's General regulations. This document should not be used as a basis for a corporate finance transaction unless accompanied by a prospectus approved by the AMF. The English language version of this report is a free translation of the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

This Registration Document has been prepared by the issuers and its signatories assume responsibility for its content.

Incorporation by reference:
In accordance with Article 28 of the European Regulation n° 809/2004, the following specific information is included by reference in this Registration Document:

- The consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the year ended December 31, 2015, the Management report and the Statutory Auditor's reports on these consolidated financial statements can be found respectively on pages 217 to 254, 314 to 316, 281 to 283 included in the Registration Document filed with the AMF on June 29, 2016 under number R.16-0061.
- The consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the year ended December 31, 2016, the Management report and the Statutory Auditor's reports on these consolidated financial statements can be found respectively on pages 212 to 252, 312 to 314, 279 to 281 included in the Registration Document filed with the AMF on April 27, 2017 under number D.17-0450.

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

TABLE OF CONTENTS

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

1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT 9

1.1. PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED HEREIN 10

1.2. STATEMENT BY THE PERSON RESPONSIBLE 10

2. STATUTORY AUDITORS 11

2.1. APPOINTMENT OF STATUTORY AUDITORS 12

2.1.1. Principal Statutory Auditors 12

2.1.2. Alternate Statutory Auditors 12

2.2. MONITORING MANDATES 12

3. SELECTED FINANCIAL INFORMATION 13

4. RISK FACTORS 17

4.1. RISKS RELATED TO THE MARKETS IN WHICH THE GROUP OPERATES 18
4.2. RISKS RELATED TO THE GROUP'S ACTIVITIES 20
4.2.1. Risks related to the commercial development of the Group 20
4.2.2. Risks related to intellectual property 23
4.2.3. Risks related to the manufacturing process of the Group's products 26
4.2.4. Risks related to the Group's customers 28
4.2.5. Risks related to potential product liability 29
4.2.6. Risks related to the warranty granted on the EOS equipment sold by the Group 30
4.3. RISKS RELATED TO THE GROUP'S ORGANISATION 30
4.3.1. Risk of dependence on key persons 30
4.3.2. Risks related to managing the Group's internal growth 31
4.4. FINANCIAL RISKS 31
4.4.1. History of operating losses – specific risks related to projected losses 31
4.4.2. Liquidity risk – Future capital needs and additional financing 32
4.4.3. Risks related to Research Tax Credit 33
4.4.4. Risks related to access to public advances 33
4.4.5. Risk associated with subscribing for bonds 36
4.4.6. Foreign exchange risk 37
4.4.7. Interest rate, credit and cash management risks 39
4.4.8. Dilution risk 40
4.5. LEGAL RISKS 40
4.5.1. Risks related to regulations applicable to the medical devices developed by the Group and possible changes in regulations 41
4.5.2. Risks related to authorisations already obtained or processes underway 41
4.5.3. Risks related to failures in industrial processes (such as failure to comply with product traceability or other failures) 44
4.5.4. Environmental risks 44
4.5.5. Regulatory obligations in respect of radiation risk 45
4.6. INSURANCE AND RISK COVERAGE 47
4.7. LEGAL AND ARBITRATION PROCEEDINGS 48
5. INFORMATION CONCERNING THE COMPANY 49

5.1. HISTORY AND GROWTH OF THE COMPANY 50
5.1.1. Company name 50
5.1.2. Registration place and number of the issuer 50
5.1.3. Date of formation and term 50
5.1.4. Registered office, legal form and applicable law 50
5.1.5. Significant events in the Group's history 50
5.1.6. Communications since the end of the last financial year 52
5.2. INVESTMENTS 54
5.2.1. Principal investments made in the last three financial years 54
5.2.2. Financing of principal investments 55
5.2.3. Principal investments in progress and projected 55
6. OVERVIEW OF ACTIVITIES 56

6.1. FIELD OF APPLICATIONS 57
6.1.1. Musculoskeletal disorders, orthopaedic surgery and the associated issues 57
6.1.2. The EOS solution 60
6.2. EOS MARKET POSITIONING AND COMPETITIVE ENVIRONMENT 64
6.2.1. EOS is not in direct competition with medical imaging companies 65
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 65
6.3. A COMPANY IN THE COMMERCIAL DEVELOPMENT STAGE 69
6.3.1. A diversified revenue model with increasing recurring revenues 69
6.3.2. A strategic installed base contributing to the acceleration in uptake 70
6.3.3. Clinical approval 70
6.4. A RESPONSIVE, INTERNATIONAL ORGANISATION 73
6.4.1. Marketing & Sales 74
6.4.2. Production organisation 78
6.4.3. Service organisation 79
6.4.4. Innovation, R&D and clinical trials 80
6.5. DEGREE OF DEPENDENCE OF THE COMPANY IN TERMS OF PATENTS, LICENCES, CONTRACTS OR NEW MANUFACTURING PROCESSES 82
6.6. REGULATORY FRAMEWORK 82
6.7. IMPORTANT ACTIVITIES AND EVENTS OVER THE COURSE OF THE 2017 FINANCIAL YEAR 88
7. OVERVIEW ORGANISATIONAL CHART 89

7.1. LEGAL ORGANISATION CHART 90
7.2. COMPANIES IN THE GROUP 90
8. PROPERTY, PLANT, AND EQUIPMENT 92

8.1. PROPERTY 93
8.1.1. Significant property, plant and equipment, either existing or planned 93
8.1.2. Other property, plant and equipment 93
8.2. ENVIRONMENTAL ISSUES 94
8.3. SOCIAL RESPONSIBILITY 98
8.4. REPORT OF ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED EMPLOYMENT, ENVIRONMENTAL AND SOCIETAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT 100
9. FINANCIAL POSITION AND RESULTS 105

9.1. OVERVIEW OF FINANCIAL POSITION 106
9.2. COMPARISON OVER TWO FINANCIAL YEARS 106
9.2.1. Operating income 106
9.2.2. Net profit (loss) 113
9.2.3. Balance sheet analysis 114
10. CASH AND SHAREHOLDER'S EQUITY 118

10.1. INFORMATION ON SHAREHOLDERS' EQUITY 119
10.2. STATEMENT OF CASH FLOWS 119
10.3. BORROWING CONDITIONS AND FINANCING STRUCTURE 120
10.3.1. Financing through repayable advances 120
10.3.2. Bond financing 120
10.3.3. Financing through the Research Tax Credit and subsidies 121
10.3.4 Off-balance sheet commitments 121
10.4. CASH AND CASH EQUIVALENTS 121
10.5. RESTRICTIONS ON THE USE OF CAPITAL 121
10.6. PRINCIPAL FINANCIAL RISKS AND UNCERTAINTIES FACED BY THE GROUP 121
10.7. SOURCES OF FINANCING NEEDED IN THE FUTURE 122
11. RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES 123

11.1. INNOVATION POLICY 124
11.2. PATENTS AND PATENT APPLICATIONS 124
11.2.1. Intellectual property protection policy 124
11.2.2. Patent application process 125
11.2.3. Nature and coverage of the patents 126
11.2.4. Patents currently utilised 129
11.2.5. Territories protected 130
11.2.6. Disputes 131
11.3. COLLABORATION AGREEMENTS, R&D AGREEMENTS, SERVICE PROVISION AGREEMENTS AND LICENSES GRANTED BY OR TO THE COMPANY 131
11.3.1. Collaboration agreements 131
11.3.2. License agreements granted by third parties 131
11.4. OTHER INTELLECTUAL PROPERTY INFORMATION 132
11.5. THE SUBSIDIARY ONEFIT MEDICAL, SPECIALIST IN CUSTOMISED ORTHOPAEDIC TREATMENT 134
12. INFORMATION ON TRENDS 136

12.1. RECENT CHANGES 137
12.2. FUTURE OUTLOOK 138
13. PROFIT FORECASTS OR ESTIMATES 139

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY, AND EXECUTIVE MANAGEMENT BODIES 140

14.1. BOARD OF DIRECTORS - CORPORATE OFFICERS 141
14.1.1. Composition of the Board of Directors 141
14.1.2. Senior management 144
14.1.3. Statements concerning the members of the Board of Directors and senior managers 144
14.2. CONFLICTS OF INTEREST INVOLVING THE ADMINISTRATIVE AND EXECUTIVE BODIES 145
15. MANAGEMENT COMPENSATION AND BENEFITS 146

15.1.COMPENSATION AND BENEFITS PAID TO THE MANAGEMENT OF EOS IMAGING IN 2016 AND 2017 147
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) 147
15.1.2. Compensation and benefits paid to executive corporate officers in 2016 and 2017 148
15.1.3. Compensation and benefits paid to other members of the Board of Directors in 2016 and 2017 (Table 3 AMF Recommendation No. 2009-16) 149
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 2016 and 2017 (Table 4 AMF Recommendation No. 2009-16) 150
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 2016 and 2017 (Table 5 AMF Recommendation No. 2009-16) 150
15.1.6. Free shares granted to each corporate officer during the financial years that ended on 31 December 2016 and 2017 (Table 6 AMF Recommendation No. 2009-16) 150
15.1.7. Free shares granted and available to each corporate officer during the financial years that ended on 31 December 2016 and 2017 (Table 7 AMF Recommendation No. 2009-16) 150
15.1.8. Stock subscription or purchase options awarded to the members of the Board of Directors (Table 8 AMF Recommendation No. 2009-16) 151
15.1.9. History of free share allocations (Table 10 AMF Recommendation No. 2009-16) 151
15.1.10. Conditions for compensation and other benefits awarded to executive corporate officers (Table 10 AMF Recommendation No. 2009-16) 152
15.2. PENSION, RETIREMENT AND OTHER BENEFITS 153
16. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES 154
16.1. COMPANY MANAGEMENT– EXPIRATION DATE OF TERMS OF OFFICE 155
16.2. INFORMATION ON SERVICE AGREEMENTS BETWEEN CORPORATE OFFICERS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES 155
16.3. SPECIALISED COMMITTEES - CORPORATE GOVERNANCE 155
16.4. DECLARATION CONCERNING CORPORATE GOVERNANCE 155
16.5. GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES 156
16.5.1. Governance 156
16.5.2. Internal control and risk management procedures 161
17. EMPLOYEES 167

17.1. HEADCOUNT AND DISTRIBUTION OF THE WORKFORCE 168
17.2. CORPORATE OFFICERS' EQUITY HOLDINGS, STOCK OPTIONS AND FREE SHARES 177
17.2.1. Equity holdings of each member of the Board of Directors 177
17.2.2. Share warrants awarded to members of the Board of Directors 178
17.2.3. Stock subscription or purchase options awarded to the members of the Board of Directors 178
17.2.4. Free shares awarded to members of the Board of Directors 178
17.3. EMPLOYEE SHARE OWNERSHIP 178
17.3.1. Stock options and free shares granted to Company employees 178
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 2017 (Table 9 AMF Recommendation No. 2009-16) 179
17.4. EMPLOYEE PROFIT-SHARING AND INCENTIVE AGREEMENT 179
18. PRINCIPAL SHAREHOLDERS 180

18.1. COMPANY'S SHAREHOLDING STRUCTURE 181
Distribution of share capital over the past three financial years 181
18.2. VOTING RIGHTS OF PRINCIPAL SHAREHOLDERS 182
18.3. CONTROL OF THE COMPANY 182
18.4. AGREEMENTS THAT MAY LEAD TO A CHANGE IN CONTROL 182
19. TRANSACTIONS WITH RELATED PARTIES 183

19.1. INTRA-GROUP TRANSACTIONS 184
19.2. TRANSACTIONS WITH RELATED PARTIES 184
20. FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS, FINANCIAL POSITION AND RESULTS 187

20.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 188
20.2. PARENT COMPANY FINANCIAL STATEMENTS 229
20.2.1 Parent company financial statements for financial year ended on 31 December 2017 229
20.2.2. Table of results over the past five financial years 254
20.2.3. 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 255
20.2.4. Information on supplier and customer payment terms 256
20.3.AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION 258
20.3.1.Statutory Auditors' report on the consolidated financial statements prepared under IFRS for the financial year ended on 31 December 2017 258
20.3.2.Statutory Auditors' report on the parent company's financial statements for the financial year ended on 31 December 2017 264
20.4. DIVIDEND DISTRIBUTION POLICY 269
20.5. LEGAL AND ARBITRATION PROCEEDINGS 269
20.6. SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION 269
21. ADDITIONAL INFORMATION 270

21.1. SHARE CAPITAL 271
21.1.1. Amount of share capital 271
21.1.2. Non-equity securities 271
21.1.3. Treasury shares 271
21.1.4. Stock subscription options 273
21.1.5. Free share awards 274
21.1.6. Other securities giving access to the Company's capital 276
21.1.7. Summary of dilutive financial instruments 278
21.1.8. Option or conditional or unconditional agreement to grant options on the capital of any Group member 278
21.1.9. Status of the authorisations granted by the Company's General Meetings 278
21.1.10. Share capital history 282
21.1.11. Share disposals carried out to unwind cross-shareholdings 283
21.2. MEMORANDUM OF ASSOCIATION AND BYLAWS 283
21.2.1. Corporate purpose 283
21.2.2. Statutory provisions or other provisions related to the administrative and management bodies 283
21.2.3. Rights, privileges, and restrictions attached to shares of the Company 287
21.2.4. Terms and conditions for modifying shareholders' rights 290
21.2.5. General Shareholders' Meetings 290
21.2.6. Mechanisms allowing a change of control to be delayed, deferred or prevented 292
21.2.7. Breaching statutory thresholds (Article 8 of the bylaws) 292
21.2.8. Special specifications governing changes in the share capital 292
22. SIGNIFICANT AGREEMENTS 293

22.1. Subcontracting and partnership agreement between AXE Group and EOS imaging SA dated 21 February 2012 294
22.2. License agreement between the École de Technologie Supérieure (ETS) and EOS imaging dated 2 November 2011 294
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 295
23. INFORMATION PROVIDED BY THIRD PARTIES, APPRAISERS' CERTIFICATIONS, AND DECLARATIONS OF INTERESTS 296

24. DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION 297

25. INFORMATION CONCERNING INVESTMENT INTERESTS 299

26. CROSS-REFERENCE TABLE 300

26.1. Cross-reference table for the annual financial report 301
26.2. Table cross-referencing the management report and the report on company governance 302
26.2.1. Management Report 302
26.2.2. Report on company governance 304

1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1 PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED HEREIN 10

1.2 STATEMENT BY THE PERSON RESPONSIBLE 10

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 report in Chapter 26 provides a true and fair view of the business, earnings and financial position of the Company and all consolidated companies and describes the main 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 2018

Marie Meynadier
CEO

2. STATUTORY AUDITORS

2.1 APPOINTMENT OF STATUTORY AUDITORS 12

2.2 MONITORING MANDATES.....12

2.1. APPOINTMENT OF STATUTORY AUDITORS

2.1.1. Principal Statutory Auditors

Deloitte & Associés
Public limited company
185 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

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 revenue achieved by the Group for the first quarter of 2018 is also presented in this Chapter, on page 17.

Simplified consolidated balance sheets

Audited consolidated data	2017 financial year	2016 financial year	2015 financial year
€K	12 months	12 months	12 months
Total assets	**58,322**	**58,779**	**52,164**
Non-current assets	**11,735**	**9,792**	**9,097**
Current assets	**46,587**	**48,987**	**43,067**
o/w which cash and cash equivalents	*6,930*	*14,909*	*14,091*
Total liabilities	**58,322**	**58,779**	**52,164**
Shareholders' equity	**23,203**	**22,768**	**27,768**
Non-current liabilities	**15,509**	**14,793**	**13,132**
o/w which long-term debt(1)	*14,733*	*14,019*	*12,837*
Current liabilities	**19,610**	**21,218**	**11,264**

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

Simplified consolidated income statements

Audited consolidated data €K	2017 financial year 12 months	2016 financial year 12 months	2015 financial year 12 months
Total operating income	**38,810**	**33,097**	**23,656**
o/w revenue	37,092	30,773	21,812
o/w equipment sales	*29,992*	*25,062*	*17,850*
o/w sales of maintenance	*5,944*	*4,697*	*3,133*
o/w sales of consumables and services	*1,157*	*1,014*	*830*
Direct cost of sales	(20,288)	(16,198)	(11,619)
Gross margin	**16,804**	**14,575**	**10,193**
In %	**45%**	**47%**	**47%**
Total operating expenses	(44,579)	(37,660)	(30,137)
Total operating income	**(5,769)**	**(4,563)**	**(6,661)**
Pre-tax profit (loss) from ordinary activities	**(7,786)**	**(6,172)**	**(7,181)**
Consolidated net profit (loss) for the period	**(7,786)**	**(6,172)**	**(7,181)**
Net earnings per share (in €)	(0.36)	(0.30)	(0.38)

Simplified cash flow statements

Audited consolidated data €K	2017 financial year 12 months	2016 financial year 12 months	2015 financial year 12 months
Cash flows related to operating activities	**(10,167)**	**(3,302)**	**(12,698)**
o/w internal financing capacity	(5,072)	(3,514)	(5,806)
o/w change in working capital requirements	(5,095)	212	(6,892)
Cash flows related to investment activities	**(3,068)**	**(1,746)**	**(1,475)**
Cash flows related to financing activities	**5,057**	**5,465**	**18,052**
Impact of exchange rate fluctuations	197	401	58
Change in cash	**(7,979)**	**818**	**3,937**

Revenue for first quarter of 2018

In millions of euros	**31 March 2018**	**31 March 2017**
Equipment sales	**7.56**	**5.47**
% of total revenue	*79%*	*77%*
Sales of maintenance contracts	**1.73**	**1.40**
% of total sales revenue	*18%*	*19%*
Sales of consumables and related services	**0.26**	**0.26**
% of total revenue	*3%*	*4%*
Total revenue	**9.54**	**7.13**

Unaudited data

In millions of euros	**31 March 2018**	**31 March 2017**
EMEA	**3.53**	**3.21**
North America	**3.81**	**2.48**
Asia-Pacific	**2.21**	**1.44**
Total revenue	**9.54**	**7.13**

Unaudited data

4. RISK FACTORS

4.1 RISKS RELATED TO THE MARKETS IN WHICH THE GROUP OPERATES 18
4.2 RISKS RELATED TO THE GROUP'S ACTIVITIES..... 20
4.3 RISKS RELATED TO THE GROUP'S ORGANISATION..... 30
4.4 FINANCIAL RISKS..... 31
4.5 LEGAL RISKS..... 40
4.6 INSURANCE AND RISK COVERAGE 47
4.7 LEGAL AND ARBITRATION PROCEEDINGS 48

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 2017, the R&D department had 50 employees and the R&D budget in 2017 stood at more than €4.1 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 speciality;
- 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 enforceability, 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 carrying out, via its production teams, the adjustment and final acceptance of its products on the site of its sub-contractor, the integrator AXE Systems, 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 2017, 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 2017 was €751k, with total trade and other receivables of €30,899, i.e. 2.4%.

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 2016 and 2017 was 6% and 7% respectively, while for the same period, the aggregate weight of the Group's three largest customers accounted for 12% and 17% 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 2017, the three largest customers included two distributors which themselves 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 section 20.1, section y - "Financial risk management – credit risk".

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 (please refer to section 4.6 "Insurance and risk coverage" of this Registration Document).

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 the 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

The comparable data referred to in this paragraph is taken from the Company's consolidated financial statements for the year ended 31 December 2017. Readers should refer to paragraph y "Financial risk management" of the notes to the consolidated financial statements at section 20.1 of this Registration Document.

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, and by the significant commercial investments made in key export markets, particularly the United States.

As at 31 December 2017, its cumulative operating losses over the last three financial years ended on 31 December 2015, 2016 and 2017 reached €16,993k including an operating loss of €5,769k for the financial year ended 31 December 2017.

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.

At 31 December 2017, the Company's cash and cash equivalents came to €6,930k, compared with €14,909k at 31 December 2016.

The Group's negative operating cash flows came to €(12,698)k, €(3,302)k and €(10,167)k respectively for the 2015, 2016 and 2017 financial years.

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), and through obtaining public innovation grants (See section 4.4.4. "Risks related to access to public advances" of this Registration Document) and the payment of amounts owed under the Research Tax Credit (see section 4.4.3 "Risks related to Research Tax Credit" of this Registration Document).

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 section 4.4.4 and of repayments on the bonds, which are set out in section 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. 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 2017 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 2017 stood at €1.3 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 and remaining at 31 December 2017 may be broken down as follows:

At 31 December 2017 (in €k)	Ref	Amount granted	Amount received	Amount repaid	Waiver of receivable	Amount to repay
OSEO repayable advance 2009 (1)	A	1,275	822	241	269	312
OSEO repayable advances 2011	B	250	250	116	-	134
Innovation Loan 2012	C	150	150	83	-	67
Interest-free loan BPIFrance 2013	D	1,500	1,500	375	-	1,125
Repayable recruitment advance 2013	E	86	86	86	-	-
BPIFrance repayable advance 2014	F	250	250	-	-	250
Ardea repayable advance 2014	G	100	100	78	-	22
Total		**3,611**	**3,158**	**979**	**269**	**1,910**

(1) On 27 January 2016, BPIfrance 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	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total	Nature of payment deadline
A	125	85	69	33	-	-	-	-	-	312	Renegotiable (2)
B	94	40	-	-	-	-	-	-	-	134	Firm
C	30	30	7	-	-	-	-	-	-	67	Firm
D	500	500	125	-	-	-	-	-	-	1,125	Firm
F	-	10	35	35	35	35	35	35	37	250	Renegotiable (2)
G	22	-	-	-	-	-	-	-	-	22	Firm
TOT (1)	**771**	**665**	**236**	**68**	**35**	**35**	**35**	**35**	**37**	**1,910**	

(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 (D above)

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 was 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 (A above). 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 formally recognised a partial commercial success for EOS imaging, waived a €269k receivable and restructured the financing. 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. EOS imaging made a second repayment in July 2016 for an amount of €90k. In June 2017 the third repayment was made, for €105k. The remaining balance is €287k.

As part of its development of a bespoke instrumentation for orthopaedic knee surgery, OneFit Médical received a reimbursable advance of €250,000 (B above). The project was deemed successful in 2015.

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. The file linked to his advance was amended in January 2017 to switch it to a subsidies project relating to shoulders. The maturities were rescheduled by two years and should now start to count from September 2019, over 58 months. Should the project fail, these repayments will be made over a 34-month period starting in September 2019.

Innovation Loan (C above)

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.

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 (G above). For a term of five years, including a six-month deferred amortisation period, this loan is repayable in 17 equal quarterly payments.

OneFit Médical also received a reimbursable advance of €86k (E above) granted in 2013 as a recruitment subsidy. This advance was fully repaid as at 31 December 2017.

4.4.5. Risk associated with subscribing for bonds

As noted in section 4.4.2 “Liquidity risk” and in paragraph n. of the consolidated financial statements for the year ended 31 December 2017, included in section 20.1 of this Registration Document, 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.

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022.
- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

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

Ref.	Subscription date	2018	2019	2020	2021	2022	Total (1)
Tranche 1 (€k)	Mar-15		750	1,050	1,050	525	3,375
Tranche 2 (€k)	Dec-15		750	1,000	1,000	2,000	4,750
Tranche 3 (€k)	Jun-16		750	1,000	1,250	2,000	5,000
Accrued interest (€k)		281					281
Sub-total (€k)		**281**	**2,250**	**3,050**	**3,300**	**4,525**	**13,406**
Impact of amortised cost (€k)			485				485
Total (€k)							**13,891**

(1) The amounts specified take account of all interest to be paid over the repayment period up until 2022. The amount of liabilities recorded in the consolidated accounts as of 31 December 2017 is €13,891k. This amount includes the principal of €13,125k, from which issue costs, amortisable over the term of the loan, are deducted. It also includes interest incurred as of 31 December 2017.

The subscription agreement contains a number of contractual obligations, including compliance with certain calculations (minimum cash holdings and revenue from ordinary activities).

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

These calculations were complied with at 31 December 2017. The Company considers that the risk of non-compliance with these ratios is very low.

4.4.6. 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 risks to which the Group is exposed relate to the translation into euros of the accounts of EOS imaging Inc., which are in US dollars, EOS image Inc., which are in Canadian dollars, and EOS imaging Pte., which are in Singapore dollars. This means that the Company is exposed to fluctuations in the euro/US dollar, euro/Canadian dollar and euro/Singapore dollar exchange rates through these subsidiaries.

*) Operating income:

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

Thus 61% of sales in 2017 were denominated in euros, representing €22.5 million, and 39% were denominated in US or Canadian dollars, representing €14.6 million.

Other operating income, consisting of public financing, was exclusively denominated in euros and represented €1.7 million.

*) Operating expense:

The expenses incurred in France are denominated in euros, save for certain supplies and fees in insignificant amounts. Charges incurred in the US, Canada and Singapore subsidiaries are denominated in the respective local currencies.

Thus 60% of operating costs in 2017 were denominated in euros, representing €26.8 million, and 40% were denominated in foreign currencies, representing €17.8 million, of which €16.9 million were denominated in US dollars.

*) Financial expense:

The Group's financing expenses are denominated in euros.

Thus, the effect of a change in the exchange rates as of 31 December 2017 has the same impact on the Company's results and shareholders' equity, as follows:

- a 10% rise in the euro against the US, Canadian and Singaporean dollars would have a negative impact on income of €283k;
- a 10% fall in the euro against the US, Canadian and Singaporean dollars would have a positive impact on income of €283k.

This is the combined effect of two distinct components:

- operational risk: the 26% fall in Operating Income in 2017 at historical exchange rates would have been limited to 23% at constant exchange rates;
- the risk associated with the investments made in the foreign subsidiaries materialises in the form of net financial income when translating the receivables associated with the equity interests in the consolidated accounts. This component represents the net balance of this effect.

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.

4.4.7. Interest rate, credit and cash management risks

Interest rate risk

As noted in sections 4.4.2 and 4.4.5, the Group issued bonds with stock warrants attached (OBSAs) in the amount of €540,000, as well as three tranches of ordinary bonds for a total principal amount of €14,460k. These bonds, with an initial four-year term, were issued at Euribor plus 7.75%.

Following a request made by EOS to modify its bond subscription agreement with IPF to support the growth in its business activity in 2018, these bonds were the subject of an amendment to the bond issuance agreement that provided that:

- repayment of the first three tranches would be been suspended from December 2017 until June 2019, and final maturity deferred to June 2022;
- interest payments would be fixed at Euribor plus 8.50% for the OBSAs and the two initial tranches and at Euribor plus 9.00% for the third tranche;
- a new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

As at 31 December 2017, the Group obtained repayable subsidies totalling €3,158k 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.

In 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.

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 2017, 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 using the effective interest rate ("EIR") method.

The credit risk related to cash, cash equivalents and common financial instruments is not significant in view of the instruments used and 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 (see section 4.2.4). 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 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 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).

The collection rate for invoices less than 12 months old has increased appreciably. Clearing older receivables takes longer. Action is being pursued on export distribution sales, and significant progress is expected from 2018 onwards.

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.

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.

In this respect, the Company has, since 2007, awarded warrants, stock options and 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.

The Company has also issued bonds with stock warrants attached (OBSA) (please refer to section 4.4.5) and stand-alone stock warrants to Société Générale as part of a PACEO (capital increase plan through the issuance of stock options) programme (refer to section 21.1.6).

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 2,231,977 new shares, thus generating a dilution equal to 9.86% on the basis of the capital in existence on 31 December 2017. The dilution of voting rights would come to a maximum of 9.86% on the basis of the voting rights in existence on 31 December 2017. Any additional award or issuance would result in a potentially significant additional dilution for the Company’s shareholders. Please refer to section 21.1.7, which provides a summary of dilutive instruments in place at 31 December 2017.

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 EU RoHS Directive (2011/65/EU) on the restriction of the use of certain hazardous substances in electrical and electronic equipment has applied to medical devices since 22 July 2014. Since that date, the products affected by the directive that are marketed by the Group have complied with

the substance restrictions imposed by the RoHS directive. Annex II of the RoHS directive, which lists the substances subject to restrictions, was amended by delegated directive 2015/863. The amended list includes additional restrictions for a number of phthalates (DEHP, BBP, DBP and DIPB), which will apply to medical devices marketed on or after 22 July 2021. 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.

The EU REACH (*Registration, Evaluation, Authorisation and restriction of Chemicals*) regulation no. 1907/2006 identifies, evaluates and controls chemical substances that are manufactured, imported and marketed in Europe. The aim is to increase understanding of these chemical substances to control the risks associated with their use. None of the articles imported or produced by the Group is intended to release substances in normal or reasonably foreseeable conditions of use. In addition, the Group does not import or market any "substance" or any "mixture" subject to registration under the REACH regulation. The Group is not therefore required to register substances with the European Chemicals Agency (ECHA). In the event that a substance of very high concern (SVHC) is present in items in quantities in excess of 1 tonne per year and this substance is present in items in a concentration in excess of 0.1% m/m (mass of substance/mass of item), the REACH regulation also requires notification to be provided to the ECHA and customers to be informed. None of the items produced by the Group contains SVHCs in excess of these two limits. As such, the Group is not required to notify the ECHA and is not subject to an obligation to inform its customers under the REACH regulation.

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 Systems (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 623731004	Equipment/Furnishings: €1,515,891 Information media: €17,457 Expenses and losses: €303,178 Third-party recourse: €1,195,719 Damage to IT equipment: €300,000 Transport of these items: €20,001
Automobile fleet	MMA	127589982	9 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 CHUBB	FRCAI19552	Civil liability before delivery: €8,000,000/claim Civil liability after delivery: - €5,000,000/year and /claim excluding North America
Managers' civil liability	AIG	0007902286	€5,000,000 per insurance period
Cyber Risks	CHUBB	FRINTA34338	€5,000,000 per claim and per insurance period
Equipment for conferences and/or exhibitions	AXA	5042895804	€8,870 excluding VAT per trade fair

The amount of charges paid by the Group for all of its insurance policies reached €222k, €252k and €215k, respectively, for the financial years ended 31 December 2015, 2016 and 2017.

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 50
5.2 INVESTMENTS 54

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 of formation and term

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

Biospace Instruments was created by Georges Charpak, the 1992 Nobel Laureate for Physics. In 1999, Marie Meynadier became its Chief Executive Officer and developed a first imaging company for pharmaceutical research on the international market, which rapidly became profitable. The subsidiary left the Group in 2007.

Between 2000 and 2004, preliminary proof of concept work was conducted in parallel on medical imaging applied to orthopaedics. It led to the prototyping and clinical testing of an initial version of the EOS system.

Since 2005, the Group has engaged 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).

In 2007, the Group raised €12 million from traditional venture capital companies, NBGI Ventures and Crédit Agricole Private Equity, made its initial sales of EOS equipment and obtained its first European and US marketing authorisations for the EOS hardware platform.

In 2010, the Group took the name EOS imaging. The EOS system was used in clinical routines in hospitals in the United States, Canada and six European countries. The third round of financing

brought in the Caisse des Dépôts et Consignations alongside the historical shareholders with total funds raised of €12.3 million.

European and American market authorisations were obtained for the associated 3D software applications between 2009 and 2011.

The Group was listed on the NYSE Euronext regulated market in Paris in February 2012 and, later that year, it entered the Asian market with a first installation in the National University Hospital (NUH) of Singapore.

In October 2013, the Group secured regulatory authorisations to market EOS equipment in Japan, with a first installation in Japan, the second largest medical imaging market after the USA, in December 2013.

In November 2013, the Group acquired 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.

In March 2014, the Group obtained the CE mark for hipEOS, the first 3D planning software for hip replacement surgery, in October 2014, regulatory authorisations to market and sell in South Korea and, in December, FDA approval for hipEOS, the first 3D planning software for hip replacement surgery.

In October, the 100th EOS system was installed.

EOS imaging also became eligible for the PEA-PME regime in April 2014.

In January 2015, EOS imaging acquired 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, and in October 2015, it carried out a private placement of €8.7 million.

In 2015, the Group obtained FDA approval for the Micro Dose option and the CE mark for kneeEOS, the first 3D stereo-radiographic planning software for full knee replacements. EOS imaging strengthened its presence in Asia with its first installation in Hong Kong and established the subsidiary EOS imaging Pte Ltd in Singapore, wholly owned by EOS imaging SA, to coordinate the Group's sales activity in Asia.

In May 2015, EOS imaging launched its “EOS 3D Service”, a 3D modelling service and, in September 2015, it announced the acquisition of the exclusive rights over a technology that predicts the progression of scoliosis. Eight international centres took part in a multicentre study to confirm the benefits of this predictive technology. In October, EOS imaging announced its first installation in the Middle East.

During 2016, EOS imaging announced a number of agreements:

- an exclusive licensing agreement and partnership in surgical simulation with the Canadian company Spinologics;
- a commercialisation agreement with Stryker in the United Kingdom;
- a co-marketing agreement with Medtronic Japan;

- a framework agreement with the prestigious German hospital network Schön Kliniken;
- a new, exclusive partnership with Anatoscope (Montpellier, France) in the area of virtual patient models.

From a regulatory perspective, in 2016, EOS imaging obtained the status of Innovative Technology from the Korean national health agency, CE marking for spineEOS, its online 3D planning solution for spinal surgery, marketing approval for the EOS system in China, FDA authorisation for spineEOS, its online 3D surgical planning solution for spinal surgery and 510(k) authorisation from the FDA (Food and Drug Administration) allowing it to market its kneeEOS software in the United States.

In parallel, EOS imaging announced the acquisition of the 10th EOS system by the Shriners Hospitals for Children network in the United States in May 2016 and installed the first EOS system in the university hospital at Konyang, South Korea, the third largest market in Asia.

The Group strengthened its shareholders' equity during financial year 2017 with the completion, in April, of a private placement for approximately €7.8 million, followed by the issue, in June, of 185,000 new shares, at the unit price of €5.52, under the PACEO (equity financing line based on options) put in place with Société Générale on 16 June 2014.

To support its growth in the North American region, EOS imaging recruited a President, North America, reporting to the CEO: Mike Lobinsky, who joined the Group in July 2017. In October, EOS imaging appointed Eric Maulavé, previously VP, Global Sales, to the post of Chief Operating Officer. Didier Saint-Félix, previously Operations Director, has been appointed Transformation Director.

To support its growth in the North American region, EOS imaging also strengthened its sales teams, both in numbers and in experience in the field of selling innovative medical equipment (such as medical robots). EOS imaging also switched its approach to the German market, previously addressed through an agent, to one of direct approach.

In April 2017, EOS imaging announced the installation of the first EOS platform in Israel and, in September 2017, introduced personalised biomechanical simulation into its surgical planning solution for spinal surgery. The new spineEOS software will be presented at a symposium at the annual conference of the Scoliosis Research Society (SRS).

In November 2017, EOS imaging announced that it was holding a symposium at the American Association of Hip and Knee Surgery (AAHKS) in which experts would give a presentation on the benefits of the EOS solution in total hip arthroplasty, in particular the new hipEOS 3.0 surgical planning and simulation software, which was awarded the CE mark in October.

In December, EOS imaging won the Galien prize in the "medical device" category. The prize recognises the contribution of the EOS® 2D/3D solution to orthopaedic care.

5.1.6. Communications since the end of the last financial year

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022;

- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

EOS imaging strengthened its presence in Germany with a new installation in the Asklepios private hospital group in February. The second largest private hospital group in Germany installed EOS in its Asklepios Paulinen establishment.

After its initial installations in Shanghai and in the Jiangsu province in 2017, EOS imaging continued to grow in China with a new installation in a leading orthopaedic hospital. The Jishuitan hospital in Beijing installed the EOS® low dose, 2D/3D orthopaedic imaging system.

In March, EOS imaging gave a presentation to the 2018 meeting of the American Academy of Orthopedic Surgeons (AAOS) on stereoVIEW, a multidisciplinary clinical collaboration and patient engagement tool. stereoVIEW will be showcased alongside hipEOS 3.0 (FDA Pending), the new hip surgery software, and the other EOSapps.

On 11 April 2018, EOS announced its consolidated sales for the first quarter of 2018, which were up 34% on the first quarter of 2017, driven by 54% growth in the North American market (76% excluding currency effects), together with an increase in the average selling price (ASP), despite an adverse foreign exchange effect.

5.2. INVESTMENTS

5.2.1. Principal investments made in the last three financial years

Gross investment (in €k)	2017 financial year 12 months Consolidated	2016 financial year 12 months Consolidated	2015 financial year 12 months Consolidated
ORGANIC GROWTH	**3,068**	**1,787**	**1,554**
Intangible assets	2,294	1,252	1,052
Property, plant, and equipment	990	516	485
Financial assets	7	19	17
TOTAL INVESTMENTS	**3,068**	**1,787**	**1,554**

Intangible assets

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

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

Capital expenditure

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

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

Financial assets

Financial assets primarily consist of the security deposit for premises.

Information by type is shown in paragraph h – "Financial assets and other assets" in the notes to the consolidated financial statements 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 in section 20.1 of this Registration Document, goodwill recognised in the 2013 accounts on the acquisition of 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 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 50 R&D engineers based in Paris and Besançon, France.

In 2017, 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 and maintenance 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.

EOS imaging continued to invest in productivity and control of inventories. Alongside the Group's business growth, the installed base of EOS equipment grew by more than 35% over the course of the year, with the number of installed devices as at 31 December 2017 thus surpassing 240. These devices are maintained by Group teams, with the assistance of its network of distributors.

6. OVERVIEW OF ACTIVITIES

6.1 FIELD OF APPLICATION 57
6.2 EOS MARKET POSITIONING AND COMPETITIVE ENVIRONMENT 64
6.3 A COMPANY IN THE COMMERCIAL DEVELOPMENT STAGE 69
6.4 A RESPONSIVE, INTERNATIONAL ORGANISATION 73
6.5 DEGREE OF DEPENDENCE OF THE ISSUER IN TERMS OF PATENTS, LICENCES, CONTRACTS OR NEW MANUFACTURING PROCESSES..... 82
6.6 REGULATORY FRAMEWORK..... 82
6.7 IMPORTANT ACTIVITIES AND EVENTS OVER THE COURSE OF THE 2017 FINANCIAL YEAR .. 88

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 biplane stereoradiographic (SR) imaging system that combines proprietary technologies to allow a biplanar imaging examination of the whole skeleton at a low radiation dose. It is a substitute for certain traditional radiology and scanning procedures. The EOS system combines image-taking equipment, a review workstation that generates a personalised 3D model and the patient's anatomical data, alongside additional features. The Group also offers software services and consumables for use in orthopaedic surgery based on medical imaging.

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 along the whole care pathway.

EOS is a new imaging method that currently has no equivalent on the market. The Group estimates the market opportunity at approximately 12,000 hospitals worldwide, giving potential annual sales in the order of $2 billion[1] at a 100% penetration rate. 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 has been granted regulatory marketing authorisations in most major markets, including the United States, Japan, China and the European Union. At the end of 2017, approximately 260 hospitals in around 30 countries, including the opinion leaders in orthopaedic surgery, imaging and rheumatology, had installed the EOS solution. The Group estimates the number of EOS examinations carried out in 2017 at approximately one million.

The Group is growing strongly, with an annual average growth rate for sales of 32% over the period 2012-2017. It is continuing to expand, especially in North America where significant investment was made during financial year 2017.

6.1. FIELD OF APPLICATIONS

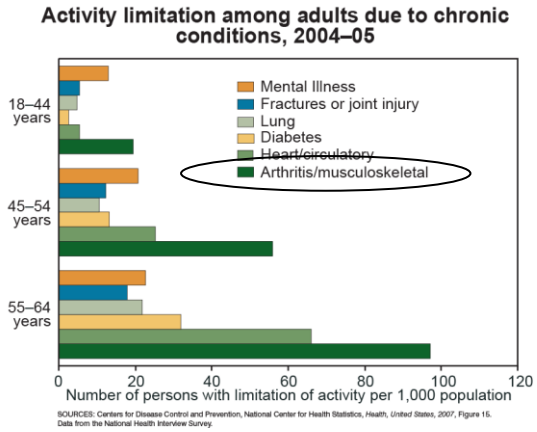
6.1.1. Musculoskeletal disorders, orthopaedic surgery and the associated issues

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[2]. Some disorders also affect certain young populations, particularly during bone growth, such as scoliosis, which affects around 2% of adolescents[3].

[1] see the detailed calculation in section 6.2.2, pages 67 to 70

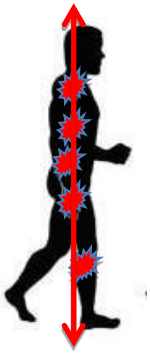
[2] Orthopaedic Medical Devices: Emerging Technologies and Trends, Frost & Sullivan D135

[3] See, for example, http://www.scoliosisjournal.com/content/1/1/2

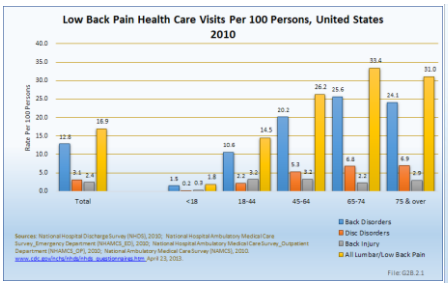


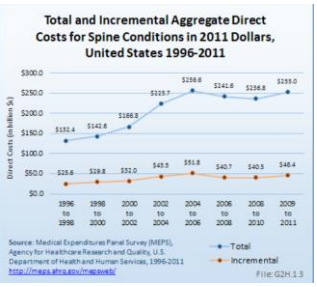
These disorders are one of the leading sources of direct public health costs and the primary cause of disability in western countries (table opposite), well ahead of cardiovascular diseases and diabetes. A sedentary lifestyle, obesity and ageing are factors that contribute to the significant growth in 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[4].





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. Approximately 30% of medical consultations of adults over 45 years of age involve back disorders (see the graph opposite): the indirect costs of back conditions are currently estimated at hundreds of billions of dollars in the US (US estimate 2009-11: more than €200 billion).

In light of these developments, the number of orthopaedic surgical procedures continues to rise. The cost of the main knee replacement operations in the United States, for example, grew threefold between 1992 and 2011[5].

[4] Medicare-Medicaid 2012 data

[5] HCUP Nationwide Inpatient Sample, Agency for Healthcare Research and Quality, in http://www.boneandjointburden.org 2014

The surgical responses to this increase 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.

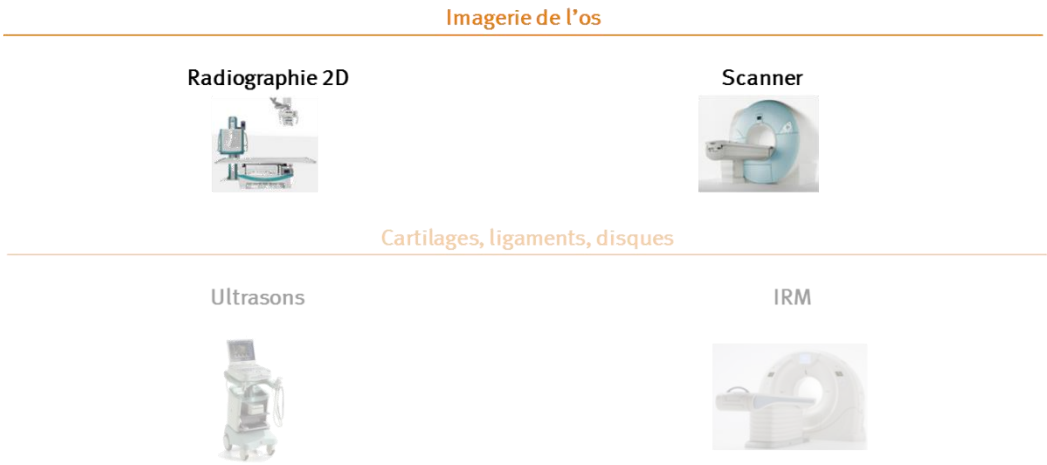
The diagnosis and choice of a surgical strategy, therefore, need to be based on information that is as detailed as possible. The surgeon has to be able to assess the overall problem (overall balance, alignment, etc.) and the specific situation in each joint or section of the vertebral column.

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

b. 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.

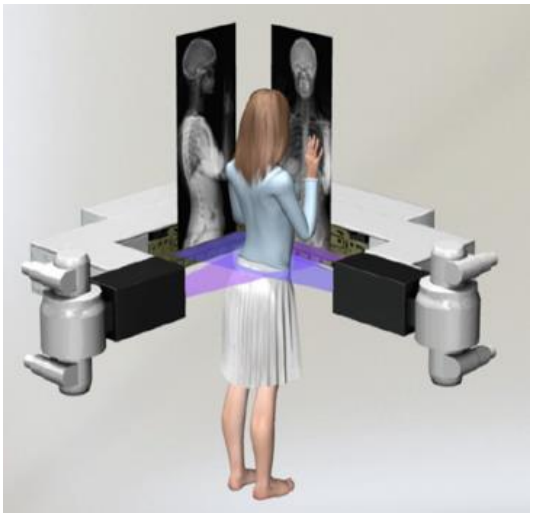


X-rays are used in the form of 2D radiographs (historically produced on film, but nowadays obtained directly or indirectly in digital form) and only provide two-dimensional images. X-rays provide two-dimensional images CT scanners, which also use X-rays, produce cross-sectional images which can be used on occasions to obtain three-dimensional images. However, it has the disadvantage of examining the patient in a supine position: the patient's joints are therefore not in their "functional", weight-bearing position. In addition to this, the radiation dose created by the cumulative use of scanners is a major cause for concern. 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[6]. 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[7].

Scanners and radiography thus are insufficient and inadequate to meet the needs of orthopaedic surgery. Despite these limitations, 2D radiography systems are still the fundamental tools that orthopaedic specialists use to make their diagnosis and plan their surgical strategies.

6.1.2. The EOS solution

EOS is an innovative imaging method that seeks to fill a gap in the solutions provided by traditional imaging with more comprehensive, less irradiating, 3D images of patients.

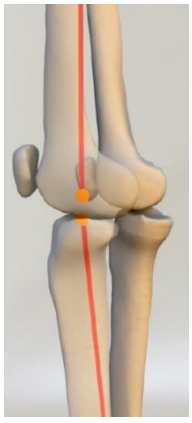


The EOS concept is simple. Standing upright or sitting in an EOS unit, the patient receives a whole-body radiographic examination from the front and the side simultaneously. It is possible, depending on needs, to reduce the exam to a selected part of the body, for example the spine or the leg, if a whole-body 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

[6] National Council on Radiation Protection report no. 160, National Council on Radiation Protection and Measurements, 2009
[7] Amy Berrington de Gonzalez, Journal of the National Cancer Institute, Vol 101, (3),2009.

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 the patient to be monitored along the entire care pathway, from diagnosis, therapeutic decision, planning of the surgery and post-operative care.

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

a. EOS: low dose biplane imaging

EOS detection technology produces very large-format X-ray images by scanning the patient from head to toe with thin X-ray beams.

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 and consequently a larger exposure to radiation. EOS makes it possible, for instance, to contemplate more frequent monitoring during the most sensitive periods, such as the growth periods in adolescent scoliosis without increasing the risk associated with radiation.

The simultaneous front-on and side-on images taken by the EOS equipment also largely avoids the effects of projection and provides initial 3D information on the patient's anatomy.

b. 3D modelling of the skeleton in an upright 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 academic teams. 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 prognosis.

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

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

c. Online surgeon-centric software and consumables: Advanced Orthopaedic Solutions

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. These tools, which utilise EOS images, can, for example, be used for surgical planning and 3D surgical simulation, longitudinal patient care and prognosis of the progression of musculoskeletal disorders.

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). An example of such a product is the 3D hip surgery planning software, hipEOS; the diagram below shows how this service works.

The kneeEOS and spineEOS software, dedicated to the planning of knee and spinal surgery, respectively, supplements the Group's online software offering.

d. EOS, a tool that improves orthopaedic care and the effectiveness of imaging

The EOS examination responds to two public health concerns:

- The reduction of radiation from medical imaging examinations and the associated iatrogenic risks;
- The reduction in poor quality costs of orthopaedic treatments, through improving the information obtained from the examination (which is more complete and more accurate), thereby indirectly contributing to the improvement of therapeutic and surgical management: for example, by contributing to better anticipation and efficiency in the operating theatre, and/or a reduction in the rate of corrective surgery.

The EOS biplane scanning technique very significantly reduces the examination time[8], increasing the efficiency of imaging services. This advantage offers significant productivity gains for radiology departments, which receive high numbers of examination requests on orthopaedic clinic days[9].

[8] An 83% (sixfold) reduction in the spine examination time was seen at the Texas Scottish Rite hospital in the USA

6.2. EOS MARKET POSITIONING AND COMPETITIVE ENVIRONMENT

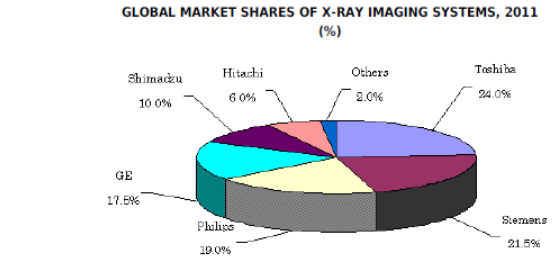
Like 2D radiology and CT scans, EOS belongs to the family of imaging methods based on X-rays, ideally suited to examining bone. Unlike digital radiology or CT scanning, generic methods that have not been developed specifically for examining the skeleton, EOS is a specialised imaging method, dedicated exclusively to orthopaedics, rheumatology and musculoskeletal disorders. EOS technology is the only technological imaging innovation that has been specifically developed for these applications.

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.

[9] Up to 150 patients have been examined on the same day at the HKU hospital in Hong Kong

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*)[10][11].

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

[10] MaRS Market Insights, December 2009

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

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.

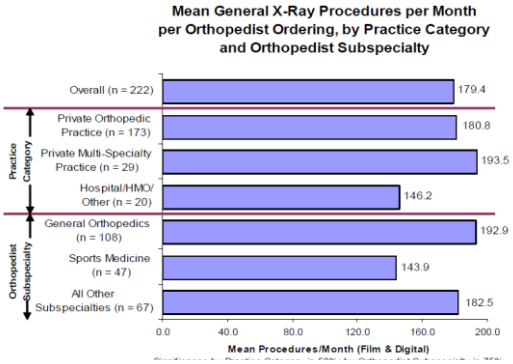
Europe

Analysis of hip and knee replacement surgery in France and Germany produces the adjacent target numbers, which have been extrapolated to the whole of Europe[12].

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

United States

The same analysis was carried out for US hospitals based on surgery data[13].



The Group based its estimation of the number of outpatient centres on 50% of those comprising three surgeons or more[14]. 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 below.

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

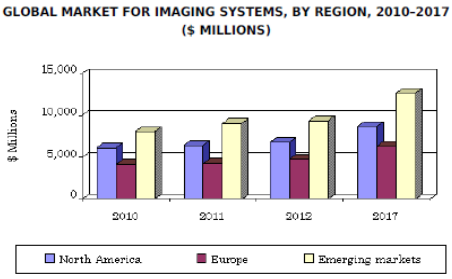
[12]The number of "Initial Targets" corresponds to the number of sites carrying out more than 400 surgical procedures per year. "Medium-term targets" correspond to the number of facilities carrying out between 100 and 400 surgical interventions per year. Data taken from: France - PMSI 2009, Allemagne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

[13] Individual patient discharge records (Centers for Medicare & Medicaid Services /State-reported/Veteran's Health Services and Research Administration/ US Army hospital data) 2009

[14] IMV orthopaedic Imaging Market, 2007

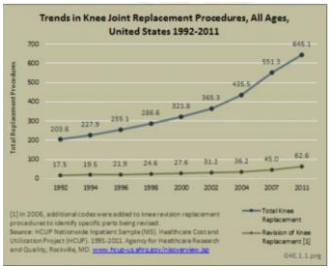
Rest of the World

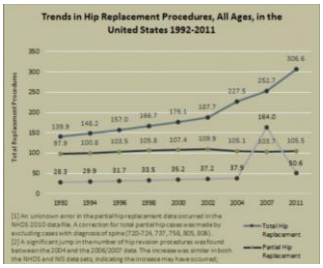
As the data on surgery in the rest of the world is more fragmentary, the Group's estimate for this area is averaged between the European market and that of the hospitals alone in the US. This estimate is a conservative one with respect to the numbers of hospitals in Asia and South America, as shown in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

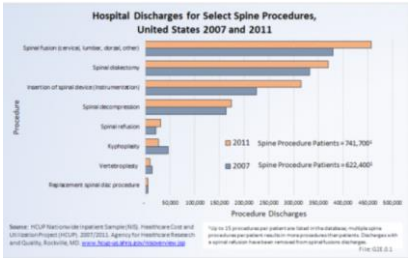


The growth in the amount of orthopaedic surgery performed worldwide derives largely from ageing, inactivity and obesity. The growth in the number of knee, hip and spine surgical procedures in the United States between 2007 and 2011, illustrated in the diagrams below, is 17, 21 and 19%, respectively.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

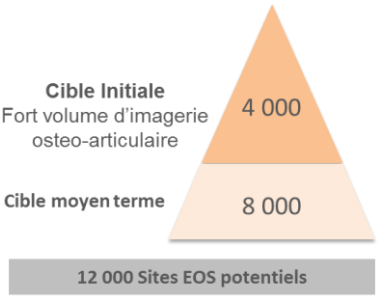






Source: http://www.boneandjointburden.org/2014-report

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 14% of the total accessible market of 528 sites. In the United States, more than 120 healthcare centres have adopted the EOS technology and certain hospitals have acquired several machines with a view to standardising their treatment. The Group's market share in the United States is estimated at approximately 2.5%.

The Group estimates that the value of the total potential equipment market of 12,000 hospitals, calculated on the basis of one system per site at an average price of $500,000, is $6 billion. Using a conservative estimate of renewing equipment every ten years (the norm being approximately seven years), the annual equipment replacement market is estimated at $600 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 i.e. $50,000 each year, adding potential maintenance service revenue of $600 million a year for an installed base of 12,000 machines.

The Group has also set about developing associated software offerings 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. Based on an average charge of $250 per case (to be compared with a current price of approximately $500 for customised cutting guides) and a conservative average volume of 200 procedures per site with a planning service, i.e. $50,000 per year, the potential income from services is estimated at $600 million.

The Group is thus aiming at a total potential annual market of almost $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.

Equipment sales: 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. Installation and 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 larger proportion of revenue is realised in the fourth quarter.

Sale of maintenance contracts: these contracts are standard practice in the medical equipment market. On the basis of its current performance, the Group estimates that more than 80% of its installed base that is out of warranty 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:

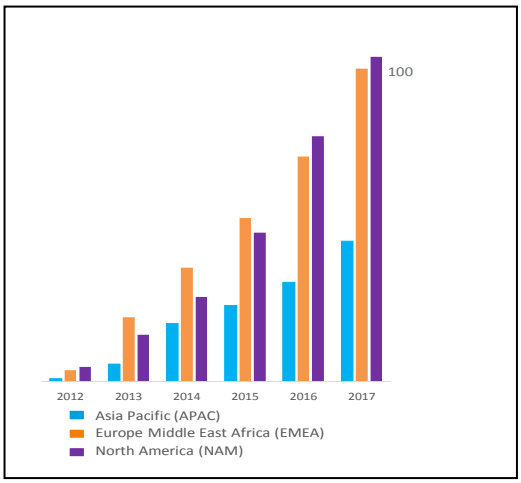
(i) advanced image-processing software services, in particular with regard to 3D reconstruction. This business line is being set up in the Group's subsidiary EOS image Canada at sites that do not have the necessary human resources for processing images,

(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 contributing to the acceleration in uptake



As of end March 2018, EOS had an installed base of approximately 260 sites across more than 30 countries in the Europe/Middle East, North America and Asia/Pacific regions, the breakdown and growth of which over the 2012-2017 period is shown on the table opposite. The minor presence in Latin America (one installation in Brazil) is not shown.

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 and the user of a number of EOS platforms. The Group has as its customers 68% of the 50 best US paediatric orthopaedic hospitals (2017 ranking), 56% of the 25 best US adult orthopaedic hospitals (2017 ranking), 100% of the orthopaedic hospitals in the Shriners network, and 5 hospitals from Assistance Publique/Hôpitaux de Paris (the public hospital system of the city of Paris and its suburbs).

The approval of the EOS technology by the best academic centres has led other hospitals and private non-academic clients to acquire the technology to meet their osteo-articular 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, Australia and Japan.

6.3.3. Clinical approval

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.

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.

These examinations are long and complicated with traditional radiographic techniques. The biplane scanning technique used by the EOS system very significantly reduces the examination time[15]. This time reduction allows a large number of patients to be consulted on consultation days[16].

Spine

[15] An 83% (sixfold) reduction in the spine examination time was seen at the Texas Scottish Rite hospital in the USA

[16] Up to 150 patients have been examined on the same day at the HKU hospital in Hong Kong

With the EOS low-dose system, it is possible to image the entire spine with an 85%[17] reduction in radiation dose compared to computed radiography (CR) and 50% compared to digital radiography[18], with an equivalent image quality.

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[19]. The EOS system gives clinicians diagnostic safety at a dose comparable to seven days of natural radiation. This feature is particularly important to clinicians, especially following the publication of a study in 2016[20] that demonstrated that the monitoring of scoliosis by traditional X-ray imaging increases the risk of children with this disorder developing cancer by five times.

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[21], reproducibility[22] and precision[23] of the 3D spine models. These models are therefore now used by a number of clinicians as part of their clinical routine, and have been the subject of a number of research papers. In 2017, a group of opinion-leading US clinicians published a review of recent and emerging advances in spinal surgery and stressed that "EOS has revolutionised 3D assessment of scoliosis"[24].

In addition, EOS full-body images in an upright position give surgeons an overall view of the patient that is decisive in the evaluation of disorders of the spine. A large retrospective study[25], carried out on 306 adult patients with degenerative scoliosis, showed that 39% of the patients had post-operative complications, and 29% required further surgery. For about ten years, a consensus has been reached among spine surgeons worldwide that there a link between the long-term post-operative results and the patient's sagittal balance; a review of the studies[26] clearly shows a link between sagittal balance and the clinical benefits after spinal surgery. This balance is based on measuring the patient's spino-pelvic parameters and comparing them with reference values integrated into, and instantly available on, the sterEOS and spineEOS software.

In addition to the importance of 3D imaging of the entire spine and pelvis in an upright position, the HSS team in New York has shown in a number of articles that the lower limbs also need to be included in the assessment of sagittal balance to take account of compensatory mechanisms[27]. A

[17] Deschenes et al, Spine 35, No. 9 (2010): 989

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

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

[20] Simony et al. Eur spine J (2016)

[21] Iharreborde et al. Spine n°36 (2011)

[22] Carreau et al. Spine Deformity (2014)

[23] Glaser et al. Spine N°37 (2012)

[24] Smith et al. Neurosurgery n°35 (2017)

[25] Charosky et al-Spine no. 37 (2012)

[26] Le Huec et al. Int Orthop (2014)

[27] Ferrero et al., Neurosurg Spine n°24 (2016)

study by the Bordeaux university hospital on 28 patients who underwent an EOS exam[28], showed that knee flexion correlates to a lack of lordosis in the spine. The study concluded that it was 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).

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[29], and understanding the dynamics of compensation.

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 2D images, whose precision and reproducibility are distorted by the effect of parallax. A recent study on 93 patients[30] showed that, for 20% of patients who were to undergo hip replacement surgery, the measurement of the varus/valgus angle presented a risk of error in 2D, and could even be reversed in 12% of cases. Furthermore, torsion in the lower limbs cannot be measured on 2D frontal images and requires a high-dose CT scan exam.

The precision and reproducibility of 3D lower-limb modelling using EOS X-rays has been validated[31, 32] by the team from the ENSAM biomechanics laboratory in Paris. These results have been clinically confirmed with a study of 25 patients[33] 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[34] (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)[35] and in the University Hospital of Pécs[36] (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.

EOS images can replace CT scans in evaluating torsion in the lower limbs and produce reliable measurements in both children[37] and adults[38][39] . With an equivalent precision, the EOS exam uses a much lower dose than the scanner, and is less expensive.

[28] Obeid et al. Eur Spine J No. 20 (2011)
[29] Morvan. Eur Spine J No. 20 (2011)
[30] Lazennec et al. Int Orthop (2016)

[31] Chaibi et al – CMBBE (2011)
[32] Quijano et al – Medical engineering and physics (2013)
[33] Guenoun-OTSR (2012)
[34] Lazennec –Int Orthop (2014)
[35] Nam et al – J of arthroplasty (2013)
[36] Than et al – Int Ortho (2012)
[37] Buck et al - Am J Roentgenol (2012)
[38] Folinais et al –OTSR (2013)
[39] Morvan et al – AJR (2017)

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 Nancy University Hospital in France[40] 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.

In addition, the idea that the ideal position of the implant is in a pre-defined zone that is identical for all patients is today largely disputed. The large current number of clinical trials on the ideal position specific to the patient has shown that account needs to be taken of the spine, the patient's sitting and upright positions and 3D anatomical and functional parameters[41-42-43-44]; EOS is therefore the only imaging system that is capable of assessing all these parameters.

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. What is more, the Group continued to develop other software modules to assist with the planning of knee replacements (kneeEOS) and spinal surgery (spineEOS).

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:

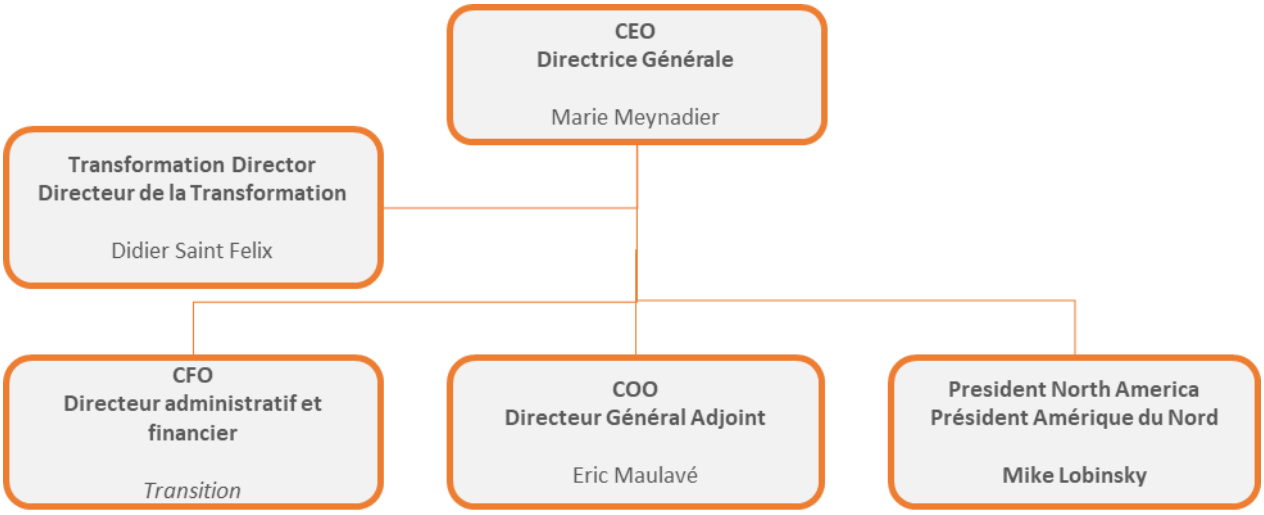
- more than 108 clinical studies are currently underway worldwide;
- more than 300 scientific articles on EOS and its technology have been published in leading journals, 78 of which were published in 2017.

6.4. A RESPONSIVE, INTERNATIONAL ORGANISATION

Led by its Chief Executive Officer, the Group has been structured into two large operational departments since 2017, one in the United States led by Mike Lobinsky, who is also in charge of Marketing, and the other in France led by Eric Maulavé, who is also in charge of R&D, Production,

[40] Mainard et al – ortho and trauma (2017)
[41] DelSole et al - J of arthroplasty (2016)
[42] Morvan et al – Bone Joint J (2016)
[43] Tiberi et al – J of arthroplasty (2015)
[44] Esposito et al – Clin Orthop Relat Res (2016)

medical affairs and regulatory affairs. An infrastructure department and an administrative and financial department complete the structure.



The professional experience of members of the management team may be found on the Group's website at www.eos-imaging.com.

6.4.1. Marketing & Sales

The Group follows a policy of active participation at national and international medical conferences specialising in radiology and orthopaedics.

The Group has set up a sales network in the areas of Europe/Middle East, Latin America, North America and Asia-Pacific. In each country, the Group examines the possible options:

- direct sales approach with salespersons employed by Group,

- direct approach using a local agent paid on commission (these two approaches may be combined),

- distribution approach with sale to a distributor.

For each region and country, the Group has chosen the most suitable option for the market size and context. For example, during financial year 2017, the Group very significantly strengthened its presence in North America. Similarly, in 2017, the Group altered its approach to the German market by employing an experienced salesperson in Germany in place of the agency structure previously used.

The Group is also party to two partnerships:

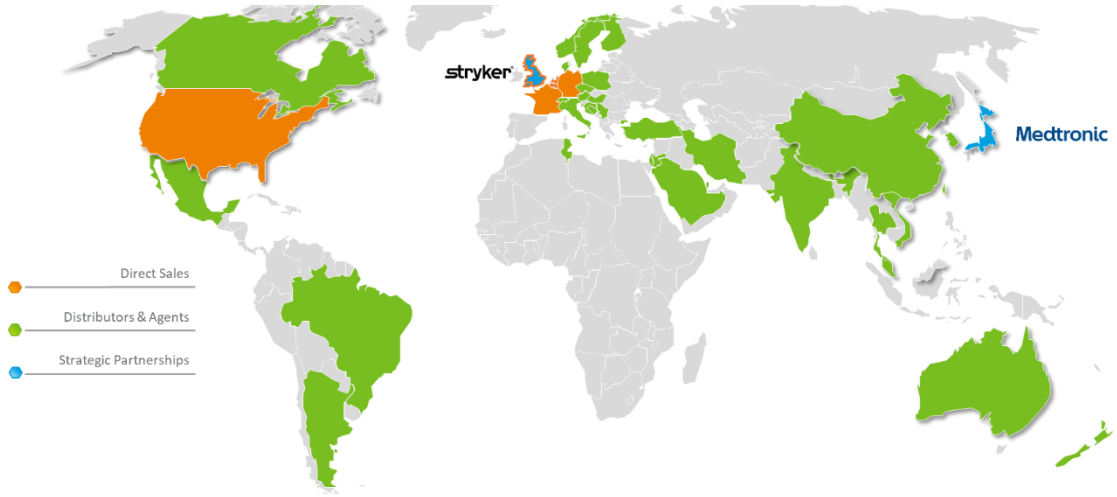
- In the United Kingdom, where, for certain hospitals, the Group's products are associated with the implants provided by Stryker,
- In Japan, where the Group has partnered with Medtronic in respect of medical communications activities.

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

The Group's legal organisation is presented below.



In the 2017 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, 61% of sales, i.e. €22.5 million, were denominated in euros and 39%, i.e. the equivalent of €14.6 million, were denominated in US dollars (for sales realised in the United States) or Canadian dollars (for sales realised in Canada).

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) Benelux and Germany;
- A distribution approach in other countries
- A direct presence in the Middle East to manage the network of distributors in this region.

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.

During financial year 2017, the Group made its first sales in Spain, Finland and Kuwait.

As of the end of March 2018, the Group had an installed base of around 120 systems across the 16 countries in the EMEA area that have purchased systems.

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. During financial year 2017, the Group thoroughly remodelled its structure to put in place a team able to support its long-term growth. Since 31 March 2018, the Group has had a structure based around six Senior Regional Sales Managers reporting to a VP Sales for North America, who himself reports to the President of the North American division. The Regional Sales Managers are assisted in pre- and post-sales support by application specialists and by marketing specialists.

During financial year 2017, the Group's US subsidiary entered into a partnership with K2, which offers, under the EOS Capital brand, financing for renting and leasing, which may facilitate the purchase of an EOS system where the client requires financing. This offering is used mainly by private (for profit) sites.

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

At the end of March 2018, the Group had an installed base of around 100 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, Korea, 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.

At the end of March 2018, the Group had an installed base of around 40 systems in the Asia-Pacific region.

d. Latin America

The Group made its first sale in the Latin American region at the end of 2016 (Brazil). The Group has a distribution network in certain countries in this region, but chose not to make any substantial investment in this network in financial year 2017, as it opted to concentrate its resources on the other three markets.

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

Sales by geographical area (€k)	As at 31/12/2017	As at 31/12/2016	As at 31/12/2015
EMEA	16,583	11,416	9,167
North America	14,587	15,370	10,439
Asia	5,922	3,235	2,207
Latin America	-	752	
Total	**37,092**	**30,773**	**21,812**

In 2017, the Group generated annual revenue of €37.1 million, an increase of 21%.

In 2017, sales of EOS imaging in the EMEA region grew by 45% to €16.6 million. They account for 45% of Group sales, compared with 37% in 2016.

Following the reorganisation and the reinforcements rolled out in the second half of the year, the North American region resumed its growth rate of 40% in the last quarter, in line with the growth seen in 2016. For the year as a whole the region's revenues were €14.6 million, representing 39% of consolidated revenues, as against 50% in 2016.

In the Asia-Pacific region, sales amounted to €5.9 million, up by 83%, thanks in particular to strong growth in China and Australia.

There were no sales in Latin America, which does not constitute a priority prospecting region.

Excluding Latin America, the growth rate in 2017 came to 24% over the year as a whole.

f. Revenue by category for the last three financial years

Revenue by category (€k)	As at 31/12/2017	As at 31/12/2016	As at 31/12/2015
Equipment sales	29,992	25,062	17,850
Sales of maintenance contracts	5,944	4,697	3,133
Sales of consumables and related services	1,157	1,014	830
Total	**37,092**	**30,773**	**21,812**

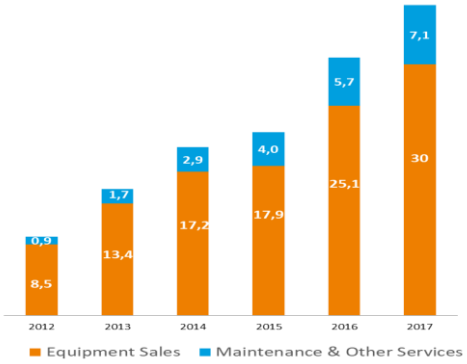
In 2017, revenue from equipment sales grew to €30 million, an increase of 20%.

Recurring revenues amounted to €7.1 million, up by 25%. They represented 19% of total revenues compared with 18% in 2016 and break down into €5.9 million of maintenance revenues and €1.2 million of sales of consumables and services.

g. The Group's sales history since 2012

The graph opposite shows the growth in the Company's sales since 2012. Average annual growth (Compound Annual growth rate, CAGR) is 32%.

The percentage of recurring revenues in 2017 was 19%.



6.4.2. 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 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 manufacturing lead time on an EOS machine is around four weeks. Since Financial Year 2014, production capacity is approximately eight appliances per month. Increasing production capacity does not require significant investment other than in terms of assembly areas.

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 did not have a material impact on production costs.

Within the Group, the subsidiary 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). OneFit Médical has 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.

6.4.3. 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. 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.

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 2017 on the installed base was 99.5% over the previous 12 months in the three EMEA, NAM and APAC regions.

6.4.4. Innovation, R&D and clinical trials

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 50 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.

- 34 EOS engineers spread over three operational Groups and managed by four project managers

- 16 oneFIT engineers spread over two operational Groups and managed by three project managers

The R&D team is split between Paris (32), Besançon (15), and Montreal (3).

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 disruptive 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, the monitoring programme for the installed base, 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 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.

The continued involvement of clinicians: Clinicians are involved in all the Group's R&D activities.

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. Within the Group, OneFit Medical and EOS imaging are 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 examination. As part of these developments, the Group is leading the papEOS project (Parcours PErsonnalisé OStéoarticulaire or Personalised Osteoarticular Pathway), winner of the 20th call for projects launched by the Fonds Unique Interministériel – a fund set up by the French Ministry of Finance to support applied research – after approval by the Medicen competitiveness cluster, which seeks to improve the effectiveness of the care pathways for osteoarticular disorders through the development of software and hardware solutions based on EOS stereo X-rays, and the PERFECTspine project, winner of the 17th Eurostars call for projects, which seeks to integrate personalised 3D virtual patient technology into the Group's planning software.

The Group is also a partner of the Spine PDCA (Plan Do Check Act) project, winner of the 24th call for projects launched by the Fonds Unique Interministériel after approval by the Medicen competitiveness cluster, which seeks to combine the Group’s surgical planning software with 3D peroperative imaging technologies.

The Group is also a stakeholder in the MOSART project (French National Research Agency, TecSan Programmes 2012), the objective of which is to provide multimodal medical imaging parameters that better predict developments in knee osteoarthritis.

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

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 has entered into two licensing agreements on 3D reconstruction, both of which are currently operational, and details of which are set out in sections 22.2 and 22.3. The Group has also entered into licensing agreements with Spinologics and Anatoscope in the area of simulation, 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.

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, LNE-GMED.

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 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, which has been the case to date.

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. 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 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. 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[(4)]	02/2012[(4)]			
Hong Kong	12/2012[(2)]	[(3)]			
Thailand	02/2013	02/2013			
Japan	10/2013	10/2013	01/2017	01/2017	01/2017
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			
Serbia	03/2017	03/2017			
Argentina	07/2017	07/2017			
Kuwait	11/2017	11/2017			
United Arab Emirates	11/2017	11/2017			

[(1)]: European Union and countries acknowledging the CE mark for medical devices.
[(2)]: importation licence as a system that emits ionising radiation.
[(3)]: not regulated as a medical device
[(4)]: in the process of being renewed

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. As a general rule, the Group does not sponsor clinical trials.

g. Relationships with healthcare professionals

Relationships with healthcare professionals are regulated in the majority of markets in which the Group operates. In France, they are governed by the provisions of 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.

6.7. IMPORTANT ACTIVITIES AND EVENTS OVER THE COURSE OF THE 2017 FINANCIAL YEAR

Changes in the company's management team:

To support its growth in the North American region, EOS imaging recruited a President, North America, reporting to the CEO: Mike Lobinsky, who joined the Group in July 2017.
In October, EOS imaging appointed Eric Maulavé, previously VP, Global Sales, to the position of Chief Operating Officer.
Didier Saint-Félix, previously Operations Director, has been appointed Transformation Director.

Strengthening of the sales organization in key markets:

To support its growth in the North American region, EOS imaging strengthened its sales teams, both in numbers and in experience in the sale of innovative medical equipment (such as medical robots).
EOS imaging also changed its approach to the German market, previously addressed through an agent, to one of direct approach.

Private placement:

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

The transaction was implemented by a decision of the Board of Directors on 20 April 2017 and by a decision of the CEO on 20 April 2017, in accordance with the delegation of authority granted by the Combined General Meeting of shareholders on 17 June 2015.

The capital increase was carried out by issuing ordinary shares with no preferential subscription rights by private placement with qualified investors in accordance with Articles L.225-136 of the French Commercial Code and L.411-2 II of the French Monetary and Financial Code.

Issue of new shares (PACEO®):

based on options) put in place with Société Générale on 16 June 2014, to issue 185,000 new shares at the unit price of €5.52.

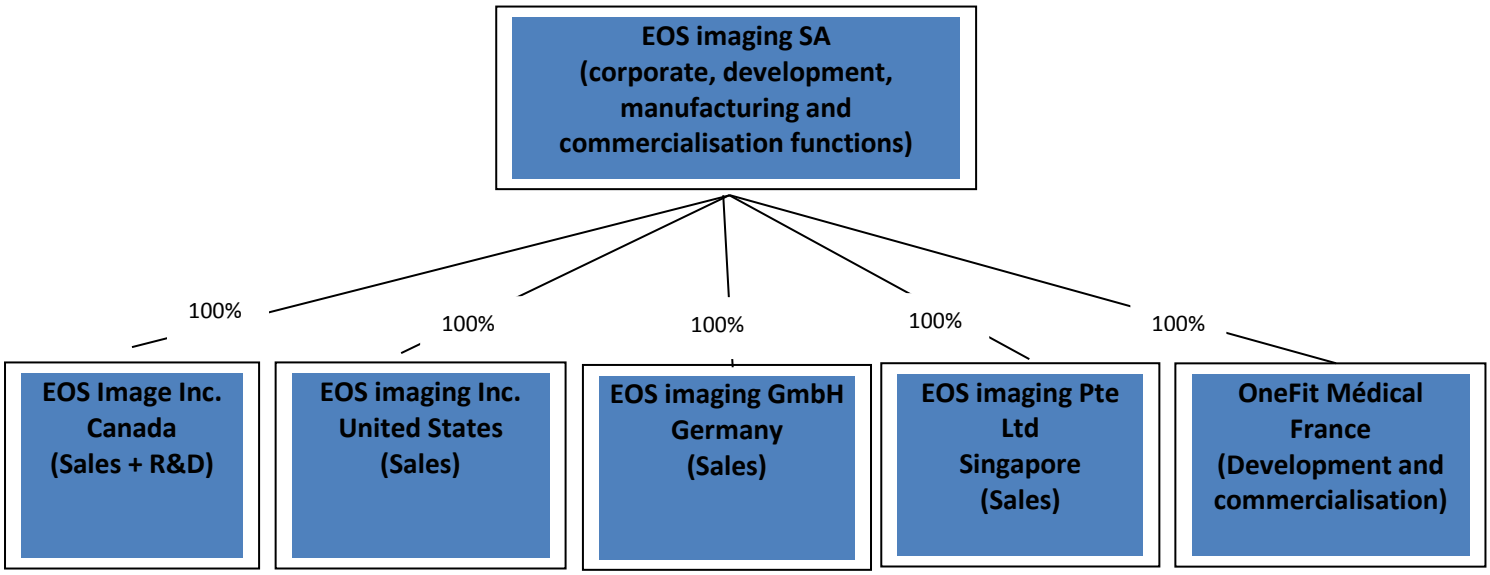
The new shares are freely negotiable and identical to the existing ordinary shares listed on Euronext Paris.

7. OVERVIEW ORGANISATIONAL CHART

7.1 LEGAL ORGANISATION CHART 90
7.2 COMPANIES IN THE GROUP 90

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 five subsidiaries (please refer to note d to the consolidated financial statements for the year ended on 31 December 2017 in section 20.1 of this Registration Document):

EOS imaging Inc:

EOS imaging, Inc., based in the United States, 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;

This company handles the sale of the Group's products in the United States. In 2017, it posted revenues of US$15,919k (or €14,097k) and a net loss of US$3,592k (or €3,181k).

EOS imaging GmbH:

Based in Germany, EOS imaging GmbH is a company under German law, with share capital of €25,000 and its registered office at Collection Business Centers Gmbh, Thurn-und-Taxis-Platz 6, 60313 Frankfurt.

This entity is responsible for selling the Group’s products in Germany.

In 2017 it generated revenues of €1,147,000 and a net loss of €39,000.

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

In 2017 it posted revenues of Can$730,000 (or €499,000) and a loss of Can$270,000 (or €185,000).

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, Besançon. This entity develops and markets software applications and customised cutting guides for orthopaedics.

In 2017 it generated revenues of €1,463,000 and a net loss of €278,000.

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.

In 2017 it generated no revenue and recorded a net loss of S$273k (or €175k).

In 2017, EOS imaging SA billed its subsidiaries:

- for equipment sales, in the amount of €10,305,000;
- for management fees, in the amount of €1,176,000;
- for interest on current accounts, in the amount of €140,000.

-

8. PROPERTY, PLANT, AND EQUIPMENT

8.1 PROPERTY 93
8.2 ENVIRONMENTAL ISSUES 94
8.3 SOCIAL RESPONSIBILITY 97
8.4 REPORT OF ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED EMPLOYMENT, ENVIRONMENTAL AND SOCIETAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT 100

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)	Groud Floor; Mercoeur street - Paris	01/12/2012	30/06/2018	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	30/06/2018	674
Etoile gestion	9 years (3x3)	4th Floor; Mercoeur street - Paris	01/09/2013	31/08/2019	255

The leases may 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	185 Alewife Brook Parkway	16/12/2015	15/12/2018	1 000

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 paragraph g - "Property, plant and equipment" in the notes to the consolidated financial statements included in section 20.1 of this Registration Document.

8.2. ENVIRONMENTAL ISSUES

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

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

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

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 aeroplane 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 2017 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 were compliant with the restrictions on substances imposed by this Directive, whose application has been mandatory for medical devices since 22 July 2014. The marketed EOS and sterEOS products have complied with the RoHS Directive since July 2014. Similarly, in order to guarantee compliance with the REACH regulation, the Group has made sure that it is not subject to any requirement to register with, or notify, the European Chemicals Agency (ECHA) or inform customers under the regulation.

In 2017, 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 3.08 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 rest of the European Union, 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 seeking solutions for dealing with end-of-life systems in countries other than France, where provisions already exist.

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 2017, electricity consumption at its Paris facilities was 132,982 kWh compared with 136,232 kWh in 2016.

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 2017, the Group used 600 reams of paper, compared with 360 in 2016, representing 1.5 tonnes of paper, compared with 0.9 tonnes in 2016, and a cost of €8,519.50 compared with €5,192 in 2016.

c. Climate change

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

In 2017, CO_2 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 2017, emissions associated with air transport amounted to 211,921 kg CO_2 equivalent in respect of 245 deliveries, giving an average of 865kg CO_2 equivalent per delivery. Emissions associated with sea transport amounted to 71,567 kg CO_2 equivalent in respect of 38 deliveries, giving an average of 1,883 kg CO_2 equivalent per delivery.

Employee travel also represents a big source of greenhouse gas emissions. In 2017, these emissions were calculated using a scope limited to EOS France employees and their business travel by air: these were up on the previous year to 555,491kg CO_2 equivalent in 2017, compared with 255,977kg CO_2 equivalent in 2016, representing a total of 2.58 million kilometres travelled by aeroplane or train, compared with 2.74 million in 2016. This significant rise in the level of emissions compared to the rise in kilometres travelled can be explained by the 41% increase in the unitary value of emissions per km. EOS imaging has launched a review to identify 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 Orleans.

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 51% of revenues in 2017, compared with 49% in the previous year. 43% of outsourced services were provided in France in 2017. This was slightly higher than the figure for 2016, where they accounted for 41% 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 enable it to market products that are in compliance with applicable regulations, particularly with respect to the environment.

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 and COFRAC.

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 98.5%).

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 2017, EOS imaging made donations of €3,200, including €700 to Brussels International Spine Symposium, €1,500 to the Groupe Rachis Garches (GRG) Association as part of the 7th Garches Spine Day and €500 to the *Association pour l'enseignement et la recherche en imagerie pediatrique* (association for teaching and research in paediatric imaging or AERIP) to participate in an educational evening on Medical Imaging.

Measures taken to foster users and patients' 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 the EuroSafe initiative in March 2014, a European campaign for the prevention of medical radiation exposure.

CE marking:

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

Post-market device surveillance and product recall:

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

Measures taken to prevent corruption

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

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

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

8.4. REPORT OF ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED EMPLOYMENT, ENVIRONMENTAL AND SOCIETAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

Financial year ended on 31 December 2017

To the Shareholders,
In our capacity as statutory auditors of the EOS imaging SA, designated as an independent third party, accredited by COFRAC under no. 3-1048[45], we present our report on the consolidated employment, environmental and societal information included in the management report (hereinafter the "RSE Information") for the financial year ended 31 December 2017 pursuant to Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

The Board of Directors is responsible for preparing a management report that includes the CSR information referred to in Article R. 225-105-1 of the French Commercial Code in accordance with the guidelines used by the company (hereinafter the "Guidelines"), a summary of which is included in the management report and is available on request.

Independence and quality control

Our independence is defined by regulations, the professional code of conduct and the provisions of Article L.822-11 of the French Commercial Code. We have also introduced a quality control system that includes documented policies and procedures that seek to ensure compliance with the rules of ethics, professional standards and applicable laws and regulations.

Statutory auditor's responsibility

It is our responsibility, based on our findings, to:

- certify that the required CSR Information is included in the management report or, if not included, that an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (certificate on the presence of CSR Information);
- provide limited assurance on whether the CSR Information, taken as a whole, is fairly presented, in all material aspects, in accordance with the Guidelines (Reasoned opinion on the fair presentation of the CSR information).

We are not, however, required to provide an opinion on other applicable legal provisions, to the extent relevant.

Our work was carried out by four people in March 2018 and lasted approximately one week. To assist us with our work, we have called upon our experts in social and environmental responsibility.

Our work described below was carried out in accordance with the decree of 13 May 2013 on the procedures to be followed by independent third parties in conducting their work and in accordance with the professional standards of the national auditing body (*Compagnie nationale des commissaires aux comptes*) in respect of such work and, in relation to the reasoned opinion, to the international standard ISAE 3000[46].

[45] the scope of which may be viewed at site www.cofrac.fr

[46] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

1. Certificate on the presence of CSR Information

Nature and scope of the work

Based on interviews with the managers of the relevant departments, we familiarised ourselves with the guidance on sustainable development, in light of the employee-related and environmental consequences of the Company's business activities and its societal commitments and, where relevant, the resulting actions or programmes.

We compared the CSR Information contained in the Management Report with the list set out in Article R.225-105-1 of the French Commercial Code.

If any consolidated information was missing, we verified that appropriate explanations were given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code.

We checked that the CSR information covered the scope of consolidation, i.e. the Company and its subsidiaries as defined in Article L.233-1 and the companies it controls as defined in Article L.233-3 of the French Commercial within the limits set out in the methodological note accompanying the CSR Information presented in the management report.

Conclusion

Based on this work and given the aforementioned limitations, we certify that the necessary CSR Information is included in the management report.

2. Reasoned opinion on the sincerity of the CSR information

Nature and scope of the work

We conducted four interviews with the persons responsible for preparing the CSR Information within the departments in charge of for the information gathering processes and, where relevant, those responsible for the internal control and risk management procedures, in order to:

- assess the appropriateness of the Guidelines as regards their relevance, completeness, reliability, neutrality, and comprehensibility, taking into consideration any best practices in the sector;
- verify that a process had been set up for the collection, compilation, processing and control of the CSR Information with a view to ensuring its completeness and consistency, and examine the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and extent of our tests and checks based on the nature and importance of the CSR Information in light of the Company's characteristics, the employment and environmental issues stemming from its activities, its sustainable development policies and best practices in the sector.

Concerning the CSR information that we deemed to be the most important[47]:

- at the consolidating entity level, we consulted the source documents and carried out interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we carried out analytical procedures on the quantitative information and verified, through sampling, the calculations and consolidation of the data, checking their coherence and their consistency with the other information disclosed in the management report;
- at the level of a representative sample of entities selected[48] based on their activities, their contribution to the consolidated data, their location and an analysis of risks, we conducted interviews to verify that the procedures had been correctly applied and carried out detailed tests on the samples to check the calculations made and reconcile the data with the supporting documents. The selected sample represents 56% of employees and 100% of the published environmental and societal information.

As regards the other consolidated CSR information, we assessed its consistency based on our knowledge of the Company.

Finally, we assessed the relevance of any explanations given to explain the total or partial absence of some information.

We consider that the sampling methods used and the size of the samples chosen, using our professional judgement, have enabled us to form a limited assurance conclusion; another form of assurance would have required more extensive verifications. Due to the use of sampling techniques and other limitations inherent in the functioning of any internal control and information system, the risk of failing to detect a significant anomaly in the CSR information cannot be totally eliminated.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR information, taken as a whole, is not fairly presented, in accordance with the Guidelines.

---

[47] **Quantitative employment information:** Total average headcount at 31/12/2017; Proportion of women in the management team and executive staff at 31/12/2017; Age distribution of employees at 31/12/2017; Hires on permanent/temporary contracts; Departures on the following grounds: retirement/early retirement, resignations, dismissals, breach of contract, termination during probationary period, end of fixed-term contract; Total rate of absenteeism and grounds: illness, workplace and commuting accidents, maternity-paternity-adoption, paid absences (family events), unpaid absences (unpaid leave, parental leave); Total number of training hours by category: executives and technicians; Number of workplace accidents with and without work stoppage; Number of commuting accidents with and without work stoppage; Number of missed days due to a workplace accident; Number of missed days due to a commuting accident; Number of sick days declared over the course of the year.

Quantitative environmental information: CO_2 emissions associated with train and aeroplane journeys made by EOS France employees; Consumption of electricity by the Paris premises

Quantitative societal information: Share of revenue represented by purchases and sub-contracting

Qualitative information: Environmental information: General policy in environmental matters; Pollution and waste management; societal information: Identification of stakeholders; Steps taken with suppliers; the Group's general policy and description of the code of conduct; Post-market device surveillance policy; Health and safety measures taken in favour of users and patients.

[48] **EOS imaging SA**

Neuilly-sur-Seine, 13 April 2018

One of the statutory auditors,

Deloitte & Associés

Géraldine Segond
Partner

9. FINANCIAL POSITION AND RESULTS

9.1 OVERVIEW OF FINANCIAL POSITION 105
9.2 COMPARISON OVER TWO FINANCIAL YEARS 105

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.

To support its growth in the North American region, EOS imaging recruited a President, North America, reporting to the CEO: Mike Lobinsky, who joined the Group in July 2017.

In October, EOS imaging appointed Eric Maulavé, previously VP, Global Sales, to the post of Chief Operating Officer.

Didier Saint-Félix, previously Operations Director, has been appointed Transformation Director.

To support its growth in the North American region, EOS imaging strengthened its sales teams, both in numbers and in experience in the field of selling innovative medical equipment (such as medical robots).

EOS imaging also switched its approach to the German market, previously addressed through an agent, to one of direct approach.

In 2017, sales of EOS imaging in the EMEA region grew by 45% to €16.6 million. They account for 45% of Group sales, compared with 37% in 2016.

Following the reorganisation and the reinforcements rolled out in the second half of the year, the North American region resumed its growth rate of 40% in the last quarter, in line with the growth seen in 2016. For the year as a whole the region’s revenues were €14.6 million, representing 39% of consolidated revenues, as against 50% in 2016.

In the Asia-Pacific region, sales amounted to €5.9 million, up by 83%, thanks in particular to strong growth in China and Australia.

There were no sales in Latin America, which does not constitute a priority prospecting region.

Excluding Latin America, the growth rate in 2017 came to 24% over the year as a whole.

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 2017, 2016 and 2015 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 TWO FINANCIAL YEARS

9.2.1. Operating income

a. Sales and other revenue

The Group’s operating income was €33,097k and €38,810k in financial years 2016 and 2017, 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 benefited 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	**2017 financial year**	**2016 financial year**
In €K	**12 months**	**12 months**
Revenue	**37,092**	**30,773**
o/w equipment sales	*29,992*	*25,062*
o/w sales of maintenance contracts	*5,944*	*4,697*
o/w sales of consumables and related services	*1,157*	*1,014*
Subsidies	398	941
Research tax credit	1,320	1,383
Total revenue from ordinary activities	**38,810**	**33,097**

) Revenue:

Audited consolidated data	**2017 financial year**	**2016 financial year**
In €K	**12 months**	**12 months**
Sales by geographical area	**37,092**	**30,773**
France	*8,791*	*6,238*
Europe excl. France	*7,792*	*5,177*
North America	*14,587*	*15,370*
Asia-Pacific	*5,922*	*3,235*
Latin America	-	752

EOS imaging generated annual revenue of €37.1 million in 2017, an increase of 21% at historic exchange rates (the 2016 revenue calculated using average rates for 2016 and the 2017 revenue calculated using 2016 average exchange rates). There were no sales in Latin America, which does not

constitute a priority prospecting region. Excluding Latin America, the growth rate in 2017 came to 24% over the year as a whole, and to 32% in the fourth quarter.

At constant exchange rates (2016 and 2017 revenue calculated using average rates for 2016), the effective growth in revenue would have been 11% higher.

During the financial year, the Group sold 77 items of EOS® equipment, compared with 60 in 2016. Revenue from equipment sales amounted to €30 million, up by 20%. The average selling price per device was €390,000, as against €418,000 in 2016.

Recurring revenues amounted to €7.1 million, up by 25%. They represented 19% of total revenues compared with 18% in 2016 and break down into €5.9 million of maintenance revenues and €1.2 million of sales of consumables and services.

) Other income:

Other income comprised government funding received as part of research programs (Research Tax Credit and subsidies). It amounted to €1,718,000, down by 26% relative to the previous year.

The Research Tax Credit amounted to €1.32 million, stable relative to 2016, in line with the research costs incurred during the year.

Subsidies amounted to €398,000 compared with €941,000 in 2016. They reflect expenses incurred in respect of French and European programmes currently under way.

The amount of subsidies and Research Tax Credit included in profit and loss over the period are restated for the share of research funding capitalised for the financial year. The gross amount of public funding recognised over the year was €1,782,000.

b. Direct cost of production and services and gross margin

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Direct cost of production and services	**20,290**	**16,198**
Purchasing and subcontracting	*17,946*	*14,203*
Payroll costs	*1,438*	*1,233*
Royalties	*741*	*613*
Depreciation and allowances	*164*	*149*

The direct cost of production and services essentially comprises the costs of production, transport and installation of equipment sold over the financial year, 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 7% decrease in the average selling price of devices penalised the progress of the gross margin rate by about 300 basis points.

On the other hand, effective controls on the increase in consumption of spare parts and on production costs led to a positive impact of 90 basis points on the gross margin rate.

The net result of these two main components was a fall of 210 basis points in the margin rate, which came to 45.3% in 2017 compared with 47.4% in 2016.

c. Operating expenses by area

Indirect costs of production and service

Audited consolidated data	**2017 financial year**	**2016 financial year**
In €K	**12 months**	**12 months**
Indirect costs of production and service	**4,122**	**3,826**
Purchasing and subcontracting	*1,539*	*1,081*
Travel costs	*1,046*	*930*
Payroll costs	*1,419*	*1,733*
Depreciation and allowances	*118*	*82*

Indirect costs of production and services increased by 8% compared with the previous year. This was due mainly to increased use of subcontracting in order to smooth the effects of internal changes in the workforce.

Research and development expenditure

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

Audited consolidated data	**2017 financial year**	**2016 financial year**
In €K	**12 months**	**12 months**
Research and development	**4,104**	**3,887**
Purchasing and subcontracting	*1,087*	*724*
Travel costs	*46*	*44*
Payroll costs	*2,133*	*2,331*
Depreciation and allowances	*837*	*788*

The Company continued its programmes aimed at increasing its gross margin, developing new functionalities of EOS and of the software applications. The resulting R&D costs increased by 6% over the financial year, from €3,887k in 2016 to €4,104k in 2017.

For the most part, R&D costs recognised for the period consist of the R&D team's salaries, the development costs component being capitalised, and sub-contracting costs. They also include the amortisation charge for capitalised development costs, the net amount of which in the balance sheet at 31 December 2017 was €3,499,000 compared with €2,126,000 at the end of the previous year.

If IFRS restatements are excluded, costs incurred over the course of the year amounted to €4.9m in 2017 compared with €4.1m in 2016.

IFRS restatements may be summarised as follows:

in thousands euros	Fiscal Year 2017	Fiscal Year 2016
Basis of expenditure	4 579	4 626
Public finding share	1 524	1 516
Of wich financing corresponding to capitalizable expenses	*716*	*827*
Part of R&D expenditures activated during financial year	28%	18%
Part recognized in deferred revenue	202	153
Amortization of R&D expenditures activated during the year	26.88%	30.80%
Share of corresponding public funding	138	161

Sales, clinical and marketing expenses

Audited consolidated data	**2017 financial year**	**2016 financial year**
In €K	**12 months**	**12 months**
Sales, clinical and marketing	**9,811**	**8,655**
Purchasing and subcontracting	*2,064*	*2,117*
Trade fairs and exhibitions	*641*	*518*
Travel costs	*1,131*	*1,062*
Payroll costs	*5,975*	*4,958*

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, marketing and clinical expenses increased by 12% over the course of the year. This increase was due mainly to higher personnel costs as a result of the Group’s reorganisation embarked upon in the North American region.

Regulatory

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Regulatory	**739**	**699**
Purchasing and subcontracting	*301*	*234*
Travel costs	*20*	*10*
Payroll costs	*417*	*455*

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.

Regulatory costs were up by 6% relative to the previous year. This increase is explained by a 29% increase in subcontracting in the context of regulatory certification on the one hand and use of subcontractors to replace internal personnel on the other. Personnel charges were down by approximately 8%.

Administrative costs

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Administrative costs	**4,608**	**3,912**
Purchasing and subcontracting	*2,809*	*2,363*
Travel costs	*104*	*80*
Payroll costs	*1,350*	*1,208*
Depreciation and allowances	*346*	*260*

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 18% during the year. The 12% increase in personnel charges, the result of changes in the workforce in 2017, was accentuated by a 19% increase in external purchases and advisory fees.

Share-based payments

Detailed information on awards of stock options, free shares and warrants is set out in sections 21.1.4, 21.1.5 and 21.1.6 of this Registration Document.

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.

On 7 September 2017, the Group's Board of Directors decided to issue 50,000 free shares and to allocate 190,000 performance shares.

On 12 December 2017, the Group's Board of Directors decided to issue 208,500 free shares.

The charge resulting from these awards was determined by applying the Black-Scholes model, in accordance with the assumptions developed in paragraph r of the consolidated financial statements. It amounted to €907k in 2017 as against €484k in 2016.

Operating profit (loss)

The Group made an operating loss of €5,769k, compared with €4,563k in 2016. It represents 16% of revenues, the same proportion as in 2016. This is explained by:

- a significant increase of 21% in Group revenues, penalised by deterioration of two percentage points in the gross margin rate due mainly to lower selling prices;
- a 26% fall in other income, consisting of the amounts of research tax credit and subsidies;
- a well-controlled increase of 13% in operating expenses.

9.2.2. Net profit (loss)

a. Financial income and expenditure

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Financial expenses	**2,082**	**1,799**
Interest expense	*1,723*	*1,758*
Exchange rate differences	*359*	*41*
Financial revenue	**65**	**191**
Income on cash equivalents	*11*	*164*
Exchange rate differences	*55*	*27*
Total financial income and expenditure	**(2,017)**	**(1,608)**

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 2017, the Group made a net financial loss of €2,007k compared to a net financial loss of €1,609k in 2016. This deterioration was the result of full-year interest charges on the three tranches of bond borrowings for 2017, the third tranche having been subscribed 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 €56,277k.
- Losses carried forward for 20 years in the United States for an amount of US$20,917k, or €17,441k at 31 December 2017.
- Losses carried forward between 2026 and 2037 in Canada for an amount of Can$2,619k, or €1,741k at 31 December 2017.

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

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 2017 of €7,786k compared with a loss of €6,172k in 2016.

d. 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.

Audited consolidated data	**2017 financial year**	**2016 financial year**
In €K	**12 months**	**12 months**
Consolidated net profit/loss (in thousands of euros)	(7,786)	(6,172)
Weighted average number of common shares in circulation	21,824,072	20,246,316
Net earnings per share (in €)	**(0.36)**	**(0.30)**
Weighted average number of potential shares	23,858,821	21,992,471

9.2.3. Balance sheet analysis

a. Non-current assets

Non-current assets totalled €9,792k and €11,735k on 31 December 2016 and 2017, respectively.

Audited consolidated data	**2017 financial year**	**2016 financial year**
In €K	**12 months**	**12 months**
Non-current assets	**11,735**	**9,792**
o/w Goodwill	*5,131*	*5,131*
o/w intangible assets	*4,488*	*3,047*
o/w property, plant and equipment	*2,003*	*1,494*
o/w financial assets	*113*	*120*

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	2017 financial year	2016 financial year
In €K	12 months	12 months
Net intangible assets and property, plant and equipment	**6,491**	**4,541**
France	*6,369*	*4,415*
North America	*122*	*126*

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

b. Current assets

Total current assets were €48,987k and €46,587k, respectively, in the financial years ended on 31 December 2016 and 2017.

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Current assets	**46,587**	**48,987**
Inventories and work in progress	*4,377*	*2,960*
Trade receivables	*30,148*	*25,011*
Other current assets	*5,132*	*6,106*
Cash and cash equivalents	*6,930*	*14,909*

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 2017, they also include inventory of finished goods in the amount of €677k, compared to €345 at the end of 2016.

During the financial years ended on 31 December 2016 and 2017, no customer individually accounted for more than 10% of consolidated sales.

The 21% increase in customer receivables is in line with the increased level of activity.

In 2016 and 2017, the Research Tax Credit represented 25% and 26%, 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 2017 is included in paragraph k of section 20.1.

c. Shareholders' equity

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Shareholders' equity	**23,203**	**22,768**

As at 31 December 2017, the Company's share capital stood at €226,415. It was divided into 22,641,483 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

The change in shareholders' equity is principally the result of the loss incurred in financial year 2017, which was partially offset by the capital increases under the private placement completed in April 2017 and the Paceo in June 2017.

d. Non-current liabilities

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Non-current liabilities	**15,509**	**14,793**
Provisions	*776*	*773*
Financial liabilities (1)	*14,733*	*14,019*

The provisions relate each year to retirement bonuses for EOS imaging and OneFit Médical. At 31 December 2017, they also include provisions for disputes with employees.

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

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months
Financial liabilities	**14,733**	**14,019**
Debt obligations	*13,610*	*12,284*
BPI advances - Ardea	*498*	*735*
Interest-free loan	*625*	*1,000*

Bonds: see section 4.4.5

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

e. Current liabilities

Audited consolidated data	2017 financial year	2016 financial year
In €K	12 months	12 months

Current liabilities	**19,610**	**21,218**
Financial liabilities– due in less than a year	*1,050*	*4,745*
Trade payables	*7,852*	*7,844*
Other current liabilities	*10,708*	*8,629*

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.

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 2017 increased to €1,133k, compared to €968k in 2016 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 118
10.2 STATEMENT OF CASH FLOWS 118
10.3 BORROWING CONDITIONS AND FINANCING STRUCTURE 119
10.4 CASH AND CASH EQUIVALENTS 120
10.5 RESTRICTIONS ON THE USE OF CAPITAL 120
10.6 PRINCIPAL FINANCIAL RISKS AND UNCERTAINTIES FACED BY THE GROUP 120
10.7 SOURCES OF FINANCING NEEDED IN THE FUTURE 121

10.1. INFORMATION ON SHAREHOLDERS' EQUITY

Please refer to section 9.2.3. (c) and to note i to the consolidated financial statements for the year ended on 31 December 2017 in section 20.1 of this Registration Document.

10.2. STATEMENT OF CASH FLOWS

	Financial year ended December	
	2017	2016
Net cash flow related to operating activities	**(10 167)**	**(3 302)**
Net cash flow from investing activities	**(3 068)**	**(1 746)**
Net cash flow related to financing activities	**5 057**	**5 465**
Impact of current rate fluctuations	197	401
Change in cash	**(7 981)**	**818**
Cash and cash equivalent at beginning of period	**14 909**	**14 091**
Cash and cash equivalent at close of period	**6 930**	**14 909**
Change in cash	**(7 979)**	**818**

Comments on the cash flow statement:

Net cash requirements from operating activities were €10,167k at the end of 2017.
They include a loss of €7,786k 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 €2,714k).
Net cash requirements linked to the growth in working capital requirements, in the amount of €5,095k, compares with a net surplus of €212k at the end of 2016, are added to this loss. This change can be principally explained by an increase in customer accounts and inventories, partially offset by a fall in other assets and an increase in other current liabilities (see section 20.1, paragraph n).

Net cash requirements from investments were €3,068k at the end of 2017, up by $1,322k 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 paragraphs f and g of section 20.1).

Net cash resources from financing amounted to €5,057k in financial year 2017. They are principally derived from the private placement completed in April 2017 for €7.8 million and the capital increase under the PACEO put in place with Société Générale in June 2014 for €0.9 million, partially offset by the repayment of bonds in the amount of €1.9 million (see section 20.1, paragraph b. "Significant events").

This resulted in a fall in cash of €8.0 million during the financial year to €6,930k at 31 December 2017.

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 as at 31 December 2017:

At 31 December 2017 (in €k)	Amount granted	Amount received	Amount repaid	Waiver of receivable	Amount to repay
OSEO repayable advance - 2009	1,275	822	241	269	312
OSEO repayable advance - 2011	250	250	116	-	134
Innovation Loan - 2012	150	150	83	-	67
Interest-free loan BPIFrance - 2013	1,500	1,500	375	-	1,125
Repayable recruitment advance 2013	86	86	86	-	-
BPIFrance repayable advance - 2014	250	250	-	-	250
Ardea repayable advance - 2014	100	100	78	-	22
Total	**3,611**	**3,158**	**979**	**269**	**1,910**

The conditions of the repayable advances granted to the Group are set out in section 4.4.4. of this Registration Document.

b. Changes in repayable advances during the financial year

At 31 December 2017 (in €K)	Amounts repaid during previous financial years	Amounts repaid during the financial year	Total repayments made
OSEO repayable advance - 2009	135	106	241
OSEO repayable advance - 2011	69	47	116
Innovation Loan - 2012	53	30	83
Interest-free loan BPIFrance - 2013	-	375	375
Repayable recruitment advance 2013	75	11	86
BPIFrance repayable advance - 2014	-	-	-
Ardea repayable advance - 2014	56	22	78
Total	**388**	**591**	**979**

10.3.2. Bond financing

Please refer to sections 4.4.2 and 4.4.5 of this Registration Document.

10.3.3. Financing through the Research Tax Credit and subsidies

The Company benefits from government financing within the framework of research programs (Research Tax Credit and subsidies). It amounted to €1,718k, compared with €2,324k in the previous year.
The Research Tax Credit was €1,320k, stable in comparison with 2016 in line with the growth in research expenditures incurred during the year.

Subsidies amounted to €398,000 compared with €941,000 in 2016. 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 capitalised for the financial year. The gross amount of public funding recognised over the year was €1,782k.

10.3.4 Off-balance sheet commitments

Off-balance-sheet commitments mainly consist of commitments under the terms of finance lease agreements, as detailed in paragraph v - "Commitments" of the notes to the consolidated financial statements included in section 20.1 of this Registration Document.
As a reminder, retirement bonuses are recognised under provisions, as described in paragraph m - "Provisions" of the notes to the consolidated financial statements included in section 20.1 of this Registration Document.

10.4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Company stood at €6,930k at 31 December 2017, compared with €14,909k in 2016, and may be broken down as follows:

- current accounts for €6.7 million including €2.2 million held by the US, Canadian, Singaporean and German subsidiaries;
- cash of €178k. These amounts relate to funds committed under a liquidity agreement that had not been invested in treasury shares at 31 December 2017.

Cash instruments are readily convertible into a known amount of cash in the event that a need for liquidity arises.

Cash is mainly denominated in euros, with euro holdings totalling €5.4 million at 31 December 2017. The balance, i.e. €1.5 million, is denominated in US dollars (as to €1.4 million), Canadian dollars (as to €0.1 million) and Singapore dollars (as to €0.05 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 section 20.1, paragraph y (Financial risk management).

10.7. SOURCES OF FINANCING NEEDED IN THE FUTURE

At 31 December 2017, the Group's cash and cash equivalents stood at €6.9 million.

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022.
- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

Over the course of the next twelve months, based on its budget forecasts, the Company will restructure its financing on order to cater to its cash requirements. The Company has several options for financing its growth:

- by borrowing from North American funds specialising in the sector;
- by issuing convertible bonds to European funds;
- by financing its customer receivables through factoring.

These options have been the subject of in principle agreements in meetings of the Board of Directors and will be studied by the Group in order to decide on the best option or options for restructuring the financing of the business. The Company's financial statements have accordingly been drawn up, in this context, by applying the going concern principle.

Although in view of its track record and initial discussions held so far, the Company considers it probable that these financing transactions will come to fruition, there is in fact some uncertainty as to the continuity of the business.

11. RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

11.1 INNOVATION POLICY 123
11.2 PATENTS AND PATENT APPLICATIONS.....123
11.3 COLLABORATION AGREEMENTS, R&D AGREEMENTS, SERVICE PROVISION AGREEMENTS AND LICENSES GRANTED BY OR TO THE COMPANY.....130
11.4 OTHER INTELLECTUAL PROPERTY INFORMATION.....131
11.5. ONEFIT MEDICAL, SPECIALIST IN CUSTOMISED ORTHOPAEDIC TREATMENT 133

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.

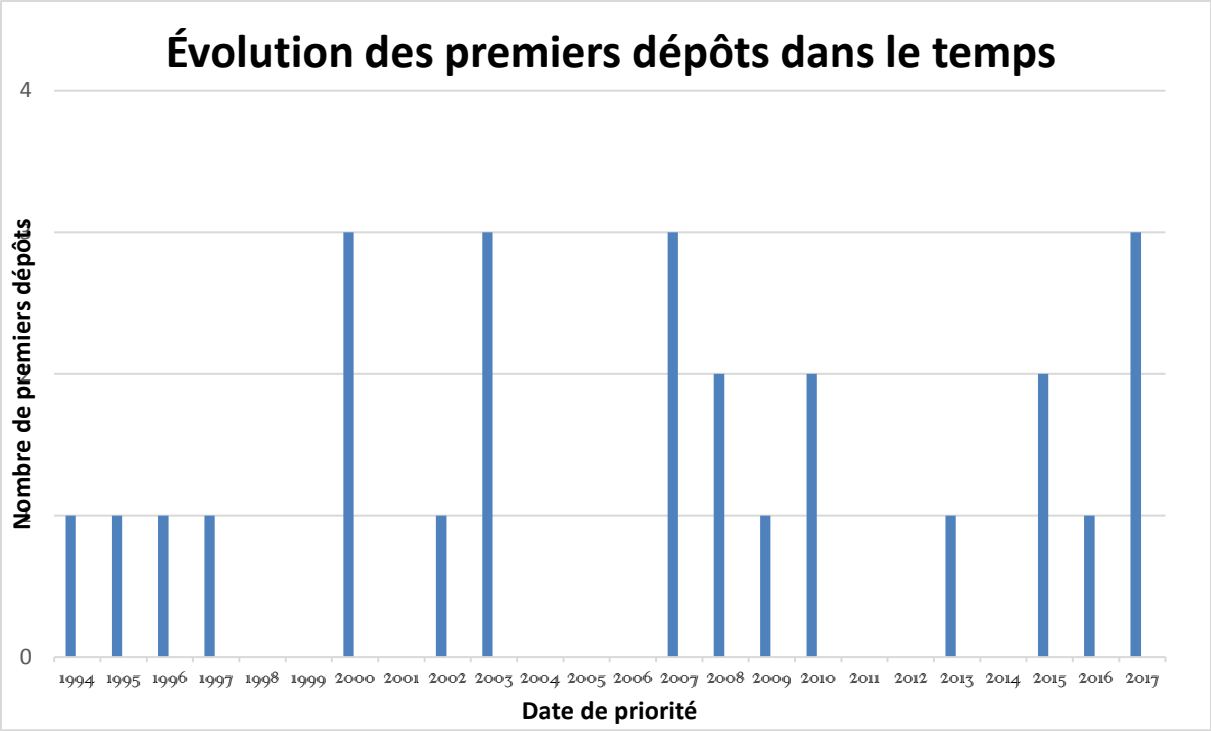
This policy encourages the emergence and the development of ideas, in particular through sessions dedicated to brainstorming, supported by continuous oversight in the medical, scientific, technological, and industrial property fields.

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[49]	Status
Soft cross scatter correction	METHOD OF RADIOGRAPHY OF AN ORGAN	EOS imaging	2017	Pending (PCT)
Control template	SURGERY CONTROL TOOL FOR SPINAL CORRECTION ROD	EOS imaging	2017	Pending (PCT)
Planning template	SURGERY PLANNING TOOL FOR SPINAL CORRECTION ROD	EOS imaging	2017	Pending (PCT)
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 (EP, US, AU)
Modular clip sensor	SENSOR MEASURING PATIENT SPINE VERTEBRA ANGULAR ORIENTATION	EOS imaging	2015	Pending (EP, US)
Preshaping of spinal implants	PROCESS AND APPARATUS TO DESIGN A CUSTOMISED ORTHOPAEDIC DEVICE	EOS imaging	2013	Pending (EP, US[50])

[49]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.

[50] PCT = Patent Cooperation Treaty | EP = Europe

Ref.	Family	Ownership	Priority date[49]	Status
Scanning with an adjustable collimator	IMAGING APPARATUS AND METHOD	EOS imaging	2010	Issued (EP, JP, US)
Gas-flow detector gain adjustment	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM PENDING	EOS imaging	2010	Issued (US, CN, JP) Pending (EP)
Drift-free high resolution radiography	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM PENDING	EOS imaging	2009	Issued (US, FR, EP, 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)
Semi-automatic reconstruction	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD	EOS imaging	2003	Issued (EP, US, JP)
Longitudinal inference by containment volume	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD	EOS imaging	2003	Issued (EP)
3D DXA	RADIOGRAPHIC IMAGING METHOD AND DEVICE	EOS imaging	2002	Issued (FR, US, EP)
3D scanning	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Issued (FR, EP)

Ref.	Family	Ownership	Priority date[49]	Status
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)

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
Overbend rod	SPINAL CORRECTION ROD IMPLANT MANUFACTURING PROCESS PART	SPINOLOGICS	2017	Pending (PCT)
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, CA)

11.2.4. Patents currently utilised

The vast majority of the Group's patent families are being utilised. The technology covered by these patents and patent applications is applied in products marketed by EOS imaging.

X-ray detector:

Ref.	Family	Ownership	Priority date	Status
Drift-free high resolution radiography	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2009	Issued (US, FR, EP, 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 PENDING	EOS imaging	2010	Issued (US, CN, JP) Pending (EP)
3D scanning	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Issued (FR, EP)

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	Issued (EP)

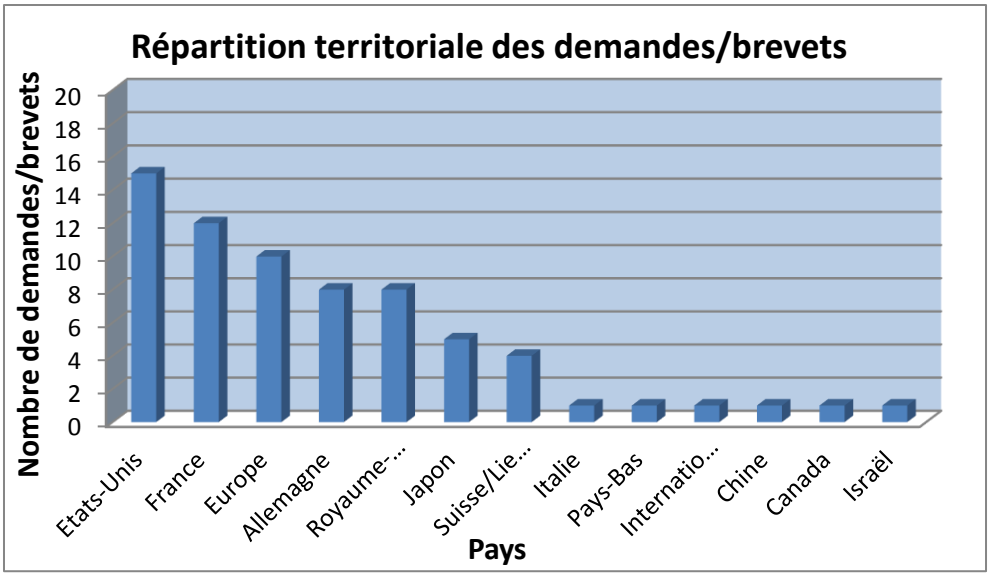
Stereoscopic image processing station:

Ref.	Family	Ownership	Priority date	Status
3D Toolbox	MEASUREMENT OF GEOMETRICAL SIZES INTRINSIC TO AN ANATOMICAL SYSTEM	EOS imaging	2008	Issued (FR, US) Pending (EP)
Correction of stereo magnification	METHOD FOR CORRECTING AN ACQUIRED MEDICAL IMAGE AND MEDICAL IMAGING SYSTEM	EOS imaging	2007	Issued (US) Pending (EP)

The other titles 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. 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 (cancelled) by the European Patent Office. These revocations were published on 30 September 2015.

The Group is not 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.

11.4. OTHER INTELLECTUAL PROPERTY INFORMATION

The Group owns the copyright to any software package developed by the Group. Furthermore, the Group has received licenses to software developed by ETS and/or ENSAM, as mentioned in Chapter 22 below.

The Group owns a portfolio of trademarks covering, in particular, the **EOS** and **sterEOS** signs. These trademarks receive good international coverage and in particular are registered in France, Canada, the United States, Brazil, Asia, and the European Union.

The principal trademarks owned by the Group are the following:

Number	Trademark	Countries	Date of filing
1 286 303 registered under 696 988	EOS	CANADA	17/01/2006 Registered on 21/09/2007
795 917 registered under 3 370 550	EOS (semi-figurative) 	USA	20/01/2006 Registered on 18/01/2008
073 545 352	sterEOS	FRANCE	20/12/2007
985 442	sterEOS	INTERNATIONAL covering:	16/05/2008
		USA	16/05/2008 Accepted
		EUROPEAN UNION	16/05/2008 Accepted
		CHINA	Accepted (subsequent designation on 10/06/2013)
		REPUBLIC OF KOREA	Under review (subsequent designation on 10/06/2013)
		JAPAN	Accepted (subsequent designation on 29/03/2013)
1 788 041	EOS	EUROPEAN UNION	02/08/2000 renewed on 01/03/2010
1 166 095	EOS	INTERNATIONAL Concerning:	10/06/2013

Number	Trademark	Countries	Date of filing
		CHINA	Accepted on 13/03/2014
		REPUBLIC OF KOREA	Published on 2 March 2015
840 556 802	EOS	BRAZIL	24/06/2013 Under review
840 556 810	sterEOS	BRAZIL	24/06/2013 Under review
840 556 829	sterEOS	BRAZIL	24/06/2013 Under review
840 556 837	sterEOS	BRAZIL	24/06/2013 Under review
016415648	EOSapps	EUROPEAN UNION	22/06/2017
016415705	hipEOS	EUROPEAN UNION	22/06/2017
016415713	kneeEOS	EUROPEAN UNION	22/06/2017
016415689	spinEOS	EUROPEAN UNION	22/06/2017

The Group also owns the domain names *eos-imaging.fr, eos-imaging.com* and *biospacemed.com*.

11.5. THE SUBSIDIARY ONEFIT MEDICAL, SPECIALIST IN CUSTOMISED ORTHOPAEDIC TREATMENT

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 136
12.2 FUTURE OUTLOOK 137

12.1. RECENT CHANGES

Since the beginning of 2018, 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.

In the first quarter of 2018, EOS imaging generated revenue of €9.54 million, an increase of 34% over the same period of the previous year.

Equipment sales increased by 38% by comparison with the first quarter of 2017, to €7.6 million, as a result of the sale of 19 EOS® systems (14 in the first quarter of 2017). The ASP for the quarter was €398k, including currency effects, compared with €391k in financial year 2017. Sales of maintenance contracts grew by 24% to €1.7 million, in line with the continued growth of the installed base of EOS® systems and the high take-up level for warranty contracts. Sales of consumables and services were stable at €0.3 million.

In millions of euros		**31 March 2018**	**31 March 2017**
Equipment sales		**7.56**	**5.47**
	% of total revenue	*79%*	*77%*
Sales of maintenance contracts		**1.73**	**1.40**
	% of total revenue	*18%*	*19%*
Sales of consumables and related services		**0.26**	**0.26**
	% of total revenue	*3%*	*4%*
Total revenue		**9.54**	**7.13**

Unaudited data

Sales on the North American market reached a new historic high of 54%, at €3.8 million (+76% at constant exchange rates). Equipment sales in this region almost doubled at constant exchange rates (+93%). The solid momentum of the first quarter of 2018, which began in the fourth quarter of 2017 points towards strong growth on this market in the coming quarters. The ASP in dollars was also up by 10% on the ASP for the first quarter of 2017.

Sales grew by 53% in the Asia-Pacific region to €2.2 million, driven by a strong Australian market and progress made in China.

The take-up rate continues to rise on all key markets in the EMEA region, where sales grew by 10% to reach €3.5 million.

In millions of euros	**31 March 2018**	**31 March 2017**
EMEA	**3.53**	**3.21**
North America	**3.81**	**2.48**
Asia-Pacific	**2.21**	**1.44**
Total revenue	**9.54**	**7.13**

Unaudited data

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022.
- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

12.2. FUTURE OUTLOOK

The Group pursues a dynamic sales strategy aimed at expanding the installed base of EOS equipment in the three major markets where it is present (EMEA, North America and Asia-Pacific) and making the EOS platform a standard in the field of orthopaedic care, whether surgical or non-surgical. In 2017 the Group succeeded in significantly developing its organisation in the United States, a key market, and in just six months. This strategy started to bear fruit from the last quarter of the year, and the Group anticipates very positive results in the coming years. The Group will continue to strengthen its direct presence in the major markets in which it is well placed to be present, such as the main markets in Europe: Germany and the UK (on a complementary basis to the partnership in place with Stryker).

In parallel with this, the Group continues to develop its product offering to exploit low-dose 2D/3D image registration and the associated patient data as closely as possible to clinicians' and patients' needs. 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 robustness of the data and the low radiation associated with EOS examinations.

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 140
14.2 CONFLICTS OF INTEREST INVOLVING THE ADMINISTRATIVE AND EXECUTIVE BODIES 144

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 five members including two 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 and the Compensation 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.

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' meeting held 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. Reappointed director by the General Meeting of 15 June 2017 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 2019.
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.

Mr Stéphane Sallmard's directorship terminated at the close of the General Meeting called to approve the financial statements for the year ending 31 December 2016, i.e. on 15 June 2017

Other offices held by the members of the Board of Directors

Other current terms in office		
Name	Nature of the position	Company
Gérard Hascoët	Chairman Member of the Board of Directors Member of the Supervisory Board Chairman of the Board of Directors Managing Partner Manager Member of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Manager	MD Start SAS LimFlow SA Altamir CorWave SA MD Start Gmbh & Co KG MD Start Gmbh APD SafeHeal SAS Ablacare SAS Lumarge (SCI)
Stéphane Sallmard *	Member of the Board of Directors	Imagine Eyes SARL
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	None	
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

** Term of office expired at the end of the general meeting held on 15 June 2017*

Terms of office exercised during the course of the last five fiscal years that have terminated as of this date

Terms of office that have terminated as of the date hereof		
Name	Nature of the position	Company
Gérard Hascoët	Director and Chairman of the Board of Directors Member of the Board of Directors 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 LimFlow GmbH Dupont Medical
Stéphane Sallmard*	Member of the Board of Directors 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 i-Optics B.V.
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 Member of the Board of Directors	Cellnovo Ltd Cellnovo SA
Paula Ness Speers	None	None

** Term of office expired at the end of the general meeting held on 15 June 2017*

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 sections 17.2, 21.1.4 and 21.1.5 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 section 20.1 of this Registration Document. The related-party agreements signed by the Company are described in the Statutory Auditors' report on

related-party agreements for the financial year ended on 31 December 2017 as set out in Chapter 19 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 2016 AND 2017 146
15.2 PENSIONS, RETIREMENT AND OTHER BENEFITS 152

15.1.COMPENSATION AND BENEFITS PAID TO THE MANAGEMENT OF EOS IMAGING IN 2016 AND 2017

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)		
	2017 financial year	2016 financial year
Marie Meynadier - Chief Executive Officer		
Compensation due for the financial year	€322,130	€ 264,394
Valuation of the options and free shares awarded during the financial year	€19,300	€19,600
Valuation of the multi-year variable compensation awarded during the financial year	-	-
Total	**€ 341,430**	**€283,994**

** In 2017, the Chief Executive Officer received benefits from the Group's long-term incentive plan, on the same terms as other plan members. She received 5,000 free shares to be valued using the share price on the date of the award (please refer to section 15.1.6 of this Registration Document).*

(1) Mr Gérard Hascoët, Chairman of the Board of Directors since 10 July 2015, is an executive corporate officer within the meaning of the AMF MiddleNext Code but the only compensation he receives is directors' fees, set out in section 15.1.3 of this Registration Document.

15.1.2. Compensation and benefits paid to executive corporate officers in 2016 and 2017

The compensation paid to the executive corporate officers of EOS imaging for the 2016 and 2017 financial years breaks down as follows (Table 2 AMF Recommendation No. 2009-16)

Marie Meynadier *(Chief Executive Officer)* *(in euros)*	2017 financial year		2016 financial year	
	Amounts due (1)	Amounts paid (2)	Amounts due (1)	Amounts paid (2)
Compensation				
Fixed compensation*	200,000	200,000	173,086	173,086
Annual variable compensation*(3)	100,000	86,543	77,889	17,309
Total compensation (**)	**300,000**	**286,543**	**250,975**	**190,395**
Directors' fees				
EOS imaging				
Other controlled companies				
Total directors' fees	-	-	-	-
Other compensation				
Benefits in kind* (car)	13,475	13,465	13,419	13,419
Total other compensation	**13,475**	**13,475**	**13,419**	**13,419**
TOTAL	**313,475**	**300,008**	**264,394**	**203,814**

** gross amount before tax*

(**): The remuneration shown is paid under Ms Meynadier's employment contract. No remuneration is allocated to her corporate office.

(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 (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.

Pursuant to Article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles and criteria shall be subject to the approval of shareholders at the general meeting called to approve the financial statements for financial year 2017, with payment of the variable remuneration being conditional on approval being given by the shareholders at the general meeting.

As stated in section 15.1.2, Mr Gérard Hascoët, Chairman of the Board of Directors since 10 July 2015, is an executive corporate officer within the meaning of the AMF MiddleNext Code but the only compensation he receives is directors' fees, set out in section 15.1.3.

15.1.3. Compensation and benefits paid to other members of the Board of Directors in 2016 and 2017 (Table 3 AMF Recommendation No. 2009-16)

Non-executive corporate officers	Nature of the compensation	Amounts paid during the 2017 financial year	Amounts paid during the 2016 financial year
Gérard Hascoët	Directors' fees	€65,000	€65,000
	Other compensation	None	None
NBGI Private Equity represented by Aris Constantinides*	Directors' fees		None
	Other compensation		None
BPI France Investissements represented by Marie-Laure Garrigues	Directors' fees	None	None
	Other compensation	None	None
Paula Ness Speers	Directors' fees	€30,000	€30,000
	Other compensation	None	None
Eric Beard	Directors' fees	€30,000	€30,000
	Other compensation	None	None
Stéphane Sallmard	Directors' fees	€13,750	€30,000
	Other compensation	None	None
TOTAL		**138,750**	**155,000**

** 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.*

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 2016 and 2017 (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 2016 and 2017 (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 2016 and 2017 (Table 6 AMF Recommendation No. 2009-16)

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.

At its meeting on 19 December 2017, the Board of Directors awarded 5,000 free shares to the CEO. These 5,000 shares will vest on 18 December 2019.

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	15 December 2016	5,000	5,000	14 December 2018	2 years
15 June 2017	19 December 2017	5,000	5,000	18 December 2019	2 years

15.1.7. Free shares granted and available to each corporate officer during the financial years that ended on 31 December 2016 and 2017 (Table 7 AMF Recommendation No. 2009-16)

At its meeting on 08 December 2015, the Board of Directors awarded 5,000 free shares to the CEO. These 5,000 shares were vested on 07 December 2017. 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 October 2015	08 December 2015	5,000	5,000	07 December 2017	2 years

15.1.8. Stock subscription or purchase options awarded to the members of the Board of Directors (Table 8 AMF Recommendation No. 2009-16)

Historical awards of share subscription or purchase options (the "**Stock Options**") to executive corporate officers are listed in section 21.1.4 of this Registration Document; no options have been awarded to non-executive corporate officers.

The plans for awarding warrants to the members of the Board of Directors are described in section 21.1.6.

15.1.9. History of free share allocations (Table 10 AMF Recommendation No. 2009-16)

Historical awards of free shares are listed in section 21.1.5 of this Registration Document.

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.

(**) As for commitments in respect of severance pay for Marie Meynadier, which are subject to the provisions of Articles L.225-38 and L.225-42-1 of the French Commercial Code, the Board of Directors, at its meeting of 23 January 2018, amended the terms on which such payment is to be awarded and approved the principle of severance pay for Ms Marie Meynadier. This payment is due in the event of Marie Meynadier's dismissal, resignation, non-renewal of office or retirement.
The amount of the payment shall be equal to twelve months' fixed and variable salary, calculated by reference to the monthly average gross fixed and variable remuneration received by Marie Meynadier over the twelve months prior to her departure.
Pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, payment of the compensation shall be conditional on the attainment of performance criteria defined by the Board of Directors linked to growth in the Company's business.

Marie Meynadier also has unemployment insurance (corporate guarantee of firm heads and executives) taken out by the Company. For financial year 2017, the premium for this was €11,609.

Marie Meynadier entered into an employment contract with the Company on 30 April 1998.

15.2. PENSION, RETIREMENT AND OTHER BENEFITS

As at 31 December 2017, 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 154
16.2 INFORMATION ON SERVICE AGREEMENTS BETWEEN CORPORATE OFFICERS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES 154
16.3 SPECIALISED COMMITTEES - CORPORATE GOVERNANCE.....154
16.4 DECLARATION CONCERNING CORPORATE GOVERNANCE.....154
16.5 GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES 155

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 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 Eric Beard and Paula Ness Speers, two 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 two 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.

Balanced representation between men and women on the Board of Directors

Three of the Company's five current directors (i.e. 60%) are women. The 40% quota for both male and female directors pursuant to Article L.225-18-1 of the French Commercial Code on the equal representation of men and women on boards of directors, has been met.

16.5. GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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 11 April 2018.

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, judgement 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 2017 financial year

During the financial year ended on 31 December 2017, 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 first reports 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 201 financial year

During the financial year ended on 31 December 2017, the Company's Audit Committee met twice, notably in order to examine the 2016 annual financial statements and the 2017 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:

- Gérard Hascoët, Chairman of the Board of Directors;

  and

- BPI France participation, Director represented by Board member Marie-Laure Garrigues.

Gérard Hascoët 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 free share plans and share subscription or purchase option plans;
- examining the compensation of executives who are not corporate officers, including free 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
  - free 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 2017 financial year

The Compensation Committee met twice during the 2017 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 2017 and to agree the December 2017 allocation methods and approve the performance shares plan adopted in December 2017.

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 2017 financial year

The Strategy Committee met three times during 2017, 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 16.5.1.d, the Company has also introduced three ad hoc committees, each one chaired by directors other than the Chief Executive Officer. One of the committees (the audit committee) is chaired by an independent director.

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. Definitions 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 or 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 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: approximately once a month the CEO, President, North America, COO, CFO and Transformation Director meet to discuss operational and strategic issues.
- Management committee: the CEO and the seven activity managers meet approximately 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. Internal audit missions are conducted under the leadership of the Quality and Regulatory Affairs Department according to an audit plan established annually and with dedicated resources, based in particular on

the items identified in ENNOV. In respect of 2017, in addition to the audits carried out by the company's Statutory Auditors, the audits carried out covered the following subjects:

- 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;
- Audit for renewal of ISO 13485 certification carried out by GMED
- Audits of subcontractors carried out by the in-house Quality team.

Beyond the internal audit activities, the Group tracks activity, quality and performance indicators and follows up on corrective actions undertaken.

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. The valuation of end-of-service indemnities and of commitments linked to the allocation of equity instruments (free shares, stock options and share subscription warrants) is entrusted to 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 showing figures for the month and year-to-date. The main accounting procedures are formally recorded (in particular those defining consolidation operations and the controls on monthly reporting from the subsidiaries).

Monitoring subsidiaries

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

Because of consolidated reporting requirements, 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 2017, 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 2018.

17. EMPLOYEES

17.1 HEADCOUNT AND DISTRIBUTION OF THE WORKFORCE 167
17.2 CORPORATE OFFICERS' EQUITY HOLDINGS, STOCK OPTIONS AND FREE SHARES 176
17.3 EMPLOYEE SHARE OWNERSHIP 177
17.4 EMPLOYEE PROFIT-SHARING AND INCENTIVE AGREEMENT.....178

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 2017. 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 2017**: 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 December 2017 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 2017 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 December 2017.
- **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 2017 financial year.

EOS imaging's consolidated workforce as of 31 December 2017 totalled 154 people, as compared to 128 as of 31 December 2016. Women represented 34% of the total workforce and 25% of the management committee, compared with 34% and 44%, respectively, in 2016. EOS imaging is an international corporation: its employees work in five countries: France, Germany, the United States, Canada and Singapore.

As part of its development strategy, the Group continues to have an ambitious recruitment programme. In 2017, 46 new employees joined EOS imaging. Our use of temporary employment contracts is limited: the Group strongly favours open-ended employment contracts, which represent 89% of the contracts for people hired in 2017, compared with 78% in 2016. The Company dismissed five employees in 2017.

These 46 hires over the year were principally in the North America region (18 hires) as a result of the new structure, with investment made at the level of the sales and maintenance teams. A number of employees were also hired in the EMEA region, in particular into the R&D teams.

The annual increase of 25 in the average workforce is largely explained by the strengthening of the North American sales teams and the R&D and maintenance teams.

The average consolidated workforce therefore rose from 132 in 2016 to 142 in 2017.

Workforce

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

Indicator: CSR Average number of employees per month by entity/gender

Average Group workforce	2017	2016	2015	2014
Number of employees	142	132	116	106

The workforce breaks down as follows:

By location:

Average Group workforce	2017	2016	2015	2014
EMEA employees	106	103	98	92
% of total workforce	*75%*	*78%*	*84%*	*87%*
Non-EMEA employees	36	29	18	14
% of total workforce	*25%*	*22%*	*16%*	*13%*

By gender:

Average Group workforce	2017	2016	2015	2014
Total	142	132	116	106
Men	91	85	78	70
Women	51	47	38	36

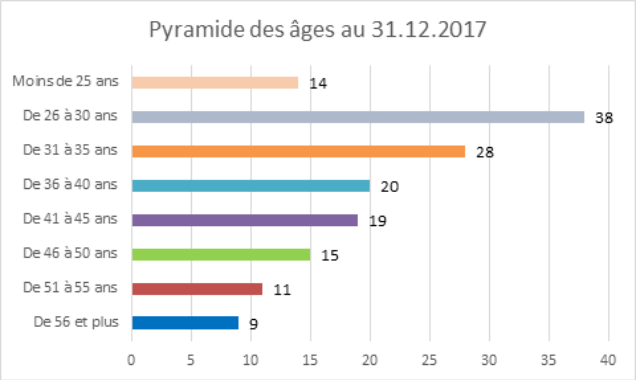
By type of contract:

Source: CSR Average number of employees per month by entity/gender

Average Group workforce	2017	2016	2015	2014
Temporary	4	6	6	7
Permanent	138	126	110	99
Total	142	132	116	106

By age group:

The table below is based on the workforce as at 31 December 2017:



Hires and dismissals

The headcount in 2017 was affected by the following changes:

Changes - entries by type of contract:

Number of entries	**31/12/2017**	**31/12/2016**	**31/12/2015**	**31/12/2014**	**31/12/2013**
Permanent hires (France and rest of the world)	40	27	26	19	29
Of which Consolidation of OneFit Medical: permanent hires	6	-	-	-	11
Temporary hires	5	7	11	11	9
Consolidation of OneFit Medical: temporary hires	0	-	-	-	3
Prior basis adjustment	0	-	-	-	-
Internal moves	1	-	-	-	-
Total	46	34*	37	30	52

Changes - reasons for departure:

Number of departures	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Retirement/early retirement	-	-	-	-	-
Resignations	9	15	4	5	4
Dismissals	5	5	3	5	2
Contractual terminations	1	-	2	-	-
Terminations during probationary periods	1	1	2	1	1
End of temporary contract	3	7	11	15	7
Internal moves	1	-	-	-	-
Total	20	28*	22	26	14

**Adjustments to the 2016 basis were made to appropriately reflect the movements of employees within the CSR scope. Accordingly, the headcount at 31 December 2016 was 128, compared with the 129 stated in our 2016 report.*

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: terminations during probationary periods and end of fixed-term contracts. This correction has retrospective effect in respect of previous financial years.

Compensation and changes over time

The Company's compensation policy is based on principles of fairness and transparency, and takes into account the recipient's role, experience and performance appraisal, without distinction based on gender. Besides fixed salary, the Group gives variable compensation to a significant portion of its staff, and does so as a matter of course to all management.

The compensation of all Group employees is subject to annual review. Increases made in 2017 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 2017 was €14,408k compared to €12,875k for the previous financial year.

As of 31 December 2017, the Group had allocated free shares to a significant proportion of its employees with no condition relating to length of service.

a. Organisation of working hours

EOS imaging has taken initiatives in favour of flexibility and the balance between private and professional life, including:

- flexible arrival and departure times;

- part-time work;
- broad latitude in the choice of days off.

Accordingly, part-time schedules were granted to all those who requested them and represent 3% 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 non-French subsidiaries are mobile employees, distance workers who are especially independent in how they arrange their working hours, and are therefore considered to have Executive status.

Absenteeism figures are as follows:

Breakdown by cause:

The table below contains information on the employees of EOS imaging France and OneFit.

Absenteeism rate	2017	2016	2015	2014	2013
Illness	2.08%	3.13%	0.68%	1.0%	1.0%
Workplace and commuting accidents	0.17%	-	-	0.03%	-
Maternity, paternity, adoption leave	1.02%	1.75%	0.56%	1.83%	0.7%
Other absences	0.11%	0.04%	0.19%	0.16%	0.1%
Unpaid absences (unpaid leave, parental leave)	1.36%	0.39%	0.28%	0.3%	0.8%
Total	4.74%	5.31%	1.70%	3.45%	2.6%

b. 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 2017.

Eight Joint Staff Representation Committee meetings were held in 2017. 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 2017.

The OHSC met four times in 2017. Its members were involved in making decisions relating to work conditions and safety and, in particular, contributed their ideas to the refurbishments of the premises. They were consulted on updating the 2017 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).

c. 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 2017, 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.

Two workplace accidents were reported in 2017, leading to 5 lost work days. One travel-related accident was reported in 2017, leading to 34 lost work days. No work-related illness was reported.

d. 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 2017 financial year. No pro rata calculation has been carried out.

Breakdown of the number of training hours by category:

Number of hours of training	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Technicians	159h	255h	161h	223h	63h
Managers	1,479h	1,669h	1,338h	2,146h	343h
Total	1,638h	1,924h	1,499h	2,369h	406h

e. 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 25% of the management team and 34% of executive staff as of 31 December 2017. The Company strives to make no distinction based on gender in the way it treats its employees. It also considers that employees based in countries other than France have Executive status.

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 2017. 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: 16 nationalities are represented.

f. Headcount by nationality:

Average Group workforce	2017	2016	2015	2014	2013
France	106	98	93	85	58
United Kingdom	-	-	-	1	1
United States	29	17	12	11	11
Canada	5	7	3	2	2
Cameroon	1	-	-	-	-
China	1	-	-	-	-
Belgium	1	1	1	-	-
Germany	1	-	-	-	-
Malaysia	1	1	1	1	1
India	-	-	-	-	1
Colombia	-	-	1	-	1
Algeria	1	1	1	1	1
Tunisia	2	1	1	1	1
Italy	1	1	1	1	1
Spain	1	1	-	-	-
Senegal	1	1	-	-	-
Morocco	1	1	-	-	-
Portugal	1	1	1	1	1
Czech Republic	1	1	1	1	1
Number of nationalities represented	**16**	**13**	**11**	**10**	**12**

g. Promoting and complying with the fundamental conventions of the International Labour Organization

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 2017, 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%
Marie Meynadier *(Chief Executive Officer)*	367,959	1.63%
BPI France Investissements represented by Marie-Laure Garrigues	2,230,222	9.85%
Paula Ness Speers	-	-
Eric Beard	-	-
TOTAL	**2,600,181**	**11.48%**

(*) According to the statements submitted to the AMF or to the Company

17.2.2. Share warrants awarded to members of the Board of Directors

Share warrants awarded to members of the Board of Directors are described in section 21.1.6 of this Registration Document.

17.2.3. Stock subscription or purchase options awarded to the members of the Board of Directors

The stock subscription or purchase options awarded to the members of the Board of Directors are described in section 21.1.4.

17.2.4. Free shares awarded to members of the Board of Directors

Free shares awarded to members of the Board of Directors are described in section 21.1.5 of this Registration Document.

17.3. EMPLOYEE SHARE OWNERSHIP

17.3.1. Stock options and free shares granted to Company employees

The stock options and free shares detailed in sections 21.1.4 and 21.1.5 of this Registration Document have been granted to Company employees.

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 2017 (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 2017			
	Total number of options awarded/shares subscribed or purchased	**Weighted average price**	**Plan**
Options granted in 2017	-	-	-
Options exercised in 2017	-	-	-

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. Profit-sharing for the financial year ended on 31 December 2017 amounted to €3,281.

18. PRINCIPAL SHAREHOLDERS

18.1 COMPANY'S SHAREHOLDING STRUCTURE 180
18.2 VOTING RIGHTS OF PRINCIPAL SHAREHOLDERS.....181
18.3 CONTROL OF THE COMPANY.....181
18.4 AGREEMENTS THAT MAY LEAD TO A CHANGE IN CONTROL 181

18.1. COMPANY'S SHAREHOLDING STRUCTURE

Distribution of share capital over the past three financial years

To the best of the Company's knowledge, the Company's share capital was distributed as follows at 31 December 2015, 2016 and 2017:

	As at 31/12/2015		As at 31/12/2016		As at 31/12/2017	
	Number of shares	% of share capital and voting rights*	Number of shares	% of share capital and voting rights*	Number of shares	% of share capital and voting rights*
Medivea	357,608	1.77%	357,608	1.76%	-	0.00%
Polissage Garnier	89,418	0.44%	89,418	0.44%	89,418	0.39%
Claude Hennion	138,312	0.68%	138,312	0.68%	138,312	0.61%
Yves Charpak & indivision	4,952	0.02%	4,952	0.02%	-	0.00%
Eric Cloix	26,483	0.13%	26,483	0.13%	-	0.00%
Nazanin Cloix	-	0.00%	-	0.00%	13,567	0.06%
Keyzan Mazda	28,204	0.14%	28,204	0.14%	28,204	0.12%
Catherine Mazda	14,102	0.07%	14,102	0.07%	14,102	0.06%
Jacques Lewiner	100	0.00%	100	0.00%	100	0.00%
Founders (no action in concert)	**659,179**	**3.26%**	**659,179**	**3.25%**	**283,703**	**1.25%**
COFA Invest	273,318	1.35%	273,318	1.35%	266,554	1.18%
Andera Partners (formerly EDRIP)	1,805,293	8.92%	1,805,293	8.90%	1,314,119	5.80%
NBGI	905,429	4.47%	905,429	4.46%	-	0.00%
BPI	1,825,222	9.02%	1,825,222	9.00%	2,230,222	9.85%
Investment funds (no action in concert)	**4,809,262**	**23.76%**	**4,809,262**	**23.70%**	**3,810,895**	**16.83%**
Floating	**14,369,706**	**70.99%**	**14,411,765**	**71.03%**	**18,139,553**	**80.12%**
Gérard Hascoët (Chairman)	**2,000**	**0.01%**	**2,000**	**0.01%**	**2,000**	**0.01%**
Marie Meynadier (Chief Executive Officer)	**362,955**	**1.79%**	**362,959**	**1.79%**	**367,959**	**1.63%**
Management & employees	**364,955**	**1.80%**	**364,959**	**1.80%**	**369,959**	**1.63%**
Treasury shares**	**38,867**	**0.19%**	**43,598**	**0.21%**	**37,373**	**0.17%**
Total	**20,241,969**	**100.00%**	**20,288,763**	**100.00%**	**22,641,483**	**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 2017 are identified in the table above.

There have been no significant changes to the distribution of shares among the shareholders since the end of financial year 2017, save in respect of the investment of Andera Partners, formerly

Edmond de Rothschild Investments Partners (EDRIP). By a letter dated 14 March 2018, Edmond de Rothschild Investments Partners (EDRIP), as part of its portfolio management activities, reported that, on 14 March 2018, it had fallen below the statutory threshold of 5.0% of share capital and voting rights in EOS imaging, and held 1,139,119 shares and voting rights representing 4.59% of the share capital and 4.60% of the voting rights in EOS imaging.

18.2. VOTING RIGHTS OF PRINCIPAL SHAREHOLDERS

At 31 December 2017, 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 includes two independent directors out of a total five 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.....183
19.2 TRANSACTIONS WITH RELATED PARTIES 183

19.1. INTRA-GROUP TRANSACTIONS

Intra-group transactions are described in section 7.2 “Group Companies” of this Registration Document.

19.2. TRANSACTIONS WITH RELATED PARTIES

Statutory Auditors' Report on related party agreements

Deloitte & Associés 185 avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	FI Solutions 8 rue Bayen 75017 Paris

EOS imaging

Public limited company

10 rue Mercœur

75011 Paris

_____

Statutory Auditors' Report on related party agreements

Shareholders’ meeting to approve the financial statements for the financial year ended 31 December 2017

_____

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we are pleased to present our report on related party agreements.

We are required to report to you, on the basis of information provided to us, on the main characteristics and terms of any agreements disclosed to us or that we may have discovered during our audit. We are not required to comment on their relevance or substance, or to identify any other agreements. It is your responsibility, pursuant to the terms of Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the benefits of entering into these agreements prior to approving them.

We are also required, where applicable, to report to you, as provided for in Article R. 225-31 of the French Commercial Code, on the performance over the past year of any agreements previously approved by the shareholders in a general meeting.

We have performed those checks that we considered necessary in light of the professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to such an assignment. These procedures consisted in verifying that the information provided to us was consistent with the original documentation from which it was extracted.

AGREEMENTS SUBMITTED TO THE SHAREHOLDERS FOR THEIR APPROVAL

Agreements authorised and entered into during the past financial year

We hereby inform you that we have not been advised of any agreement authorised and entered into during the past financial year that needs to be submitted to the general meeting of shareholders for their approval pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments authorised and entered into since 1 January 2018

We have been informed that the following agreements and commitments were given prior authorisation by your Board of Directors and were entered into after the end of the past financial year.

- Terms: your Board of Directors, at its meeting held on 23 January 2018, approved the principle of severance pay for Marie Meynadier. This payment is due in the event of Marie Meynadier's dismissal, resignation, non-renewal of office or retirement.
- The amount of the payment shall be equal to twelve months' fixed and variable salary, calculated
- by reference to the monthly average gross fixed and variable remuneration received by Marie Meynadier
- over the twelve months prior to her departure.
- Pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, payment of the compensation shall be conditional on the attainment of performance criteria defined by the Board of Directors linked to growth and the Company's business activity.
-

Director concerned: Marie Meynadier, Chief Executive Officer

Reasons why the measure is in the Company's interests: your Board of Directors considered that the principle of severance pay, which is consistent with Ms Meynadier's term of office and common practices in the area, was in the interests of the Company as its payment would be subject to performance criteria linked to growth and the Group's business activity.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement previously approved by the shareholders' meeting that remained effective during the past financial year.

Neuilly-sur-Seine and Paris, 27 April 2018

The Statutory Auditors

Deloitte & Associés	Fi Solutions
Géraldine Segond	Jean-Marc Petit

20. FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS, FINANCIAL POSITION AND RESULTS

20.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 187
20.2 PARENT COMPANY DOCUMENTS 228
20.3 AUDIT OF HISTORICAL ANNUAL INFORMATION 257
20.4 DIVIDEND DISTRIBUTION POLICY 268
20.5 LEGAL AND ARBITRATION PROCEEDINGS 268
20.6 SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION 268

20.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

ASSETS	Notes	Fiscal Year	
		2017	2016
Goodwill	*e*	5 131	5 131
Non-current intangible assets	*f*	4 488	3 047
Property, plant and equipments	*g*	2 003	1 494
Financial assets	*h*	113	120
Total non-current assets		**11 735**	**9 792**
Inventory and work in process	*i*	4 377	2 960
Accounts receivable	*j*	30 148	25 011
Other current assets	*j*	5 132	6 106
Cans and cash equivalents	*k*	6 930	14 909
Total current assets		**46 587**	**48 987**
TOTAL ASSETS		**58 322**	**58 779**

EQUITY AND LIABILITIES	Notes	Fiscal Year	
		2017	2016
Share Capital	*l*	226	203
Treasury shares		(322)	(339)
Share-based bonuses		79 146	70 649
Reserves		(48 174)	(42 850)
Translation reserves		112	1 276
Consolidated income attributable to the parent		(7 786)	(6 172)
Total equity		**23 203**	**22 768**
Provisions	*m*	776	773
Financial liabilities *non-current*	*n*	14 733	14 019
Total non-current liabilities		**15 509**	**14 793**
Financial liabilities current - *short term*	*n*	1 050	4 745
Accounts payable -trade	*o*	7 852	7 844
Other current liabilities	*o*	10 708	8 629
Total current liabilities		**19 610**	**21 218**
TOTAL LIABILITIES		**58 322**	**58 779**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

	Notes	Financial year ended December 31th,	
		2017	**2016**
Revenue from ordinary activities			
Sales	*p*	37 092	30 773
Other revenue	*p*	1 718	2 324
Total revenue from ordinary activities		**38 810**	**33 097**
Operating expenses			
Direct costs of production and services	*s*	(20 288)	(16 198)
Indirect costs of production and services	*s*	(4 122)	(3 826)
Research and development	*s*	(4 104)	(3 887)
Sales and Marketing	*s*	(9 811)	(8 655)
Regulatory	*s*	(739)	(699)
Administration	*s*	(4 608)	(3 912)
Share-based payments	*r*	(907)	(484)
Total operating expenses		**(44 579)**	**(37 660)**
OPERATING INCOME		**(5 769)**	**(4 563)**
Financial expenses	*t*	(2 082)	(1 658)
Financial revenue	*t*	65	50
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES		**(7 786)**	**(6 172)**
Income tax expenses	*u*		
NET INCOME FOR THE PERIOD - Attributable to the parent		**(7 786)**	**(6 172)**
Items that will subsequentely be reclassified in net profit or loss			
Translation adjustment on foreign entities		(1 164)	611
Items that will not be reclassified in net profit or loss		(58)	19
Actuarial difference on pension commitments			
COMPREHENSIVE INCOME FOR THE PERIOD		**(9 008)**	**(5 541)**
Basic and diluted net income per share (in €)	*x*	(0,36)	(0,30)

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
31/12/2015	**202**	**70 571**	**(317)**	**(36 173)**	**665**	**(7 181)**	**27 768**
Allocation of the result N-1				(7 181)		7 181	
Capital increase resulting from the exercise of option		46					46
BSA award		32					32
Change in translation adjustments					611		611
Change in actuarial adjustments				19			19
Result for the period N						(6 172)	(6 172)
Share-based payments				484			484
Treasury shares			(22)				(22)
31/12/2016	**202**	**70 649**	**(339)**	**(42 850)**	**1 276**	**(6 172)**	**22 768**
Allocation of the result N-1				(6 172)		6 172	
Capital increase	24	8 497		(1)			8 519
BSA award							
Change in translation adjustments					(1 164)		(1 164)
Change in actuarial adjustments				(58)			(58)
Result for the period N						(7 786)	(7 786)
Share-based payments				907			907
Treasury shares			17				17
31/12/2017	**226**	**79 146**	**(322)**	**(48 174)**	**112**	**(7 786)**	**23 203**

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

	Financial year ended December	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	(7 786)	(6 172)
Elimination of depreciation, amortisation and provisions	1 310	1 701
Calculated revenue and expenditure related to share-based payments	907	484
Financial interests	497	473
Internally generated funds from operation	**(5 072)**	**(3 514)**
Change in working capital requirements related to operations	**(5 095)**	**212**
Inventory and work in process	(1 417)	1 723
Accounts receivable	(6 636)	(5 407)
Other current assets	911	(1 074)
Debts to suppliers and related accounts	18	2 455
Other current liabilities	2 028	2 514
Net cash flow related to operating activities	**(10 167)**	**(3 302)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and non-current intangible assets	(3 284)	(1 764)
Sales of tangible and intangible fixed assets	209	31
Change in financial assets	7	(13)
Net cash flow from investing activities	**(3 068)**	**(1 746)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital increase	8 519	
Issue of warrants		32
Bound financing		5 000
Bound financing - reimbursement	(1 875)	
Zero rate loan - reimbursement	(375)	
Receivables mobilized	(1 013)	1 013
Reimbursable advances - reimbursement	(216)	(558)
Acquisition / disposal of treasury shares	17	(22)
Net cash flow related to financing activities	**5 057**	**5 465**
Impact of current rate fluctuations	197	401
Change in cash	**(7 981)**	**818**
Cash and cash equivalent at beginning of period	14 909	14 091
Cash and cash equivalent at beginning of period	**14 909**	**14 091**
Cash and cash equivalent at close of period	6 930	14 909
Cash and cash equivalent at close of period	**6 930**	**14 909**
Change in cash	**(7 979)**	**818**

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

Changes in the company's management team:

To support its growth in the North American region, EOS imaging recruited a President, North America, reporting to the CEO: Mike Lobinsky, who joined the Group in July 2017.
In October, EOS imaging appointed Eric Maulavé, previously VP, Global Sales, to the post of Chief Operating Officer.
Didier Saint-Félix, previously Operations Director, has been appointed Transformation Director.

Strengthening of sales force in key markets:

To support its growth in the North American region, EOS imaging strengthened its sales teams, both in numbers and in experience in the field of selling innovative medical equipment (such as medical robots).
EOS imaging also switched its approach to the German market, previously addressed through an agent, to one of direct approach.

Private placement:

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

The transaction was implemented by a decision of the Board of Directors on 20 April 2017 and by a decision of the CEO on 20 April 2017, in accordance with the delegation of authority granted by the Combined General Meeting of shareholders on 17 June 2015.

The capital increase was carried out by issuing ordinary shares with no preferential subscription rights by private placement with qualified investors in accordance with Articles L.225-136 of the French Commercial Code and L.411-2 II of the French Monetary and Financial Code.

Issue of new shares (PACEO®):

On 23 June 2017, EOS imaging proceeded, in the framework of the PACEO (equity financing line based on options) put in place with Société Générale on 16 June 2014, to issue 185,000 new shares at the unit price of €5.52.

The new shares are freely negotiable and identical to the existing ordinary shares listed on Euronext Paris.

Movements in the company's capital during the year are shown in Note l. "Capital" to the consolidated financial statements.

c. Approval of financial statements

The consolidated financial statements of EOS imaging for the year ended 31 December 2017 were approved by the Board of Directors on 11 April 2018.

d. Accounting principles and policies

Basis of preparation of the financial statements

The financial statements are presented in thousands of euros.

Numbers are rounded for the purposes of calculating certain financial data and other information contained in these financial statements. As a result, the totals specified in certain tables may not be the exact sum of the preceding numbers.

The 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 is the one relating to share-based payments (see Note r. "Share-based payments").

Accounting standards

The consolidated financial statements of EOS imaging for the year ended 31 December 2017 have been prepared in accordance with IFRS standards and interpretations as adopted by the European Union at 31 December 2017.

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 2017 are identical to those used for the financial year ended on 31 December 2016.

The new standards, amendments to and interpretations of standards adopted by the European Union and application of which is mandatory for the Group as of 1 January 2017 are as follows:

- Amendment to IAS 7 "Disclosure Initiative", applicable to annual periods starting on or after 1 January 2017;
- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses", applicable to annual periods starting on or after 1 January 2017.

The first application of these standards does not have a material impact on the Company's financial statements at 31 December 2017.

The group decided not to apply the following new standards, amendments to and interpretations of standards not yet adopted by the European Union or not yet mandatory at 31 December 2017.

The standards adopted by the European Union but not yet mandatory at 31 December are the following:

- IFRS 9 "Financial Instruments", applicable to annual periods starting on or after 1 January 2018;
- IFRS 15 "Revenue from Contracts with Customers", applicable to annual periods starting on or after 1 January 2018;
- Clarification of IFRS 15 "Revenue from Contracts with Customers", applicable to annual periods starting on or after 1 January 2018;
- IFRS 16 "Leases", applicable to annual periods starting on or after 1 January 2019;

IFRS 15 "Revenue from Contracts with Customers" which replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue", provides that revenue be recognised for an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services delivered.

This new standard identifies five steps for recognising revenue:

- identification of the contract(s) with a customer;
- identification of the various distinct performance obligations in the contract;
- setting the transaction price;
- allocation of the transaction price to the various performance obligations in the contract;
- recognition of revenue when (or as) the entity satisfies the performance obligations.

EOS Imaging has carried out an analysis of its main transactions and contracts with particular regard to the five steps described by the standard, in order to identify any changes that might need to be made as a result of the application of this new standard.

The conclusions of this analysis are set out hereunder:

The sales proposals developed by EOS Imaging for the sale of equipment comprise several components, the main ones of which are the following:

- The delivery of the EOS equipment, including the provision of several accessories, notably the sterEOS workstation which is considered indissociable from the sale of the equipment ;
- The installation of the equipment by dedicated teams;
- Training of users, also by specialised teams;
- Warranty and maintenance of the equipment.

The analysis carried out on the effect of these performance obligations on recognition of Group revenue allowed us to conclude that it is not material.

Sales contracts systematically include a minimum warranty period of a year. This warranty covers material defects as well as conformity of the products delivered to the technical descriptions and characteristics. This initial warranty is not optional and does not, as far as the standard is concerned, provide any specific service to the customer. The associated costs of the warranty are recognised in accordance with IAS 37. When the duration of the warranty exceeds one year, the revenue associated with the excess period is deferred. At the end of the warranty period, if a maintenance contract is entered into, the corresponding revenue is recognised separately from the initial sale of the equipment.

The group may enter into specific distribution contracts with distributors for the development of its international sales. The analysis of the associated contractual conditions carried out by EOS imaging leads it to consider that it acts as principal in these contracts, not as agent.

Application of IFRS 15 is not expected to have any material effect on the income statement, the overall result, the balance sheet or the cash flows of the Group.

IFRS 9 – Financial instruments, published by the IASB on 24 July 2014, was adopted by the EU on 22 November 2016 and published in the Official Journal of the EU on 29 November 2016. Application of this standard is also expected to have no material effect on the income statement, the overall result, the balance sheet or the cash flows of the Group.

As for IFRS 16, it represents a major change in accounting for leases and provides a single model for lessees requiring them to recognise assets and liabilities for all leases except those with a duration of less than 12 months or where the underlying asset is of low value.

Upon lease commencement the lessee recognises an asset representing the right of use over the term of the lease and a liability representing the obligation to pay the rentals. Over the term of the lease the lessee must recognise separately the interest charge relating to the rentals owed from the amortisation of the right of use. If a particular event occurs (such as revision of the duration of the contract or change in variable rentals based on a rate or index), the lessee must revalue the debt against the right-of-use asset.

IFRS 16 is applicable to financial years starting on or after 1 January 2019 and authorises lessees to choose between the retrospective method and the simplified retrospective approach. This new standard is likely to have an impact on the financial situation of EOS Imaging and its performance since the group has entered into lease contracts, mainly for its premises.

The company has undertaken an inventory of evaluations of lease contracts for all entities in the consolidation scope. We do not envisage early application of the standard. The company has not yet decided whether upon first application to apply the full retrospective or the simplified retrospective approach consisting in recognising the cumulative effect at the date of first application, 1 January 2019, without comparative information for the year ended 31 December 2018.

Standards not yet adopted by the European Union are:

- Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- IFRS annual improvements (2014-2016);
- Amendment to IFRS 9 « Prepayment Features with Negative Compensation";
- Amendment to IAS 28 "Long-term interests in associates and joint ventures";
- IFRS annual improvements (2015-2017);
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".
- IFRIC 23 "Uncertainty over Income Tax Treatments".

The management does not expect application of these standards to have a material impact on the consolidated financial statements.

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 match those of the 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 is 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 continue 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 their 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	3 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

Property, plant and equipment and intangible assets with definite useful lives are tested for impairment when the company identifies indications of impairment likely to affect the recoverability of their carrying amount. 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 greater of its fair value less selling costs and its value in use.

For intangible assets in progress an impairment test is carried out every year even if there are no indications of loss of value.

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.

Value in use is determined each year in accordance with IAS 36: it corresponds to the net present value of the estimated future cash flows expected from the continuous use of the asset and its disposal at the end of the use envisaged by the company. It does not reflect the impact of the financing structure, the effect of taxes or restructuring operations that have not been committed to.

The valuation method is based on the DCF method suing the flows for the years 2018 to 2023 taken from the company's forecasts.

The main parameters used are as follows:

- Forecast horizon 6 years,
- The discount rate used is the Group's weighted average cost of capital of 12% and a perpetual growth rate 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 to calculate the recoverable amount of its assets are based on assumed future growth rates.

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

The main sensitivity parameters used are as follows:

- One percentage point change (+ or - 1 point) in the weighted average cost of capital,
- One percentage point change (+ or - 1 point) in the growth rate to perpetuity.

In 2017, 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)".

Continuity of the business

At 31 December 2017, the Company's cash and cash equivalents came to €6.9 million.

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022.
- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

Over the course of the next twelve months, based on its budget forecasts, the Company will restructure its financing on order to cater to its cash requirements. The company has several options for financing its growth:

- by borrowing from North American funds specialising in the sector;
- by issuing convertible bonds to European funds;
- by financing its customer receivables through factoring.

These options have been the subject of in principle agreements in meetings of the Board of Directors and will be studied by the Group in order to decide on the best option or options for restructuring the financing of the business. The Company's financial statements have accordingly been drawn up, in this context, by applying the going concern principle.

Although in view of its track record and initial discussions held so far the company considers it probable that these financing transactions will come to fruition, there is in fact some uncertainty as to the continuity of the business.

Capital

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 and performance shares to employees, as well as share subscription 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 share subscription warrants granted to directors have been determined by applying the Black-Scholes option valuation model, as described in Note r. "Share-based payments".

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 benefits from a certain amount of financial assistance in the form of grants and conditional advances. Details of these repayable advances are provided in Note n. "Current and 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.

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 and of the likelihood of these costs being incurred is 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 an end-of-service indemnity, paid by the Company upon their retirement (defined benefit scheme);
- payment of pension benefits by Social Security bodies, financed by contributions from 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 Company recognises income when the amount can be reliably measured, it is likely that the future economic benefits will flow to the Company and that the specific criteria have been satisfied for the Company's business activities.

In the case of equipment sales, revenue is recognised 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 its inception, the Company has, by virtue of its innovative nature, received a certain number of grants or subsidies from the government or local authorities to defray its running costs or the cost of certain specific new hires. Subsidies are recognised in income as and when the associated expenses are incurred, independently of when they are actually received.

Research tax credit

Research tax credits are granted to companies by the French government to encourage them to carry out technical and scientific research. Companies demonstrating expenditure that satisfies the necessary criteria (research expenditure located in France or, since 1 January 2005, within the European Community or another State that is a part of the European Economic Area that has signed a tax agreement with France containing an administrative support clause) receive a tax credit that can be used to pay income tax due in the financial year in 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 operates mainly in France and North America.

Research and development costs, production costs, regulatory expenses and the bulk of marketing, clinical and administrative costs are incurred in France.

At this stage, these costs are not strictly allocated by geographical region in which the Company's products are sold. As a result, the Company's performance is currently assessed on a consolidated basis.

Non-current assets and revenue by geographical region are detailed respectively in Notes f. to h. and in Note p. "Revenue from ordinary activities".

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".

They concern €/$US, €/$CAD and €/$SING translation differences on the portion of inter-company receivables on 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 Médical for €4 million, of which €0.5 million was paid in cash and €3.5 million by the issuance to OneFit Médical 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 OneFit Médical as a grant of 1,810,347 warrants (BSA) to subscribe for 172,416 new shares of EOS Imaging.

Taking into account the partial achievement of the objectives 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 performed on 31 December 2017 on the whole CGU served for all the assets of the Group. No impairment was detected.

f. Intangible assets

Changes in intangible assets may be analysed as follows:

Non-current intangible assets	31/12/2016	Acquisitions	Reallocation	Decreases	Change in scope of consolidation	Change in exchange rate	31/12/2017
Development costs	4 569	1 905					6 474
Software	1 524	308		(202)		(12)	1 618
Patents	509	81					590
Total gross value - non-current intangible assets	**6 602**	**2 294**		**(202)**		**(12)**	**8 682**
Development costs	2 443	533					2 976
Software	1 043	116				(10)	1 149
Patents	70	()					70
Total depreciation, amortisation and impairment	**3 556**	**649**				**(10)**	**4 195**
Total net value - non-current intangible assets	**3 046**	**1 646**		**(202)**		**(2)**	**4 488**

During the financial year, the Group continued to develop new functionalities for its equipment and software applications.

Apart from in-house developments, research and development expenses include the costs of licences linked to partnerships.

g. Property, plant, and equipment

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

Property, plant and equipment	31/12/2016	Acquisitions	Reallocation	Decreases	Change in scope of consolidation	Change in exchange rate	31/12/2017
Fixtures and fittings	972	77		(3)		(27)	1 019
Fittings and technical equipment	1 963	106		(13)			2 056
Office and computer equipment	763	156		(27)		(21)	871
Furniture	4	3				()	7
PPE in progress	309	648					957
Total gross value - property, plant and equipment	**4 011**	**990**		**(43)**		**(48)**	**4 910**
Fixtures and fittings	618	77		(1)		(19)	676
Fittings and technical equipment	1 255	293		(7)			1 541
Office and computer equipment	639	89		(27)		(16)	685
Furniture	4	1				()	5
Total depreciation, amortisation and impairment	**2 516**	**460**		**(35)**		**(34)**	**2 907**
Total net value - property, plant and equipment	**1 494**	**530**		**(8)**		**(13)**	**2 003**

The increase in this item is mainly attributable to fixed assets in progress, essentially the cost of the main components associated with the development of new prototypes.

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, 2017	2016
France	6 369	4 415
North America	122	126
Total net value - non-current intangible assets and PPE	**6 491**	**4 541**

h. Financial assets

Changes in financial assets may be analysed as follows:

Non-current financial assets	31/12/2016	Acquisitions	Reallocation	Decreases	Change in scope of consolidation	Change in exchange rate	31/12/2017
Deposit	120	7		(13)		(1)	113
Total net des immobilisations financières	**120**	**7**		**(13)**		**(1)**	**113**

i. Inventories and work in progress

Inventory and work in process (in thousands of euros)	Financial year ended December 31th, 2017	2016
Componants	3 741	2 652
Finished products	677	345
Depreciation	(40)	(37)
Total net value - inventory and work in process	**4 377**	**2 960**

The €1.4 million increase is basically due to the level of stocks of components, in correlation with an increase in the installed base maintained and in planned preparation for production.

Slow-moving components are the subject of value adjustment for impairment. This adjustment was updated at 31 December 2017.

j. Trade receivables and other current assets

Trade receivables

Trade receivables (in thousands of euros)	Financial year ended December 31th, 2017	2016
Trade receivables	30 899	25 308
Depreciation of trade receivables	(751)	(296)
Total net value - trade receivables	**30 148**	**25 011**

The 21% increase in customer receivables is in line with the increased level of activity.

The impaired receivables relate mainly to sales of EOS equipment, with settlement terms sometimes extended contractually until installation at the final user's site by dedicated teams. The management follows up each of these receivables individually throughout the year and at year-end assesses the risk of non-recovery and hence any impairment provision to be recognised, both case by case and globally. At 31 December 2017, three receivables had had partial impairments recognised, for an amount of €751k, or 2.4% of the total gross amount of customer receivables.

During the year ended 31 December 2017 no customer individually represented more than 10% of consolidated revenues.

Other current assets

Other current assets break down as follows:

Other current assets (in thousands of euros)	Financial year ended December 31th, 2017	2016
Research tax credit /CICE / CII	1 476	1 502
Credits from suppliers	926	1 106
Value added tax	656	999
Prepaid expenses	684	784
Subsidies to be received and other receivables	1 390	1 715
Total other current assets	**5 132**	**6 106**

The line Research tax credit / CICE / CII comprises:

- Research tax credits recognised in respect of costs incurred during the year by EOS imaging and OneFit for a total amount of €1.32 million and by the Canadian subsidiary for €29,000;
- The Competitiveness and Employment Tax Credit (CICE) of both companies for an amount of €127,000 corresponding to expenses for the year;

The item "Credits from Suppliers" mainly concerns goods returned.

"Subsidies to be received and other receivables" relates mainly to subsidies already recognised in respect of the costs incurred up to 31 December 2017 but not yet received at that date.

Research tax credit and competitiveness and employment tax credit

Changes in the carrying amount are as follows:

Receivable balance sheet closing on 31-12-2015	1 614
Revenue	1 483
Payments	(1 596)
Change in exchange rate	1
Receivable balance sheet closing on 31-12-2016	1 502
Revenue	1 447
Payments	(1 469)
Change in exchange rate	(4)
Receivable balance sheet closing on 31-12-2017	1 476

k. Cash and cash equivalents

Cash and cash equivalent (in thousands of euros)	Financial year ended December 31th, 2017	2016
Short-term bank deposits	6 751	14 747
Money market funds (SICAV)	178	162
Total Cash and cash equivalent	**6 930**	**14 909**

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

- current accounts for €6.7 million including €2.2 million held by the US, Canadian, Singaporean and German subsidiaries;
- cash €178k. These amounts relate to funds committed under a liquidity agreement that had not been invested in treasury shares at 31 December 2017.

l. Capital

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 2016	**202 888**	**70 649 374**	**20 288 764**
26/01/2017	Capital increase resulting from exercice of options	200	19 800	20 000
27/01/2017	Capital increase resulting from exercice of options	1	74	75
30/01/2017	Capital increase resulting from exercice of options	7	705	712
31/01/2017	Capital increase resulting from exercice of options	34	3 352	3 386
01/02/2017	Capital increase resulting from exercice of options	184	18 193	18 377
02/02/2017	Capital increase resulting from exercice of options	192	19 021	19 213
03/02/2017	Capital increase resulting from exercice of options	15	1 485	1 500
03/02/2017	Capital increase resulting from exercice of options	20	8 120	2 000
06/02/2017	Capital increase resulting from exercice of options	33	3 259	3 292
07/02/2017	Capital increase resulting from exercice of options	9	865	874
27/02/2017	Capital increase resulting from exercice of options	27	2 704	2 731
28/02/2017	Capital increase resulting from exercice of options		32	32
06/03/2017	Capital increase resulting from exercice of options	9	854	863
07/03/2017	Capital increase resulting from exercice of options	24	2 400	2 424
08/03/2017	Capital increase resulting from exercice of options	98	9 686	9 784
22/03/2017	Capital increase resulting from exercice of options	190	18 810	19 000
20/04/2017	Capital increase	18 680	7 826 920	1 868 000
20/04/2017	Fees charged on the issue premium		(444 892)	
08/05/2017	Capital increase resulting from exercice of options		32	32
09/05/2017	Capital increase resulting from exercice of options	158	15 641	15 799
25/05/2017	Capital increase resulting from exercice of options	190	18 810	19 000
31/05/2017	Capital increase resulting from exercice of options	60	5 940	6 000
31/05/2017	Capital increase resulting from exercice of options	5	495	500
31/05/2017	Capital increase resulting from exercice of options	5	2 030	500
31/05/2017	Capital increase resulting from exercice of options	8	743	750
25/05/2017	Capital increase resulting from exercice of options	20	8 120	2 000
01/06/2017	Capital increase resulting from exercice of options	15	1 485	1 500
13/06/2017	Capital increase resulting from exercice of options	15	1 485	1 500
15/06/2017	Capital increase	222 610		
15/06/2017	Capital decrease	(222 610)		
16/06/2017	Capital increase	1 850	948 926	185 000
04/09/2017	Capital increase resulting from exercice of options	4	371	375
05/12/2017	Capital increase resulting from exercice of options	15	1 485	1 500
08/12/2017	Capital increase resulting from the allocation of free shares	1 460		146 000
	Total as at 31 december 2017	**226 415**	**79 146 325**	**22 641 483**

The capital increases result from the following transactions:

- exercise of 153,719 options, giving rise to the issue of 153,719 new shares;
- issue of 1,868,000 new shares on the occasion of the private placement carried out in April 2017;
- issue of 185,000 shares in June 2017 in the context of the PACEO put in place in 2014;
- creation of 146,000 new ordinary shares each with a nominal value of one euro cent, allocated free of charge to certain employees.

At 31 December 2017, the company's share capital stood at €226,415. It is divided into 22,641,483 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Treasury shares

Under the liquidity contract implemented following the initial public offering, the Company held 37,373 treasury shares at 31 December 2017. These shares are deducted from consolidated equity in an amount of €322K.

Stock subscription options

The plans run by the company are the following:

Type	Granted date	Exercise price	Outstanding as of 31.12.2017
SO 2009	07/07/2009	1.00 €	383 795
SO 2010	06/07/2010	1.00 €	231 625
SO 2010	20/05/2011	1.00 €	12 000
SO 2012	21/09/2012	4.07 €	267 182
Warrants	31/12/2012	4.24 €	40 000
SO 2014	23/05/2014	6.14 €	201 875
Free shares	08/12/2015	- €	-
Warrants	31/03/2015	4.71 €	120 000
Warrants	01/03/2016	3.42 €	190 000
Free shares	15/12/2016	- €	121 000
Performance shares	15/12/2016	- €	216 000
Free shares	07/09/2017	- €	50 000
Performance shares	07/09/2017	- €	190 000
Free shares	12/12/2017	- €	208 500
			2 231 977

On 7 September 2017, the Group decided to issue 50,000 free shares and 190,000 performance shares. The charge recognised during the year in respect of these shares was €213k.

On 12 December 2017 the Group decided to issue 208,500 free shares. No expense was recognised at 31 December 2017, as the expense was considered to be immaterial over the relevant period.

The impact on the statement of comprehensive income of share-based payments is presented in Note r. "Share-based payments".

m. Provisions

Retirement benefits

(in thousands of euros)	31/12/2016	Acquisitions	Decrease	31/12/2017
Retirement benefits	339	130		468
Total	**339**	**130**		**468**

Calculations of retirement benefits are based on the following assumptions:

Valuation date	31/12/2016	31/12/2017
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 %	1.90 %
Mortality tables	INSEE TD / TV 2011 – 2013	INSEE TD / TV 2011 – 2013
Rate of salary increase (including inflation)	3%	4%
Turnover rate	Average rate of 7.25%, smoothed by age category	Average rate of 7.25%, 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

(in thousands of euros)	31/12/2016	Acquisitions	Decrease	31/12/2017
Disputes	434	90	(217)	308
Total	**434**	**90**	**(217)**	**308**

The provision for disputes relates to ongoing disputes with employees at 31 December 2017. The amounts provisioned are in accordance with the principles described in the paragraph "Accounting principles and policies / provisions".

n. Current and non-current financial liabilities

Financial liabilities (in thousands of euros)	FY closed on 31 December 2017	2016
Bond Financing	13 891	15 283
OSEO advances	767	968
Zero-rate loan	1 125	1 500
Receivables mobilized		1 013
Total	**15 783**	**18 764**

Financial liabilities	Balance sheet value	1 year at most	More than 1 year but less than 5 years	More than 5 years
Bond Financing	13 891	281	13 610	
OSEO advances	767	269	356	142
Zero-rate loan	1 125	500	625	
Total financial liabilities	**15 783**	**1 050**	**14 591**	**142**

The €3 million decrease in financial liabilities is explained by the repayments of borrowings and repayable advances made during the period in accordance with due dates and the reimbursement of capitalised debts.

Bond borrowing

On 9 January 2015, the company issued:

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

- Three tranches of vanilla 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 three tranches of ordinary bonds, for €4,460,000, €5,000,000 and €5,000,000 respectively, were subscribed for by IPF Partners in March 2015, December 2015 and June 2016 respectively.

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

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 made amounted to €822k, They correspond to the contractually financed portion of expenditure committed by the company, which was lower than the amount forecast on signing of the agreement.

On 2 February 2016 BPI formally recognised a partial commercial success for EOS imaging, waived a €269k receivable and restructured the financing. The company will now repay €553k over a six-year period, the first reimbursement having taken place in June 2015 for an amount of €45k. EOS imaging made a second repayment in July 2016 for an amount of €90k. In June 2017 the third repayment was made, for €105k. The remaining balance is €287k.

- As part of its development of customised instrumentation for orthopaedic knee surgery, OneFit Médical received a reimbursable advance of €250k. The project having been declared successful in 2015, the first reimbursements were made in 2016, for €54.5k. During 2017 a further €61.5k was repaid. The remaining balance at 31 December 2017 was thus €134k.

- 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. During the year reimbursements of €30k were made, reducing the balance of the debt to €67.5k at 31 December 2017.

- 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. The file linked to his advance was amended in January 2017 to switch it to a subsidies project relating to shoulders. The maturities were rescheduled by two years and should now start to count from September 2019, over 58 months. Should the project fail, these repayments will be made over a 34-month period starting in September 2019.

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 2017, the balance of this advance stood at €22k.

OneFit Médical also has a reimbursable advance of €75.6k granted in 2013 as a recruitment subsidy. At 31 December 2017, the advance had been repaid in full.

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 fell due and was paid in April 2017 for an amount of €250k. At 31 December 2017, the balance of this advance stood at €1,125k.

o. Financial liabilities and other current liabilities, trade payable

Trade payables

Accounts payable - Trade (in thousands of euros)	FY closed on 31 December 2017	 2016
Accounts payable - Trade	7 852	7 844
Total	**7 852**	**7 844**

Other current liabilities

Provisions for amounts due within one year

(in thousands of euros)	31/12/2016	Acquisitions	Decrease	31/12/2017
Tax provision		91		91
Customer warranties	968	770	(606)	1 133
Total	**968**	**861**	**(606)**	**1 224**

Changes in the provision for customer warranties are related to the increase in the number of items of equipment under warranty, taking into account equipment sales during the period.

Other current liabilities

Other current liabilities (in thousands of euros)	FY closed on 31 December 2017	 2016
Tax liabilities	792	855
Social security liabilities	3 180	2 440
Other liabilities	1 452	950
Deferred revenue	4 060	3 416
Total other current liabilities	**9 484**	**7 661**

Tax liabilities principally comprise VAT and payroll-based taxes.

Social liabilities concern salaries, social charges and holiday pay accruals. The change in this item was due mainly to an increase in the workforce at year-end compared with the end of 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 profit and loss impact

Fiscal year closed on 31 December 2017	Balance sheet value	Fair value by Profit and Loss	Loans and receivables	Debt measured at amortised cost	Non-financial instruments
Non-current financial assets	113		113		
Trade receivables	30 148		30 148		
Other current assets	5 132				5 132
Cash and cash equivalent	6 930	6 930			
Total asset	**42 323**	**6 930**	**30 261**		**5 132**
Long-term financial liabilities	14 733			14 733	
Short term bank loans	1 050			1 050	
Accounts payable - Trade	7 852			7 852	
Other current liabilities	10 708				10 708
Total liabilities	**34 343**			**23 635**	**10 708**

The maturity schedule of these financial liabilities is shown in Note n. "Current and non-current financial liabilities".

Fair value by Profit and Loss (in thousands of euros)	Financial year ended December 31th, 2017	2016
Losses on cash equivalents		
Revenue from cash equivalents	11	164
Fair value by Profit and Loss	**11**	**164**

p. Revenue from ordinary activities

Sales and other income

Sales and other revenue (in thousands of euros)	Financial year ended December 31th, 2017	2016
Sales of equipment	29 992	25 062
Maintenance revenue	5 944	4 697
Sales of consommable and services	1 157	1 014
Chiffre d'affaires	**37 092**	**30 773**
Grants	398	941
Research tax credit	1 320	1 383
Total revenue from ordinary activities	**38 810**	**33 097**

In 2017, EOS imaging generated annual revenue of €37.1 million, an increase of 21%.

During the financial year, the Group sold 77 items of EOS® equipment, compared with 60 in 2016. Revenue from equipment sales amounted to €30 million, up by 20%.

Recurring revenues amounted to €7.1 million, up by 25%. They represented 19% of total revenues

compared with 18% in 2016 and break down into €5.9 million of maintenance revenues and €1.2 million of sales of consumables and services.

Sales by geographical area

Sales by geographical area (in thousands of euros)	Financial year ended December 31th, 2017	2016
EMEA	16 583	11 415
North America	14 587	15 370
Asia	5 922	3 235
Latina America		752
Total sales by geographical area	**37 092**	**30 773**

In 2017, sales of EOS imaging in the EMEA region grew by 45% to €16.6 million. They account for 45% of Group sales, compared with 37% in 2016.

Following the reorganisation and the reinforcements rolled out in the second and third quarters of the year, the North American region resumed its growth rate of 40% in the last quarter, in line with the growth seen in 2016. Sales in dollars grew by 53% in the fourth quarter. For the year as a whole revenues were €14.6 million, representing 39% of consolidated revenues, as against 50% in 2016.

In the Asia-Pacific region, sales amounted to €5.9 million, up by 83%, thanks in particular to strong growth in China and Australia.

There were no sales in Latin America, which does not constitute a priority prospecting region. Excluding Latin America, the growth rate in 2017 came to 24% over the year as a whole, and to 32% in the fourth quarter (35% discounting the exchange rate effect).

q. Payroll costs

Payroll (in thousands of euros)	Financial year ended December 31th, 2017	2016
Salaries	10 721	9 414
Employment taxes and social security contribution	3 686	3 461
Retirement commitments	58	57
Share-based payments	907	484
Total payroll	**15 373**	**13 417**
Average Headcount	**142**	**132**

The personnel costs shown above do not take account of the capitalised portion of developments. The amount therefore differs from the sum of personnel charges presented in the summary statements in Note s. "Details of operating charges", which show the amounts net of IFRS restatements.

Payroll costs grew by 15% over the financial year. The 12% increase in salaries and social security expenses is a result of the recruitment carried out in 2016, which is fully reflected in 2017 and, to a lesser extent, the recruitment carried out in 2017.

The consolidated average workforce in 2017 was 142 persons, as against 132 in 2016, an increase of 8%.

r. Share-based payments

The company's plans in existence at 31 December 2017 are described in Note l. "Capital / Stock options".

The valuation of the company's various plans is as follows:

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	between 3,86€ & 4,24€	133 000	432
Performance shares	between 0,74€ & 1,47€	280 000	353
Free shares	5.82 €	50 000	291
Performance shares	between 2,20€ & 2,37€	190 000	427
Free shares		208 500	
Total			**8 090**

The table hereunder summarises the costs incurred in profit and loss under "share-based payments" for the year 2017.

(in thousands euros)	SO 2012	Warrants	SO 2014	Free shares	Warrants	Free shares 2016	Performance shares 2016	Free shares 09/2017	Performance shares 2017	Total
31/12/2016	27		90	323	44					484
31/12/2017	- 3		43	253	44	356	46	49	119	907

s. Detail of operating expenses

Direct costs of production and service

Direct costs of production and services (in thousands of euros)	Financial year ended December 31th, 2017	 2016
Purchasing and subcontracting	17 944	14 203
Payroll	1 438	1 233
Royalties	741	613
Depreciation, amortisation and provisions	164	149
Total direct costs of production and services	**20 288**	**16 198**

Direct costs of sales consist primarily of costs of production, transportation, and installation of equipment sold during the period, as well as maintenance costs for equipment installed and maintained by EOS imaging.

As the 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 6% decrease in the average selling price of devices penalised the progress of the gross margin rate by about 300 basis points.

On the other hand, the well-controlled increase in consumption of spare parts, only part of which is invoiced in the context of a maintenance contract, and good control of production costs allowed the gross margin rate to improve by around 0.9 pp.

The net result of these two main components was a decline of 2.1 percentage points in the margin rate, which came to 45.3% in 2017 compared with 47.4% in 2016.

Indirect costs of production and service

Indirect costs of production and service (in thousands of euros)	Financial year ended December 31th, 2017	 2016
Purchasing and subcontracting	1 539	1 081
Travel expenses	1 046	930
Payroll	1 419	1 733
Depreciation, amortisation and provisions	118	82
Total indirect costs of production and service	**4 122**	**3 826**

Research and development

Research and development (in thousands of euros)	Financial year ended December 31th, 2017	2016
Purchasing and subcontracting	1 087	724
Travel expenses	46	44
Payroll	2 133	2 331
Depreciation, amortisation and provisions	837	788
Total research and development	**4 104**	**3 887**

Sales, clinical and marketing

Sales and Marketing (in thousands of euros)	Financial year ended December 31th, 2017	2016
Purchasing and subcontracting	2 064	2 117
Trade fairs and exhibitions	641	518
Travel expenses	1 131	1 062
Payroll	5 975	4 958
Total sales and marketing	**9 811**	**8 655**

Regulatory

Regulatory (in thousands of euros)	Financial year ended December 31th, 2017	2016
Purchasing and subcontracting	301	234
Travel expenses	20	10
Payroll	417	455
Total regulatory	**739**	**699**

Administrative costs

Administrative costs (in thousands of euros)	Financial year ended December 31th, 2017	2016
Purchasing and subcontracting	2 809	2 363
Travel expenses	104	80
Payroll	1 350	1 208
Depreciation, amortisation and provisions	346	260
Total administrative costs	**4 608**	**3 912**

t. Financial income and expense

Financial income and expenses (in thousands of euros)	Financial year ended December 31th, 2017	2016
Losses on cash equivalents		
Interest expenses	1 723	1 758
Exchange gain or loss	359	41
Total financial expenses	**2 082**	**1 799**
Revenue from cash equivalents	11	164
Exchange gain or loss	55	27
Total financial income	**65**	**191**
Financial result	**(2 017)**	**(1 608)**

Interest expense basically concerns interest on the bond issue as presented in Note n. "Current and non-current financial liabilities".
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:

- indefinitely carryable forward in France for a total amount of €56,277k.
- Carryable forward for 20 years in the US for an amount of US$20,917k, or €17,441k at 31 December 2017.
- Carryable forward between 2026 and 2037 in Canada for an amount of Can$2,619K, or €1,741k at 31 December 2017.

The tax base of the deferred tax asset net of deferred tax liabilities (temporary differences) were not recognised as assets out of caution, in application of the principles described in Note d. "Valuation and recognition of financial liabilities".

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

	2017	2016
Consolidated net income of consolidated companies	(7 786)	(6 172)
Effective income tax expense		
Consolidated net profit/loss before taxes, goodwill and minority interests	**(7 786)**	**(6 172)**
Theoretical income tax rate	***33.33%***	***33.33%***
Theoretical income tax expense	(2 595)	(2 057)
Taxation timing differences		
- Other permanent differences	465	77
- Share-based payments	302	161
- Other non-taxable revenue (Research Tax Credit)	(440)	(461)
- Tax Credit (CICE)	(42)	(33)
- Unused tax losses and temproray differences	2 310	2 313
Effective income tax expenses		
Effective tax rate	***0.00%***	***0.00%***

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.

Two of the leases maturing in 2017 were tacitly renewed for three months. Total lease payments and future expenses break down as follows at 31 December 2017:

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
Operating leases	266 269 €	213 878 €	52 391 €	-
TOTAL	**266 269 €**	**213 878 €**	**52 391 €**	**-**

The lease payments recognised as expenditure during the financial year ended 31 December 2017 amounted to €351k.

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
Operating leases	$ 72 887	$ 72 887	$ -	-
TOTAL	**$ 72 887**	**$ 72 887**	**$ -**	**-**

The lease expires at the end of 2018 and can be renewed subject to three months' prior notice.

Other commitments made

As part of its drive to control procurement costs, the Group has put in place medium-term supply contracts, some of which contain volume commitments. Under these contracts the Group could be required to pay compensation if these volumes were not honoured.

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)	Financial year ended December 31th, 2017	2016
Compensation and benefits in kind	2 009	1 843
Share-based payments	53	54
Consultency fees	139	155
Total	**2 201**	**2 051**

Valuation methods for share-based payments are presented in Note 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)	Financial year ended December 31th, 2017	2016
Net income (in thousands euros)	(7 786)	(6 172)
Weighted average number of shares in circulation	21 824 072	20 246 316
Net earning per share (in euros)	**(0.36)**	**(0.30)**
Weighted average number of potential shares	23 858 821	21 992 471

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 has carried out an exhaustive examination of the reimbursements of repayable advances detailed in Note n. "Current and non-current financial liabilities" and of those of the bond borrowing, the maturities of which are set our hereunder:

Financial liabilities	Balance sheet value	1 year at most	More than 1 year but less than 5 years	More than 5 years
Bond Financing	13 891	281	13 610	
OSEO advances	767	269	356	142
Zero-rate loan	1 125	500	625	
Total financial liabilities	**15 783**	**1 050**	**14 591**	**142**

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 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 did not comply with the contractual conditions of the bond subscription agreement, it could be forced to repay financial resources needed to carry out its development projects. The Group considers the risk of these ratios not being attained to be very low.

Based on this examination, the Group considers that it is in a position to meet all its maturities in the next twelve 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 risks to which the Group is exposed relate to the translation into euros of the accounts of EOS imaging Inc., which are in US dollars, EOS image Inc., which are in Canadian dollars, and EOS imaging Pte., which are in Singapore dollars. This means that the Company is exposed to fluctuations in the euro/US dollar, euro/Canadian dollar and euro/Singapore dollar exchange rates through these subsidiaries.

*) Operating income:

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

Thus 61% of sales in 2017 were denominated in euros, representing €22.5 million, and 39% were denominated in US or Canadian dollars, representing €14.6 million.

Other operating income, consisting of public financing, was exclusively denominated in euros and represented €1.7 million.

*) Operating expense:

The expenses incurred in France are denominated in euros, save for certain supplies and fees in insignificant amounts. Charges incurred in the US, Canada and Singapore subsidiaries are denominated in the respective local currencies.

Thus 60% of operating costs in 2017 were denominated in euros, representing €26.8 million, and 40% were denominated in foreign currencies, representing €17.8 million, of which €16.9 million were denominated in US dollars.

*) Financial expense:

The Group's financing expenses are denominated in euros.

Thus, the effect of a change in the exchange rates as of 31 December 2017 has the same impact on the Company's results and shareholders' equity, as follows:

- a 10% rise in the euro against the US, Canadian and Singaporean dollars would have a negative impact on income of €283k;
- a 10% fall in the euro against the US, Canadian and Singaporean dollars would have a positive impact on income of €283k.

This is the combined effect of two distinct components:

- the operating risk: the 26% fall in Operating Income in 2017 at historical exchange rates would have been limited to 23% at constant exchange rates;
- the risk associated with the investments made in the foreign subsidiaries materialises in the form of net financial income when translating the receivables associated with the equity interests in the consolidated accounts. This component represents the net balance of this effect.

At this stage in its growth, the Company does not use hedging strategies to protect its activity from fluctuations in exchange rates. On the other hand, it cannot rule out the possibility that a substantial increase in business would increase its exposure to exchange rate risk. In this case, the Company plans to adapt appropriate hedging strategies.

Credit risk

The Company conducts prudent management of its available cash. Cash and equivalents include cash on hand and common financial instruments held by the company (basically money market funds (SICAV) and term deposits). At 31 December 2017, these securities were exclusively fixed or determinable income with fixed maturities, other than loans and accounts receivables, which the Group 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.

Concerning 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 have cause to grant fairly long settlement terms in the context of negotiating sales contracts;
    - The payment terms for public hospitals are traditionally long, irrespective of the contractual conditions entered into.
- Geographical factors:
    - Settlement terms are traditionally long in certain geographical regions (Asia and the Middle East).

The collection rate for invoices less than 12 months old has increased appreciably. Clearing older receivables takes longer. Action is being pursued on export distribution sales, and significant progress is expected this year.

Lastly, possible impairment is assessed on an individual basis, taking account of various criteria such as the risk of non-recovery and 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.

at 31 December 2017 the Company's financial liabilities were not subject to interest rate risk with respect to 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 rate as of the closing date. The market prices used for financial assets held by the Company are the market bid prices on the valuation date.

The nominal value, less 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	**31/12/2017**		
	Deloitte	Fi Solutions	Actis
Auditing			
Statutory audit, certification 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 excluding audit certification (*)			
- 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 auditors network to fully consolidated subsidiaries			
Legal, tax, employment			
Other investigations and services excluding audit certification (*)			
Sub-total			
Total	**88**	**26**	**4**

(*) Non-audit services mainly concern those performed in the capacity of independent third party and the attestations required by legal and regulatory provisions.

aa. Events after the reporting date

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022.
- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

There have been no other significant events since the end of the reporting period.

20.2. PARENT COMPANY FINANCIAL STATEMENTS

20.2.1 Parent company financial statements for financial year ended on 31 December 2017

BALANCE SHEET - ASSETS

(in euros)

	31/12/2017			31/12/2016
	Brut	**Amort. & Dépréc.**	**Net**	**Net**
Non-current intangible assets	2 782 684	1 586 194	1 196 489	679 886
Property, plant and equipment	4 470 366	2 596 702	1 873 664	1 399 060
Non-current financial assets	12 593 517	8 064 758	4 528 759	4 538 168
FIXED ASSETS	**19 846 567**	**12 247 654**	**7 598 912**	**6 617 114**
Inventory and work in process	4 417 568	40 354	4 377 214	2 960 413
Advances and deposits on orders	297	-	297	297
Accounts receivable - Trade	16 515 721	712 500	15 803 221	11 172 971
Other receivables	32 734 630	27 583 785	5 150 845	5 611 875
Subscribed capital - called, unpaid	-	-	-	46 790
Cash	4 704 901	-	4 704 901	13 554 216
Prepaid expenses	327 127	-	327 127	312 154
CURRENT ASSETS	**58 700 243**	**28 336 639**	**30 363 605**	**33 658 716**
Issuance costs	183 822	-	183 822	300 330
Unrealised foreign exchange losses	228 330	-	228 330	71 649
TOTAL ASSETS	**78 958 962**	**40 584 293**	**38 374 669**	**40 647 809**

BALANCE SHEET - LIABILITIES

(in euros)

	31/12/2017	31/12/2016
Capital	226 415	202 888
Additional paid-in capital	79 144 865	70 649 374
Legal reserve	20 557	20 557
Retained earnings	(67 115 161)	(56 857 789)
Profit (loss) for the period	**(5 380 021)**	**(10 257 372)**
EQUITY	**6 896 655**	**3 757 659**
Regulated government subsidies	312 883	418 453
EQUITY AND REGULATED GOVERNMENT SUBSIDIES	**7 209 538**	**4 176 112**
Provisions for contingencies	1 532 022	1 402 790
PROVISIONS FOR CONTINGENCIES AND LOSSES	**1 532 022**	**1 402 790**
Convertible bond	13 406 092	15 311 842
Various debts	1 150 652	2 538 652
Accounts payable - Trade	8 228 838	7 777 863
Taxes payable, liabilities to personnel and other accrued social lia	3 111 263	2 643 778
Debts on fixed assets	-	78 046
Other liabilities	1 284 033	879 061
Deferred revenue	1 199 663	1 350 744
LIABILITIES	**28 380 541**	**30 579 986**
Unrealised foreign exchange gains	1 252 568	4 488 921
TOTAL LIABILITIES AND EQUITY	**38 374 669**	**40 647 809**

PROFIT AND LOSS ACCOUNT

(in euros)

INCOME STATEMENT	31/12/2017 *12 months*	31/12/2016 *12 months*
Sales of goods		
Production sold (goods)	27 722 876	22 286 238
Production sold (services)	3 157 331	2 824 207
Net revenue	**30 880 207**	**25 110 446**
Operating subsidies	448 045	659 982
Reversals of impairment, provisions (and depr. & amort.); transf.	844 456	325 986
Other revenue	1 176 114	1 207 205
OPERATING INCOME	**33 348 822**	**27 303 619**
Purchases and changes in inventory of RM and other supplies	16 827 304	13 319 108
Other purchases and external expenses	8 162 928	6 846 175
Taxes and other contributions	325 702	277 436
Wages and salaries	6 687 509	5 901 358
Employment taxes and social security contribution	2 892 433	2 702 519
Depreciation, amortisation and impairment expense	1 864 331	1 479 462
Other expenses	881 282	768 593
OPERATING EXPENSES	**37 641 489**	**31 294 651**
OPERATING INCOME	**(4 292 667)**	**(3 991 032)**
Financial revenue	7 327 380	12 342 600
Financial expenses	9 577 098	19 697 437
NET FINANCIAL INCOME	**(2 249 718)**	**(7 354 837)**
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES	**(6 542 385)**	**(11 345 869)**
Extraordinary income	74 738	143 406
Extraordinary expenses	73 633	186 999
NET NON-RECURRING ITEMS	**1 105**	**(43 594)**
Employee participation in result	(6 268)	78 352
Corporation tax	(1 154 991)	(1 210 443)
NET RESULT	**(5 380 021)**	**(10 257 372)**

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 financial statements of EOS imaging for the year ended 31 December 2017 were approved by the Board of Directors on 11 April 2018.

b. Significant events of the year

Changes in the company's management team:

To support its growth in the North American region, EOS imaging recruited a President, North America, reporting to the CEO: Mike Lobinsky, who joined the Group in July 2017.
In October, EOS imaging appointed Eric Maulavé, previously VP, Global Sales, to the post of Chief Operating Officer.
Didier Saint-Félix, previously Operations Director, has been appointed Transformation Director.

Strengthening of sales force in key markets:

To support its growth in the North American region, EOS imaging strengthened its sales teams, both in numbers and in experience in the field of selling innovative medical equipment (such as medical robots).
EOS imaging also switched its approach to the German market, previously addressed through an agent, to one of direct approach.

Completion of a private placement

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

The transaction was implemented by a decision of the Board of Directors on 20 April 2017 and by a decision of the CEO on 20 April 2017, in accordance with the delegation of authority granted by the Combined General Meeting of shareholders on 17 June 2015.

The capital increase was carried out by issuing ordinary shares with no preferential subscription rights by private placement with qualified investors in accordance with Articles L.225-136 of the French Commercial Code and L.411-2 II of the French Monetary and Financial Code.

Issue of new shares (PACEO):

On 23 June 2017, EOS imaging proceeded, in the framework of the PACEO (equity financing line based on options) put in place with Société Générale on 16 June 2014, to issue 185,000 new shares at the unit price of €5.52.

The new shares are freely negotiable and identical to the existing ordinary shares listed on Euronext Paris.

Movements in the company's capital during the year are shown in Note 11 of this document.

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.

Going concern principle

At 31 December 2017, the Group's cash and cash equivalents stood at €6.9 million, with EOS imaging SA contributing €4.7 million.

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022.
- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet payment, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

Over the course of the next twelve months, based on its budget forecasts, the Company will restructure its financing on order to cater to its cash requirements. The Company has several options for financing its growth:

- by borrowing from North American funds specialising in the sector;
- by issuing convertible bonds to European funds;
- by financing its customer receivables through factoring.

These options have been the subject of in principle agreements in meetings of the Board of Directors and will be studied by the Group in order to decide on the best option or options for restructuring the financing of the business. The Company's financial statements have accordingly been drawn up, in this context, by applying the going concern principle.

Although in view of its track record and initial discussions held so far the Company considers it probable that these financing transactions will come to fruition, there is in fact some uncertainty as to the continuity of the business.

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.

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.

The Company has recognised a translation adjustment for receivables from equity stakes in associates, since the receivable on the statement of financial position is repayable in foreign currencies.

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). Translation losses are not recognised, in accordance with the prudence principle, but are recognised for tax purposes.

Provisions for liabilities

- 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 likely outflows of resources without consideration, and their 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 consumables contracts and related services.

Revenue represents the fair value of the consideration received or receivable for the goods sold in the normal course of the Company's business activities. Revenue is net of value added tax, product returns, rebates and discounts.

The Company recognises income once it can be reliably measured, 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, by virtue of its innovative nature, receives grants and subsidies from government and local authorities to defray its running costs or the cost of certain new hires. Subsidies are recognised as and when the associated expenses are incurred, independently of when they are actually received.

The Company also 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	31/12/16	Acquisitions	Disposals / Subtraction	31/12/17
Non-current intangible assets				
Software and Patents	1 722 453	115 453		1 837 907
Other non-current assets	404 126	540 651		944 777
	2 126 579	**656 104**		**2 782 684**
Property, pland and equipment				
Fixtures and fittings	756 721	60 288	(2 630)	814 379
Industrial equipments and tools	1 962 306	106 212	(12 572)	2 055 947
Computer, office equipment and furnitures	586 592	82 378	(25 337)	643 634
Property, plant and equipment under construction	308 764	647 643		956 407
	3 614 383	**896 521**	**(40 539)**	**4 470 366**
TOTAL Gross Value	**5 740 962**	**1 552 626**	**(40 539)**	**7 253 049**

Changes in amortisation may be analysed as follows:

IMPAIRMENT	31/12/16	Appropriations	Decreases	31/12/17
Non-current intangible assets				
Software and Patents	1 446 693	139 501		1 586 194
	1 446 693	**139 501**		**1 586 194**
Property, pland and equipment				
Fixtures and fittings	466 966	55 533	(658)	521 841
Industrial equipments and tools	1 254 940	293 080	(7 126)	1 540 894
Computer, office equipment and furnitures	493 417	65 887	(25 337)	533 967
	2 215 323	**414 500**	**(33 121)**	**2 596 702**
TOTAL Amortisation, depreciation and impairment	**3 662 016**	**554 001**	**(33 121)**	**4 182 896**

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

NET VALUE	31/12/16	Acquisitions	Disposals / Subtraction	31/12/17
Non-current intangible assets	679 886	516 603		1 196 489
Property, pland and equipment	1 399 060	482 021	(7 418)	1 873 664
TOTAL Net Value	**2 078 946**	**998 625**	**(7 418)**	**3 070 153**

FINANCIAL ASSETS

Gross Value	31/12/16	Acquisitions	Disposals / Subtraction	31/12/17
Investment in associate	4 322 075			4 322 075
Receivables from associates	8 919 898		(927 215)	7 992 683
Treasury shares	182 508	249 890	(253 601)	178 797
Deposits and sureties	105 660	6 902	(12 600)	99 962
Total gross value	**13 530 141**	**256 792**	**(1 193 416)**	**12 593 517**

Impairment	31/12/16	Appropriations	Decreases	31/12/17
Investment in associate	72 075			72 075
Receivables from associates	8 919 898		(927 215)	7 992 683
Total impairment	**8 991 973**		**(927 215)**	**8 064 758**
Net financial fixed assets	**4 538 168**			**4 528 759**

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 2017, 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 2017, 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 Collection Business Centers Gmbh, Thurn-und-Taxis-Platz 6, 60313 Frankfurt.
- 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 2017, the Company held 37,373 treasury shares as part of a liquidity contract as a result of the purchase of 844,052 shares and the disposal of 850,277 shares over the year, leading to a net capital gain of €13k for the period.

Subsidiaries and associates (in €k)

Subsidiaries and associates *In thousands of euros*	Subsidiaries Name	Capital	Equity other than share capital	Interest held	Comparable value of shares owned		Outstanding loans and advances from the company	Amount of guarantees and endorsements given by the Company	Pre-tax sales for the last FY	Last published net income	Dividends received by the Company during the year
				(en %)	*Gross*	*Net*					
Information concerning subsidiaries and associates											
Subsidiaries (over 50 % of the share capital owned):											
	EOS Image Inc		(2 062)	100%			2 220		499	(185)	
	EOS Imaging Inc		(19 034)	100%			31 244		14 097	(3 355)	
	EOS Imaging GmbH	25	(348)	100%	25		1 728		1 147	39	
	OneFit	116	167	100%	4 250	4 250	1 367		1 463	278	
	EOS Imaging Pte Ltd	47	(412)	100%	47		385			(175)	

IMPAIRMENT

	Impairment at start of period	Additions: expensed during the period	Subtractions: reversed during the period	Impairment at close of period
Non-current financial assets	8 991 973		(927 215)	8 064 758
Inventory	37 455	2 899		40 354
Trade receivables	252 500	460 000		712 500
Other receivables	25 417 389	8 362 674	(6 196 279)	27 583 785
TOTAL	**34 699 318**	**8 825 573**	**(7 123 494)**	**36 401 397**
including operating		*462 899*		-
including financial		*8 362 674*	*(7 123 494)*	
including non-recurrent items				

The net increase of €2,116k in impairment of other receivables corresponds to the impairment adjustment to receivables as at 31 December 2017.

Impairment of customer receivables: the impaired receivables relate mainly to sales of EOS equipment, with settlement terms sometimes extended contractually until installation at the final user's site by dedicated teams. The management follows up each of these receivables individually throughout the year and at year-end assesses the risk of non-recovery and hence any impairment provision to be recognised, both case by case and globally. At 31 December 2017, three receivables had had partial impairments recognised, for an amount of €713k, or 4.3% of the total gross amount of customer receivables.

RECEIVABLES

Breakdown and ageing of receivables:

		Gross Amount	1 year at most	More than 1 year
Non-current assets	Receivables from associates	7 992 683		7 992 683
	Other non-current financial assets	99 962		99 962
Current assets	Doubtful and disputed trade receivables			
	Other trade receivables	16 515 721	16 515 721	
	Payroll	460	460	
	Social security and other social welfare bodies	16 155	16 155	
	Government - Income tax	1 154 991	1 154 991	
	Government - Value Added Tax	610 312	610 312	
	Group and associates	28 950 707		28 950 707
	Non-trade receivables	2 002 005	2 002 005	
Prepaid expenses		327 127	327 127	
Loan issue costs		183 822	116 508	67 314
TOTAL		**57 853 945**	**20 743 279**	**37 110 666**

ACCRUED INCOME

Accrued income breaks down as follows:

	31/12/17	31/12/16
Trade receivables		
Uninvoiced sales	361 937	128 283
Tax and social receivables		
Government - Accrued income	1 154 991	1 196 943
Other receivables		
Interest on bank term deposits		618
Assets to receive	925 976	1 106 020
Subsidies to be received	1 051 652	1 301 887
TOTAL	**3 494 556**	**3 733 751**

The line item Government - Accrued Income corresponds to the provisions for the CIR, in the amount of €1,073k and the CICE, in the amount of €82k.

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

The line item Subsidies Receivable represent amounts recognised in respect of expenses incurred to 31 December 2017 but not yet paid as at that date.

CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	31/12/17	31/12/16
Short-term bank deposits	4 526 484	13 392 374
Money market funds (SICAV)	178 417	161 842
TOTAL	**4 704 901**	**13 554 216**

Cash and cash equivalents principally comprise current accounts of €4.5 million and short-term investments of €178k resulting from implementation of the liquidity contract.

PREPAID EXPENSES

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

PREPAID EXPENSES	31/12/17	31/12/16
Purchases of materials and merchandise	7 587	11 689
External costs	319 540	300 465
TOTAL	**327 127**	**312 154**

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		13 406 092	281 092	13 125 000	
Loans and borrowings from financial	Initially of 1 year or less				
	Initially of over 1 year				
Various debts and borrowings		1 125 000	500 000	625 000	
Accounts payable - Trade		8 228 838	8 228 838		
Liabilities to personnel and related accounts		1 469 346	1 469 346		
Social security and other social welfare bodies		1 028 274	1 028 274		
National and other government bodies	Corporation Tax				
	Value Added Tax	388 790	388 790		
	Other taxes and contributions	224 854	224 854		
Liabilities on non-current ssets and related account					
Group and associates		25 652	25 652		
Other liabilities		1 284 033	1 284 033		
Liabilities representing borrowed securities					
Deferred revenue		1 199 663	1 199 663		
TOTAL		**28 380 541**	**14 630 541**	**13 750 000**	
Borrowing done during the period					
Reimbursment during the period		2 250 000			

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.

Repayments were made during the financial year under the interest-free loan, in the amount of €375k, and in respect of interest on the bonds, in the amount of €1,875k.

ACCRUED EXPENSES

Accrued expenses break down as follows:

	31/12/17	31/12/16
Loans and borrowings from financial institutions		
Accrued interests	281 092	311 842
Accounts payable - Trade		
Invoices not yet received	2 169 430	2 241 009
Taxes payable, liabilities to personnel and other accrued social liabilities		
Accrued pay for paid time off and bonuses	1 458 176	1 187 964
Other accrued employer contributions	694 502	541 919
Taxes & duties payable	224 854	217 631
Other liabilities		
Royalties	1 284 033	856 068
TOTAL	**6 112 086**	**5 356 432**

DEFFERED INCOME

Deferred income breaks down as follows:

DEFERRED INCOME	31/12/17	31/12/16
Sales of maintenance	1 199 663	1 350 744
TOTAL	**1 199 663**	**1 350 744**

SHAREHOLDERS' EQUITY

- ***Changes in equity***

	Share Capital	Additional paid-in capital	Legal Reserve	Retained earnings	Net Result	TOTAL
Equity as of 31/12/16	**202 888**	**70 649 374**	**20 557**	**(56 857 789)**	**(10 257 372)**	**3 757 659**
Appropriation of the net income for 2016				(10 257 372)	10 257 372	
Capital increase in cash	23 527	8 495 491				8 519 018
Issue of warrants						
Profit (loss) for FY 2017					(5 380 021)	(5 380 021)
Equity as of 31/12/17	**226 415**	**79 144 865**	**20 557**	**(67 115 161)**	**(5 380 021)**	**6 896 655**

- ***Capital increases***

Capital increases result from the following transactions:

- The exercise of 153,719 options, leading to the creation of 153,719 new shares;
- issue of 1,868,000 new shares on the occasion of the private placement carried out in April 2017;
- issue of 185,000 shares in June 2017 in the context of the PACEO put in place in 2014;
- creation of 146,000 new ordinary shares each with a nominal value of one euro cent, allocated free of charge to certain employees.

- ***Composition of share capital***

As at 31 December 2017, the share capital was €226,415. It was divided into 22,641,483 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

- ***Options***

The other plans issued by the Company and outstanding at 31 December 2017 are as follows:

Type	Granted date	Exercise price	Outstanding as of 31.12.2017
SO 2009	07/07/2009	1.00 €	383 795
SO 2010	06/07/2010	1.00 €	231 625
SO 2010	20/05/2011	1.00 €	12 000
SO 2012	21/09/2012	4.07 €	267 182
Warrants	31/12/2012	4.24 €	40 000
SO 2014	23/05/2014	6.14 €	201 875
Free shares	08/12/2015	- €	-
Warrants	31/03/2015	4.71 €	120 000
Warrants	01/03/2016	3.42 €	190 000
Free shares	15/12/2016	- €	121 000
Performance shares	15/12/2016	- €	216 000
Free shares	07/09/2017	- €	50 000
Performance shares	07/09/2017	- €	190 000
Free shares	12/12/2017	- €	208 500
			2 231 977

As part of the 2015 free share allotment plan, on 7 September 2017, the Board of Directors resolved to issue 50,000 free shares and 190,000 performance shares.

Similarly, the Board of Directors, at its meeting of 12 December 2017, resolved to issue 208,500 free shares.

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	90 188	(216 830)	307 898
Provisions for warranties	968 250	770 000	(605 583)	1 132 667
Other provisions		91 457		91 457
TOTAL	**1 402 790**	**951 645**	**(822 414)**	**1 532 022**
including operating		*951 645*	*(822 414)*	
including financial				
including non-recurrent items				

The provision for disputes relates to ongoing disputes with employees as at 31 December 2017. 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 €1,275k

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 is required to 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, EOS imaging made the second repayment of €90k. In June 2017, it made the third repayment of €105k. The balance has therefore been reduced to €313k.

TRANSACTIONS WITH RELATED PARTIES

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

REVENUE BREAKDOWN

	31/12/17			31/12/16
	France	*Export*	*Total*	
Sales of manufactured goods	6 009 374	21 713 502	27 722 876	22 286 238
Services revenues	1 869 602	1 287 729	3 157 331	2 824 207
TOTAL	**7 878 976**	**23 001 232**	**30 880 207**	**25 110 446**

RESEARCH AND DEVELOPMENT EXPENDITURE

The Company continued to develop new functionalities for EOS equipment and related applications. Research and development expenditure increased to €4,615k in 2017 compared to €3,762k in 2016. 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: reversed during the period	Provisions at close of period
Impairment	34 699 318	8 825 573	(7 123 494)	36 401 397
Provisions for contingencies and losses	1 402 790	951 645	(822 414)	1 532 022
Sub-Total	**36 102 108**	**9 777 218**	**(7 945 908)**	**37 933 419**
Amortissements	3 662 016	554 001	(33 121)	4 182 896
TOTAL	**39 764 124**	**10 331 219**	**(7 979 029)**	**42 116 315**
including operating		*1 968 545*	*(855 535)*	
including financial		*8 362 674*	*(7 123 494)*	
including non-recurrent items				

FINANCIAL INCOME

	31/12/17	31/12/16
Financial revenue		
Other receivables related to shares in associates		122 598
Other interest income	149 253	18 745
Foreign exchange gain/loss	54 633	6 500
Provision reversal	7 123 494	12 194 757
Sub-total	***7 327 380***	***12 342 600***
Financial expenses		
Interest expenses	1 187 080	1 020 741
Foreign exchange gain/loss	27 344	40 536
Provisions for impairment (*)	8 362 674	18 636 159
Sub-total	***9 577 098***	***19 697 437***
TOTAL	**(2 249 718)**	**(7 354 837)**

(*): on receivables from equity investments.

NON-RECURRING INCOME AND EXPENSES

	31/12/17	31/12/16
Extraordinary income		
Disposl of non-current assets	74 738	143 406
Sub-total	***74 738***	***143 406***
Extraordinary expenses		
Disposl of non-current assets	73 183	186 999
Miscellaneous	450	
Sub-total	***73 633***	***186 999***
TOTAL	**1 105**	**(43 594)**

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 2017, total losses carried forward stood at €56,278k and included €8,588k in tax losses for the period.

AVERAGE HEADCOUNT

The average headcount breaks down as follows:

Paid employees	31/12/17	31/12/16
Executives	72	70
Non-executives	11	11
TOTAL	**83**	**81**

OFF-BALANCE SHEET COMMITMENTS

- ***Waiver of receivable***

On 31 December 2014, the Company agreed to waive a receivable of €600,000 from OneFit. 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 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.

- ***Contracts***

As part of its drive to control procurement costs, the Group has put in place medium-term supply contracts, some of which contain volume commitments. Under these contracts the Group could be required to pay compensation if these volumes were not honoured.

- ***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 bonuses are based on the following assumptions:

Valuation date	31/12/2017	31/12/2016
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	1.90%	1.85 %
Mortality tables	INSEE TD / TV 2011 – 2013	INSEE TD / TV 2011 – 2013
Rate of salary increase (including inflation)	4%	3%
Turnover rate	Average rate of 7.25 %, smoothed by age category	Average rate of 7.25%, smoothed by age category

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 2017, the commitment in respect of retirement bonuses amounted to €430k.

- ***Commitments under operating leases***

The Company has a lease on 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.

Two of the leases maturing in 2017 were tacitly renewed for three months. Total lease payments and future expenses are broken down as follows as at 31 December 2017:

	Total	Payments owed per period		
		1 year at most	More than 1 year but less than 5 years	More than 5 years
Operating leases	266 269 €	213 878 €	52 391 €	-
TOTAL	**266 269 €**	**213 878 €**	**52 391 €**	-

The lease payments recognised as expenses during the financial year ended on 31 December 2017 amounted to €351k.

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	More than 5 years
Bond financing	13 406 092	281 092	13 125 000	
Zero-rate loan	1 125 000	500 000	625 000	
OSEO advances	312 883	125 080	187 803	
Total financial liabilities	**14 843 975**	**906 172**	**13 937 803**	

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, Singapore 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 conducts prudent management of its available cash. 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 2017, 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).

The collection rate for invoices less than 12 months old has increased appreciably. Clearing older receivables takes longer. Action is being pursued on export distribution sales, and significant progress is expected this year.

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 2017, 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.

COMPENSATION OF MEMBERS OF ADMINISTRATIVE 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 2017 financial year were €114,000.

In thousands of euros	**31/12/2017**	
	Deloitte	Fi Solutions
Auditing		
Statutory audit, certification 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 excluding audit certification (*)		
- 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 auditors network to fully consolidated subsidiaries		
Legal, tax, employment		
Other investigations and services excluding audit certification (*)		
Sub-total		
Total	**88**	**26**

(*) Non-audit services mainly concern those performed in the capacity of independent third party and the attestations required by legal and regulatory provisions.

EVENTS AFTER THE REPORTING DATE

In order to support the growth in its activity in 2018, EOS imaging has carried out a restructuring of its bond borrowing agreement with IPF:

- Repayment of the first three tranches has been suspended from December 2017 until June 2019, and final maturity deferred to June 2022.
- A new tranche of €5 million was subscribed in January 2018, with partial repayment between December 2021 and December 2022 and a 60% bullet, without supplementary issue of share subscription warrants, the other conditions being comparable with those of the previous tranche.

There have been no material events since the date on which the accounts were closed.

20.2.2. Table of results over the past five financial years

TYPE OF INFORMATION / in euros	2013	2014	2015	2016	2017
1. CAPITAL AT YEAR END					
a. Share Capital	180 058	183 866	202 420	202 888	226 415
b. Number of common share in existence	18 005 878	18 386 567	20 241 974	20 288 764	22 641 483
c. Number of preferred dividend shares (withoout voting rights) in existence					
2. TRANSACTIONS AND PROFIT / (LOSS) FOR THE PERIOD					
a. Pre-tax sales	13 350 424	17 359 620	17 893 887	25 110 446	30 880 207
c. Corporation tax	- 1 020 985	- 1 093 988	- 1 228 979	- 1 210 443	- 1 154 991
d. Employee profit-sharing due for the period					
e. Income after tax, profit-sharing, depreciation, amortization and provisions	- 5 385 629	- 10 400 189	- 9 583 484	- 10 257 372	- 5 380 021
f. Appropriated earnings					
3. EARNINGS PER SHARE					
a. Earnings after tax and profit-sharing but before depreciation, amortization and provisions	- 0.13	- 0.18	- 0.19	- 0.13	- 0.14
b. Earnings after tax, profit-sharing, depreciation, amortization and provisions	- 0.30	- 0.57	- 0.47	- 0.51	- 0.24
c. Dividend per share					
4. PERSONNEL					
a. Average workforce during the period	59	73	81	81	83
b. Payroll for the period	3 988 594	4 804 093	4 987 672	5 901 358	6 687 509
c. Total sums paid in benefits for the period (social security, social agencies,...)	1 996 316	2 645 441	2 474 417	2 702 519	2 892 433

20.2.3. 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 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 2017 remains minimal at the Group level (2.2% of consolidated revenues).

Please refer to Chapter 9 of this Registration Document.

The liabilities recognised at 31 December 2017, together with the comparable figures for 2016, are as follows (in euros):

Liabilities	2017	2016
Convertible debt obligations	13,406,092	15,311,842
Liabilities on fixed assets and related accounts	-	78,046
Miscellaneous borrowings and financial liabilities	1,150,652	2,538,652
Trade payables	8,228,838	7,777,863
Tax and social security	3,111,263	2,643,778
Other liabilities	1,284,033	879,061
Deferred income	1,199,663	1,350,744
TOTAL	**28,380,541**	**30,579,986**

Disputes

Two disputes with employees were identified and ongoing at 31 December 2017. Provisions were established. The amounts recognised in provisions for risks and charges are the best estimate of the expenditure required to settle the obligations.

The company was not aware of any other dispute at 31 December 2017.

Company's results

Results for 2017 with the comparative figures for 2016 were as follows:

	2017	**2016**
Revenues amounted to:	€30,880,207	€25,110,446
Total operating revenues amounted to:	€33,348,822	€27,303,619
Total operating expenses amounted to:	€37,641,489	€31,294,651
Giving an operating loss of:	€(4,292,667)	€(3,991,032)
Total financial income amounted to:	€7,327,380	€12,342,600
Total financial expenses amounted to:	€9,577,098	€19,697,437
Giving net financial income of:	€(2,249,718)	€(7,354,837)
Result before non-recurring items and tax:	€(6,542,385)	€(11,345,869)
Total non-recurring income amounted to:	€74,738	€143,406
Total non-recurring charges amounted to:	€73,633	€186,999
Giving net non-recurring income of:	€1,105	€(43,594)
Employee profit sharing	€(6,268)	€78,352
Company taxation:	€(1,154,991)	€(1,210,443)
Net accounting loss:	€(5,380,021)	€(10,257,372)

Equity at 31 December 2017 stood at €6,896,655.

Pursuant to the provisions of Articles 39-4 and 223(4) of the French General Tax Code, we hereby note that the financial statements for the financial year under review include €17,923 in non-tax-deductible expenses.

20.2.4. Information on supplier and customer payment terms

Pursuant to Article D. 441-4 of the French Commercial Code, the Company hereby presents the breakdown as of 31 December 2017 of outstanding trade payables:

in thousands of euros	**Invoices received but not paid by financial year-end (*2*)**						**Invoices issued but not paid by financial year-end (*1*)**					
		for which the payment date has passed						**for which the payment date has passed**				
Late payment tranches	**No late payment**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 or more days)**	**No late payment**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 or more days)**
Number of invoices concerned	350	301	38	13	123	825	15	11	0	0	55	81
Total amount of invoices in question (excl. VAT)	2,101	1,739	677	268	782	5,567	5,798	4,264	-	-	17,722	27,784
Percentage of total purchases over the financial year (excl. VAT)	8%	7%	3%	1%	3%	21%						
Percentage of revenue over the financial year (excl. VAT)							16%	11%	0%	0%	48%	75%
Payment terms used to calculate late payments	Contractual deadline: Statutory deadline: X						Contractual deadline: X Statutory deadline:					

(1) The amount of the invoices concerns relates to sales of equipment. Payment terms of invoices relating to other services, which represent 7% of total customer receivables, are not significant.

(2) 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 2017

Deloitte & Associés	FI Solutions
185 avenue Charles-de-Gaulle	8 Rue Bayen
92524 Neuilly-sur-Seine cedex	75017 Paris

EOS Imaging

Public limited company

10, Rue Mercoeur

75011 Paris

_____

Statutory Auditors' Report

on the consolidated financial statements

Financial year ended on 31 December 2017

_____

To the General Meeting of Shareholders of EOS Imaging,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the consolidated financial statements of EOS Imaging for the financial year ended 31 December 2017, as attached to this report.

We hereby certify that the consolidated financial statements are, as regards the International Financial Reporting Standards (IFRS) as adopted by the European Union, regular and accurate and provide a true and fair view of the results of operations for the past financial year and of the financial situation and assets at the end of the financial year of the group formed by the persons and entities included in the consolidation.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit referential

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the section headed "*Responsibilities of the Statutory Auditor in respect of the audit of the consolidated financial statements*" in this report.

Independence

We conducted out audit in accordance with the rules on independence applicable to us for the period 1 January 2017 to the date of this report, and in particular we did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors profession.

Significant uncertainty related to going concern

Without its affecting the opinion expressed above, we draw your attention to the significant uncertainty linked to events or circumstances that might call into question the continuity of the business as described in the paragraph "Continuity of business" in Note d. "Accounting principles and methods" in the Notes to the consolidated financial statements.

Justification of our assessments - Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, apart from the point described in the section "*Significant uncertainty related to going concern*", we inform you of the key points of the audit relating to the risks of material misstatement which in our professional judgement were the most significant for the audit of the consolidated financial statements for the year and the responses we provided to these risks.

The assessments were made in the context of our audit of the consolidated financial statements taken as a whole and the forming of our opinion expressed above. We do not express an opinion on the elements of these consolidated financial statements taken in isolation.

Valuation of customer receivables

Risk identified

At 31 December 2017, customer receivables stood at €30,148,000 as detailed in Note j. "Customer receivables and other current assets: in the Notes to the consolidated financial statements. These

receivables relate mainly to sales of EOS equipment, with settlement terms sometimes extended contractually until installation at the final user's site by dedicated teams.

The management follows up each of these receivables individually throughout the year and at year-end assesses the risk of non-recovery and hence any impairment provision to be recognised, both case by case and globally. At 31 December 2017, three receivables gave rise to partial impairment provisions, for a total amount of €751,000.

We considered that the setting of provisions for customer receivables was a key point of the audit in view of the significant size of these receivables in the consolidated accounts (more than half of consolidated assets) and of the judgement required in assessing their recoverability.

Our response

Our audit approach to the valuation of customer receivables is based on substantive checks on the receivables. These consisted in

- identifying old receivables, obtaining explanations of their age from financial and general management, examining compliance with contractual clauses relating to settlement of invoices and exchanges with the distributors or end users concerned as well as checking on progress with the installation of the equipment in order to assess the estimate made by the management of the prospects of recovery of these receivables;
- analysing the consistency of the amount of individual impairments recognised with the information thus obtained;
- Taking note of lawyers' answers to our requests for information in order to identify possible difficulties in recovery that might not have given rise to impairment.

Verification of the information relating to the group provided in the Management Report

We also carried out, in accordance with professional standards applicable in France, the specific verification required by law of the information relating to the group provided in the Board of Directors' Management Report.

We have no comments to make concerning its fairness and consistency with the consolidated financial statements.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

Deloitte & Associés and Fi Solutions were appointed Statutory Auditors of EOS Imaging by the General Meeting of 13 June 2013.

At 31 December 2017, they were in the fifth year of their uninterrupted terms.

Responsibilities of the management and the persons forming the corporate governance regarding the consolidated financial statements

The management is responsible for the preparation of the consolidated financial statements giving a true and fair view in accordance with the IFRS as adopted by the European Union and for putting in place such internal controls as it deems necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the consolidated financial statements, it is incumbent upon the management to assess the company's ability to continue as a going concern, to provide such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle unless it intends to put the company into liquidation or cease its activities.

It is incumbent upon the audit committee to monitor the process of preparing the financial information and the effectiveness of the internal control and risk management systems, as well as of the internal audit where applicable, as regards procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors' responsibilities regarding the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with professional standards will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the financial statements may take on the basis of those statements.

As specified by Article L.823-10-1 of the French Commercial Code, our certifying the financial statements does not imply assurance of the viability of your company or of the quality of its management.

Throughout the audit process carried out in accordance with professional standards applicable in France, the Statutory Auditor exercises its professional judgement. Furthermore:

- it identifies and assesses the risks of material misstatements being contained in the consolidated financial statements whether deriving from fraud or from error, defines and implements audit procedures to address these risks and collects such evidence as it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error,

since fraud may involve collusion, forgery, wilful omissions, false declarations or bypassing of internal controls;

- it takes note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the internal controls;
- it assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by the management body, as well as the related information provided by management in the consolidated financial statements;
- it assesses the appropriateness of the management body's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast doubt on the company's ability to stay in business. This assessment is based on the evidence collected up until the date of its report. However, subsequent circumstances or events could lead to the going concern assumption being called into question. If it reaches the conclusion that such significant uncertainty does exist, it draws the attention of readers of its report to the information provided in the consolidated financial statements regarding this uncertainty or, if this information is not provided or is not pertinent, it issue a qualified opinion or refuses to certify;
- it assesses the overall presentation of the consolidated financial statements and whether they give a true and fair view of the underlying transactions and events;
- it collects such evidence as it considers sufficient and appropriate concerning the financial information on the persons or entities included in the consolidation scope in order to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on them.

Report to the Audit Committee

We submit a report to the Audit Committee presenting in particular the extent of the audit work and the work programme implemented as well as the conclusions drawn from our work. We also bring to its attention any significant weaknesses in internal controls that we may have detected as regards the procedures relating to the preparation and processing of accounting and financial information.

Among the elements contained in the report to the Audit Committee are the risks of material anomalies that we consider to have been the most significant for the audit of the consolidated financial statements for the year and which therefore constitute the key points of the audit, which it behoves us to describe in this report.

We also provide the Audit Committee with the declaration provided by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics of the Statutory Auditors profession. If necessary we discuss with the Audit Committee any risks to our independence and the measures taken to safeguard it.

Neuilly-sur-Seine and Paris, 27 April 2018

The Statutory Auditors

Deloitte & Associés	Fi Solutions
Géraldine Segond	Jean-Marc Petit

20.3.2.Statutory Auditors' report on the parent company's financial statements for the financial year ended on 31 December 2017

Deloitte & Associés	FI Solutions
185 avenue Charles-de-Gaulle	8 rue Bayen
92524 Neuilly-sur-Seine Cedex	75017 Paris

EOS imaging

Public limited company

10 rue Mercœur

75011 Paris

_____

Statutory Auditors' report

on the financial statements

Year ended on 31 December 2017

_____

To the General Meeting of Shareholders of EOS imaging,

Opinion

Following our appointment as statutory auditors by your Annual General Meeting, we have audited the financial statements of EOS imaging for the financial year ended 31 December 2017, as attached to this report.

We certify that the financial statements are, from the perspective of French accounting rules and principles, true and fair and give a true image of the results of operations undertaken during the past financial year, as well as of the financial position and of the assets and liabilities of the Company at the end of this financial year.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit referential

We conducted our audit in accordance with the professional practice standards applicable in France. We believe that the facts we have obtained are a sufficient and appropriate basis for our opinion.

Our responsibilities under those standards are further described herein in the "The statutory auditors' responsibilities when auditing the financial statements" section of our report.

Independence

We conducted out audit in accordance with the rules on independence applicable to us for the period from 1 January 2017 to the date of this report, and in particular we did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors profession.

Significant uncertainty as to business continuity

Without affecting the opinion expressed above, we draw your attention to the significant uncertainty linked to events or circumstances that might call into question the continuity of the business as described in the paragraph entitled "Continuity of business principles" in Note c. "Accounting principles and methods" to the annual financial statements.

Justification of our assessments - Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, apart from the point described in the section entitled "Significant uncertainty as to business continuity", we inform you of the key points of the audit relating to the risks of material misstatement which in our professional judgement were the most significant for the audit of the financial statements for the year and the responses we provided to these risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of customer receivables

Identified risk

At 31 December 2017, net customer receivables stood at €15,803k. These receivables relate mainly to sales of EOS equipment, with settlement terms sometimes extended contractually until installation at the final user's site by dedicated teams.

The management follows up each of these receivables individually throughout the year and at year-end assesses the risk of non-recovery and hence any impairment provision to be recognised, both case by case and globally. At 31 December 2017, three receivables gave rise to partial impairment provisions, for a total amount of €712k, as described in detail in the paragraph entitled "Impairment" of note "d. Notes to the balance sheet and income statement" to the annual financial statements.

We considered that the setting of provisions for customer receivables was a key point of the audit in view of the significant size of these receivables in the financial statements and of the judgement required in assessing their recoverability.

Our response

Our audit approach to the valuation of customer receivables is based on substantive checks on the receivables. These consisted in

- identifying old receivables, obtaining explanations of their age from financial and general management, examining compliance with contractual clauses relating to settlement of invoices and exchanges with the distributors or end users concerned as well as checking on progress with the installation of the equipment in order to assess the estimate made by the management of the prospects of recovery of these receivables;
- analysing the consistency of the amount of individual impairments recognised with the information thus obtained;
- taking note of lawyers' answers to our requests for information in order to identify possible difficulties in recovery that might not have given rise to impairment.

Verification of the management report and the other documents sent to shareholders

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

Information provided in the management report and in the other documents sent to shareholders on the financial situation and the financial statements

We have no comments to make on the fairness and consistency between the financial statements and the information provided in the management report of the Board of Directors and in the other documents provided to shareholders on the financial position and the financial statements.

Report on company governance

We confirm that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information provided pursuant to Article L.225-37-3 of the French Commercial Code on the remuneration and benefits paid to directors as well as the commitments made for their benefit, we have verified its consistency with the accounts or with the data underlying these accounts and, where relevant, with the information received by your Company from companies

controlling your Company or controlled by it. On the basis of this work, we attest the accuracy and fair presentation of this information.

Other information

As required by law, we have checked that all the information related to the identity of the shareholders and holders of voting rights have been disclosed to you in the management report.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

Deloitte & Associés and Fi Solutions were appointed Statutory Auditors of EOS imaging by the General Meeting of 13 June 2013.

At 31 December 2017, they were in the fifth year of their uninterrupted terms.

Responsibilities of management and the persons charged with the corporate governance on the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting rules and standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The audit committee is responsible for monitoring the financial information reporting process and the effectiveness of internal control and risk management systems and, where applicable, of its internal audit, as regards the accounting and financial reporting and processing procedures.

The financial statements have been approved by the Board of Directors.

The statutory auditors' responsibilities when auditing the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

cumulatively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As set out in Article L. 823-10-1 of the French Commercial Code, our auditing engagement does not require us to guarantee the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risk that the financial statements contain material misstatements, whether due to fraud or error, defines and applies auditing procedures appropriate to those risks, and gathers information that, in its view, is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement from fraud is higher than that of a material misstatement resulting from an error, as fraud may involve collusion, falsification, voluntary omissions, misrepresentation or bypassing of internal control;
- it must take note of the relevant internal controls for the audit, so that it may define audit procedures that are appropriate to the circumstances, not with a view to expressing an opinion on the effectiveness of internal controls;
- it must assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information on management provided in the annual financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to issue a qualified opinion or refuse to certify the financial statements.

- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We send a report to the Audit Committee presenting in particular the extent of the audit work and the work programme implemented as well as the conclusions drawn from our work. We also bring to its attention any significant weaknesses in internal controls that we may have detected as regards the procedures relating to the preparation and processing of accounting and financial information.

Among the elements contained in the report to the Audit Committee are the risks of material anomalies that we consider to have been the most significant for the audit of the financial statements for the year and which therefore constitute the key points of the audit, which we are required to describe in this report.

We also provide the Audit Committee with the declaration provided by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics of the Statutory Auditors profession. If necessary, we discuss with the Audit Committee any risks to our independence and the measures taken to safeguard it.

Neuilly-sur-Seine and Paris, 27 April 2018

The Statutory Auditors

Deloitte & Associés	Fi Solutions
Géraldine Segond	Jean-Marc Petit

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 section 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 "*Recent changes*" of this Registration Document, there have been no significant changes in the financial or commercial position of the Company or Group since the 2017 year-end.

21. ADDITIONAL INFORMATION

21.1 COMPANY'S SHARE CAPITAL 270
21.2 MEMORANDUM OF ASSOCIATION AND BYLAWS 282

21.1. SHARE CAPITAL

21.1.1. Amount of share capital

On 31 December 2017, the share capital amounted to €226,414.83, divided into 22,641,483 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, 16 June 2016 and 15 June 2017.

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 2017 financial year, 844,052 shares were purchased at an annual average share price of € 4.72 and 850,277 shares were sold at an annual average price of € 4.70. 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 2017, 37,373 treasury shares were deducted from consolidated shareholders' equity, for €322k. These shares represent 0.15% of the share capital.

21.1.4. Stock subscription options

The history of the awards of stock options by the Company as at 31 December 2017 is set out below:

Stock subscription options					
	ESOP 2009	ESOP 2010	ESOP 2010	ESOP 2012	ESOP 2012
Plan issue date	12/02/2009 AGM	AGM of 09/04/2010	AGM of 09/04/2010	AGM of 16/01/2012	AGM of 16/01/2012
Date awarded	Board of Directors of 07/07/2009	Board of Directors of 06/07/2010	Board of Directors of 20/05/2011	Board of Directors of 21/09/2012	Board of Directors of 23/05/2014
Number of stock options awarded	598,000	413,500	53,000	376,916	223,000
Number of shares that can be subscribed	598,000	413,500	53,000	376,916	223,000
Marie Meynadier	*184,988*	*129,000*	-	-	-
Hervé Legrand	*92,494*	*33,000*	-	*37,648*	-
Gérard Hascoët	-	-	-	-	-
Expiration date	06/07/2019	05/07/2020	19/05/2021	20 Sep 2022	22 May 2024
Subscription price	€1.00	€1.00	€1.00	€4.07	€6.14
Terms and conditions of exercise	see (1) below	see (1) below	see (1) below	see (2) below	see (2) below
Number of shares subscribed at 31/12/2017	107,094	94,500	32,625	5,134	5,750
Cumulative number of stock subscription options that were cancelled or became null and void	107,111	87,375	8,375	104,600	15,375
Number of outstanding stock options at 31/12/2017	383,795	231,625	12,000	267,182	201,875
Number of shares still available for subscription at 31/12/2017	383,795	231,625	12,000	267,182	201,875

(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.

(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 award date;
- a further 25% of the S.O. can be exercised on each anniversary of the date they were awarded;
- 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.

21.1.5. Free share awards

The history of free share awards made by the Company as at 31 December 2017 is set out below: Summary						
	AGA Plan 2015	AGA Plan 2015	AGA Plan 2015	AGA Plan 2016	AGA Plan 2016	AGA Plan 2017
Date of the meeting	16 Oct 2015	16 Oct 2015	16 Oct 2015	15 Jun 2017	15 Jun 2017	15 Jun 2017
Date of the Board of Directors' meeting	8 Dec 2015	15 Dec 2016	15 Dec 2016	7 Sep 2012	7 Sep 2012	12 Dec 2017
Name of the plan	AGA Plan 2015	AGA Plan 2015	Performance shares	AGA Plan 2016	Performance shares	AGA Plan 2017
Number of shares awarded *of which:*	181,500	133,000	280,000	50,000	190,000	208,500
Marie Meynadier	*5,000*	*5,000*	*0*	*0*	*0*	*5,000*
Terms and conditions of acquisition	see (1) below	see (1) below	see (2) below	see (1) below	see (3) below	see (1) below
Number of shares acquired at 31 December 2017	146,000	0	0	0	0	0
Cumulative number of shares that were cancelled or became null and void	35,500	12,000	64,000	0	0	0
Number of shares in the process of being acquired at 31 December 2017	0	121,000	216,000	50,000	190,000	208,500

(1) The acquisition period for awarded shares is 2 years for all beneficiaries.

(2) The performance shares will vest at the end of a two-year vesting period, and if the average weighted share price for the 20 trading sessions preceding the vesting date is:

- greater than or equal to €8, 100% of the shares awarded by the Board of Directors shall vest at the end of the vesting period,

- less than €4, no shares will vest at the end of the vesting period,

- between € and €8, the number of awarded shares that will vest at the end of the vesting period shall be calculated on a straight-line basis between 0% and 100%.

(3) The performance shares will vest at the end of a two-year vesting period, proportionately to the level of the Company's share price between €5 and €9 on 7 September 2019 (based on the average share price for the 20 trading sessions preceding 7 September 2019), i.e. 0% of the shares will vest if the share price is €5 (or less) and 100% will vest if the share price is €9 or more.

21.1.6. Other securities giving access to the Company's capital

Share warrants allocated to members of the Company's Board of Directors

The history of the awards of warrants by the Company to members of the Board of Directors as at 31 December 2017 is set out below:

Below is a summary table on warrants allocated

General Meeting date	16 Jan 2012	16 Oct 2015
Date of the Board of Directors' meeting	31 Dec 2017	25 Jan 2016
Number of shares that can be subscribed, including by:	40,000	190,000
Eric Beard	*40,000*	-
Paula Ness Speers	-	*40,000*
Gérard Hascoët	-	*150,000*
Expiration date	30 Dec 2022	15 Oct 2018
Exercise price	€4.24	€3.42
Subscription price	€0.21	€0.17
Terms and conditions of exercise	see (1) below	see (2) below
Number of shares subscribed at 31 December 2017	0	0
Cumulative number of share warrants that were cancelled or became null and void	0	0
Number of shares still available for subscription at 31 December 2017	40,000	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 31 December 2013;
- a further 33% may be exercised beginning on 31 December 2014;
- The balance can be exercised beginning on 31 December 2015.

(2) 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.

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, i.e. until June 2017, 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. In June 2017, EOS imaging made a subscription request and issued 185,000 new shares at the unit price of €5.52.

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 Company's Combined General Meeting of 13 June 2013. 60,000 bonds with stock warrants attached (OBSA) each with a nominal value of €9, for a total of €540,000. Three warrants are attached to each OBSA, each of which gives the right to subscribe for one share at the exercise price of €4.71. The warrants may be exercised in whole or in part, on one or more occasions, before 30 June 2022.

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.

The Company and IPF Partners have also signed an amendment to the bond issuance agreement that provides for the subscription of a new tranche of €5,000,000 by June 2018 with partial repayment between December 2021 and December 2022 and a 60% bullet repayment, without the issue of additional warrants. The other conditions are comparable to those of the previous tranche (see sections 4.4.2 and 4.4.5 of this Registration Document).

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 2,231,977, 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):	782,489
Acquisition of free shares:	379,500
Acquisition of performance shares:	406,000
OBSA IPF	120,000
Exercise of BSAs (warrants) awarded to corporate officers:	230,000
Total	**2,231,977**

These 2,231,977 new shares represent a maximum potential dilution of 9.86% of the diluted capital in existence at 31 December 2017. The dilution of voting rights also comes to 9.86%.

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 15 June 2017 and 1 December 2017, 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 15 June 2017 (19th Resolution) 26 months, i.e. up to 14 August 2019	€66,783	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., L.225-135 et seq., L.228-91 et seq. of the French Commercial Code)	AGM of 1 December 2017 (1st Resolution) 26 months, i.e. up to 31 January 2020	€67,500	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 1 December 2017 (2nd Resolution) 26 months, i.e. up to 31 January 2020	€44,900	None
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 15 June 2017 (15th Resolution) 26 months, i.e. up to 14 August 2019	10% of the share capital per year	None
Delegation of authority to carry out capital increases through the issue of ordinary shares or other securities, without preferential subscription rights for existing shareholders, to the categories of persons that meet specific characteristics (Articles L.225-129 to L.225-129-6, L.225-135, L.225-138 and L.228-91 et seq. of the French Commercial Code)	AGM of 1 December 2017 (3rd resolution), 18 months i.e. until 1 May 2019	€44,900	None

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Issue of securities			
Delegation of authority 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 15 June 2017 (20th Resolution) 26 months, i.e. up to 14 August 2019		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 15 June 2017 (17th Resolution) 26 months, i.e. up to 14 August 2019	€44,522	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 15 June 2017 (18th Resolution) 26 months, i.e. up to 14 August 2019	€22,261 without exceeding 10% of the share capital on the date of the issue	Not used
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 15 June 2017 (21st Resolution) 26 months, i.e. up to 14 August 2019	€22,261	€1,460 (Board of Directors meeting of 19 December 2017)
Issue and award of BSAs without preferential subscription right (Article L.225-138-I of the French Commercial Code.)	AGM of 15 June 2017 (23rd Resolution) 18 months, i.e. up to 14 December 2018	€ 5,000	None
Awards of existing or new free shares (Articles L. 225-197-1 et seq of the French Commercial Code.)	AGM of 16 June 2015 (24th Resolution) 38 months, i.e. up to 14 August 2020	€10,000	€2,400 Board of Directors meeting of 7 September 2017 €2,085 Board of Directors meeting of 19 December 2017

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
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 15 June 2017 (9th Resolution) 18 months, i.e. up to 14 December 2018	10% of the capital	Yes At 31 December 2017, the Company held 37,373 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 15 June 2017 (12th Resolution) 18 months, i.e. up to 14 December 2018	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 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**
26/01/2017	Capital increase resulting from exercice of options	200	19 800	20 000
27/01/2017	Capital increase resulting from exercice of options	1	74	75
30/01/2017	Capital increase resulting from exercice of options	7	705	712
31/01/2017	Capital increase resulting from exercice of options	34	3 352	3 386
01/02/2017	Capital increase resulting from exercice of options	184	18 193	18 377
02/02/2017	Capital increase resulting from exercice of options	192	19 021	19 213
03/02/2017	Capital increase resulting from exercice of options	15	1 485	1 500
03/02/2017	Capital increase resulting from exercice of options	20	8 120	2 000
06/02/2017	Capital increase resulting from exercice of options	33	3 259	3 292
07/02/2017	Capital increase resulting from exercice of options	9	865	874
27/02/2017	Capital increase resulting from exercice of options	27	2 704	2 731
28/02/2017	Capital increase resulting from exercice of options		32	32
06/03/2017	Capital increase resulting from exercice of options	9	854	863
07/03/2017	Capital increase resulting from exercice of options	24	2 400	2 424
08/03/2017	Capital increase resulting from exercice of options	98	9 686	9 784
22/03/2017	Capital increase resulting from exercice of options	190	18 810	19 000
20/04/2017	Capital increase	18 680	7 826 920	1 868 000
20/04/2017	Fees charged on the issue premium		(444 892)	
08/05/2017	Capital increase resulting from exercice of options		32	32
09/05/2017	Capital increase resulting from exercice of options	158	15 641	15 799
25/05/2017	Capital increase resulting from exercice of options	190	18 810	19 000
31/05/2017	Capital increase resulting from exercice of options	60	5 940	6 000
31/05/2017	Capital increase resulting from exercice of options	5	495	500
31/05/2017	Capital increase resulting from exercice of options	5	2 030	500
31/05/2017	Capital increase resulting from exercice of options	8	743	750
25/05/2017	Capital increase resulting from exercice of options	20	8 120	2 000
01/06/2017	Capital increase resulting from exercice of options	15	1 485	1 500
13/06/2017	Capital increase resulting from exercice of options	15	1 485	1 500
15/06/2017	Capital increase	222 610		
15/06/2017	Capital decrease	(222 610)		
16/06/2017	Capital increase	1 850	948 926	185 000
04/09/2017	Capital increase resulting from exercice of options	4	371	375
05/12/2017	Capital increase resulting from exercice of options	15	1 485	1 500
08/12/2017	Capital increase resulting from the allocation of free shares	1 460		146 000
	Total as at 31 december 2017	**226 415**	**79 146 325**	**22 641 483**

During financial year 2017, capital increases resulted from the following transactions:

- The exercise of 153,719 options, leading to the creation of 153,719 new shares.

- Issue of 1,868,000 new shares on the occasion of the private placement carried out in April 2017;
- Issue of 185,000 shares in June 2017 in the context of the PACEO put in place in 2014;
- Creation of 146,000 new ordinary shares each with a nominal value of one euro cent, allocated free of charge to certain employees.

On the date of this Registration Document, the share capital stood at €226,482.58, divided into 22,648,258 fully paid-up shares, of the same class with a par value of €0.01 each.

21.1.11. Share disposals carried out to unwind cross-shareholdings

The Company did not have to dispose of any shares with a view to unwinding cross-shareholdings prohibited by Articles L. 233-29 and L. 233-30 of the French Commercial Code.

21.2. MEMORANDUM OF ASSOCIATION AND BYLAWS

21.2.1. Corporate purpose

The purpose of the Company, in France and abroad, is the study, development, manufacture, purchase and sale of any and all mechanical, electrical, electronic, computer, data communication, biological and medical equipment and any and all measurement apparatus, publication, any and all provisions of services, and any and all negotiations of patents and expertise in all the above fields, and, more generally, any and all industrial, commercial, or financial operations, involving movable or real property, that may be related directly or indirectly to the corporate purpose or that might facilitate the expansion or development thereof.

21.2.2. Statutory provisions or other provisions related to the administrative and management bodies

Board of Directors

A. Composition of the Board of Directors (Article 11 of the bylaws)

The Company is administered by a Board of Directors composed of natural persons or legal entities, the number of which is set by the Ordinary General Meeting within the limitations established by law.
Any legal entity must, at the time of its appointment, designate a natural person to be its permanent representative on the Board of the Directors. The term of the permanent representative is the same as that of the legal entity member of the Board of the Directors that he or she represents. When the legal entity revokes its permanent representative, it must immediately provide for his or her replacement. The same provisions apply in case of the death or resignation of the permanent representative.

The term of the members of the Board of Directors is three years. The term of a member of the Board of Directors terminates at the close of the Ordinary General Shareholders' Meeting that has voted on the financial statements of the past financial year, held in the year in which the term of that member of the Board of Directors expires.

The members of the Board of Directors may be re-elected; they may be dismissed at any time by a decision of the General Shareholders' Meeting.

In the event of a vacancy of one or more seats on the Board of Directors caused by death or resignation, the Board of Directors may, between two General Meetings, make appointments on a temporary basis.

The appointments made by the Board pursuant to the paragraph above are submitted to the next Ordinary General Meeting for its ratification.

If they are not ratified, the decisions adopted and acts performed previously by the Board are nevertheless valid.

When the number of members of the Board of Directors has fallen below the legal minimum, the remaining members must immediately convene an Ordinary General Meeting, in order to fill the remaining seats on the Board.

An employee of the Company may be appointed as a member of the Board of Directors. His or her employment contract must, however, correspond to an actual job. In this case, he or she does not lose the benefit of his or her employment contract.

The number of members of the Board of Directors who have employment contracts with the Company may not exceed one-third of the members of the Board of Directors in office.

The number of members of the Board of Directors who are more than 70 years old may not exceed one-third of the members of the Board of Directors in office. When that limit is exceeded during a term, the oldest member of the Board is automatically deemed to have resigned at the end of the next General Shareholders' Meeting.

B. Non-voting members of the Board of Directors (Article 15 of the bylaws)

The Ordinary General Meeting may, upon a proposal made by the Board of Directors, appoint non-voting members of the Board. The Board of Directors may also appoint such members directly, subject to ratification by the next General Meeting.

The non-voting members of the Board, the number of which may not exceed three, form a panel (collège). They are chosen freely because of their competence.

They are appointed for a term of two years that ends at the close of the Ordinary General Shareholders' Meeting that has voted on the financial statements of the past financial year.

The panel of non-voting members of the Board of Directors examine the issues that the Board of Directors or its Chairman submits to its review, for opinion. The non-voting members of the Board attend meetings of the Board of Directors and participate in the deliberations in an advisory capacity only. Their absence does not affect the validity of the deliberations.

They are called to the meetings of the Board under the same conditions as the members of the Board.

The Board of Directors may compensate the non-voting members of the Board from the amount of the directors' fees set aside for the members of the Board by the General Meeting.

C. Meeting of the Board of Directors (Article 12 of the bylaws)

The Board of Directors meets as often as the interests of the Company requires.

The members of the Board are called to Board meetings by the Chairman. The notice to convene may be made by all means, in writing or orally.

The Chief Executive Officer may also ask the Chairman to call the Board of Directors to discuss a specific agenda.

Furthermore, directors who represent at least one-third of the members of the Board may validly call a meeting of Board. In that case, they must indicate the agenda for the meeting.

When a Works Council has been formed, the representatives of that committee, appointed in compliance with the provisions of the French Labour Code (*Code du Travail*), must be called to all the meetings of the Board of Directors.

The meetings of the Board take place either at the registered office of the Company or at any other place in France or outside of France.

For the deliberations of the Board to be valid, the number of members present must be equal to at least one-half of the members.

The decisions of the Board of Directors are made by majority vote; in the case of a tie vote, the Chairman presiding the meeting does not have a casting vote.

Any rules of procedure that may be adopted by the Board of Directors may stipulate, in particular, that for the calculation of quorum and majority, Board members who participate in a Board meeting via video-conference or telecommunications in compliance with the regulations in effect shall be deemed to be present. This provision is not applicable to the adoption of decisions coming under Articles L. 232-1 and L. 233-16 of the French Commercial Code.

Each Board member receives the information necessary to perform his or her mission and term and may have transmitted to him or her all the documents that he or she deems to be relevant.

Any member of the Board of Directors may give, by letter, telegram, telex, fax, e-mail, or any electronic means, a proxy to another member of the Board of Directors to represent him or her at any meeting of the Board, but each member of the Board may have only one proxy during a meeting.

The copies of or excerpts from the minutes of the Board of Directors' meetings may be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, a member of the Board to whom the position of Chairman has been delegated temporarily, or a proxy-holder authorised for this purpose.

D. Powers of the Board of Directors (Article 13 of the bylaws)

The Board of Directors determines the strategic directions for the business activity of the Company and ensures that they are implemented. Subject to the powers expressly awarded to the General Meetings and within the limitations of the corporate purpose, any issue concerning the proper

operation of the Company can be referred to the Board, which settles matters concerning the Company by its deliberations.

In its relationships with third parties, the Company is bound even by the acts of the Board of Directors that do not fall within the corporate purpose, unless it proves that the third party knew that the act went beyond that purpose and the third party could not have been unaware of that, in view of the circumstances; the mere publication of the bylaws is not sufficient to constitute that proof.

The Board of Directors conducts the assessments and verifications that it deems appropriate.

Moreover, the Board of Directors exercises the special powers that are conferred upon it by law.

Chief Executive Officer (Article 14 of the bylaws)

The management of the Company is overseen, under the responsibility of the Chairman of the Board of Directors, either by the Chairman, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the Company. He or she exercises his or her powers within the limitations of the corporate purpose and subject to the powers that the law expressly grants to General Meetings and to the Board of Directors.

He or she represents the Company in its relationships with third parties. The Company is bound even by the acts of the Chief Executive Officer that do not fall within the corporate purpose, unless it proves that the third party knew that the act went beyond that purpose and the third party could not be have been unaware of that, in view of the circumstances; the mere publication of the bylaws is not sufficient to constitute that proof.

The Chief Executive Officer may not be more than 65 years old. If the Chief Executive Officer reaches this age limit, he or she will be deemed to have resigned automatically. His or her term would be extended, however, until the next meeting of the Board of Directors during which the new Chief Executive Officer is appointed.

When the Chief Executive Officer is also a member of the Board of Directors, his or her term may not exceed that of his or her term as member of the Board of Directors.

The Board of Directors may remove the Chief Executive Officer at any time. If removal is decided without reasonable cause, it can result in damages, unless the Chief Executive Officer takes up the position of Chairman of the Board of Directors.

In an ordinary decision made by a majority vote of the members of the Board of Directors present or represented, the Board of Directors chooses between the two management options mentioned in the first paragraph.

The shareholders and third parties are informed of this choice under the legal and regulatory conditions.

The choice of the Board of Directors remains in effect either until the Board decides otherwise, or, at the choice of the Board, for the term of the Chief Executive Officer.

When the position of Chief Executive Officer of the Company is held by the Chairman of the Board of Directors, the provisions that are applicable to the Chief Executive Officer are applicable to him or her.

In compliance with the provisions of Article 706-43 of the French Code of Criminal Procedure (*Code de Procédure Pénale*), the Chief Executive Officer may validly delegate to any person of his or her choosing the power to represent the Company in criminal legal proceedings that might be brought against the latter.

Upon a proposal by the Chief Executive Officer, the Board of Directors may give a mandate to one or more natural persons to assist the Chief Executive Officer in the capacity of Executive Vice President.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and the term of the powers granted to the Executive Vice Presidents. The Board of Directors sets their compensation. When an Executive Vice President is a member of the Board of Directors, his or her term may not exceed that of his or her term as member of the Board of Directors.

With respect to third parties, Executive Vice Presidents have the same powers as the Chief Executive Officer; the Executive Vice Presidents have, in particular, the power to be a party in legal proceedings.

The number of Executive Vice Presidents may not be greater than five.

The Executive Vice President(s) may be dismissed at any time by the Board of Directors, upon a proposal by the Chief Executive Officer. If the dismissal is decided without reasonable grounds, it may result in damages.

An Executive Vice President may not be more than 65 years old. If an Executive Vice President reaches this age limit, he or she will be deemed to have resigned automatically. His or her term would be extended, however, until the next meeting of the Board of Directors during which a new Executive Vice President may be appointed.

When the Chief Executive Officer ceases to perform or is prevented from performing his or her duties, the Executive Vice President(s) retain their positions and their powers until the appointment of a new Executive Vice President, unless there is a decision to the contrary by the Board of Directors.

21.2.3. Rights, privileges, and restrictions attached to shares of the Company

Forms of securities (Article 7 of the bylaws)

The fully paid-up shares are in registered or bearer form, at the choice of each shareholder, subject, however, to the application of the legal provisions related to the form of the shares owned by certain natural persons or legal entities. The shares that are not fully paid up must be in registered form.

The shares are recorded in a registry under the conditions and in accordance with the procedures stipulated by the laws and regulations in effect.

Ownership of shares issued in registered form results from their being recorded in a registered account.

Voting rights (excerpt from Article 9 of the bylaws)

Except in cases where the law stipulates otherwise, each shareholder has as many voting rights and in Meetings casts as many votes as the number of fully paid-up shares that he, she, or it possesses. At equal par value, each capital share or dividend-right share entitles the holder to one vote.
As stated in section 18.2 of this Registration Document, the introduction of double voting rights for a certain category of shareholders under the Florange law was rejected as the 14th resolution at the Combined General Meeting of 17 June 2015.

Rights to dividends and profits (excerpts from Articles 9, 21 and 22 of the bylaws)

Each share entitles the shareholder, in terms of ownership of the corporate assets, the sharing of the profits, and the proceeds of liquidation, to a share in proportion to the number and par value of the existing shares.
Whenever it is necessary to own several shares, whether preference shares or not, or securities giving entitlement to exercise any right, the shareholders or the holders of securities are personally responsible for grouping together the required number of shares or securities.

A mandatory deduction of at least five percent (5%) must be made from the profit of the financial year, less any previous losses, and allocated to a reserve fund called the "legal reserve". This deduction ceases to be mandatory when the reserve has reached one-tenth of the Company's share capital.

The distributable profit is made up of the profit of the financial year, less prior losses and the deduction set out in the previous paragraph, plus retained earnings carried forward.

If there is a distributable profit in the financial statements at the end of the year, as approved by the General Meeting, that Meeting decides whether to post it to one or more reserve items, for which it controls the allocation or use, to retained earnings or to distribute it in the form of dividends.

After identifying the existence of reserves which it may have, the General Meeting may decide to distribute sums deducted from these reserves. In this case, the decision must expressly indicate the reserve items from which these deductions are to be made. However, dividends are deducted, first, from the distributable profit for the financial year.

The terms and conditions of the payment of dividends are set by the General Meeting, or, otherwise, by the Board of Directors.

Nevertheless, payment of the dividends must take place within a maximum time limit of nine months after the close of the financial year.

The General Meeting that votes on the financial statements for the year may grant to each shareholder, for some or all of the dividends to be paid, the option of dividend payment in cash or in shares.

Likewise, Ordinary General Meetings, ruling under the conditions stipulated in Article L. 232-12 of the French Commercial Code, may grant each shareholder an interim dividend and, for all or part of that interim dividend, an option between payment of the interim dividend in cash or in shares.

Preferential subscription right

The shares of the Company's stock have a preferential right to subscribe to share capital increases under the conditions stipulated by the French Commercial Code.

Limitations on voting rights

No clause in the bylaws limits the voting rights attached to the shares.

Identifiable bearer shares

The Company may, under the legal and regulatory conditions in effect, request at any time, in return for remuneration at its expense, from any authorised body, the name, or, if it concerns a legal entity, the corporate name, the nationality, and the address of the owners of securities conferring, immediately or in the future, the right to vote in its own General Shareholders' Meetings, as well as the number of securities owned by each of them and, as applicable, the restrictions to which those securities may be subject.

Buyback by the Company of its own shares

Please refer to section 21.1.3 "Treasury shares".

21.2.4. Terms and conditions for modifying shareholders' rights

The rights of shareholders as they appear in the Company's bylaws may only be modified by an Extraordinary General Shareholders' Meeting of the Company.

21.2.5. General Shareholders' Meetings

A. Holding the meetings (Article 19 of the bylaws)

The General Meetings are called and convened under the conditions established by law.
When the Company wishes to call a meeting by electronic communication instead and in place of a postal mailing, it must obtain prior approval from the shareholders involved, who will indicate their e-mail addresses.

The meetings are held at the Company's registered office or in any other place specified in the convocation notice.

The right to participate in the meetings is governed by the legal and regulatory provisions in effect and is subject, in particular, to the recording of the securities in the register in the name of the shareholder, or of the intermediary recorded on his or her behalf, on the third business day preceding the meeting as of 00:00 hours, Paris time, either in the securities registers held by the Company or in the bearer registers held by an authorised intermediary.

If a shareholder does not personally attend the meeting, he or she may choose one of the following three ways to participate, subject to the conditions stipulated by law and regulations:

- give a proxy in accordance with the conditions authorised by law and regulations;
- vote by postal vote, or
- send a proxy to the Company without indicating the proxy holder.

The Board of Directors may arrange, in accordance with the conditions stipulated by law and regulations in effect, for the participation and voting of the shareholders in the meetings by video conference or by telecommunications methods that allow them to be identified. If the Board of Directors decides to exercise this option for a given meeting, this decision is notified by the Board in the meeting and/or convocation notice. The shareholders, who participate in the meetings by video-conference or by any of the other telecommunication methods mentioned above, as the Board of Directors chooses, are deemed to be present for the calculation of quorum and majority.

The meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Chief Executive Officer, by an Executive Vice President if he or she is a member of the Board of Directors, or by member of the Board of Directors who is specifically delegated for this purpose by the Board. Otherwise, the meeting elects its own chairman.

The positions of scrutineers are filled by the two members of the meeting who are present and accept these positions, who have the largest number of votes. The Executive Committee appoints the secretary, who may be chosen from among persons who are not shareholders.

An attendance sheet is maintained in accordance with the conditions stipulated by law.

An Ordinary General Meeting that is held upon the first calling may only deliberate validly if the shareholders present or represented own at least one-fifth of the shares that have voting rights. An Ordinary General Meeting that is held upon the second calling may deliberate validly regardless of the number of shareholders that are present or represented.

Decisions of the Ordinary General Meeting are made with a majority vote of the shareholders present or represented.

An Extraordinary General Meeting that is held upon the first calling may only deliberate validly if the shareholders present or represented own at least one-quarter of the shares that have voting rights. An Extraordinary General Meeting that is held upon the second calling may only deliberate validly if the shareholders present or represented own at least one-fifth of the shares that have voting rights.

Decisions of the Extraordinary General Meeting are made with a two-thirds majority vote of the shareholders present or represented.

Copies or excerpts from the minutes of the meeting may be validly certified by the Chairman of the Board of Directors, by a member of the Board of Directors who holds the position of Chief Executive Officer, or by the Secretary of the Meeting.

B. Powers of the meetings (Article 19 of the bylaws)

The Ordinary and Extraordinary General Meetings exercise their respective powers in accordance with the conditions stipulated by law

21.2.6. Mechanisms allowing a change of control to be delayed, deferred or prevented

The bylaws of the Company do not contain mechanisms that allow a change of control to be delayed, deferred, or prevented.

21.2.7. Breaching statutory thresholds (Article 8 of the bylaws)

Any natural person or legal entity, acting alone or in concert, who owns, in any manner whatsoever, under the meaning of Articles L. 233-7 et seq. of the French Commercial Code, directly or indirectly, a proportion equal to three percent (3%) of the share capital or voting rights of the Company, must transmit to the Company the information indicated in Article 233-7-I of the French Commercial Code (notably the total number of shares and voting rights that that person or entity holds) by means of registered letter with return receipt requested or by any other equivalent means for persons residing outside of France, sent to the registered office within four trading days from the date the threshold is crossed.

This obligation also applies, under the conditions above, whenever a new threshold of 3% of the share capital or voting rights of the Company is reached or exceeded, regardless of the reason therefore, including beyond the legal threshold of 5%.

Any shareholder whose interest in the share capital or voting rights falls below one of the thresholds stipulated above is also required to inform the Company thereof within the same time limit of four trading days, in accordance with the same terms and conditions.

If this provision is not properly complied with, at the request of one or more shareholders holding at least five percent of the share capital or voting rights of the Company, the shares that exceed the threshold and that should have been declared are deprived of the voting rights for any shareholders' meeting that is held until the expiration of a time period of two years following the date the notification is brought into compliance.

21.2.8. Special specifications governing changes in the share capital

There are no special stipulations in the bylaws of the Company that govern changes in its share capital.

22. SIGNIFICANT AGREEMENTS

22.1. SUBCONTRACTING AND PARTNERSHIP AGREEMENT BETWEEN AXE GROUP AND EOS IMAGING SA DATED 21 FEBRUARY 2012 293

22.2. LICENSE AGREEMENT BETWEEN THE ECOLE DE TECHNOLOGIE SUPERIEURE (ETS) AND EOS IMAGING DATED 2 NOVEMBER 2011 293

22.3. LICENSE AGREEMENT BETWEEN ARTS (ACTING IN PARTNERSHIP WITH THE LABORATOIRE DE BIOMÉCANIQUE OF THE ÉCOLE NATIONALE SUPÉRIEURE D'ARTS ET MÉTIERS) AND EOS IMAGING DATED 28 JULY 2011 294

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

EOS imaging
10 rue Mercœur
75011 Paris France
Tel: +33 (0)1 55 25 60 60
investors@eos-imaging.com

Newcap
Financial Communication/Investor Relations
Pierre Laurent
Tel: +33(0)1 44 71 94 91
eosimaging@newcap.fr

Copies of this Registration Document are available free of charge from the Company's registered office at 10 rue Mercoeur, 75011 Paris, France. This Registration Document may also be accessed on the Company's website (www.eos-imaging.com) and on the AMF's website (www.amf-france.org). The Company's articles of association, minutes of meetings of general meetings and other company documents, as well as historic financial information or any evaluation or declaration issued by an expert at the Company's request that is required to be made available to shareholders under applicable laws, may be consulted, free of charge, at the Company's registered office.

Following the admission of the Company's shares to trading on the regulated market of NYSE Euronext in Paris, regulated information, within the meaning of the AMF's General Regulation, is also available on the Company's website (www.eos-imaging.com).

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

26.1. CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

26.2. TABLE CROSS-REFERENCING THE MANAGEMENT REPORT AND THE REPORT ON COMPANY GOVERNANCE

26.1. Cross-reference table for the 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 190
Financial statements (French standards)	Section 20.2 page 234
Management Report	Section 6.7 page 90 Sections 9.1 and 9.2 pages 108 to 119 See also the "Board of Directors' Management Report" Section 26.2
Declaration of the person responsible for the document	Chapter 1 page 11
Statutory Auditors' Report on the consolidated financial statements	Section 20.3.1. pages 263 to 268
Statutory Auditors' Report on the financial statements	Section 20.3.2. pages 269 to 274
Statutory Auditors' fees	Section 20.1 page 232

26.2. Table cross-referencing the management report and the report on company governance

26.2.1. Management Report

The 2017 Management Report presenting the information listed below is included in this Registration Document. It was approved by EOS imaging's Board of Directors on 11 April 2018.

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	**Registration Document**
Economic information	
Description of the Company's and the Group's situation during the past financial year (Article L. 232-1 III of the French Commercial Code)	Chapter 9 pages 104 to 116 Section 6.7 page 88
Foreseeable changes to the Company's and the Group's situation (Article L. 232-1 II of the French Commercial Code)	Section 12.2 page 137
Material events between the reporting date and the date of the management report (L. 232-1 II of the French Commercial Code)	section 5.1.6 page 52 Section 12.1 page 136
Research and development activities (Article L. 232-1 II of the French Commercial Code)	Section 6.4.4 pages 80 to 81 Chapter 11 page 122 et seq.
Activity and results of controlled subsidiaries by business line (Article L. 233-6, para 2 of the French Commercial Code)	section 7.2 pages 90 to 91
Objective and exhaustive analysis of the Company's business trends, results and financial position during the previous financial year (Article L. 225-100-1 of the French Commercial Code)	Section 20.2.3 pages 254 and 255
Analysis of the Group's business trends, results and financial position during the previous financial year (Articles L. 225-100-1 of the French Commercial Code)	Sections 9.1 and 9.2 pages 104 to 116
Key financial and, where applicable, non-financial performance indicators (Article L. 225-100-1 of the French Commercial Code)	Chapter 3 pages 13 to 16
Description of main risks and uncertainties (Article L. 225-100-1 of the French Commercial Code)	Chapter 4 pages 17 to 48 Section 4.4 pages 31 to 40 Section 10.6 page 120
Information on the use of financial instruments (Article L. 225-100-1 of the French Commercial Code)	Section 4.4.7 pages 39 and 40
Main features of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information (Article L. 225-100-1 of the French Commercial Code)	Section 16.5.2. pages 160 to 165

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	**Registration Document**
Details of existing branches (Article L. 232-1 II of the French Commercial Code)	Section 7.2 pages 90 and 91
Changes in the presentation of the annual financial statements (Article L. 232-6 of the French Commercial Code)	Section 20.1 pages 187 to 227
Legal information	
Adjustments in the event of the issue of securities giving access to the Company's capital	N/A
Share disposals (reciprocal participations) (Article R.233-19 para.2 of the French Commercial Code)	N/A
Free share awards (Article L.225-197-1 II para.4 of the French Commercial Code)	Section 21.1.5 page 273
Awards of stock options (Article L.225-185 II para.4 of the French Commercial Code)	Section 21.1.4 page 272
Treasury shares (Article L. 233-13 of the French Commercial Code)	Section 18.1 page 180 Section 21.1.3 page 270
Opinion of the works council on changes to the economic or legal structure (Article L. 225-105 of the French Commercial Code)	N/A
Expenses and charges that are not deductible for tax purposes (Article 223 quater of the French General Tax Code)	N/A
Details of shareholders who hold more than 5% of the share capital (Article L. 233-13 of the French Commercial Code)	Section 18.1 pages 180 and 181
Dividends paid in respect of the last three financial years (Article 243 bis of the French General Tax Code)	Section 20.4 page 268
Information on the sale and purchase of treasury shares (Article L. 225-211 of the French Commercial Code)	Section 21.1.3 pages 270 and 271
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)	Section 14.1.3 pages 143 and 144
Employee shareholding as at the last day of the financial year (Article L. 225-102 of the French Commercial Code)	Section 17.3 pages 177 to 178
Anti-competitive practices (Article L. 464-2, para 5 of the French Commercial Code)	N/A
Taking of controlling interests or takeovers in France (Article L. 233-6 of the French Commercial Code)	Section 5.2.1 page 54
Table of Company results over the past five financial years (Article R. 225-102 of the French Commercial Code)	Section 20.2.2 page 253

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	Registration Document
Information on supplier and customer payment terms (Article L. 441-6-1 para 1 of the French Commercial Code)	Section 20.2.4. pages 255 to 256
Amount of inter-company loans (Article L. 511-6 3 bis of the French Monetary and Financial Code)	Section 20.2.1 page 238
Employment, societal and environmental information	
Employment, societal and environmental information in respect of its business activity (R. 225-102 para. 2)	Section 4.5.4 pages 44 and 45 Sections 8.2 and 8.3 pages 94 to 100
Information on carrying out dangerous activities (Article L. 225-102-2 of the French Commercial Code)	N/A
Information on the financial risks associated with the effects of climate change and a description of the measures taken to reduce those effects through the implementation of a low carbon strategy (Article L. 225-100-1 of the French Commercial Code)	Section 8.2 page 97

26.2.2. Report on company governance

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	Registration Document
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 140 to 143
Agreement entered into, directly or indirectly, (i) by a corporate officer or shareholder who holds more than 10% of the voting rights and (ii) a company whose share capital is held, directly or indirectly, as to more than 50%	Chapter 19 pages 182 to 185
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 277 to 280
Method of general management (Articles L.225-51-1 and R. 225-102 para. 1 of the French Commercial Code)	Section 16.4 page 154 Section 21.2.2 pages 282 to 286
Total compensation and benefits in kind paid to each corporate officer (Article L. 225-102-1 of the French Commercial Code)	Chapter 15 pages 145 to 152
Commitments of any kind made by the Company in favour of its corporate officers (Article L.225-102-1 para. 1 of the French Commercial Code)	Section 15.1.10 page 151
Composition and conditions for preparing and organising the work of the work of the	Chapter 14 pages 139 to 144

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	Registration Document
board of directors (Article L.225-37-4 5 of the French Commercial Code) and the application of the principle of equal representation of women and men on the board of directors (Article L.225-37-4 6 of the French Commercial Code)	Section 16.4 pages 154 and 155 Section 16.5.1 pages 155 to 160
Any limitations placed by the Board of Directors on the Chief Executive Officer's powers (Article L.225-37-4 of the French Commercial Code)	Section 16.5.1 (e) page 160
Terms on which shareholders may participate in the general meeting (Article L.225-377-4 9 of the French Commercial Code).	Section 21.2.5 pages 289 to 290
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 145 to 152 Chapter 18 pages 179 to 181 Chapter 21 pages 269 to 291
Reference to a corporate governance code (Article L.225-37-4 8 of the French Commercial Code)	Section 16.4 pages 154 and 155