

PRESS RELEASE

EOS imaging Reports Full Year 2018 Results and First Quarter 2019 Revenue

Paris, April 16, 2019, 18h00 CET – EOS imaging (Euronext, FR0011191766 - EOSI), the pioneer of orthopedic medical imaging 2D/3D, today announces consolidated results for the full year ended December 31, 2018, and its first quarter 2019 consolidated revenues as adopted by the Board of Directors on April 16, 2019.

FULL YEAR 2018 HIGHLIGHTS

- **+6% Gross Margin growth at €17.8 million** vs. €16.8 million as of December 31, 2017
 - 490bp Gross Margin progression up to 50.2% of sales (vs. 45.3% over FY 2017), driven by positive trend in average selling price
- **Total net cash position of €19.7 million** as of December 31, 2018, following convertible notes issuance and Fosun Pharmaceutical AG equity financing
- **Growing adoption of EOS® in the US** up to 100% of Top 10 rated¹ Neurosurgical Hospitals, 100% of the Top 10 rated Pediatric Orthopedic hospitals and 90% of the Top 10 rated Orthopedic Hospitals
- **Global install base exceeded 300 EOS® systems** by the end of year fueling **maintenance revenues**
- **Global maturing opportunity pipeline**

Mike Lobinsky, CEO of EOS imaging, commented: “2018 has been a year of many accomplishments for EOS imaging. Despite the year end commercial slowdown, we are proud to reach the 300th-installed-EOS® mark and see this as an important milestone for the Company. By year-end 2018, we opened three new markets (Mexico, Spain and Portugal) and are excited to see the continued global adoption of our systems in leading hospitals and imaging centers as well as new adoption in private spine and orthopedic clinics in the U.S.; Our growing installed base had also a very positive impact on recurring revenues which increased by +26% over prior year. We are also pleased to see the increasing interest in our Advanced Orthopedic Solutions offering which is continuing to differentiate EOS imaging beyond our core diagnostic imaging system.”

¹ Source: US News – 2018/2019 Best Hospitals National Rankings (August 2018)

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FULL YEAR 2018 FINANCIAL RESULTS

- **Consolidated revenues over FY 2018: €35.4 millions**

EOS imaging recorded annual revenues of €35.4 million, compared to €37.1 million in full year 2017.

The Company sold 64 EOS® systems in 2018. The worldwide installed base grew to over 300 EOS® systems by the end of 2018.

Recurring revenues grew +26% to €8.9 million notably driven by a strong +33% increase of maintenance contract revenues from the rapidly growing global installed base. Recurring revenues in 2018 represented 25% of total sales, compared to 19% in 2017.

EOS imaging continued R&D investments led to revenues from public grants and tax credit amounting to €1.4 million.

- **Gross Margin: €17.8 million**

Gross Margin increased by +6% to €17.8 million, representing 50.2% of sales, compared to 45.3% in 2017. This improvement was driven up by the combination of an increase in average selling prices and an improvement in production and maintenance costs.

- **Financial Results**

Operating expenses including cost of share-based payments for the full year 2018 totaled €27.4 million, up 13% compared to the prior year.

The increase in Sales, Marketing and Clinical costs was driven by the US sales team reorganization initiated in H2 2017 and taking a full year impact in 2018.

Administrative costs have increased by €2.2 million, of which €1 million one-time costs mostly relating to consulting in support to the refinancing and personnel transitions.

Operating loss for the full year 2018 was €8.2 million compared with an operating loss of €5.8 million in 2017.

Net financial expenses for the full year 2018 totaled €(4.8) million, compared to €(2.0) million in 2017, mainly reflecting in the one-time expense for the early reimbursement of the company venture debt in May 2018.

Net loss for the full year 2018 was €13.0 million compared with a net loss of €7.8 million in the previous year.

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Summarized Consolidated Income Statement

<i>Income Statement / Unaudited² / € millions As of December 31</i>	FY 2018	FY 2017
Revenues	35.39	37.09
Other income	1.43	1.72
Total Revenues	36.82	38.81
Direct cost of sales	(17.62)	(20.29)
Gross margin	17.77	16.80
<i>as a % of revenue</i>	<i>50.2%</i>	<i>45.3%</i>
Indirect cost of production and services	(3.87)	(4.12)
Research & Development	(4.43)	(4.10)
Sales , Marketing and Clinical	(10.87)	(9.81)
Regulatory expenses	(0.76)	(0.74)
Administrative costs	(6.76)	(4.61)
Total operating expenses excluding cost of goods and share-based payments	(26.68)	(23.38)
Share-based payments	(0.77)	(0.91)
Total operating expenses	(27.45)	(24.29)
Operating income/(loss)	(8.24)	(5.77)
Net financial income/(expense)	(4.79)	(2.02)
Net income/(loss)	(13.04)	(7.79)
	As of December 31, 2018	As of December 31, 2017
Net cash position	19.72	6.93

Net cash position at December 31, 2018: €19.7 million

As of December 31, 2018, EOS imaging's net cash totaled €19.7 million, compared with €6.9 million at December 31, 2017. This variation results from €(8.7) million net cash flow from operations, €(4.1) million net cash flow from investments, and €25.5 million net cash flow from financing.

Over 2018, EOS imaging undertook two significant financing operations: the issuance of convertible notes allowing the full repayment of the Company's venture debt and a €15.1 million equity financing from Fosun Pharmaceuticals AG.

² Audit procedures have been performed, but audit reports have not being issued yet

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FIRST QUARTER 2019 REVENUES HIGHLIGHTS

- Sales Terms and Conditions for EOS® systems modified to match common U.S. practice, impacting revenue recognition timing
- Solid business performance including:
 - 15 EOS® equipment orders received in Q1 2019 to be compared to a particularly high Q1 2018 with 19 orders received
 - Continuous positive trend in EOS® equipments average selling price
 - +27% growth in recurring revenues compared to Q1 2018, driven by maintenance contracts revenue fuelled by the growing installed base

Mike Lobinsky, CEO of EOS imaging, commented: “With 15 EOS® orders received over the 1st quarter of 2019 and +27% growth in recurring revenues, we are in line with our expectations. Notably, we experimented a positive trend in our two main markets, EMEA and North America, offset by an anticipated decrease in Asia Pacific following the Q4 distributor change in China. We have decided to implement new sales agreements to better meet customer expectations and evolving industry practices, particularly in the US. This strong decision will have short-term impacts on equipment sales revenue recognition, but creates better conditions for commercial development and cash management. We are highly confident in our ability to develop EOS imaging across our three major markets in 2019 and beyond.”

- **EOS® systems general sales term evolution impacting timing of revenue recognition**

From 2019, EOS® systems direct sales agreements include a transfer of property at the time of acceptance, ie. the signature of the Statement of Working Order commonly referred to as “installation”, time at which sale would be effective and revenue recorded.

Two additional advanced KPIs, equipment orders³ and order book⁴, will be used to provide the necessary visibility on business performance as well as a the ability to compare prior year performance.

This business driven decision was taken in order to make EOS® equipments commercial model more consistent with both customer expectations and evolving industry practices, particularly in the US. Nonetheless, given the 3 to 12 month average delay between the shipment and the installation of EOS® systems, 2019 revenues will be significantly impacted by this one-time change.

This change should be accompanied by enhancements to the management of supply chain due to shorter shipment to installation times, extension of our working capital and improvements to our receivables.

³ Equipment Orders: Sum of EOS® system orders recorded in order book over the period

⁴ Order Book: Accumulation of EOS® system ordered but not installed for which revenue has not been recognized

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▪ Q1 2019 equipment orders and total revenue by product lines

Equipment Orders and Order Book <i>Non-audited / Including forex impact⁵ / € million</i> <i>As of March 31</i>	Q1 2019	Q1 2018
Equipment Orders (over the period)	6.25	-
Equipment Order Book (end of period)	6.20	-

Revenues <i>Non-audited / Including forex impact / € million</i> <i>As of March 31</i>	Q1 2019	Q1 2018
Equipments	0.05	7.56
Maintenance contracts	2.21	1.73
Consumables and services	0.32	0.26
TOTAL QUARTERLY REVENUE	2.58	9.54

Total revenue for the first three month of 2019, according to the new general sales terms implemented, was €2.6 million.

Total equipment orders were €6.25 million, following a continuous positive trend in average selling price.

Total Q1 2019 recurring revenue was €2.5 million, including €2.2 million in maintenance revenue to be compared to €1.7 million in Q1 2018 (ie. +28% growth).

Total Q1 2019 revenue with the addition of the change in equipment order book value reached €8.8 million to be compared to €9.5 million in Q1 2018, ie. -8.0% decrease from a particularly high quarter.

⁵ Forex impact over Q1 2019: +€0.08 million

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▪ Q1 2019 equipment orders and total revenue by geography

Revenues <i>Non-audited / Including forex impact / € million As of March 31</i>	Q1 2019	Q1 2018
EMEA	1.26	3.53
APAC	0.17	2.21
NAM	1.15	3.81
Total Quaterly Revenues	2.58	9.54

ABOUT EOS imaging

EOS imaging designs, develops and markets EOS®, a major innovative medical imaging solution dedicated to osteoarticular pathologies and orthopaedics combining equipment and services targeting a \$2B per year market opportunity. EOS imaging is currently present in 34 countries, including the United States under FDA agreement, Japan, China and the European Union under CE labelling, through approximately over 300 EOS® installed representing around one million patient exams every year. Revenues were €35.4M in 2018. For more information, please visit www.eos-imaging.com.

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

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



Next press release: Release of Q2 2018 sales in July 16, 2019



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