A French Public Limited Company (*Société Anonyme*), with share capital of €263,156.95
Registered office: 10 Rue Mercoeur, 75011 Paris
Paris Trade & Companies Registry No. 349 694 893

2018 REGISTRATION DOCUMENT

AMF AUTORITÉ DES MARCHÉS FINANCIERS

The original French version of this Registration Document was filed with the AMF (*Autorité des marchés financiers*, the French financial markets authority) on 19 July 2019 in accordance with Article 212-13 of the AMF's General Regulations. This document may be used in support of a financial transaction if it is accompanied by an information memorandum or prospectus approved by the AMF. This document has been prepared by the issuer and its signatories assume responsibility for its content.

Incorporation by reference:
In application of Article 28 of Commission Regulation (EC) No 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 31 December 2016, the corresponding Management Report and Statutory Auditors' Report on pages 212 to 252, 312 to 314 and 279 to 281 respectively of Registration Document No. D.17-0450 filed with the AMF on 27 April 2017.
• the consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the year ended 31 December 2017, the corresponding Management Report and Statutory Auditors' Report on pages 190 to 233, 306 to 308 and 263 to 268 respectively of Registration Document No. D.18-0439 filed with the AMF on 27 April 2018.

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

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

1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1. PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED HEREIN

Mike Lobinsky, 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 declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all the companies of the consolidated Group, and that the management report, the cross-reference table of which is shown in chapter 26, faithfully presents the business performance, results and financial position of the Company and of all the companies of the consolidated Group, and that it describes the main risks and uncertainties faced by the Group. 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, 19 July 2019

Mike Lobinsky
Chief Executive Officer

2. STATUTORY AUDITORS

2.1. APPOINTMENT OF STATUTORY AUDITORS

2.1.1. Principal statutory auditors

Deloitte & Associés
Société anonyme
6, Place de la Pyramide
92 908 Paris-La Défense Cedex
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
6, Place de la Pyramide
92 908 Paris-La Défense Cedex
Nanterre Trade and Companies Register 315 172 445
Company represented by Joël Assayah

Mr Jörg Schumacher
Born 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 OF MANDATES

The Board of Directors proposed to the General Meeting of 5 June 2019:

- that Deloitte & Associés be re-appointed as the company's principal statutory auditors;

- that FI Solutions not be re-appointed as principal statutory auditors of the company and that PKF FIDEA CONTROLE, 101 Rue de Miromesnil, 75008 Paris be appointed instead as principal statutory auditors;

- the non-renewal of the appointments of BEAS and of Mr Jörg Schumacher as alternate statutory auditors and the corresponding amendment of Article 18 of the Company's Articles of Association.

The General Meeting approved the renewal of the term of office of Deloitte & Associés and the appointment of PKF FIDEA CONTROLE, represented by Ms Aurélie Lafitte. These terms of office, of six financial years, will expire at the close of the annual Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2024.

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 paragraph 20.1 of this Registration Document.
This financial information must be read in conjunction with (i) the analysis of the Group's results and financial position set out in Chapter 9 of this Registration Document and (ii) the analysis of the Group's cash and shareholders' equity set out in Chapter 10 of this Registration Document.

The sales revenue posted by the Group in the first quarter of 2019 is also presented in this Chapter, on page 17.

Simplified consolidated balance sheets

Audited consolidated data	2018 financial year	2017 financial year	2016 financial year
€K	12 months	12 months	12 months
Total assets	**79,989**	**58,322**	**58,779**
Non-current assets	**14,439**	**11,735**	**9,792**
Current assets	**65,549**	**46,587**	**48,987**
o/w which cash and cash equivalents	*19,768*	*6,930*	*14,909*
Total liabilities	**79,989**	**58,322**	**58,779**
Equity	**29,210**	**23,203**	**22,768**
Non-current liabilities	**26,612**	**15,509**	**14,793**
o/w which long-term debt (1)	*25,679*	*14,733*	*14,019*
Current liabilities	**24,167**	**19,610**	**21,218**

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

Simplified consolidated income statements

Audited consolidated data	2018 financial year	2017 financial year	2016 financial year
€K	12 months	12 months	12 months
Total operating income	**36,819**	**38,810**	**33,097**
o/w sales revenue (*)	35,391	37,092	30,773
o/w sales of equipment	*26,471*	*29,992*	*25,062*
o/w sales of maintenance contracts	*7,931*	5,944	4,697
o/w sales of consumables and related services	*989*	*1,157*	1,014
Direct cost of sales (**)	(17,616)	(20,288)	(16,198)
Gross margin (**)	**17,775**	**16,804**	**14,575**
In %	**50%**	**45%**	**47%**
Total operating expenses	(45,063)	(44,579)	(37,660)
Total operating income	**(8,244)**	**(5,769)**	**(4,563)**
Pre-tax profit (loss) from ordinary activities	**(13,038)**	**(7,786)**	**(6,172)**
Consolidated net profit (loss) for the period	**(13,038)**	**(7,786)**	**(6,172)**
Net earnings per share (in €)	(0.57)	(0.36)	(0.30)

(*) Sales revenue consists of revenue from sales of equipment, sales of maintenance contracts and sales of consumables and services. Sales of maintenance contracts and sales of consumables and services constitute recurring revenue.

(**) The gross margin corresponds to total sales revenue less total direct cost of sales. As explained in Note 19.1 to the consolidated financial statements, chapter 20 of this Document, direct costs of sales consist basically of production costs, transport costs and installation costs of equipments sold in the period, as well as maintenance costs of equipment installed.
As the equipment integration phase is sub-contracted, production costs comprise mainly purchasing and sub-contracting costs, changes in which are directly linked to the volumes of equipment sales over the period.

Simplified cash flow statements

Audited consolidated data	2018 financial year	2017 financial year	2016 financial year
€K	12 months	12 months	12 months
Cash flows related to operating activities	**(8,687)**	**(10,167)**	**(3,302)**
o/w internal financing capacity	(6,983)	(5,072)	(3,514)
o/w change in working capital requirements	(1,704)	(5,095)	212
Cash flows related to investment activities	**(4,055)**	**(3,068)**	**(1,746)**
Cash flows related to financing activities	**25,484**	**5,057**	**5,465**
Impact of exchange rate fluctuations	46	197	401
Change in cash	**12,789**	**(7,979)**	**818**

Sales revenue for first quarter of 2019

In millions of euros		31 March 2019	31 March 2018
Sales of equipment		**0.05**	**7.56**
	% of total sales revenue	*2%*	*79%*
Sales of maintenance contracts		**2.21**	**1.73**
	% of total sales revenue	*86%*	*18%*
Sales of consumables and related services		**0.32**	**0.26**
	% of total sales revenue	*12%*	*3%*
Total sales revenue		**2.58**	**9.54**

Unaudited figures

In millions of euros	31 March 2019	31 March 2018
EMEA	**1.26**	**3.53**
North America	**1.15**	**3.81**
Asia-Pacific	**0.17**	**2.21**
Total sales revenue	**2.58**	**9.54**

Unaudited figures

Sales revenues for the second quarter and the first half of 2019 by product line and geographical region

Sales revenue by product line *In millions of euros / unaudited / with exchange rate effect (1)*	**Q2 2019**	**Q2 2018**	**H1 2019**	**H1 2019**
Sales of equipment	**0.72**	**6.05**	**0.77**	**13.61**
Sales of maintenance contracts	**2.45**	**1.74**	**4.66**	**3.46**
Sales of consumables and related services	**0.26**	**0.21**	**0.57**	**0.48**
Total sales revenue	**3.42**	**8.00**	**6.00**	**17.54**

(1) Exchange rate effect in Q2 €0.08 million

Sales revenue by geographical region *In millions of euros / unaudited / with exchange rate effect (2)*	**Q2 2019**	**Q2 2018**	**H1 2019**	**H1 2019**
Europe	**1.66**	**2.75**	**2.92**	**6.28**
Asia-Pacific	**0.18**	**2.23**	**0.35**	**4.44**
North America	**1.58**	**3.02**	**2.74**	**6.83**
Total sales revenue	**3.42**	**8.00**	**6.00**	**17.54**

(2) Exchange rate effect in H1 €0.16 million

4. RISK FACTORS

Before deciding to invest in the Company's shares, potential investors are urged to consider carefully 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.

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

Following publication in the Official Journal of the European Union of 30 June 2017 of Regulation (EU) 2017/1129 of 14 June 2017 repealing Directive 2003/71/EC, EOS imaging has decided to anticipate the regulatory changes as regards clarity and simplification of the presentation of its information relating to risks. To do so the Company has adopted a classification of risks based on their relative significance, so the first risk factor in each section hereunder is the most significant one in that section in the Company's judgement at the date of this Registration Document. Nonetheless the occurrence of new events, either internal or external to the Group, may well lead to changes in this hierarchy in the future.

4.1. MARKET RISKS

Moderate risk level

Risks inked to the economic environment and to local healthcare policies

In 2018, 76% of the Group's sales revenue came from customers outside France. Risks of an economic and political nature, more particularly in the area of healthcare, and other more general risks associated with international trade may significantly affect the Company's sales or make them less foreseeable and act as a brake on capital expenditure on equipment. The Group's results may be influenced by several factors, notably:

- A context of uncertainty regarding changes in healthcare policies may act as a brake on decisions to purchase the equipment which forms the core of the Group's current commercial offering;
- Changes in local healthcare policies, possibly affecting administrative authorisation procedures for the purchase of major equipment for example, or altering the care pathway recommended by the healthcare authorities, or changing reimbursement policy for medical procedures, may have a significant impact on the attractiveness of the Group's products by adversely affecting prospects for return on investment;

More generally,

- the decrease in sales prices and gross margins generally associated with sales of products and services internationally, and particularly in emerging markets;
- longer payment cycles associated with a large number of foreign customers;

- currency fluctuations;
- instability of regional political and economic conditions or changes in restrictions imposed on trade between France and other countries;
- changes in the political, regulatory, economic or security context in a country or region, notably as a result of the UK's imminent leaving of the European Union ("Brexit");
- the imposition by governments of taxes, customs duties, global economic sanctions, embargoes or other restrictions on foreign trade;
- inability to obtain the necessary import or export authorisations;
- any inability to comply with export or import laws and constraints or any breach of regulations regarding sanctions that may lead to enforcement measures, civil or penal sanctions and export restrictions;

may also affect performance.

The risk management measures put in place by the Group are the following:

- creation of a specific hire-purchase offering designed for new customers, thus allowing them to minimise their investment risks in situations that they find uncertain; and
- extension of the product portfolio to the provision of services (Software as a Service – SaaS) in order to move beyond reliance on the equipment market and so reduce the risks associated with this market while at the same time boosting recurring revenue

4.2. COMMERCIAL RISKS

High risk level

Risks linked to the Group's transformation into a business geared more towards the provision of services.

For the past two years the Group has been developing service activities aimed at radiologists and orthopaedic surgeons. This involves on the one hand performing 3D modelling of bone structures for them, based on the EOS images of the patient's anatomy previously stored on our Internet portal, and on the other hand giving them access on our website to software applications allowing 3D pre-operative planning of positioning of implants. This type of service is commonly referred to as "Software as a Service": SaaS. The Group has identified risks inherent in the marketing of these new activities.

The growth rate of these service activities is heavily dependent on the match between the structure of the sales offering and the sales channel used on the one hand and the characteristics of local markets on the other. The variability of the latter is much greater than that of the markets in which the Group has historically been present, especially that of imaging equipment. Having to take account of national particularities may entail additional costs and hold back the roll-out in the various countries in which the Group is already present.

The success and profitability of these service activities will also depend on striking the right balance between the front-end resources in charge of selling to a highly diverse clientele given that approaches must be made individually to each surgeon, not to an institution, and the back-end resources responsible on the one hand for developing the contractual and regulatory tools appropriate to each country and on the other for carrying out the 3D modelling and planning operations at the levels of speed and quality expected. Non-harmonious development of these resources may lead to loss of credibility, cost overruns and delays in roll-out.

The analysis of the 3D information provided by these service activities and its clinical application require significant training of users and of the Group resources in charge of promoting and marketing them. A lack of proper understanding of the original contribution of the 3D information provided by the EOS solution, and more particularly of its specificity relative to the 2D information provided by conventional imaging, may hold back subscription to the services offered, their use in daily practice and consequently the Group's revenue.

This activity (Software as a Service) is based on software applications and is therefore exposed to several risks linked to this type of technology. More specifically, the software applications used to model and plan SaaS must be compatible with the various software application versions existing on the installed base and generating the images. This constraint could exclude part of the installed base from the SaaS offering if it could not be upgraded for technical reasons. It could also act as a brake on the roll-out of new products and services because of the weight of this backward compatibility.

The Group has developed several measures to minimise the risks inherent in the implementation of this SaaS activity:

- establishment of contractual, regulatory and IT environments adapted to the specific constraints of the Group's main markets (USA, France and the rest of the European Union). These environments will gradually be extended to other markets that are receptive to an SaaS offering;

- definition of different sales packages adapted to the specific features of local markets: "try and buy", inclusion in the sale of equipment of a flat fee for a given number of patients to be 3D modelled and/or planned, sale of points giving access to 3D modelling and/or planning in accordance with a scale established on the basis of the complexity of clinical cases;

- development of pilot schemes with distributors including training on the clinical value of the offering and strategies for approaching customers;

- consolidation of the Group's various R&D teams involved in developing the software applications needed to put in place the SaaS offering in order to optimise the way backward compatibility constraints are taken into account and addressed;

reorganisation of the team in charge of rolling out the SaaS activity under the leadership of its marketing department in order to integrate a comprehensive offering adapted to each market.

Moderate risk level

Risks linked to the pace at which healthcare professionals adopt EOS technology

The Company believes that healthcare professionals will make regular use of its products and applications only when 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. The sales cycle for EOS equipment, which is by nature long, is in direct competition with hospitals' other equipment purchases

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 risk management measures put in place by the Group are the following:

- support for clinical trials in order to demonstrate the clinical value of its solutions, particularly in the areas where these are not yet recognised as care standards;
- deployment of a customer profitability analysis simulator based not only on revenue from imaging examinations but also on the recruitment of additional patients (i) for imaging due to increased demand for EOS examinations from orthopaedists and (ii) for surgery due to the attractiveness for patients of better controlled surgical procedures thanks to the 3D approach.

Risks linked to dependence on local sales partners

The Company makes use of local distributors and/or strategic partners for marketing and distributing its products in 25 of the 34 countries in which its products are currently installed and in new countries; it therefore does not have direct control of sales in these countries. These distributors also advise the Company on local regulatory authorisations and the training of healthcare professionals as well as on relations with government agencies. The Company's ability to generate sales in countries or regions where it relies on local distributors and/or strategic partners will depend largely on the efforts of these third parties over which the Company exercises only limited control. If the current international distributors fail to sell the Company's products or sell them in lower volumes than anticipated, the Company could see its results diminish or not attain its forecasts.

Also, if the Company is not in a position to identify and create links with local distributors and/or appropriate strategic partners in the countries where it intends to market and distribute its products, its activities, its financial position and its results could be affected.

The risk management measures put in place by the Group are the following:

- training and involvement of partners by means of regular meetings;
- strengthening of the Regional Sales Managers structure so as to carry out regular monitoring of the Group's partners; and
- contractual imposition of minimum annual sales for distributors.

Risks linked to the reliability of sales forecasts

Forecasts of sales of equipment and services by the sales teams play a fundamental role in several of the Company's processes, such as the establishment of the annual budget and possible adjustments to it during execution, the establishment of the annual production plan and any adjustments during execution, and negotiations with industrial suppliers which lead to reciprocal commitments on quantities and price, and periodic adjustments to quantities to be delivered. An over-estimate of these annual and quarterly forecasts may lead to an over-commitment of human and material resources, adjustment of which could lead to additional costs for the Group. Conversely, an under-estimate could lead to interruptions in supply and inability to supply products within the time frames expected by clients. A lack of reliability of sales forecasts could also lead to inappropriate management of analysts' and investors' expectations.

To manage this risk, the Group has put in place the following actions:

- continuous improvement of the methodology and tools allowing the degree of maturity of sales prospects to be measured;
- reinforcement of sales forces' discipline so as to make full use of the CRM tools.

4.3. TECHNOLOGICAL RISKS

High risk level

Risks linked to the emergence of disruptive technologies

The Group's products are based on original technologies protected by patents. The Group continues to invest in research and development to extend these technologies so as to retain its competitive advantage. However, the Company cannot rule out the emergence of new technologies in the areas that constitute its core business. They could offer competitors the means to circumvent the intellectual property protection put in place by the Group, and even give them decisive advantages in terms of performance or cost over the technologies currently in use. The emergence of such direct competition would have an impact on the Group's business, its financial position and its results.

To manage this risk, the Group has put in place the following actions:

- continuous investment in Research and Development so as to maintain its lead over the competition;
- permanent monitoring of progress of academic research in areas likely to benefit its current and future products, most particularly in the field of emerging technologies such as artificial intelligence;
- development of collaboration programmes with academic research laboratories that excel in their respective scientific fields.

Risks linked to the foreseeability of execution of product development projects

The Group's growth relies largely on the development of new products and of new functionalities for existing products. These developments are carried out in the form of projects led by multi-functional teams at the heart of which are the R&D teams. The planning of such projects has a major impact on the

establishment of the Company's medium- and long-term strategic plans and of its annual budgets. Inadequate predictability in the execution of product development projects could affect the Group's results, notably by reason of:

- changes made to the business growth plan;
- unforeseen expenses incurred; and
- additional costs linked to long-term commitments with the suppliers involved in future production.

The risk management measures put in place by the Group are the following:

- reinforcement of the division in charge of managing R&D projects;
- improvement of the execution of software application developments in accordance with the "Agile" methodology allowing progress made to be measured continuously;
- increased safety margins in project execution, where necessary by adding contractors; and
- limiting situations in which an engineer is shared among several projects, so as to avoid the propagation of delays among projects.

Moderate risk level

Risks linked to the Group's ability to protect its intellectual property

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, it may have cause to 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 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 measures put in place by the Group to minimise these risks are the following:

- reinforcement of the policy of registering patents to protect the development of new products and renewing or updating the portfolio of patents on technologies already being sold; and
- an analysis of intellectual property is carried out at the beginning of each R&D programme to identify any existing patents that could impose constraints as well as opportunities for registration by the Group. A protection strategy is then defined and updated at each milestone of the programme.

Risks linked to dependence on technologies belonging to third parties

The Company may use technologies belonging to third parties the protection and future evolution of which it therefore does not control. For example, it holds two exclusive worldwide intellectual property licences relating to the technology used to reconstruct 3D images from one, two or more two-dimensional X-ray views. The licences are granted, respectively, by the École de Technologie Supérieure (ETS) of Montreal 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 licences, 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 licences 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. Improvements could be made to these technologies by their owners and made available to competitors of the Group, which would thus lose a competitive advantage, which in turn would be likely to have a significant adverse effect on the Group, its business, its financial position, its results, its development and its prospects.

This risk is minimised by the Group, which has put in place a strategy to protect the improvements that it has made, or that might be made, to these technologies to improve their performance in the areas specific to its activity.

Risks linked to actions for infringement

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 guarantee 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 licence 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, disrupt 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.

The measures put in place by the Group to minimise the risks linked to the protection of its intellectual property also enable it to minimise the risks materialisation of which would affect its freedom to operate.

Risks linked to dependence on partners for the supply of unique technologies

The Company relies on external partners for the supply or co-development of technologies that do not form part of its core business in order to incorporate them into its products. It is therefore subject to risks linked to these partners' ability to supply components, sub-assemblies or software applications with the required performance and within the delivery times established. A delay or a shortfall in performance could affect the Group's R&D programme and entail additional costs, delay or even cancellation. Inadequate performance could also lead to a downward revision of the performances of the Group's product, which could affect sales prospects. These risks may be exacerbated if the technology concerned is mastered by a very small number of players, thus making it more difficult to turn to an alternative partner.

The measures put in place by the Group to manage these risks are the following:

- an analysis of the technical and execution risks is carried out in respect of each R&D programme and technical feasibility stages are gone through before completely committing the Group;
- contracts signed with such partners contain detailed clauses on performance and times and
- a second source of co-development or supply is identified where possible and monitored throughout the R&D programme. It may possibly be classified as a second source of supply once the Company's product has gone into production.

Risks linked to the disruption of the Group's information systems or significant breaches of the security of its systems

The Group's commercial activities rely on IT networks and systems for the secure transmission, processing and storage of electronic information and for communication among its sites around the world as well as with clients and suppliers.

The Group is increasingly dependent on sophisticated IT infrastructure and systems to conduct its activities. In the normal course of its activities, the Group collects, stores and transmits large quantities of confidential information. It is essential to do so in a secure manner in order to preserve the confidentiality and integrity of this information. The Group has also subcontracted significant elements of its activities to third parties, some of which are located outside France, including important elements of its IT infrastructure. Maintaining the confidentiality of this information and commercial secrecy is important for the Group's competitive position. However, this information may be difficult to protect.

The Group may be exposed to threats to its computers, its communication systems and its databases, by unauthorised access, hacking, computer viruses, malicious codes, cybercriminal attacks, cyber attacks and other security problems and system disturbances. Unauthorised persons may attempt to hack the Group's systems to obtain personal data of employees or patients processed in the context of SaaS activities, confidential or protected information of third parties or information relating to the Group's commercial and financial data.

If events of this kind were to occur, the Group could expose patients to identity theft, lose clients or have greater difficulty in attracting new ones. The Group might also suffer loss or unlawful use of confidential information or commercial and financial data. Lastly, the Group could be exposed to lawsuits brought by

patients, have sanctions or fines imposed on it in accordance with applicable laws and regulations and be forced to incur expenses as a result of breaches of confidentiality of data or suffer other adverse consequences, notably legal action, and the Group's reputation could be damaged.

The risk reduction measures put in place by the Group are the following:

- identification of Data Privacy Officers [DPOs] within the organisation, charged with analysing the risks of breaches of data integrity and developing and executing a data protection plan;
- an action plan is in place to obtain HiTrust certification, confirming the pertinence of the procedures put in place to ensure the protection of the personal health data handled by the Company;
- the use of approved healthcare data hosts to store the healthcare data used by the 3D services.

4.4. OPERATIONAL RISKS

Moderate risk level

Risks linked to dependence on sub-contractors for the supply of some of the components of its EOS equipment.

The EOS system includes components and sub-assemblies of various kinds produced in part by the Company (X-ray detectors) and in part by third parties (X-ray tubes and generators, for example).

Given its size, the Group does not have two sources of supply for 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 and tested internally, the Group cannot rule out risks associated with defects or deriving from production processes that could impair performance and reduce the flow of production; high-performance equipment has been introduced to automate the most critical operations previously carried out manually and exacting quality processes have been put in place to limit these risks. These actions have enabled us continuously to improve manufacturing performance since 2015 and so to increase production capacity without significant capital expenditure.

Concerning X-ray generators, the Group reduced its procurement risk by developing a second source in 2013. Production is thus currently shared between these two simultaneously active sources.

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 in many cases 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 risk management measures put in place by the Group are the following:

- an emergency plan is defined in supply contracts, including levels of reserve stocks to be held by suppliers; and

- a second source has been identified for major critical components, in most cases qualified.

Risks linked to dependence on a single partner for the integration of its equipment

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 the services of a single integrator, AXE Systems, to assemble the EOS equipment (see chapter 6.4.2. Organisation of production).

The Group's compliance with international laws and regulations as a manufacturer of medical equipment therefore relies in part on this external partner, which is itself considered as a manufacturer by certain regulatory authorities. A consequence of this is that it must maintain for its production and production support activities a quality system comparable in all respects with that of the Group, which entails certain costs. Another consequence of this substantial constraint is a potential conflict of priority between its actions on behalf of the Group and those on behalf of its other clients, which may represent a large volume of business or higher profitability.

The risk management measures put in place by the Group are based on close monitoring of the partner's compliance and performance (audits, periodic reviews) and proactive support for any and all corrective actions.

Risks linked to its maintenance partners' compliance with local laws and regulations

The Group makes use of partner companies to carry out the installation and maintenance of products in countries where equipment is sold through distributors. These after-sales service partners may be different from the distributors when the latter do not have the required skills and organisation. They represent the Company vis-à-vis the local regulatory authorities and are subject to the local regulatory obligations governing dealings in medical devices. The introduction of additional regulations by these authorities could entail an increase in compliance costs. A poor quality after-sales service could have significant consequences for clients, and indeed for patients, which could harm the Company's reputation.

Furthermore the Company cannot guarantee that its after-sales service providers will always comply with the regulations, authorisations and standards in force. If their quality systems should prove not to comply with the regulatory provisions or standards in force, the Group could be subject to sanctions. These sanctions could include fines, injunctions, damages, the suspension or withdrawal of authorisations or certificates obtained, the withdrawal of licences, the seizure or recall of its products, operational restrictions or restrictions on use and criminal proceedings, all of which could have a significant negative impact on its business.

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 risk management measures put in place by the Group are the following:

- in-depth assessment of quality systems and of ability to comply with local laws and regulations when selecting after-sales service partners;
- separate contracts for distribution and subcontracting of after-sales service, even if they both concern the same partner, in order to be able to manage the risks associated with these two activities separately;
- Continuous monitoring of after-sales service partners' performance.

Risk linked to 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.

The risk management measures put in place by the Group are the following:

- the Group has implemented contractual measures specific to its business and in compliance with labour legislation: non-compete clauses for managers, with the exception of the CEO as indicated in chapter 15, intellectual property transfer clauses and confidentiality clauses; and
- the Group 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).

4.5. FINANCIAL RISKS

High risk level

Liquidity risks

The Group does not have significant concentration of credit risk. It has implemented policies enabling it to ensure that its customers have an appropriate credit 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.
- Geographical factors: payment terms are traditionally long in certain geographical regions (Asia and the Middle East).

Consequently, there are substantial working capital requirements as a result of the long DSO. The risk reduction measures put in place by the Group are the following:

- development of factoring of customer invoices;
- improvement of payment terms;
- acceleration of installation times; and
- strengthening of internal and external fund collection processes; and
- shift in terms of sale for direct customers in 2019, setting transfer of ownership at the time of final acceptance of the equipment, which will significantly reduce DSO on these transactions.

As mentioned in Note 4.12 to the consolidated financial statements, presented in chapter 20 of this Registration Document, at 31 December 2018 the Company and its subsidiaries had €19.7 million in cash and had used €8.7 million in operating activities and €4.1 million in investing activities during the 2018 financial year. Based on the Group's budget forecasts, the level of cash available at 31 December 2018 covered its financing needs for the next 12 months of activity.
The Company has also begun working on reducing its working capital requirements, and has additional financing options, including financing customer receivables through increasing its use of factoring.

Moderate risk level

Risks associated with the financing of operating costs linked to growth

Since its creation in 1989, the Group has posted operating losses, which are explained by the innovative nature of the products developed, which involve a research and development phase of several years, and by the significant investments made in sales networks in key export markets, and particularly in the United States.

At 31 December 2018, cumulative operating losses for the last three financial years ended 31 December 2016, 2017 and 2018 amounted to €18,576,000 including an operating loss of €8,244,000 for the financial year ended 31 December 2018.

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

- increasing regulatory requirements covering its products' performance and related clinical data;
- the need to make further investments in sales networks to support the growth in EOS sales in its current markets and in new markets;
- the need to obtain new certifications to support the sales of EOS in new markets;
- the need to renew authorisations already held following product developments in a significantly tightening global regulatory context.

The accumulation of operating losses could lead to a loss of investor confidence. The Company might also be obliged to fund itself in adverse circumstances (for example, high interest rates or low stock price).

The main risk reduction measure put in place by the Group is the control of increases in expenditure, both in terms of budget preparation and of monitoring of operating expenses and their projection in the context of budget reviews.

Risks linked to the issue of bonds

In May 2018 the Company issued convertible bonds (option to convert and/or exchange for new and/or existing shares), with a maturity of 31 May 2023, for a nominal amount of €29,543,626.80. The bonds bear interest at a nominal annual rate of 6%, payable half-yearly in arrears on 31 May and 30 November of each year, the first interest payment date being 30 November 2018. The Company's ability to repay the bond borrowing at maturity depends in part on its future performance, which is subject to the success of its products and of its future activities, but also to economic, financial and competitive factors beyond its control. Furthermore, the Group might contract additional debts in the future, some of which might be guaranteed debts. Although the terms of the convertible bonds do not prohibit the Group from contracting additional debts, they could have the effect of reducing its ability to repay new debts at maturity.

The contract governing the bonds contains the usual restrictive clauses and the usual causes of default. The restrictive clauses include in particular limitations on the creation of new security on the Group's assets. In the event of failure to comply with the convertible bond conditions (and particularly in the event of failure to pay interest or principal, cross-default or change of control of the Company), bondholders could demand early repayment in full, which would have a substantial adverse effect on the Company's business and prospects and could entail a decrease in the price of its ordinary shares.

4.6. LEGAL RISKS

Moderate risk level

Risks linked to permanent compliance with laws and regulations on medical devices

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

- design;
- clinical product validation;
- 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 manufacturer of these products.

In fact, the Group's products are subject to strict regulation that is constantly evolving and that governs their marketing and sales. These regulatory constraints have a strong impact on all the Group's activities: development, control, manufacture, sale and maintenance of products.

Compliance with this regulatory process can prove 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.

New regulatory constraints could prevent the sale of the Group's products in the event of withdrawal, suspension or non-renewal of marketing authorisations or slow sales by making the products' manufacture or development more costly.

Such situations, were they to occur, would be likely to have a material adverse effect on the Group's image, its business, is financial position, its results, its growth and its prospects.

The risk reduction measures put in place by the Group are:

- continuous monitoring of regulatory reforms concerning medical devices by the Regulatory team, with the support of external consultants for remote markets;
- annual internal audits carried out by external consultants; and

- incorporation of regulatory requirements into product specifications.

Risks linked to the Group's partners' compliance with local laws and regulations

The Group cannot guarantee that its suppliers or subcontractors, and in particular its partner AXE Systems, which is itself registered with the FDA (US Food & Drug Administration), 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 them to be remedied by corrective actions, or even order the suspension of production and delivery of the Group's products until the breaches are remedied. The implementation of corrective actions, the suspension, total stoppage or total or partial prohibition of the activities of the Group or of one of its suppliers could materially affect the business, financial position, results and reputation of the Group.

Besides, the Group intends to sell its products in a certain number of international markets. In order to be able to market and sell its products in a particular country or region, the Group and/or its distributors must comply with the laws and regulations of that country or region. Although the laws and regulations of some countries do not hinder the marketing and sale of some or all of its products or require notification, others require the Group and/or its distributors to obtain approval from the local regulatory authorities. These laws and regulations and the time require for a regulatory examination vary from one country to another.

Obtaining regulatory authorisations is a long and costly process. The Group cannot be certain that its distributors or the Group itself will receive the regulatory authorisations for its products, their future evolutions or any future product in each country or region in which the Group envisages selling them. It is possible that the Group will not comply with the equality and safety standards required to keep the authorisations that the Group or its distributors have received.

If the Group or its distributors are unable to keep its authorisations or certificates of compliance in a given country or region, the Group will no longer be able to sell its products or any future product in that country or region, in which case the Group's image and its ability to generate revenue would be appreciably and adversely affected.

The risk reduction measures put in place by the Group are the following:

- continuous monitoring of regulatory reforms concerning medical devices by the Regulatory team, with the support of external consultants for remote markets;
- monitoring of regulatory obligations formally set forth in distribution contracts;
- close monitoring of the distributors involved in actions concerning local laws and regulations; and
- complete traceability of all components of the product;
- implementation and maintenance by the Group of a Quality Management System (QMS) certified compliant with international standard ISO 13485 and US standard 21CFR-Part 21 to guarantee full compliance of each product with applicable regulations as well as its quality.

Risks linked to potential harm to patients and users of the Company's products

Patients and more generally users of the EOS technology are subject to risks to their health by reason of the very nature of the Company's products.

Patients are exposed to the risk of excessive irradiation during radiological examination in the event of major malfunction of the equipment and simultaneous error or the operator performing the examination.

An error in the diagnosis or planning of an operation by a healthcare professional using the Company's products may harm the patient's health and possibly render the healthcare professional and the Company liable. Similarly, an error in the 3D modelling of a patient's bone structure carried out using the Company's 3D Services at the request of a healthcare professional who must validate the result could also harm the health of the patient concerned and possibly render the healthcare professional and the Company liable.

Also, if a product designed by the Company were to be defective (as a result of a design flaw, a manufacturing defect or incorrect use of the product, or for other reasons) or were to be considered defective by a competent authority, the Group could be required to correct or recall the product in question and to notify other regulatory authorities. Inappropriate publicity resulting from a correction or recall imposed as such could damage the Group's reputation. The correction of a defect or a product recall would consume resources and would have a material financial impact on the Company's business, in particular by engendering substantial costs and causing the loss of revenue and/or the accumulation of losses.

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 to be held liable, and if it were to be 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 Group's business, results, financial position, development and prospects.

The risk reduction measures put in place by the Group are the following:

- systematic checks on the performance of the X-ray chain following any maintenance work involving one of its components and on the occasion of each preventive maintenance operation;
- in-depth verification of the product's performance as regards the generation of clinical information;
- in-depth training of the healthcare professionals using our products; and
- double checking of all clinical data generated by the 3DService organisation before making them available to the healthcare personnel required to formally validate them.

4.7. INSURANCE AND RISK COVERAGE

The Group has put in place a policy of covering the principal insurable risks for coverage amounts that it deems compatible with the nature of its business. The policies currently held by the Group are the following:

Branch	Company	Policy No.	Coverage amount
Comprehensive corporate insurance	AXA	6237313004	Equipment/Furnishings: €1,597,950 Information media: € 18,402 Expenses and losses: € 319,589 Third-party recourse: €1,260,446 Damage to computer equipment: € 316,239 Transport of these assets: € 21,083
Vehicle fleet	MMA	127589982	5 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 per incident Civil liability after delivery: €5,000,000 per year and incident
Managers' civil liability	AIG	0007902286	€5,000,000 per insurance period
Cyber risks	CHUBB	FRINTA34338	€5,000,000 per incident and insurance period
Materials for congresses and/or exhibitions	AXA	5042895804	€8,870 excl. tax per trade fair

The amount of charges paid by the Group for all of its insurance policies amounted to €252,000, €215,000 and €211,000 respectively for the financial years ended 31 December 2016, 2017 and 2018.

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

4.8. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES PUT IN PLACE BY THE COMPANY

In preparing this document, the Chairman consulted the CFO. 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, in its meeting of 16 April 2019.

4.8.1. 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 independence of analysis, judgement and action, and to take an active part in the Board's work. Each member is obliged to inform the Board of any conflict of interest he or she might face. In addition, the internal regulations include a reminder of the regulations in force relating to the distribution and use of privileged information and specify that Board members must refrain from carrying out transactions with Company securities when they possess privileged information. Each member of the Board of Directors is required to declare to the Company and the AMF all such transactions involving securities of the Company as 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 of the Company's and the Group's financial position, cash position and financial commitments and any significant events.

Board members are convened to meetings by email within a reasonable time-frame, and at least five 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 2018 financial year

During the financial year ended 31 December 2018, the Company's Board of Directors met ten times and the average attendance rate of the Board members was 88%.

Ms Paula Ness Speers resigned her office of director with effect from 11 December 2018. Mr Antoine Vidal, representative of Fosun, was co-opted to replace her as director, and this co-optation was ratified by the General Meeting of Shareholders of 20 December 2018.

The Board of Directors in its meeting of 5 November 2018 resolved to bring an end to the office of CEO of Ms Marie Meynadier effective 31 December 2018. Ms Marie Meynadier remains in office as a director.

Mr Mike Lobinsky was appointed as a director by the General Meeting of Shareholders of 20 December 2018 and as CEO effective 1 January 2019 by the Board in its meeting of 5 November 2018.

b. Audit Committee

Composition

The Audit Committee was established by the Board of Directors in its meeting of 16 December 2011 and its members adopted internal regulations as described hereunder. At the date of this report it is composed of Ms Marie-Laure Garrigues and Mr Eric Beard, its chairman.

Purview

The responsibility of the Audit Committee is to assist the Board of Directors, in particular by carrying out the following tasks:

- 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;
- approving services other than the certification of the financial statements carried out 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 hear any director of the Company and conduct any internal or external audit on any subject that it deems to fall within the scope of its responsibilities. The Chairman of the Audit Committee is required to give prior notice of such actions to the Board of Directors. In particular, the Audit Committee has the power to hear persons participating in the preparation or checking of the financial statements (CFO and lead members of the Finance Department).

The Audit Committee hears the Statutory Auditors. It may hear them in the absence of any Company representative.

Reports

The Chairman of the Audit Committee must see to it that reports to the Board of Directors on the Committee's activity enable the Board to be fully informed, thus facilitating its deliberations.

The annual report will include a statement concerning the Committee's activities over the past financial year.

If during the conduct of its work the Audit Committee detects a material risk which it considers is not appropriately addressed, the Chairman must immediately inform the Chairman of the Board of Directors.

Report on the activity of the Audit Committee during financial year 2018

During the financial year ended 31 December 2018 the Company's Audit Committee met three times, in order to examine the financial statements for 2017, the interim financial statements for 2018 and the risk analysis.

c. Compensation Committee

Composition

The Compensation Committee was established by the Board of Directors in its meeting of 2 March 2006, and its internal regulations were adopted by the Board of Directors on 16 December 2011 as described hereunder. This committee is composed of at least two members of the Board of Directors designated by said Board.

For the avoidance of doubt it is stipulated that no member of the Board of Directors performing executive duties within the Company may be a member of the Compensation Committee.

At the date of publication of this report, the committee is composed of Ms Marie Meynadier and Ms Marie-Laure Garrigues, its chairwoman.

Purview

The Compensation Committee is responsible, in particular, for:

- examining the main objectives proposed by general management as regards compensation of managers who are not corporate officers of the Company and of the Group, including free share allocation and stock option schemes;
- examining the compensation of executives who are not corporate officers, including bonus share plans and share subscription or purchase option plans, retirement and provident insurance schemes and benefits in kind;
- making recommendations and proposals to the Board of Directors concerning:
    - the compensation, retirement and provident insurance scheme, benefits in kind and other financial entitlements, including in the event of termination of activity, of the corporate officers. The Committee proposes compensation amounts and structures and,

in particular, criteria for calculating the variable portion of compensation, taking account of the Company's strategy, objectives and results, as well as market practices, and
    - bonus share plans, stock options and all other similar incentive systems, and in particular, nominative allocations to corporate officers eligible for this type of mechanism;
- examining the total amount of attendance fees and their allocation among directors, as well as the terms for the reimbursement of any expenses incurred by members of the Board of Directors;
- preparing and presenting, where applicable, any reports required by the internal regulations of the Board of Directors;
- preparing any other recommendations regarding compensation which may be requested by the Board of Directors; 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 Board of Directors of the Company may be invited to take part in the Committee's meetings if he or she is not a member of the Committee. The Committee will invite him or her to present his or her proposals. He or she has no right to vote and cannot attend discussions relating to his or her own situation.

The Compensation Committee may ask the Chairman of the Board of Directors to make available any executive of the Company whose knowledge or skills might facilitate the handling of an agenda item. 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 must ensure that reports on the Committee's activities are provided to general management and to the Board of Directors to ensure that they are fully informed and to facilitate their deliberations.

The Compensation Committee shall examine in particular the Company's draft report on the compensation of corporate officers.

Report on the activity of the Compensation Committee during financial year 2018

The Compensation Committee met three times during financial year 2018, to examine and validate the 2018 compensation plan for the management team, to give its opinion on the amount of attendance fees to be allocated to members of the Board of Directors, and to reflect on a plan for retaining the management team.

d. Strategy Committee

Composition

The Strategy Committee was established by the Board of Directors on 15 January 2013.

At the date of publication of this report it is composed of Mr Gérard Hascoët, Mr Mike Lobinsky and Ms Marie Meynadier, its chairwoman.

Purview

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 to make available any executive of the Company whose knowledge or skills might facilitate the handling of an agenda item. 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 must ensure that reports on the Committee's activities are provided to the Board of Directors to ensure that it is fully informed and to facilitate its deliberations.

Report on the activity of the Strategy Committee during financial year 2018

The Strategy Committee met twice during financial year 2018, in order to examine the Group’s various strategic options and its main paths of development.

e. Limits to the powers of the Chief Executive Officer

The general management of the Company is assumed, under his/her responsibility, either by the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer (CEO).

The CEO is invested with the broadest powers to act in all circumstances on behalf of the Company. The CEO exercises his or her powers within the limits of the corporate object and subject to the powers expressly reserved by law to the General Meeting of Shareholders 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.

Furthermore, as explained in paragraphs a) to d), the Company has established three special purpose committees, each chaired by a director other than the CEO.

Thus the powers of the CEO are limited in the framework of the operation of the Board of Directors and of the three specialist committees, each of which is invested with extensive powers in its respective area (strategic orientation of the Group, financial communication and human resources.)

The Board of Directors may revoke his mandate at any time. If such revocation is decided without just cause, it may give rise to damages, except when the CEO assumes the functions of Chairman of the Board of Directors.

At the date of publication of this report the Board of Directors is chaired by Mr Gérard Hascoët and Mr Mike Lobinsky is the CEO of the Company.

4.8.2. Internal control and risk management procedures

a. Definition and objectives of internal control

Internal control is a system of the Group defined and implemented under its responsibility.

It comprises a set of resources, behaviours, procedures and actions adapted to the characteristics specific to each Company and:

- 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.

More specifically, the system aims to ensure:

a) compliance with laws and regulations;

b) the application of instructions and guidelines set by general management;

c) the smooth operation of the Group's internal processes, particularly those concerning the protection of 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 the internal control does not cover all the initiatives of the management or governing bodies such as the defining of the Company's strategy, the setting of objectives, management decisions, the treatment of risks or monitoring of performance.

In any case the internal control mechanism cannot provide absolute assurance 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 by basing it on the five components set out in the AMF's Reference Framework, namely:

1. general organisation: an organisational structure with a clear definition of responsibilities, suitable resources and competencies that is supported by appropriate information systems, procedures, tools and practices;
2. in-house dissemination of relevant and reliable information that enables everyone to exercise their responsibilities;
3. A system for identifying and analysing the main identifiable risks as regards the Company's objectives and ensuring the existence of procedures for managing these risks;
4. control activities proportionate to the implications of each individual process and designed to reduce risks that could affect the Company's ability to achieve its objectives;
5. constant supervision of the internal control system and regular examination of its operation. This supervision may lead to changes to the internal control mechanism. General Management assesses the conditions under which it reports to the Board on the principal results of the monitoring and evaluation thus carried out.

Component 1: General organisation

The organisation of the internal control and risk management procedures within the Company is based on the following principles and tools:

- organisation charts and job descriptions which are regularly updated under the responsibility of each business line manager and centralised by the Finance and Administration Department;
- a Quality Manual including detailed mapping of all operating processes and IT systems;
- a responsibilities matrix by activity (sales, development, production, maintenance, marketing, regulatory, support functions). For each of these activities, there is a description of processes, along with a link to the procedures or framework documents that define the duties and interactions between the various managers at each stage of the process.
- a management matrix for access rights to the IT system and also to the principal documents.
- Formal skills management: initial training is given to all employees, adapted to the specific features of each position. 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: roughly once a month the CEO, President, North America, Operations Director, CFO and Transformation Director meet to discuss operational and strategic issues.
- Management committee: the CEO and the seven activity managers meet roughly once a month to address all operational items related to the business plan and the annual budget;
- Quarterly general information meetings: the CEO informs the Group's employees of the objectives defined in the Management Committee and of the Company's progress towards these objective;
- Multi-functional meetings: cross-functional update on product performance and 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 follow-up; 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 and Preventive Action), compulsory under the ISO 13485 and 21 CFR 820 standards, is managed through the computerised ENNOV database, which has been parametrised to comply with the requirements of those standards. It can cover all malfunction risks and control actions associated with operating processes. The ENNOV process database can, in particular, provide at any time a description of the control activities and action plans by type of occurrence, by period of time and by severity.

Component 5: Monitoring the internal control system

The Company is not of sufficient size as to require a permanent internal audit function. Nevertheless, internal audit missions are conducted under the auspices of the Regulatory Affairs Department according to an audit plan established annually and with dedicated resources, based in particular on the faults identified in ENNOV. In respect of 2018[1], 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 extensive activity indicators (Quality, Performance) and the correction actions initiated.

Finally, the ENNOV process database is used throughout the year for strict management of the malfunctions identified in the course of the operational processes.

d. Internal control procedures relating to the preparation and processing of accounting and financial information

Organisation of the accounting and financial function

The accounting and financial function is managed in-house by a team of five persons. General accounting, along with consolidated accounting, is done in-house and reviewed by a chartered accountant. The tax review and payroll management are conducted by chartered accountant firms. The valuation of end-of-

[1] Translation note : original document date is 2017

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. The main accounting procedures are formally recorded (in particular those defining consolidation operations and the controls on monthly reporting from the subsidiaries).

Monitoring of subsidiaries

Each subsidiary has an annual budget, expressed in monthly figures, and monthly reporting that analyses discrepancies with that budget.

The subsidiaries' accounting is entirely subcontracted to local chartered accountant firms.

Closing of parent Company and consolidated accounts

A chartered accountant conducts the annual payroll and tax review, and also audits the consolidated annual and half-yearly financial statements.

Account closing schedule

The monthly accounts are closed within an eight business day deadline.

e. Conclusion: planned improvements

The Group attaches the greatest importance to its internal control system. In 2018 it kept up the pace of its investments, in particular in order to extend and harmonise its quality system across all business lines. These efforts will continue in 2019, as will the analysis and improvement of the actions implemented to reduce the Group's exposure to major operational risks.

4.9. LEGAL AND ARBITRATION PROCEEDINGS

The Group has not been involved during the twelve months preceding the date of this Registration Document, in any administrative, criminal, judicial or arbitration proceedings likely to have a material adverse impact on the Group, its business, its financial position, its results or its development, nor to the best of the Company's knowledge is the Group threatened with any such proceedings at the date of this Registration Document.

5. INFORMATION CONCERNING THE COMPANY

5.1. HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1. Name of the Company

The name of the Company is: EOS imaging.

5.1.2. Place and number of the issuer's registration

EOS imaging is registered with the Paris Trade & Companies Register under number 349 694 893.

5.1.3. Date of incorporation and duration

The Company was incorporated on 8 February 1989 under the name Biospace Instruments and registered with the Paris Trade & 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 by its Articles of Association and the legal and regulatory 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 development

Biospace Instruments was created by Georges Charpak, the 1992 Nobel Laureate for Physics. Then Marie Meynadier took over the management in 1999 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 first sales of EOS equipment and obtained its first European and US marketing authorisations for the EOS hardware platform.

Then in 2010 the Group changed its name to EOS imaging. By now the EOS system was being 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 for a total of €12.3 million.

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

The Group was listed on the NYSE Euronext Paris regulated market 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 obtained 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 Medical, a company which develops and markets customised orthopaedic solutions for knee and hip implants, providing surgeons with cutting guides for the operating theatre, tailored to each patient's anatomy.

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

In October 2014, EOS imaging installed its 100th EOS system.

In April 2014 EOS imaging became eligible for the PEA-PME regime (a French share savings scheme for financing SMEs, offering certain tax advantages).

In January 2015 EOS imaging acquired additional financial resources 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 CE marking for kneeEOS, the first 3D stereo-radiographic planning software for full knee replacements. EOS imaging also 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 exclusive rights to a technology for predicting the progression of scoliosis. Eight international centres took part in a multicentric 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 marketing and sales agreement with Stryker in the United Kingdom;
- a co-marketing agreement with Medtronic Japan;
- the signing of a framework agreement with the prestigious German clinic group Schön Klinik.
- a new, exclusive partnership with Anatoscope, Montpellier, France, in the area of virtual patient models.

On the regulatory front, 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 and 510(k) authorisation from the FDA 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 Konyang University Hospital, South Korea, the third largest market in Asia.

The Group strengthened its equity during 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, was appointed Transformation Director.

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 to a direct approach to the German market, previously addressed through an agent.

In April 2017, EOS imaging announced the opening of the first EOS platform in Israel and in September 2017 it announced the introduction of personalised biomechanical simulation in its planning solution for spinal surgery. The new spineEOS software was presented to 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) convention 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 CE marking in October.

In December 2017 EOS imaging won the Galien award in the “medical device” category. The award recognises the contribution of the EOS® 2D/3D solution to orthopaedic care.

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

Repayment of the first three tranches was 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 first installation in the Asklepios Kliniken private hospital group in February 2018. Germany’s second biggest private hospital group adopted EOS for its Asklepios Paulinen hospital in Wiesbaden.

Following the first installations carried out in 2017 in Shanghai and in Jiangsu province, EOS imaging continued its growth in China with a new installation in a leading orthopaedic hospital. Beijing Jishuitan Hospital adopted the EOS® low-dose orthopaedic imaging platform.

In March 2018 EOS imaging presented stereoVIEW, a multidiscipline clinical collaboration and patient engagement tool, at the annual meeting of the American Academy of Orthopedic Surgeons (AAOS). It was presented alongside hipEOS 3.0, the new software application for hip surgery (pending FDA approval) and other EOSapps.

In January 2018, EOS Imaging issued a new tranche of bonds for €5 million to IPF. The original repayment terms provided for a partial repayment between December 2021 and December 2022 as well as a 60% bullet repayment, without a supplementary issue of share subscription warrants (BSAs) and on terms that were comparable with those of the previous tranche.

In May 2018, EOS Imaging also issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANEs) to institutional investors under a private placement, without preferential subscription rights, in a nominal amount of €29,543,626.80. All the bonds offered were subscribed. This transaction allowed the Company to fully refinance the IPF financial debt as it stood at the end of May, i.e. €19,257,282, including €1,132,282 of interest. The early redemption of the bonds also led to the payment of early redemption fees of €2,018,634, fully recognised as financial expenses at 30 June 2018.

On 17 July 2018 EOS Imaging announced that it had signed a binding agreement with Fosun Pharmaceutical AG, a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co. Ltd, under which Fosun Pharmaceutical AG agreed to take a stake in EOS Imaging through the issue of new company shares.
The completion of this investment was conditional upon obtaining Chinese regulatory authorisation and AMF (French Financial Markets Authority) approval of the transaction prospectus.
The Company obtained the necessary Chinese regulatory authorisations and, on 7 December 2018, announced that it had received approval from the AMF for the transaction prospectus under no. 18-551.
The CEO of EOS Imaging, acting under the power of attorney granted him by resolution of the Board of Directors of 16 July 2018 (itself acting under the power of attorney granted it by the twentieth resolution of the combined general shareholders' meeting of 18 May 2018) resolved to carry out a capital increase in the amount of €15,061,856.13 through the issue of 3,446,649 new shares at the subscription price of €4.37 per share.
The purpose of the capital increase is to help make EOS imaging's technology available to the largest possible number of patients worldwide.
On 11 December 2018, the Company announced that this capital increase had completed successfully, as a result of which its share capital was now €261,304.07, divided into 26,130,407 shares. The new shares are identical to the existing shares in the Company.
Fosun Pharma, through Fosun Pharmaceutical AG, now holds 13.2% of the share capital and voting rights in EOS imaging and, as such, has become EOS imaging's main shareholder.

In the first half of 2018, EOS Imaging also entered into a factoring agreement to improve financing of the operating cycle.

On 5 November 2018, the Board of Directors decided to change the Company's management team to continue and strengthen its presence in the United States, its principal market, and to extend its

shareholder base in that country. The Board appointed Mike Lobinsky, who joined the company in August 2017 as President, North America, to the position of Chief Executive Officer to succeed Marie Meynadier from 1 January 2019. Marie Meynadier continued in the role of Chief Executive Officer until 31 December 2018 and will henceforward continue as a director on the Company's Board of Directors.

5.1.6. Communications since the end of the last financial year

On 16 January 2019 EOS imaging announced the signing of an Amendment to the Subscription Agreement whereby Fosun undertakes not to exercise more than two thirds of its voting rights to vote in favour of the resolutions concerned and correspondingly to exercise at least the remaining one-third of its voting rights to vote against said resolutions. Fosun will not be bound by such undertaking in the event that it waives its right to subscribe to the proposed capital increases prior to its vote on the relevant resolutions.

On 27 March 2019 EOS imaging announced the installation of its first EOS system in the United Arab Emirates, in the brand new King's College Hospital inaugurated in Dubai in January 2019.

On 15 April 2019 the Group presented EOSlink, its new solution enabling the seamless integration of its EOSapps preoperative surgical planning software with pre-operative surgical solutions, such as navigation devices, robotics-based systems and custom spinal rod solutions.

On 16 April 2019, EOS imaging announced a significant change in the general sales conditions for EOS® equipment.
From 2019, EOS® systems general conditions for direct sales include transfer of ownership at the time of acceptance, i.e. upon signing of the *Statement of Working Order* (acceptance testing), more commonly referred to as "installation", at which time the sale is effective and revenue is recognised.
EOS imaging will report two key indicators, equipment orders and order book, in order to provide visibility on sales performance and a basis for comparison with previous years.
This decision was taken in order to adapt EOS imaging's sales model so as to provide a better response to customers' expectations and industry practices, particularly in the US.
In view of the three to twelve month average delay between taking the order and actual installation of the equipment, the sales figure for 2019 will be significantly affected by this change. This change will be accompanied by improvements in production and logistics management and will enable us to reduce our working capital requirements.
Consequently sales for the first quarter of 2019 came to €2.6 million including the effects of the exchange rates. Orders taken in the quarter amounted to €6.25 million, reflecting the positive trend in average selling price. Recurring revenue came to €2.5 million, including €2.2 million in maintenance revenue as against €1.7 million in Q1 2018, an increase of 28%. Total Q1 2019 revenue plus the €6.20 million increase in the order book amounted to €8.8 million, compared with revenue of €9.5 million in Q1 2018, a decrease of 8.0% as a result of exceptionally high sales figures in Q1 2018, particularly in the Asia-Pacific region.

On 22 May 2019 the Company announced that as part of an internal reorganisation of the Bpifrance group, Bpifrance Participations had transferred its entire shareholding in EOS imaging, 2,230,222 shares, to FPS Bpifrance Innovation I (a specialised professional fund represented by its management company Bpifrance Investissement).
This transfer has no effect on the indirect shareholding in EOS imaging of EPIC Bpifrance which still holds 8.5% of the shares in circulation after the transaction.

On 16 July 2019 EOS imaging announced its unaudited consolidated revenues for the half-year ended 30 June 2019.

In the second quarter of 2019 EOS imaging received 15 orders for equipment for a total value of €6.57 million. The number of orders for equipment is in line with that of last year, with positive trends in Europe and North America offsetting the expected decrease in the Asia-Pacific region from the very high base in 2018.

In value, orders for equipment increased by 9% thanks to an increase in the average selling price in North America and a favourable geographical mix: equipment orders in value increased by 45% in EMEA and 52% in North America. Orders from the Asia-Pacific region in Q2 2019 were down by 67% from the exceptionally high base in 2018.

Over the course of the first half of 2019 EOS imaging received 30 orders for equipment for a total value of €12.82 million. In Europe, France continued to perform strongly, with large orders from hospitals. Orders were also taken in new markets such as Sweden and the Czech Republic.

In Asia-Pacific, EOS imaging is in line with its expectations for the year, whereas 75% of the orders received in 2018 in this region had been booked in the first half of the year, including in particular an order for several systems in a network of clinics in Australia and the entry into the Indian market.

In North America, the adoption of EOS® systems continued in paediatric hospital centres. An acceleration was seen in centres treating adult and child ortho/neuro patients as well as in hospitals specialising in spinal, hip and knee pathologies for adults.

Total revenues for the second quarter of 2019 amounted to €3.42 million, of which €0.72 million from sales of equipment, corresponding to two units among the 2019 orders.

Total recurring revenues for the second quarter of 2019 amounted to €2.71 million, of which €2.45 million from maintenance contracts, compared with €1.74 million in Q2 2018, representing growth of 41%.

The revenue from equipment sales recognised on two units in 2Q is in line with expectations.

Looking at a comparable performance indicator, the sum of Q2 2019 revenue and the increase in the order book in the period was €9.28 million compared with €8.00 million in Q2 2018, up by 16% thanks to the sales made in North America (+57%) and Europe (+32%), which offset the 60% decline in the Asia-Pacific region.

Total revenue for the first half of 2019 amounted to €6 million, of which €0.77 million in equipment sales, mainly of the two units in Q2.

Total recurring revenue for the first half of 2019 amounted to €5.23 million, up by 33% year-on-year, of which €4.66 million in revenue from maintenance contracts, compared with €3.46 million in H1 2018.

In the half-year, EOS imaging thus posted a positive recovery in two major markets, notably in North America: H1 2019 revenues plus the increase in the equipment order book reached €18.05 million compared with €17.54 million in H1 2018 revenue. This overall increase of 3% was driven by growth of 26% in North America and 16% in Europe, offset by a decrease of 52% in the Asia-Pacific region.

5.2. INVESTMENTS

5.2.1. Principal investments made in the last three financial years

Gross investment (€000s)	2018 financial year 12 months	2017 financial year 12 months	2016 financial year 12 months

	Consolidated	Consolidated	Consolidated
ORGANIC GROWTH	**4,055**	**3,291**	**1,787**
Intangible assets	2,733	2,294	1,252
Property, plant, and equipment	1,126	990	516
Financial assets	196	7	19
TOTAL INVESTMENTS	**4,055**	**3,291**	**1,787**

The investments of €4,055,000 correspond to net cash used in investing activities presented in the statement of cash flows and commented on in point 10.2 of chapter 10 of this Document.

Intangible assets

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

Their breakdown by type is shown in Note 6 "Intangible assets" to the consolidated financial statements presented in chapter 20.1 of this Registration Document.

Capital expenditure

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

Their breakdown by type is shown in Note 7 – "Property, plant, and equipment" to the consolidated financial statements presented in chapter 20.1 of this Registration Document.

Financial assets

Financial assets primarily consist of the security deposit for premises and deposits in guarantee in respect of three receivables assigned to a factoring house at 31 December 2018.

Their breakdown by type is shown in Note 8 – "Financial and other assets" to the consolidated financial statements presented in chapter 20.1 of this Registration Document.

EXTERNAL GROWTH:

As described in Note 6 - "Intangible assets" - to the consolidated financial statements presented in chapter 20.1 of this Registration Document, goodwill recognised in 2013 on the acquisition of OneFIT is subjected to an annual 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 at 31 December 2013.

5.2.2. Financing of the principal investments

As described in Note 7 – "Property, plant, and equipment" - to the consolidated financial statements presented in chapter 20.1 of this Registration Document, investments are generally made in France.

A significant part of the investments made in the context of the Group's organic growth consists 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 2018, the Company continued its development programmes, focusing on the development of new software and hardware functionalities 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.

These developments are mainly carried out by the in-house teams of the R&D department. Some recruitments were carried out and more are envisaged in order to be able to attain the various stages of development planned and presented to Management in the context of validation of the strategic plan.

Finally, the Company furthered its research aimed at reducing manufacturing and maintenance costs of its EOS equipment. To that end the Company obtained an interest-free loan for innovation from BPI in 2013 for an 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 24% over the course of the year, with the number of installed devices at 31 December 2018 thus surpassing 300. These devices are maintained by Group teams, with the assistance of its network of distributors.

6. OVERVIEW OF ACTIVITIES

The EOS imaging Group designs, develops and sells EOS®, an innovative medical imaging device dedicated to osteo-articular conditions and orthopaedics, as well as associated applications allowing modelling of the patient's whole body and surgical planning.

EOS is a biplanar stereo-radiographic (SR) medical imaging system that combines proprietary technologies to allow a two-dimensional imaging examination of the whole skeleton at a low radiation dose. It is a substitute for certain conventional radiology and scanning examinations. 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[2] at a 100% penetration rate. As with any innovative equipment, the speed of penetration will depend on numerous parameters (including the purchase cost of the machine, the customers' economic environment and adoption by healthcare professionals), and the Group does not give any indication of the expected adoption rate or the target penetration rate in this potential market.

EOS has obtained marketing authorisations in most major markets, including the United States, Japan, China and the European Union. At the end of 2018, approximately 300 hospitals in some 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 2018 at approximately one million.

The Group is growing strongly, with an annual average revenue growth rate of 25% over the period 2012-2018. It is continuing to expand, especially in North America where significant investments were made during financial year 2018.

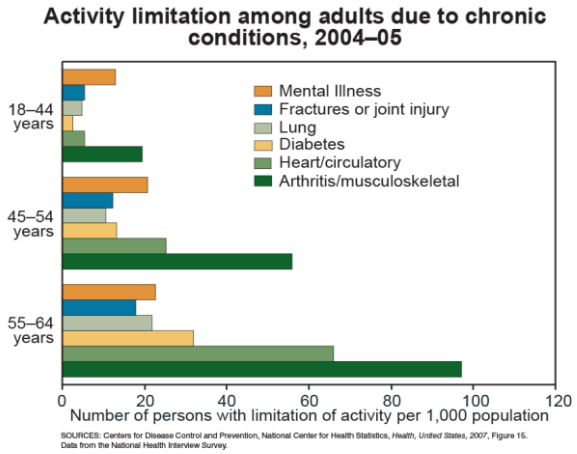
6.1. AREA OF APPLICATION

6.1.1. Musculoskeletal disorders, orthopaedic surgery and associated issues

Disorders of the bones and joints, referred to as osteoarticular or 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

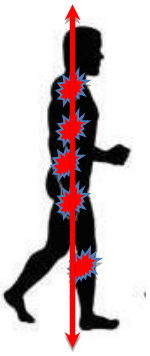
[2] see details of this calculation in chapter 6.2.2, pages 70 to 73

world's population[3]. Some disorders also affect certain young populations, particularly during bone growth, such as scoliosis, which affects around 2% of adolescents[4].

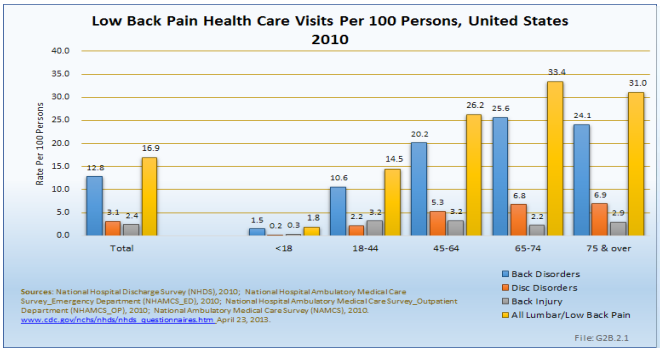


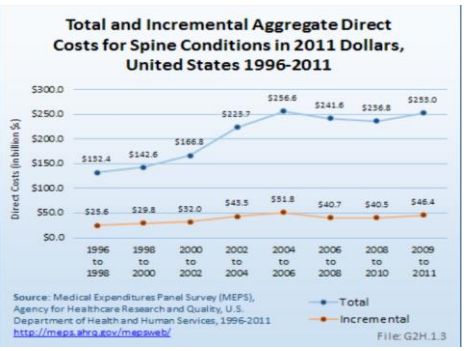
These disorders are one of the leading sources of direct public health costs and the primary cause of disability in western countries (table opposite), well ahead of cardiovascular diseases and diabetes. A sedentary lifestyle, obesity and ageing are factors that contribute to the significant growth in 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 considerable 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. More than a million knee and hip replacements are carried out every year in the US, and almost 650,000 operations on the spine.





These conditions are associated with low death rates, but still lead to considerable human and public health costs, growth of which is accelerated by population ageing combined with an increase in the number of people who are overweight. Approximately 30% of medical consultations of adults over 45 years of age involve back disorders (see 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).

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

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

As a result of these trends, 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].

In view of this increase, possible surgical responses face two challenges:

- **The choice of the right 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 demographics.

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 of 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 (CCJR) 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.

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

Bone imaging

2D radiography

Scanner

Cartilages, ligaments, disks

Ultrasound

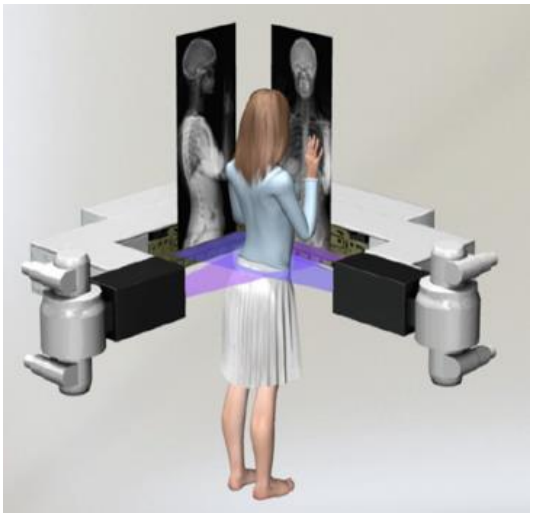
MRI

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 only two-dimensional images. CT scanners, which also use X-rays, produce cross-sectional and, more rarely, three-dimensional images. However, they have the disadvantages 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.



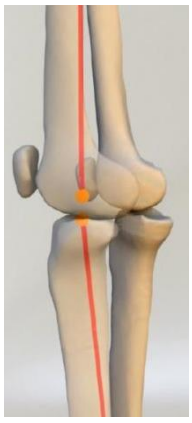
The EOS concept is simple. Standing or seated in an EOS unit, the patient receives a whole-body radiographic examination from the front and the side simultaneously; the examination can be limited to a selected part of the body, for example the spine or a leg, if a whole-body image is not needed. A scan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

[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.

EOS acquisition session

sterEOS: modelling and calculations



The complete EOS output consists of the two whole-body 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 complete and precise image monitoring of the patient along the entire care pathway, from diagnosis through the surgical decision and preparation to post-operative care.

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

a. EOS: low dose biplanar imaging

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

This patented detection technology leads to very significant suppression of the "noise" in the image, associated with signal amplification inside the detector: this makes it possible to obtain radiographic images at doses 50% to 85% lower than existing radiography technologies. The Group passed 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 paragraph 6.3.3).

This dose reduction is particularly important for deformative disorders such as scoliosis, which require frequent patient monitoring and consequently greater exposure to radiation. EOS makes it possible, for instance, to contemplate more frequent monitoring during the most sensitive periods, such as growth periods in adolescent scoliosis, without increasing the risk associated with irradiation.

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 workstation

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 for automatically extracting from it the clinical magnitudes needed for planning, but also for its further use in surgical simulation or prognosis.

Validation of the patented EOS 3D reconstruction technology has been the subject of numerous publications in prestigious journals (see paragraph 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 paragraph 6.3.1).

c. Online surgeon-centric software applications 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 respond to the

precise requirements of surgeons all along the orthopaedic care pathways for the spine, hips and knees. These tools, which utilise EOS images, can, for example, be used for surgical planning and 3D surgical simulation, longitudinal patient monitoring and prognosis of the progression of certain musculoskeletal disorders.

The corresponding products are or will be sold after the purchase of an EOS system by the healthcare centre, in the form of software licences, pay-per-use services, or the sale of single-use instruments personalised to the anatomy of the patient (see paragraph 6.3.1). An example of such a product is the 3D hip replacement surgery planning software, hipEOS; the diagram below shows how this service works.

The kneeEOS and spineEOS software applications, dedicated to the planning of knee and spinal surgery respectively, complete 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 costs of poor quality orthopaedic treatments, by 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.

Lastly, the EOS biplanar scanning technique very significantly reduces examination time[8], increasing the efficiency of imaging services. This advantage offers significant productivity gains for radiology departments, which receive a large number of requests for examinations on orthopaedic clinic days[9].

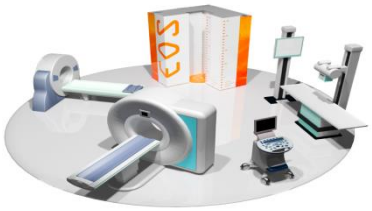
[8] An 83% (sixfold) reduction in the spine examination time was seen at the Texas Scottish Rite hospital in the USA

[9] As many as 150 patients could be examined on the same day at the HKU hospital in Hong Kong

6.2. EOS MARKET POSITIONING AND COMPETITIVE ENVIRONMENT

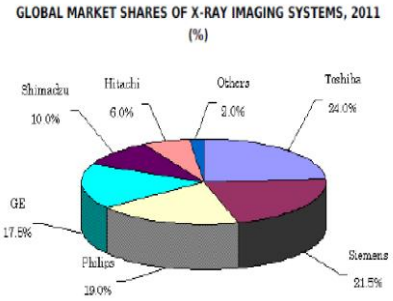
Like 2D radiology and CT scans, EOS belongs to the family of imaging methods based on X-rays, ideally suited to examining bone. Unlike digital radiology or CT scanning, generic methods that have not been developed specifically for examining the skeleton, EOS is a specialised imaging method, dedicated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



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 technology, its biplanar scanning system and its 3D reconstruction capabilities. 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 such as Planmed and Carestream offer small-bore scanners which can take localised 3D images of a part of a limb or of the head. Apart from the large groups, numerous medium-sized companies offer a range of digital radiological products, among them 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 these last two cases, for very localised 3D imaging.



Source: BCC Research

EOS is a new imaging method that is unique in the world and that spans the imaging and orthopaedic markets, each of which is estimated at more than 20 billion dollars a year *(diagnostic X-ray imaging and scanners account for 34% of the global medical imaging market)*[10][11].

[10] MaRS Market Insights, December 2009

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

6.2.2. EOS positions 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 associated services

EOS aims to market its machine to healthcare centres that address musculoskeletal disorders and that consequently provide orthopaedic surgery.

These centres, whether hospitals or private clinics, are equipped with imaging systems appropriate to 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 are associated with a high volume of orthopaedic surgeries. They are the Company's priority targets. EOS technology is attractive to them from the point of view of the specifications related to orthopaedic imaging and for the potential increase in their activity, productivity and quality of care. One of the indicators used for this categorisation is the completion of more than 400 knee or hip replacements each year.

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

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

Europe

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

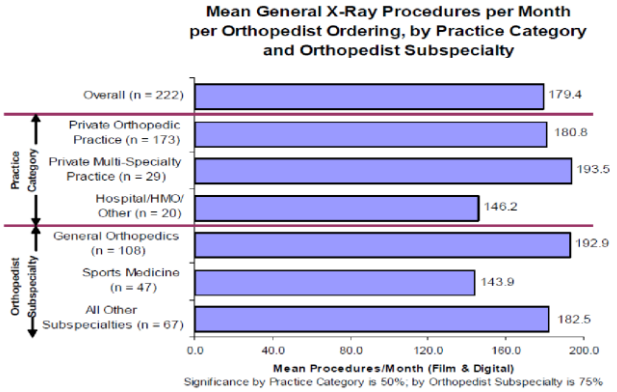
Number of targets	France	Germany	Europe (extrapolated)
Initial target (market entry)	126	307	1,350
Medium-term target	402	593	3,102
Total	528	900	4,452

[12] The number of "Initial Targets" corresponds to the number of establishments 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, Germany - Gemeinsamer Bundesausschuss, Federal Joint Committee, Quality Reports of the German Hospitals and extrapolated to Europe (Western Europe: pro-rated based on populations; Eastern Europe estimated at 15% of Western Europe).

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 with three surgeons or more[14]. The average volume of 2D X-ray examinations requested per month and per surgeon in the US (see graph hereunder) amounts to more than 6,000 examinations per year for these sites.

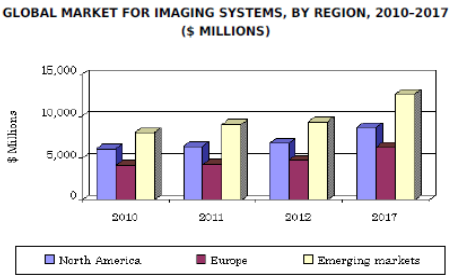


The number of establishments targeted by the Group in the United States is summarised below.

Number of targets	Hospitals	Private Practices	Total United States
Initial target (market entry)	815	675	1,490
Medium-term target	1,497	1,240	2,737
Total	2,312	1,915	4,227

Rest of the World

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

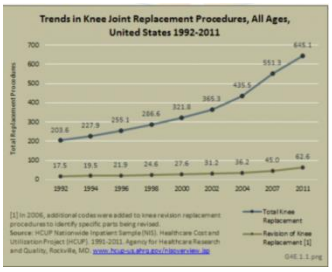


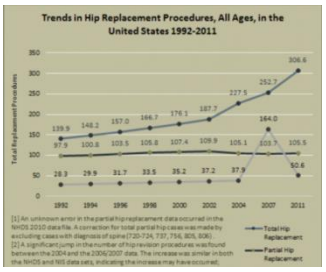
The growth in the amount of orthopaedic surgery performed worldwide derives largely from ageing, inactivity and obesity. The growth in the number of knee, hip and spine surgical procedures in the United States between 2007 and 2011, illustrated in the diagrams below, is 17, 21 and 19%, respectively.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

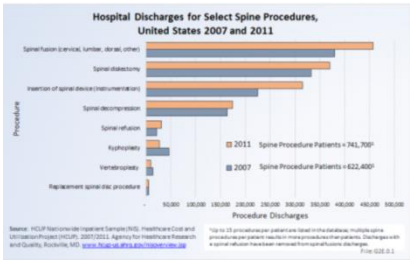
The Group has not seen evidence of consolidation between targeted hospitals and clinics and identified by levels of surgery that are already high.

[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

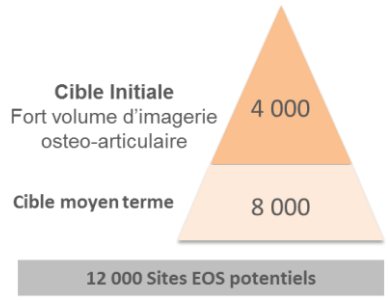






Source: http://www.boneandjointburden.org/2014-report

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 North America, more than 110 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 about 2.0%.

The Group estimates that the value of the equipment market corresponding to the potential market of 12,000 hospitals, calculated on the basis of one system per site at an average price of $525,000, is $6.3 billion. Based on a conservative assumption of replacement every ten years (the norm being in fact around seven years), the annual equipment replacement market addressable by EOS is estimated at $600 million, once the business is in full operation.

Furthermore, these systems require maintenance contracts, which have been estimated on the basis of 10% of the equipment purchase price or $52,000 a year, adding potential maintenance service revenue of $624 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 licence 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 price of $250 per case (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, or $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 nearly $2 billion, including equipment sales, maintenance revenues and recurring revenues from software services and consumables.

6.3. A COMPANY IN THE SALES DEVELOPMENT STAGE

6.3.1. A diversified revenue model with increasing recurring revenues

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

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

Equipment sales follow relatively pronounced seasonal patterns. This takes the form of a larger proportion of revenue being posted in the fourth quarter.

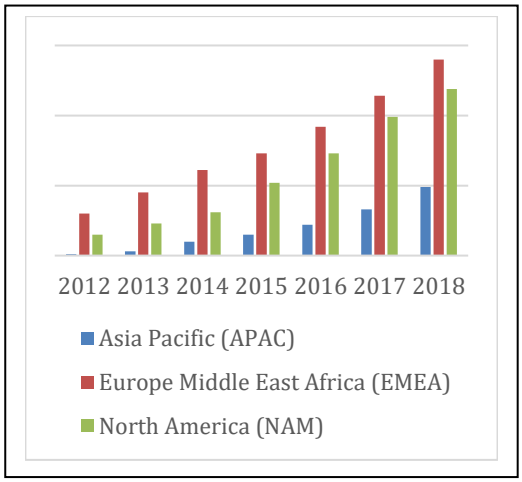
Sales of maintenance contracts: these contracts are standard practice in the medical equipment market. On the basis of its current performance, the Group estimates that more than 80% of its installed base that is out of warranty will take out a contract of this kind. Maintenance agreements are entered 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.

Sales of pay-per-use or per-operation services and associated consumables: these new activities 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 has been set up in the Group's subsidiary EOS image Canada, aimed at sites that do not have the necessary human resources for post-processing of images;
(ii) surgical planning services, currently deployed to a limited extent 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 Medical on the one hand (sales to implant manufacturers) and by EOS imaging on the other (sales to hospitals and radiologists).

6.3.2. A strategic installed base contributing to the acceleration in uptake



As the end of June 2019, EOS had an installed base of approximately 330 sites in more than 31 countries in the Europe/Middle East, North America and Asia-Pacific regions, the breakdown and growth of which over the 2012-2018 period is shown in the table opposite. The insignificant presence in Latin America (two machines installed 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 numbers among its customers some of the world's most prestigious institutions in orthopaedics and musculoskeletal imaging, such as 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 user of several EOS platforms. The Group has as its customers 72% of the 50 best US paediatric orthopaedic hospitals (2018 ranking), 64% of the 25 best US adult orthopaedic hospitals (2018 ranking), 100% of the orthopaedic hospitals in the Shriners network, and five hospitals of the Assistance Publique/ Hôpitaux de Paris group (the public hospital system of the city of Paris and its suburbs).

Validation 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, the UK, Turkey, Australia and Japan.

6.3.3. Clinical validation

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 most 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 complex to perform with conventional radiographic techniques. The biplanar scanning technique used by the EOS system very significantly reduces examination times[15]. This time reduction allows a large number of patients to be examined on consultation days[16].

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

[16] As many as 150 patients could be examined on the same day at the HKU hospital in Hong Kong

Spine

With the EOS low-dose system, it is possible to image the entire spine with an 85%[17] reduction in radiation dose compared with computed radiography (CR) and 50% compared with 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] showing that monitoring of scoliosis by conventional X-ray imaging increases the risk of children with this disorder developing cancer fivefold.

Viewing the spinal deformity on all three spatial plans 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], replicability[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 retrospective study[25] carried out on 306 adult patients with degenerative scoliosis shows that 39% of the patients had post-operative complications and 29% required further surgery. For some ten years now there has been a consensus among spine surgeons worldwide that there is a link between long-term post-operative results and the patient's sagittal balance; a review of the literature[26] clearly shows the link between sagittal balance and 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 viewable 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 numerous articles that it is also important to include the lower limbs in assessing sagittal balance, so as to take account of compensating mechanisms[27]. A study by the Bordeaux university hospital on 28 patients who had undergone an EOS examination[28] showed that knee flexion

[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 No. 36 (2011)
[22] Carreau et al. Spine Deformity (2014)
[23] Glaser et al. Spine No. 37 (2012)
[24] Smith et al. Neurosurgery No. 35 (2017)
[25] Charosky et al-Spine No. 37(2012)
[26] Le Huec et al. Int Orthop (2014)
[27] Ferrero et al., Neurosurg Spine No. 24 (2016)
[28] Obeid et al. Eur Spine J No. 20 (2011)

(flessum) is correlated with a lack of lumbar lordosis. The study concludes that it is important to take knee flexion into account when choosing the appropriate surgical correction to the spine (the region to be operated on and the type of osteotomy).

Saggital balance is now widely taken into account, even for simple surgical procedures. 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, the precision and replicability of which 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 the sign could even be reversed in 12% of cases. Furthermore, torsion in the lower limbs cannot be measured on 2D frontal images and requires an additional examination with a scanner.

The precision and replicability of 3D lower-limb modelling using EOS X-rays has been validated[31, 32]by Arts et Métiers Paris Tech. These results have been clinically confirmed with a study of 25 patients[33] conducted by Dr Guenoun and his team (Cochin Hospital, Paris), and then by a study of 110 patients with and without hip implants[34] conducted by Prof Lazennec (Pitié-Salpétrière Hospital), which concluded that EOS technology allows the clinical parameters of the lower limbs to be calculated with better accuracy and replicability than when calculated on the basis of 2D projections.

Clinicians' confidence in EOS technology has made it possible to carry out larger-scale studies. The teams of Barnes Jewish Hospital (St Louis, MI)[35] and 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 thus replace CT scans in evaluating torsion in the lower limbs and produce reliable measurements[37 38]in both children and adults[39]. With an equivalent precision, the EOS examination uses a much lower dose than the scanner, and is less onerous.

Planning and control

[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)

In 2013, the Group developed hipEOS, the first hip arthroplasty planning module based on EOS stereo X-rays. Initial results of this software, presented by the Nancy University Hospital[40] in France, demonstrate improved prediction and planning of the dimensions of the prosthetic components to be fitted, which can have a significant impact on the inventory and logistical costs associated with the operating theatre.

Apart from this, the notion that the ideal position of the implant is in a pre-defined zone identical for all patients is today largely discredited. The very large current volume of clinical work on this ideal position specific to the patient shows 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 weight-bearing 3D measurements, a crucial element for quality control and for the confidence of both patients and hospital management. The Group has also continued to develop other software modules for 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 confirm 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 passed on by the Group, opinion leaders and clinician users.

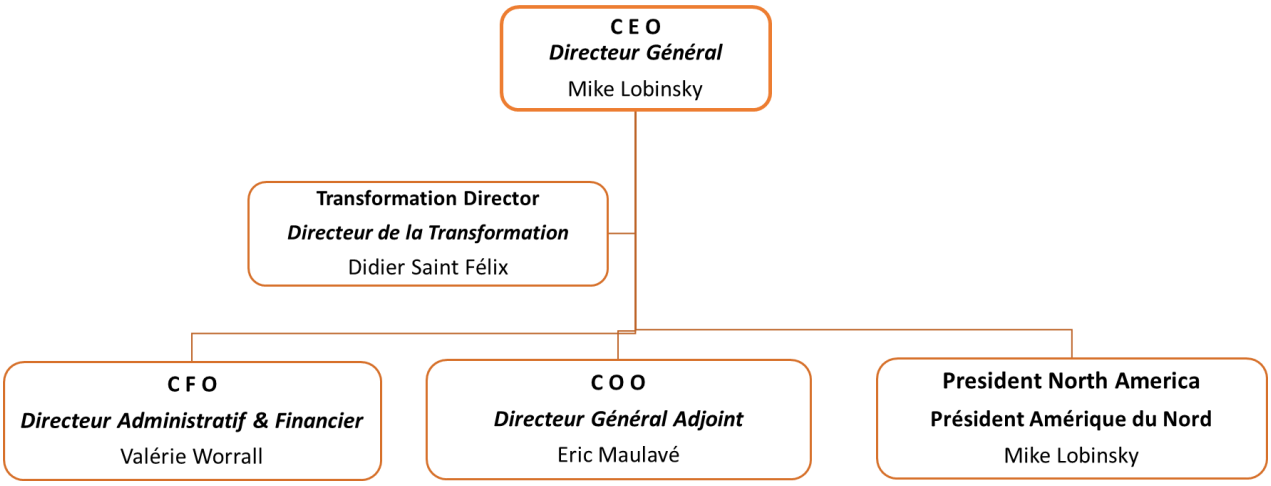
In parallel with its routine use, the EOS technology has been the subject of much clinical work:

- more than 108 clinical studies are currently under way worldwide;
- more than 300 scientific articles on EOS and its technology have been published in leading journals.

[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)

6.4. A RESPONSIVE, INTERNATIONAL ORGANISATION

Led by its CEO Mike Lobinsky, the Group has been structured into two large operational departments since 2017, one in the United States led by the President for North America, who is also the CEO and in charge of the global organisation of marketing, and the other in France led by Eric Maulavé, who is also in charge of R&D, production, medical affairs and regulatory affairs for the EMEA and APAC regions. An infrastructure department and an administrative and financial department complete the structure. At the beginning of 2019, the Group created an advanced orthopaedic solutions division managed by a senior manager. This division forms part of the marketing organisation and is responsible for 3D EOS services, EOS applications (online surgical planning) and the integration of EOS images, 3D models and surgical plans in the operating theatre.



The professional profiles of the members of the management team can be consulted on the Group's website: www.eos-imaging.com.

6.4.1. Marketing & Sales

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

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

- direct sales approach with salespersons employed by Group;

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

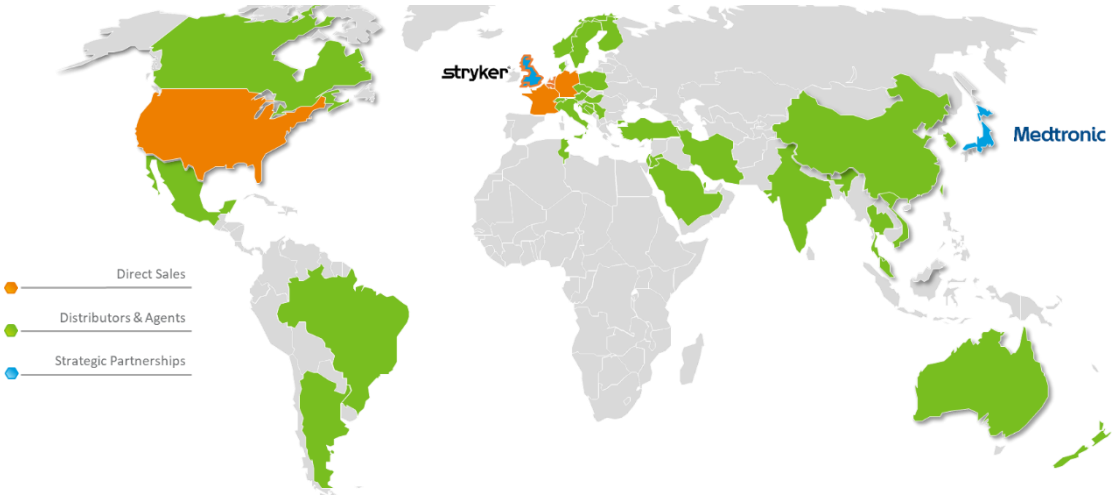
- distribution approach with sale to the distributor.

For each region and country, the Group has chosen the most suitable option for the market size and context. For example, during financial year 2018, the Group continued to strengthen its presence in North America. Similarly, in 2017, the Group altered its approach to the German market by strengthening its presence with an experienced salesperson instead of the agency structure previously used.

Lastly, the Group is engaged in two partnerships:

- in the UK, where for certain hospitals the Group's products are associated with the implants provided by Stryker;
- in Japan, where the Group partners with Medtronic for medical communication actions.

The Group's sales organisation is presented below.



All areas are supported by application specialists, who provide pre-sales support to their respective territories and are responsible for user training. This training is carried out over two days as far as the actual use of the equipment is concerned. 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.

Once the system is up and running and the training completed, the Group monitors customer satisfaction and the application specialists, who are each responsible for a portfolio of customer sites, check on use, 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.

In the 2018 financial year around 79% of sales were made directly by the Group's sales teams, and 21% by its network of distributors. 58% of sales were denominated in euros (€20.4 million) and 42% (€15 million equivalent) were denominated in US dollars (for sales made in the United States) or Canadian dollars (for sales made in Canada).

a. Europe-Middle East region (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 UK (partly in partnership with Stryker), Benelux and Germany;
- a distribution approach in the remaining countries
- a direct presence in the Middle East to coordinate 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 made by EOS imaging SA for the whole region with the exception of Germany, where the Group has a subsidiary, EOS imaging GmbH. They are made either to end customers or to distributors, in the case of countries where a distribution approach is used.

During 2018 the Group made its first sales in Spain, Portugal and the United Arab Emirates.

At the end of June 2019, the Group had an installed base of around 150 systems in the 20 countries in the EMEA region that have purchased systems.

b. North America region

In North America, the Group has chosen a direct approach, as this guarantees it direct access to this important and influential market. During 2018 the Group continued to rely on the experienced team that it had started to put in place in the previous year with a view to supporting its long-term growth. The Group has structured a team of seven senior Regional Sales Managers reporting to a VP Sales & Applications 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.

The Group's US subsidiary continued its partnership with K2, which enables it to have available, under the EOS Capital brand, financing tools for renting or leasing, which may facilitate the purchase of an EOS system where the client requires financing. These facilities are used particularly by private (for profit) sites.

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

At the end of June 2019, the Group had an installed base of around 125 systems in North America (the US and Canada).

c. Asia-Pacific region

In 2012, as part of its commercial expansion, the Group undertook to set up a sales organisation in Asia, the Pacific area already being 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 region. To this end the Group has selected a distributor for each of the markets that it addresses, namely Australia, India, China, Japan, South Korea, Taiwan, the ASEAN region (Indonesia, Malaysia, the Philippines and Vietnam), Hong Kong and Singapore. Having obtained marketing authorisation for China (CFDA approval) in March 2016, the Group now has marketing authorisations for all these countries.

In 2018, new sales were made on the Indian market to large private groups.

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 June 2019, the Group had an installed base of 55 systems in the Asia-Pacific region.

d. Latin America region

The Group made a second sale in Brazil towards the end of 2018. It has a distribution network in certain countries in this region, in which no particular investments were made in 2018, the Group having chosen to concentrate its resources on the other three markets.

At the end of June 2019, one machine was already installed in the Latin American region.

e. Revenue by geographical region for the last three financial years

Revenue by geographical region (€000s)	2018	2017	At 31Dec. 2016
EMEA	13,344	16,583	11,416
North America	14,965	14,587	15,370
Asia Pacific	6,377	5,922	3,235
Latin America	705	-	752
Total	**35,391**	**37,092**	**30,773**

In 2018 the Group posted revenues of €35.4 million, down by 4.6% on the previous year. 2017 had a growth of 21%.

In the EMEA region, EOS Imaging saw a decrease in its revenue to €13.3 million, mainly due to a slowdown in equipment sales. Investment decisions have been postponed, but not cancelled, throughout the year. The pipeline grew considerably in all key markets in the region, especially in France, Germany and the United Kingdom.

North America saw 3% growth over 2017 (7% growth excluding the impact of exchange rates), to €15 million, despite unexpected delays in purchases of EOS® systems, which could not be completed in the fourth quarter and were postponed until 2019. The business pipeline continues to grow and will provide momentum for sales in 2019 and beyond.

Sales in Asia-Pacific grew by 12% over 2017, with revenue of €6.4 million, demonstrating solid momentum. In China, 2018 revenue was impacted by a change of distributor at the end of the year, which should lead to stronger growth on this market.

Sales in Latin America amounted to €0.7 million, reflecting the signing of a second contract in Brazil.

f. Revenue by category for the last three financial years

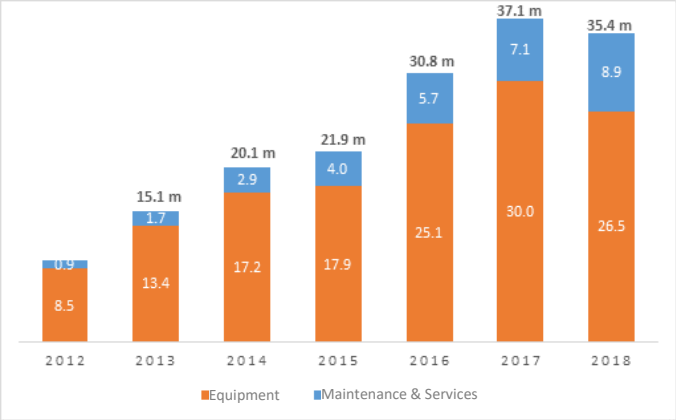
Revenue by category (€000s)	2018	2017	2016
Equipment sales	26,471	29,992	25,062
Sales of maintenance contracts	7,931	5,944	4,697
Sales of consumables and related services	989	1,157	1,014
Total	**35,391**	**37,092**	**30,773**

EOS Imaging generated annual revenue of €35.4 million in 2018, compared with €37.1 million in 2017. The Group sold 64 EOS® systems, compared with 77 in 2017, maintaining positive growth in its average sale price.

Annual recurring revenue increased by 26% to €8.9 million, principally due to strong growth of 34% in maintenance contracts. Recurring revenue therefore represents 25% of total revenue, compared with 19% of sales in 2017.

g. Group sales history since 2012

The graph opposite shows the growth in the Company's revenues since its IPO in 2012. Average annual growth (Compound Annual Growth Rate, CAGR) comes to 25%.



The share of revenue from equipment sales remains preponderant in the Group's total revenue. The Group seems to be reliant on the commercial success of its unique equipment. This risk of commercial dependence was considered low during the update of the risk mapping, considering the development of an offering of recurring services. This risk has not been documented in chapter 4 of this document due to its classification as "low".

The share of recurring revenue amounted to 25% in 2018, as against 19% in 2017.

6.4.2. Organisation of production

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 sub-assemblies, the X-ray tube and the high voltage (HV) generator;
- management of the suppliers of the sub-assemblies 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 tier-one suppliers;
- assembling and testing the EOS systems in accordance with 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 2014, production capacity has been around 10 machines per month. Increasing it will not require significant investment other than in terms of assembly area.

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. Thus 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 Medical develops personalised orthopaedic solutions for knee and hip implants and sells them to European implant manufacturers. These solutions provide surgeons in the operating theatre with cutting guides adapted to the anatomy of each patient. These guides are currently created from scanner or MRI images, following the surgeon's 3D planning of the type and position of the implant. They are supplied to hospitals and clinics with the relevant implant, prior to the surgery, by the implant manufacturers (clients of the Company). OneFit Medical has an internal production team that produces digital models of the patient's anatomy and the patient-specific guide adapted to the patient's anatomy and to the implant chosen by the surgeon. The guides are manufactured by a subcontractor 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 region, 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 2018 on the installed base was 99% over the previous 12 months for the three regions EMEA, NAM and APAC.

6.4.4. Innovation, R&D and clinical work

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 54 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:

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

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

The R&D team is divided between Paris (34), Besançon (16) and Montreal (4).

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

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

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:

- three project managers, who respectively lead the EOS and sterEOS development programmes, the installed base monitoring programmes and the upstream study programmes;
- three functional groups, led by a manager-expert, that respectively cover the systems business line (electronics, detection physics and mechanics), the software business line (applications and embedding) and algorithms (signal processing, 3D modelling and machine learning).

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

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

Targeted upstream studies: the Group conducts applied research work internally, in two areas that are strategic for future product generations: multi-energy imaging and high-resolution detection with extremely low radiation doses and the sue of the latest artificial intelligence techniques for automating 3D methods of modelling the axial skeleton.

Rigorous development programmes: The second stage in new product development or in improvement of existing products is carried out according to a rigorous sequencing procedure at the centre of the Company's quality processes.

Constant 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 case-by-case services on a Cloud-based healthcare server infrastructure. Within the Group, OneFit Medical and EOS imaging are developing a suite of orthopaedic surgery planning software based on the stereo-radiographic images produced by EOS. The software products developed in this way are integrated into the range of surgeon-centric software that uses the personalised 3D model of the patient resulting from the EOS exam. 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 in 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 pre-operative 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 progression of osteoarthritis of the knee.

6.5. ISSUER’S DEGREE OF DEPENDENCE ON PATENTS, LICENCES, CONTRACTS OR NEW MANUFACTURING PROCESSES

The Group's policy of innovation, together with its patents and patent applications, are described in paragraphs 11.1 and 11.2 of this Registration Document. The risks associated with intellectual property are described in paragraph 4.3 of this Registration Document.

The Group has entered into two licensing agreements in respect of 3D reconstruction, both of which are currently operational, and details of which are set out in chapters 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/EEC that are not the most restrictive. The Group chose the conformity assessment route based on the compliance of its global quality system with 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, 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 EOS systems to declare their EOS's installation to 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 risk class II (moderate risk) devices 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 so far.

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 mark for the US and Canada 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 and 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, for the Notified Body that has issued the CE marking certification and the ISO 13485 certification to have been formally recognised by the competent authorities of the countries in question, and for the certification body that has issued the technical conformity certificates for the product to 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-three 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 authority, ANVISA. 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, Standardisation 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 ten 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 recognising CE marking for medical devices.
[(2)]: import licence as device emitting 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 require 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 benefits granted to healthcare professionals (known as the "anti-gift and transparency law"). 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 indicated in the introduction to chapter 6 of this Registration Document, EOS is a stereographic X-ray imaging system. Accordingly, procedures carried out using the EOS system have the same reimbursement codes as those carried out using conventional radiography.

The EOS examination is therefore priced on the basis of existing codes for localised and combined frontal and profile images or full body image as the case may be.

In France, as in many other countries, the creation of new reimbursement codes requires medico-economic studies which, in the case of measuring the impact of an imaging device on orthopaedic surgery, are particularly long. The Group currently uses existing reimbursement codes, allowing it to develop its technology without waiting for the results of such studies.

6.7. IMPORTANT ACTIVITIES AND EVENTS DURING THE 2018 FINANCIAL YEAR

Financing of business activity

In January 2018, EOS Imaging issued a new tranche of bonds for €5 million to IPF. The original repayment terms provided for a partial repayment between December 2021 and December 2022 as well as a 60% bullet repayment, without a supplementary issue of share subscription warrants (BSAs) and on terms that were comparable with those of the previous tranche.

In May 2018, EOS Imaging also issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANEs) to institutional investors under a private placement, without preferential subscription rights, in a nominal amount of €29,543,626.80. All the bonds offered were subscribed. This transaction allowed the Company to fully refinance the IPF financial debt as it stood at the end of May, i.e. €19,257,282, including €1,132,282 of interest. The early redemption of the bonds also led to the payment of early redemption fees of €2,018,634, fully recognised as financial expenses at 30 June 2018.

On 17 July 2018 EOS Imaging announced that it had signed a binding agreement with Fosun Pharmaceutical AG, a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co. Ltd, under which Fosun Pharmaceutical AG agreed to take a stake in EOS Imaging through the issue of new company shares.
The completion of this investment was conditional upon obtaining Chinese regulatory authorisation and AMF (French Financial Markets Authority) approval of the transaction prospectus.
The Company obtained the necessary Chinese regulatory authorisations and, on 7 December 2018, announced that it had received approval from the AMF for the transaction prospectus under no. 18-551.
The CEO of EOS Imaging, acting under the power of attorney granted him by resolution of the Board of Directors of 16 July 2018 (itself acting under the power of attorney granted it by the twentieth resolution of the combined general shareholders' meeting of 18 May 2018) resolved to carry out a capital increase in the amount of €15,061,856.13 through the issue of 3,446,649 new shares at the subscription price of €4.37 per share.
The purpose of the capital increase is to help make EOS imaging's technology available to the largest possible number of patients worldwide.
On 11 December 2018, the Company announced that this capital increase had completed successfully, as a result of which its share capital was now €261,304.07, divided into 26,130,407 shares. The new shares are identical to the existing shares in the Company.
Fosun Pharma, through Fosun Pharmaceutical AG, now holds 13.2% of the share capital and voting rights in EOS imaging and, as such, has become EOS imaging's main shareholder.

In the first half of 2018, EOS Imaging also entered into a factoring agreement to contribute to the financing of the operating cycle. At 31 December 2018, three trade receivables had been assigned, for a total gross amount of €1,371,000.

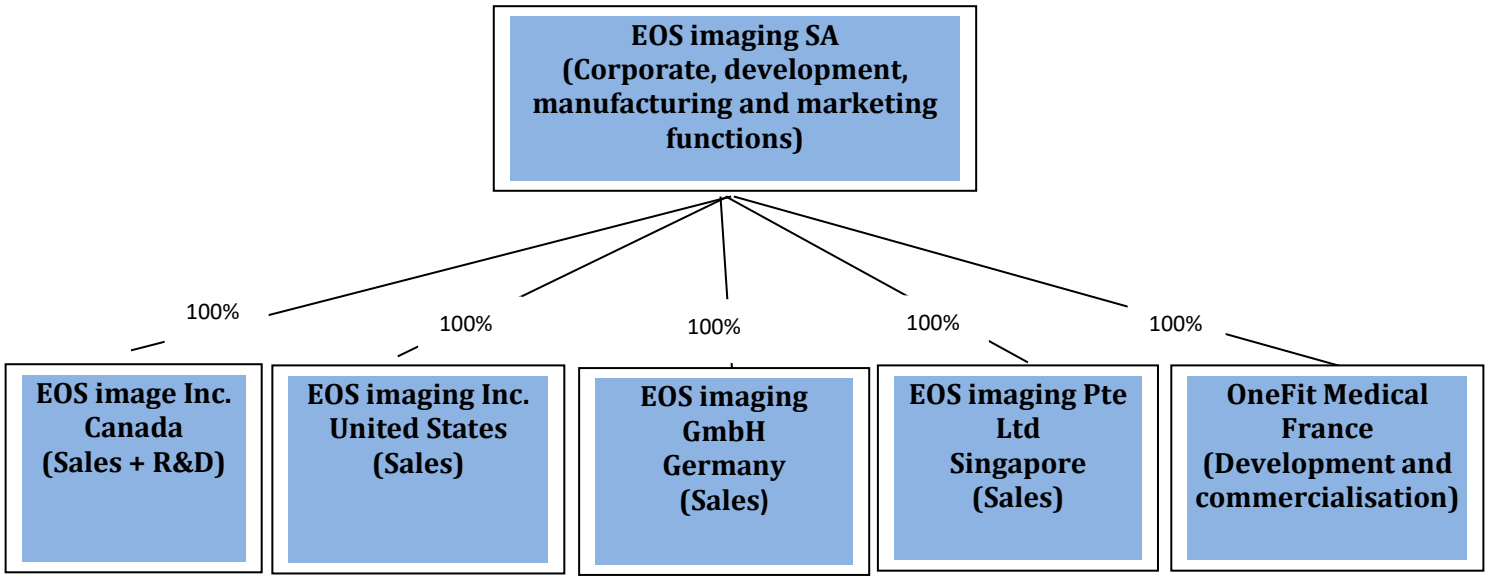
Change of Management to strengthen the Company's US strategy

On 5 November 2018, the Board of Directors decided to change the Company's management team to continue and strengthen its presence in the United States, its principal market, and to extend its shareholder base in that country. The Board appointed Mike Lobinsky, who joined the company in August 2017 as President, North America, to the position of Chief Executive Officer to succeed Marie Meynadier from 1 January 2019. Marie Meynadier continued in the role of Chief Executive Officer until 31 December 2018 and will thereafter continue as a director on the Company's Board of Directors.

7. OVERVIEW OF THE ORGANISATIONAL STRUCTURE

7.1. LEGAL STRUCTURE

The Group's legal structure is presented below.



7.2. GROUP COMPANIES

The Group consists of EOS imaging SA, and its five wholly owned subsidiaries (please refer to paragraph 4.3 of note 4 to the consolidated financial statements for the year ended 31 December 2018 presented in chapter 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, with its registered office at Suite #410, 185 Alewife Brook Parkway, Cambridge, MA 02138, USA.

This company handles the sale of the Group's products and services in the United States as well as installation, training and maintenance for the North America region.

In 2018 it posted revenues of US$16,642,000 or €14,086,000 and a net loss of US$3,955,000 (€3,348,000).

The workforce at 31 December 2018 consisted of 33 people.

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 company is responsible for selling the Group’s products and services in Germany.

In 2018 it posted revenues of €1,153,000 and a net loss of €35,000.

The workforce at 31 December 2018 consisted of one person.

EOS image Inc.:

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 company markets the Group's products in Canada and provides services linked to commercial use applications and clinical studies.

In 2018 it posted revenues of CAD1,437,000 (€939,000) and a loss ofCAD497,000 (€325,000).

The workforce at 31 December 2018 consisted of 11 people.

OneFit Medical SAS:

Based in France, OneFit Medical is a simplified joint-stock company (French SAS) with its registered office at 18 Rue Alain Savary, Besançon.

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

In 2018 it posted revenues of €1,554,000 and a net loss of €117,000.

The workforce at 31 December 2018 consisted of 28 people.

EOS imaging Pte Ltd:

Based in Singapore, EOS imaging Pte Ltd is a company under Singaporean law with capital of SGD70,000, with its registered office at 51 Goldhill Plaza, #21-02/06, Singapore (308900). This company is responsible for marketing the Group's products in South-East Asia.

It promotes the Group's products and services in the Asia-Pacific region.

In 2018 it did not recognise any revenue and posted a net loss of SGD 692,000 (€435,000). The workforce at 31 December 2018 consisted of 3 people.

As mentioned in paragraph 6.4 of this Document, the Group operates on the basis of a matrix-type organisational structure. Operating functions apart from Sales are managed transversally within the Group by either the Paris-based or the North America-based operational management. Managers who are corporate officers perform the same functions in the subsidiaries.

In 2018, EOS imaging SA billed its subsidiaries:

- for equipment sales, in the amount of €9,934,000;
- for management fees, in the amount of €2,086,000;
- for interest on current accounts, in the amount of €135,000.

8. PROPERTY, PLANT, AND EQUIPMENT

8.1. PROPERTY

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

The Group has premises located at 10 Rue Mercœur, Paris 75011, France, the registered office of EOS imaging. The lease signed with SCI Paris Mercoeur was renegotiated in September 2018 so as to have a term of ten full consecutive years, expiring in September 2028, with a firm duration of six full consecutive years. It covers a total surface area of 1,408 m².

For its production needs, the Group has also signed a sub-lease with Axe Systems on an area of 600 m² located in Romorantin-Lanthenay, Loir-et-Cher. This lease was entered into for a nine-year term starting on 21 June 2018 and expiring on 20 June 2027.

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 m^2. The monthly rental amounts to US$5,897. The lease is for a term of 3 years and may be terminated early after 2 years, on 3 months' notice.
At the date of this Registration Document a new lease had been signed, dated 20 February 2019. It concerns premises located at 4900 Constellation Drive, White Bear Township, MN 55127. The lease, signed with L2 Holdings VI, LLC, covers an area of 4,988 m^2 at a monthly rental of US$5,208. It was entered into for a term of five years from 1 May 2019.

In Canada, **EOS image Inc.** has premises at 300 Rue du Saint-Sacrement, 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 rental amounts to CAD 887.

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

In France, **OneFit Medical** has premises at 18 Rue Alain Savary, Besançon, leased to the Group by a third party since 28 December 2011, for a monthly amount of €2,511. The lease is renewed each year for a period of 12 months.

8.1.2. Other property, plant and equipment

The main items of property, plant and equipment owned by the Company are described in Note 7 - 'Property, plant and equipment' to the consolidated financial statements shown in chapter 20.1 of this Registration Document.

8.2. ENVIRONMENTAL MATTERS

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

Nonetheless, despite its limited impact, 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 vis-à-vis its stakeholders.

The environmental, labour and social information required by the Renewables II Law has been replaced by the Statement of Non-financial Performance. In view of the applicable thresholds, EOS imaging is not obliged to publish either a company-only or a consolidated statement of non-financial performance. However, the Group has decided to provide this environmental, labour and social information in its Registration Document.

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 social aspects are summarised in paragraph 8.3 and the labour 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 also develops 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 the Group, 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 rail and air 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 linked to the transport of EOS systems sold comprise emissions from the air and sea transport of units sold, which are monitored and collected from the Group's main 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 2018 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 certain environmental regulations on the use of certain hazardous substances, notably 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, application of which became mandatory for medical devices with effect from 22 July 2014. The EOS et sterEOS products brought to market have also complied with the RoHS Directive since July 2014. Similarly, in order to ensure compliance with the REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals), the Group has made sure that it is not subject to any requirement to register with or notify the European Chemicals Agency (ECHA) or to inform customers under the regulation.

In 2018 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.

At the date of this report the average age of units installed is 3.39 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 Récyclum to take charge of end-of-life systems. In the rest of the European Union, EOS imaging has not yet identified a subcontractor potentially able to 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 such provisions exist.

Lastly, it should be noted that EOS imaging supports sustainable development and may organise the collection, reconditioning and resale of its clients' equipment on a case-by-case basis.

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. Besides, EOS Imaging does not 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 2018, electricity consumption at its Paris facilities was 152,030 kWh compared with 132,982 kWh in 2017.

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 consumption of paper is presented in this

report: in 2018, the Group consumed 315 reams of paper, compared with 600 in 2017, representing 0.8 metric tons of paper, compared with 1.5 metric tons in 2017, at a cost of €4,793 compared with €8,519 in 2017.

c. Climate change

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

In 2018, CO_2 emissions linked to air and sea transport of equipment sold were monitored on the basis of reports provided by the Group's principal carrier. In 2018 emissions associated with air transport amounted to 215,144 kg CO_2 equivalent and concerned 192 deliveries, giving an average of 1,121 kg CO_2 equivalent per delivery. Emissions associated with sea transport amounted to 46,687 kg CO_2 equivalent for 30 deliveries, giving an average of 1,556 kg CO_2 equivalent per delivery. A very large proportion of the Group's dispatches corresponds to small spare parts which are sent by air. Sea freight is favoured for sending large items of equipment.

Employee travel also represents a significant source of greenhouse gas emissions. In 2018, associated emissions were calculated using a scope limited to EOS France employees and their business travel by air: these amounted to 473,224 kg CO_2 equivalent, compared with 555,491kg CO_2 equivalent in 2017, representing a total of 2.18 million kilometres travelled by air or rail, compared with 2.58 million in 2017. EOS imaging has launched a review to identify significant sources of 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.

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 electricity consumption required to use these machines. Also, as the Group does not currently have quantitative analyses of the emissions linked to the production of its machines by its sub-contracted partner, it is studying ways of introducing such analyses in the future.

8.3. SOCIAL RESPONSIBILITY

a. Local, economic and social impact of the business

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

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

b. Subcontractors and suppliers

EOS imaging does use subcontractors and suppliers, primarily in its manufacturing operations. The Group purchases most of the components for EOS systems from suppliers located in Europe and North America. The assembly of EOS systems is subcontracted by the Group to a strategic supplier located in Romorantin, France. EOS imaging also uses French suppliers for the purchase of office materials and services and of

maintenance and cleaning services. Lastly, our R&D work uses French subcontractors, along with collaborative arrangements with universities, a significant portion of which are French.

Purchasing and subcontracting represented 48% of revenues in 2018, compared with 51% in 2017. 47% of outsourced services were provided in France in 2018, a slightly higher proportion than in 2017 when the comparable figure was 44%.

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 bring 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 main external stakeholders of EOS imaging, besides service providers (dealt with in the preceding paragraph) and patients (discussed in the next paragraph), are the customers who use the technology and the competent authorities. The management of relations with these stakeholders is 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 (G-MED) accredited by numerous 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 which 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 2018 EOS imaging made donations totalling €6,000 , the mains ones being €2,000 to S.F.R.I.M., the French Radiology and Medical Imaging Society, €1,000 to the Association Scientifique d'Imagerie du Parc, in the context of participation in an educational project on osteoarticular imaging, €1,000 to the Saint Joseph Hospital Foundation in Paris and €1,000 to the S.E.L. de Radiologie et d'Imagerie Medicale, for an educational project presenting the advantages of the EOS solution in musculoskeletal disorders.

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 Micro Dose feature, launched in 2013, delivers up to seven times less radiation than EOS low-dose products.

The Micro Dose solution allows practitioners to use a very low radiation technology for monitoring the progression of paediatric disorders, particularly those requiring frequent surveillance.

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

CE marking:

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

Post-market device surveillance and product recall:

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

Measures taken to prevent corruption

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

These documents set out in particular the rules about disbursements made by the Company to the medical profession and gifts or invitations given or offered to 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. Precise information has also been provided to the Group's distributors in order to make sure that they are aware of the importance of complying with these legal requirements.

9. FINANCIAL POSITION AND RESULTS

9.1. OVERVIEW OF FINANCIAL POSITION

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

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 2018, 2017 and 2016 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 OF TWO FINANCIAL YEARS

9.2.1. Operating income

a. Sales and other revenue

The Group's operating income amounted to €38,810,000 and €36,819,000 respectively for 2017 and 2018. This income was largely realised through sales of medical imaging equipment and related services. Sales of equipment are highly cyclical. 2017 had been characterised by a significant fourth-quarter contribution, whereas 2018 saw orders being postponed to 2019.

Operating income also includes subsidies received in connection with research projects carried out by the Group and the Research Tax Credit from which the Group has benefited since its creation.

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	2018 financial year	2017 financial year
€000s	12 months	12 months
Revenue	**35,391**	**37,092**
o/w sales of equipment	*26,471*	*29,992*
o/w sales of maintenance contracts	7,931	5,944
o/w sales of consumables and related services	989	*1,157*
Subsidies	66	398
Research tax credit	1,363	1,320
Total revenue from ordinary activities	**36,819**	**38,810**

) Revenue:

Audited consolidated data	2018 financial year	2017 financial year
€000s	12 months	12 months
Revenue by geographical region	**35,391**	**37,092**
France	*8,429*	8,791
Europe & Middle-East, excl. France	4,915	7,792
North America	*14,965*	*14,587*
Asia-Pacific	*6,377*	*5,922*
Latin America	*705*	-

In the EMEA region, EOS Imaging saw a decrease in its revenue to €13.3 million, principally due to a slowdown in equipment sales. Investment decisions have been postponed, but not cancelled, throughout the year. The pipeline grew considerably in all key markets in the region, especially in France, Germany and the United Kingdom.

North America saw 3% growth over 2017 (7% growth excluding the impact of exchange rates), to €15 million, despite unexpected delays in purchases of EOS® systems, which could not be completed in the fourth quarter and were postponed until 2019. The business pipeline continues to grow and will provide momentum for sales in 2019 and beyond.

Sales in Asia-Pacific grew by 12% over 2017, with revenue of €6.4 million, demonstrating solid momentum. In China, 2018 revenue was impacted by a change of distributor at the end of the year, which should lead to stronger growth on this market.

Sales in Latin America amounted to €0.7 million, reflecting the signing of a second contract in Brazil.

During the financial year, the Group sold 64 items of EOS® equipment, compared with 77 in 2017. Revenue from equipment sales amounted to €26.5 million, down by 12%. The average selling price per device was €414,000, as against €390,000 in 2017.

Recurring revenues amounted to €8.9 million, up by 26%. They represented 25% of total revenues compared with 19% in 2017 and break down into €7.9 million of maintenance revenues and €1 million of sales of consumables and services.

) Other income:

Other income comprised government funding received as part of research programmes (Research Tax Credit and subsidies). It amounted to €1,429,000, down by 17% relative to the previous year.

The Research Tax Credit amounted to €1,363,000, stable relative to 2017, in line with the research costs incurred during the year.

Subsidies amounted to €66,000 compared with €398,000 in 2017. They reflect expenses incurred in respect of French and European programmes currently under way.

The amounts of subsidies and Research Tax Credit included in profit and loss for the period are restated for the proportional part of funding of research costs capitalised for the financial year. The gross amount of public funding recognised over the year was €1,502,000.

b. Direct cost of sales and gross margin

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Direct cost of sales	**17,616**	**20,288**
Purchasing and subcontracting	15,198	*17,944*
Payroll costs	1,680	*1,438*
Royalties	*656*	*741*
Depreciation and provisions	82	*164*

The direct cost of sales 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 system integration phase is sub-contracted, production costs consist mainly of the purchase costs of components and sub-contracting costs, changes in which are directly related to the system production volumes over the period.

In value terms, the gross margin increased by 5.8% or €1 million to €17.8 million compared with €16,8 million in 2017.

The change in the gross margin rate is explained by the following factors:

- the 6% increase in the average selling price of devices, which favoured the improvement in the gross margin rate by about 330 basis points; and
- the well-controlled increase in consumption of spare parts used for maintenance and control of production costs, which led to a positive impact of 280 basis points on the gross margin rate;
- partly offset by the increase in direct workforce to cater to the increased level of activity, which shaved about 120 bps off the gross margin rate.

The net result of these three main components was an increase of 490 bps in the margin rate, which came to 50.2% in 2018 compared with 45.3% in 2017.

c. Operating expenses by area

Indirect costs of production and service

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Indirect costs of production and service	**3,865**	**4,122**
Purchasing and subcontracting	*1,327*	*1,539*
Travel costs	*1,085*	1,046
Payroll costs	*1,321*	*1,419*
Depreciation and provisions	*132*	118

Indirect costs of production and services fell by 6% compared with the previous year. This was due mainly to increased use of subcontracting in the previous year 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	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Research and development	**4,427**	**4,104**

Purchasing and subcontracting	*1,681*	1,087
Travel costs	*66*	*46*
Payroll costs	*1,830*	*2,133*
Depreciation and provisions	*850*	837

In 2018 the Company continued its programmes aimed at boosting its efficiency in production and maintenance, developing new EOS functionalities and the software applications. The resulting R&D costs increased by 8% over the financial year, from €4,104,000 in 2017 to €4,427,000 in 2018.

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 2018 was €5,458,000 compared with €3,499,000 at the end of the previous year.

If IFRS restatements, as detailed hereunder, are excluded, costs incurred over the course of the year amounted to €5.8 million in 2018 compared with €4.9 million in 2017.

IFRS restatements may be summarised as follows:

Consolidated data €K	2018 **financial year** 12 months	2017 **financial year** 12 months
Expense base	4,623	4,579
Proportion of public financing	1,454	1,524
o/w financing for capitalisable expenses	*545*	*716*
Portion of R&D costs capitalised during the financial year	30%	28%
Portion recognised under Unearned Income	162	202
Portion of amortisation of R&D costs capitalised during the financial year	15.3%	26.9%
Proportion of corresponding public financing	88	138

Sales, clinical and marketing expenses

Audited consolidated data **€000s**	**2018 financial year** **12 months**	**2017 financial year** **12 months**
Sales, clinical and marketing	**10,870**	**9,811**
Purchasing and subcontracting	*2,447*	*2,064*
Trade fairs and exhibitions	578	641
Travel costs	*1,324*	*1,131*
Payroll costs	6,521	*5,975*

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 11% 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 from the second half of 2017 and affecting the whole year 2018.

Regulatory

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Regulatory	**756**	**739**
Purchasing and subcontracting	256	301
Travel costs	*25*	*20*
Payroll costs	475	417

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 2% relative to the previous year. This increase is explained by a 14% increase in personnel costs and associated travel expenses, explained in turn by the recruitments carried out during the period, partly offset by a decrease of some 15% in purchases and subcontracting in the context of regulatory certification on the one hand and reduced use of subcontractors to replace internal personnel on the other.

Administrative costs

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Administrative costs	**6,759**	**4,608**
Purchasing and subcontracting	4,285	*2,809*
Travel costs	111	104

Payroll costs	2,152	1,350
Depreciation and provisions	211	346

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 47% during the year. The 59% increase in personnel costs resulting from the changes ion personnel in 2018 and the provision in respect of the departure of the CEO was exacerbated by a 53% increase in external purchases and advisory fees associated with the various financial transactions carried out during the period.

Share-based payments

Details of allocations of stock options, free shares and share subscription warrants are presented in paragraphs 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 share subscription warrants. In its meeting of 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 allocate 280,000 performance shares.

On 07 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.

On 5 February 2018 the Board of Directors decided to allocate 65,000 free shares, of which 25,000 free shares for employees of the Company and its subsidiaries and 40,000 performance shares.

On 30 January 2019 the Board of Directors decided to allocate 1,362,000 stock options to employees of the Company and its subsidiaries.

The charge resulting from these allocations was determined by applying the Black-Scholes model, in accordance with the assumptions set forth in Note 18 to the consolidated financial statements, presented in chapter 20.1 of the Registration Document. It amounted to €770,000 in 2018 as against €907,000 in 2017.

Operating profit (loss)

The Group made an operating loss of €8,244,000 compared with €5,769,000 in 2017. It represents 23% of revenue, compared with 16% in 2017. This is explained by:

- a 5% decrease in Group revenues, partly offset by an improvement of five percentage points in the gross margin rate, mainly thanks to an increase in selling prices, resulting in an improvement of 5.8% or €1 million in gross margin in value terms;
- a 17% decrease 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 expenses

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Financial expenses	**5,482**	**2,082**
Interest expense	5,421	*1,723*
Exchange rate differences	61	359
Financial revenue	**687**	**65**
Income on cash equivalents	1	11
Repayment of bond borrowing	669	
Exchange rate differences	18	55
Total financial income and expenditure	**(4,794)**	**(2,017)**

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.

Net finance costs for the year ended 31 December 2018 were €4,794,000 compared with €2,017,000 in 2017. This change is mostly linked to a non-recurring charge for prepayment of the debt contracted with IPF.

b. Corporation tax

The Group did not recognise any corporation tax charge in respect of its results.

The Group has the following tax losses:

- indefinitely carryable forward in France for a total amount of €66,621,000.
- Carryable forward for 20 years in the US for an amount of US$25,791,000 or €22,525,000 at 31 December 2018.
- Carryable forward between 2028 and 2039 in Canada for an amount of CAD 3,081,000, or €1,975,000 at 31 December 2018.

In application of the principles described in chapter 20.1, paragraph 4.21 of Note 4 - "Accounting principles and methods", the loss carry-forwards have not been capitalised.

The tax rate applicable to the Company is the rate in force in France, namely 28%.

c. Net profit

The Group posted a net loss for financial year 2018 of €13,038,000 compared with a loss of €7,786,000 in 2017.

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	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Consolidated net profit/(loss) (€000s)	(13,038)	(7,786)
Weighted average number of shares in circulation	22,864,128	21,824,072
Net earnings per share (in €)	**(0.57)**	**(0.36)**
Weighted average number of potential shares	24,705,830	23,858,821

9.2.3. Balance sheet analysis

a. Non-current assets

Non-current assets totalled €11,735,000 and €14,439,000 at 31 December 2017 and 2018 respectively.

Audited consolidated data	**2018 financial year**	**2017 financial year**

€000s	12 months	12 months
Non-current assets	**14,439**	**11,735**
o/w Goodwill	*5,131*	*5,131*
o/w intangible assets	*6,606*	*4,488*
o/w property, plant and equipment	*2,394*	2,003
o/w financial assets	309	*113*

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	2018 financial year	2017 financial year
€000s	12 months	12 months
Net intangible assets and property, plant and equipment	**8,999**	**6,491**
France	8,748	6,369
North America	*251*	*122*

Non-current financial assets consist of deposits in guarantee for operating leases and deposits in guarantee in respect of the three receivables assigned to a factoring house at 31 December 2018.

b. Current assets

Total current assets amounted to €65,549,000 and €46,587,000 at 31 December 2017 and 2018 respectively.

Audited consolidated data	2018 financial year	2017 financial year
€000s	12 months	12 months
Current assets	**65,549**	**46,587**
Inventories and work in progress	8,779	4,377
Trade receivables	*32,740*	*30,148*
Other current assets	4,262	5,132

Cash and cash equivalents	19,768	6,930

Inventory corresponds to EOS equipment in progress and spare parts falling within the scope of the warranty and the maintenance of sold equipment. At 31 December 2018 it also includes inventory of finished goods in the amount of €3,268,000, compared with €677,000 at the end of 2017.

During the financial years ended on 31 December 2017 and 2018, no customer individually accounted for more than 10% of consolidated sales.

Customer receivables include the balance of the three receivables assigned to a factor for a total amount of €1.4 million. The increase in customer receivables of approximately 8% is due to increased billings for maintenance contracts and a slight lengthening of settlement periods for receivables linked to sales of equipment.

In 2017 and 2018 the Research Tax Credit represented 26% and 33% 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 at 31 December 2018 is included in chapter 20.1/Note 11.

c. Equity

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Equity	**29,210**	**23,203**

At 31 December 2018, the share capital was €262,379. It was divided into 26,237,907 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

The net change in equity is basically the result of the loss incurred in financial year 2018, which was partially offset by the capital increases in the context of the OCEANE issues in May 2018 and the equity stake taken by Fosun Pharmaceutical in December 2018.

d. Non-current liabilities

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Non-current liabilities	**26,612**	**15,509**
Provisions	*933*	*776*
Financial liabilities (1)	*25,679*	*14,733*

The provisions relate each year to end-of-service indemnities for EOS imaging and OneFit Medical. At 31 December 2018, they also include provisions for disputes with employees.

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

Audited consolidated data	**2018 financial year**	**2017 financial year**
€000s	**12 months**	**12 months**
Financial liabilities	**25,679**	**14,733**
Debt obligations	*25,219*	*13,610*
BPI advances - Ardea	*334*	*498*
Interest-free loan	*125*	*625*

e. Current liabilities

Audited consolidated data	2018 financial year	2017 financial year
€000s	12 months	12 months
Current liabilities	**24,167**	**19,610**
Financial liabilities– due in less than a year	*1,584*	1,050
Trade payables	*7,074*	*7,852*
Other current liabilities	*15,509*	*10,708*

Financial liabilities due in less than one year are described in Note 25 - “Management of Financial/Liquidity risk” to 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.

The provision for warranties in 2018 amounted to €1,215,000 compared with €1,133,000 in 2017, and is linked to the warranty conditions granted in respect of the equipment sold during the financial year.

10. CASH AND EQUITY

10.1. INFORMATION ON EQUITY

Please refer to paragraph 9.2.3. (c) and to Note 12 to the consolidated financial statements for the year ended 31 December 2018 presented in chapter 20.1 of this Registration Document.

10.2. STATEMENT OF CASH FLOWS

	2018 12 months	**2017** 12 months
Net cash from/(used in) operating activities	**(8,687)**	**(10,167)**
Net cash from/(used in) investing activities	**(4,055)**	**(3,068)**
Net cash from/(used in) financing activities	**25,484**	**5,057**
Impact of exchange rate fluctuations	46	197
Change in cash	**12,789**	**(7,981)**
Cash and cash equivalents at beginning of the year **Cash and cash equivalents at year-end**	6,930 19,719	14,909 6,930
CHANGE IN CASH	**12,789**	**(7,979)**

Comments on the cash flow statement:

Net cash used in operating activities in 2018 amounted to €8,687,000.
It included a loss of €13,038,000 to which non-cash items are added back - (IFRS2 share-based payments charge, together with depreciation, amortisation and impairment recognised during the period, interest on the OCEANE convertible bonds €3,287,000 and interest linked to the early repayment of the IPF debt for €2,768,000.)
Added to this loss are the net cash requirements linked to changes in working capital requirements, which amounted to €1,704,000 compared with €5,095,000 in 2017. This change is basically explained by an increase in customer receivables and inventories, partly offset by an increase in other current liabilities (see chapter 20.1, Note 14).

Net cash used in investing activities amounted to €4,055,000, an increase of €987,000 relative to the previous year. It related mainly to development work capitalised during the period and to investments made in connection with the Group's growth (see chapter 20.1, Notes 6 and 7).

Net cash from financing activities amounted to €25,484,000 in 2018. It came mainly from the capital increase carried out with Fosun in December 2018 (+€14,945,000) and the net amount linked to the issue of OCEANE convertible bonds in May 2018 (+€28,184,000), partly offset by the early redemption of the IPF bond borrowing (-€16,658,000 restated for the fourth tranche of €4.9 million) and repayment of advances and other loans (-€896,000). (see chapter 20.1, Note 2 – "Significant events").

The net result is an increase in cash of €12.8 million during the financial year to €19,719,000 at year-end.

10.3. BORROWING CONDITIONS AND FINANCING STRUCTURE

10.3.1. Financing through repayable advances

a. General description

The repayable advances granted to the Group since 2009 may be broken down as follows at 31 December 2018:

At 31 December 2018 (€000s)	Amount granted	Amount received	Amount repaid	Waiver of receivable	Amount to repay
OSEO repayable advances - 2009	1,275	822	366	269	188
OSEO repayable advances - 2011	250	250	210	-	40
Innovation Loan - 2012	150	150	113	-	37
Interest-free loan BPIFrance - 2013	1,500	1,500	1,000	-	500
Repayable recruitment advance 2013	86	86	86	-	-
BPIFrance repayable advance - 2014	250	250	-	-	250
Ardea repayable advance - 2014	100	100	100	-	-
Total	**3,611**	**3,158**	**1,781**	**269**	**1,015**

b. Changes in repayable advances during the financial year

At 31 December 2018 (€000s)	Amounts repaid during previous financial years	Amounts repaid during the financial year	Total repayments made
OSEO repayable advances - 2009	241	125	366
OSEO repayable advances - 2011	116	94	116
Innovation Loan - 2012	83	30	113
Interest-free loan BPIFrance - 2013	375	625	1,000
Repayable recruitment advance 2013	86		86
BPIFrance repayable advance - 2014	-	-	-
Ardea repayable advance - 2014	78	22	100
Total	**979**	**896**	**1,781**

10.3.2. Bond financing

Please refer to paragraph 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 programmes (Research Tax Credit and subsidies). These amounted to €1,429,000, compared with €1,718,000 in the previous year.
The Research Tax Credit amounted to €1,363,000, stable in comparison with 2017, in line with the research costs incurred during the year.

Subsidies amounted to €66,000 compared with €398,000 in 2017. They reflect the expenses made under three European and national programmes, currently under way.

The amounts of subsidies and Research Tax Credit included in profit and loss for the period are restated for the proportional part of funding of research costs capitalised for the financial year. The gross amount of public funding recognised over the year stands at €1,502,000.

10.3.4 Off-balance sheet commitments

Off-balance-sheet commitments basically consist of commitments in respect of operating leases, as described in Note 22 - 'Commitments' to the consolidated financial statements shown in chapter 20.1 of this Registration Document.
As a reminder, end-of-career indemnities are recognised as provisions, as described in Note 13 - 'Provisions' to the consolidated financial statements shown in chapter 20.1 of this Registration Document.

10.4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Company stood at €19,719,000 at 31 December 2018, compared with €6,930,000 in 2017, and break down as follows:

- current accounts for €19.7 million including €2.4 million held by the US, Canadian, Singaporean and German subsidiaries;
- cash in an amount of €88,000. These amounts relate to funds committed under a liquidity agreement that had not been invested in treasury shares at 31 December 2018.

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

Cash is essentially denominated in euros, with euro holdings totalling €17.7 million at 31 December 2018. The balance of €2 million is denominated in US dollars (€1.9 million) Canadian dollars (€0.1 million) and Singapore dollars (€0.01 million).

10.5. RESTRICTIONS ON THE USE OF CAPITAL

None

10.6. PRINCIPAL FINANCIAL RISKS AND UNCERTAINTIES FACED BY THE GROUP

Information on the various risks and uncertainties faced by the Group are detailed in chapter 4 ‘Risk Factors’, more specifically in paragraph 4.5 - ‘Financial Risks’ and are also addressed in chapter 20.1, Note 25 - ‘Management of financial risks’.

10.7. SOURCES OF FINANCING NEEDED IN THE FUTURE

At 31 December 2018, the Group's cash and cash equivalents stood at €19.7 million.

Based on its budget forecasts the Group therefore had more than enough cash to cover twelve months of activity.

The Group has also begun working on reducing its working capital requirements, and has additional financing options, including the financing of customer receivables by means of factoring.

11. RESEARCH AND DEVELOPMENT, PATENTS, AND LICENCES

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.

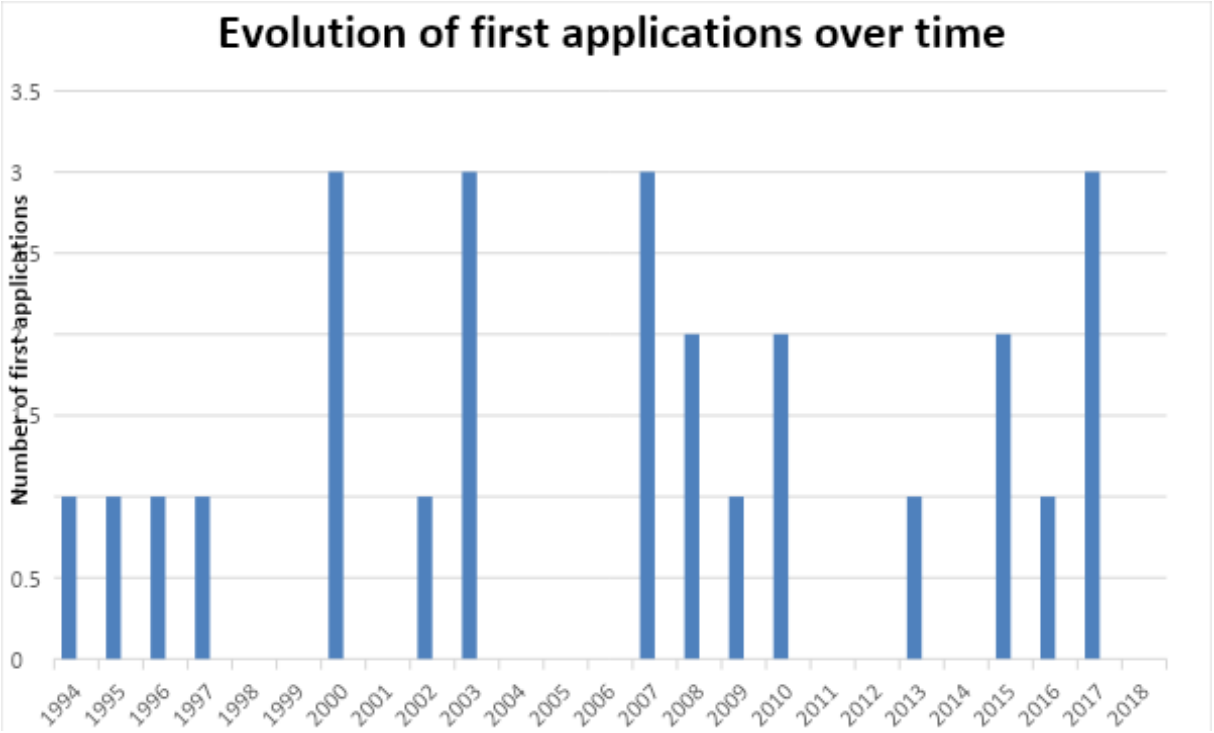
This policy encourages the emergence and the development of ideas, in particular through sessions dedicated to brainstorming, supported by continuous oversight in the medical, scientific, technological, and industrial property fields.

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 for which the Group holds an operating licence, 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[45]	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 (EP, US, CN, JP)
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[46])

[45]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.

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

Scanning with an adjustable collimator	IMAGING APPARATUS AND METHOD	EOS imaging	2010	Issued (EP, JP, US)
Gas-flow detector gain adjustment	RADIOGRAPHIC IMAGING DEVICE AND DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2010	Issued (US, CN, JP) Pending (EP)
Drift-free high resolution radiography	RADIOGRAPHIC IMAGING DEVICE AND DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2009	Issued (US, FR, EP, JP)
3D Toolbox	MEASUREMENT OF GEOMETRICAL SIZES INTRINSIC TO AN ANATOMICAL SYSTEM	EOS imaging	2008	Issued (FR, US) Pending (EP soon accepted)
Correction of stereo magnification	METHOD FOR CORRECTING AN ACQUIRED MEDICAL IMAGE AND MEDICAL IMAGING SYSTEM	EOS imaging	2007	Issued (US) Pending (EP soon accepted)
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)
DXA 3D	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)
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 licence 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	Issued (US, EP)
Self-improved model	METHOD FOR THE RECONSTRUCTION OF A 3D MODEL OF BODILY STRUCTURE	ENSAM, CNRS & ETS	2007	Issued (EP, US)
Cubicle	A DEVICE FOR STEREORADIOGRAPHY AND THE METHOD FOR ITS USE	ENSAM & CNRS	2003	Issued (EP, US, CA)

11.2.4. Patents currently utilised

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

X-ray detector:

Ref.	Family	Ownership	Priority date	Status
Drift-free high resolution radiography	RADIOGRAPHIC IMAGING DEVICE AND 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	RADIOGRAPHIC IMAGING DEVICE AND DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	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)

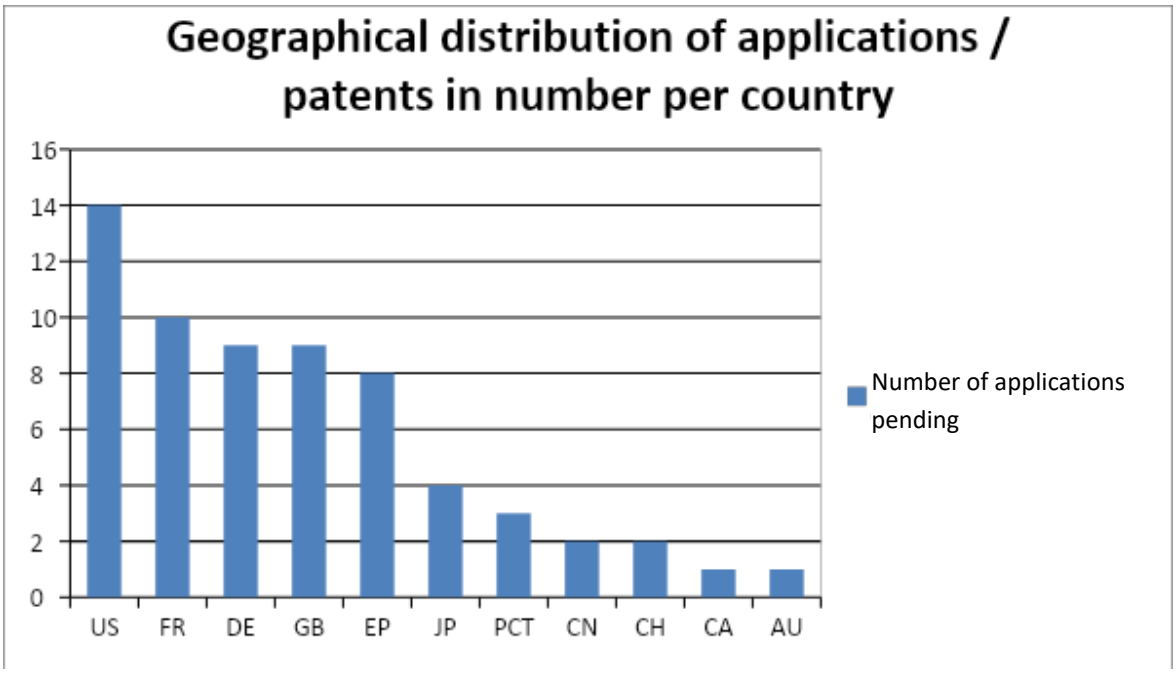
Stereoscopic image processing station:

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 soon accepted)
Correction of stereo magnification	METHOD FOR CORRECTING AN ACQUIRED MEDICAL IMAGE AND MEDICAL IMAGING SYSTEM	EOS imaging	2007	Issued (US) Pending (EP soon accepted)

The other titles owned by the Group constitute optional "technological building blocks" for the purpose of future products or parallel income from licences.

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 proceedings challenging European patents EP 1348393 and EP 1348394 which it considers to have been improperly issued to BRAINLAB, in order to have them invalidated.

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

The Group is not involved in any dispute with respect to its industrial property.

11.3. COLLABORATION AGREEMENTS, RESEARCH AGREEMENTS, SERVICE PROVISION AGREEMENTS AND LICENCES 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. Licence agreements granted by third parties

The Company holds, in particular, licences for 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 licences are exclusive within the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray plan images.

The details concerning the licence agreements can 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 licences to software developed by ETS and/or ENSAM, as mentioned in chapter 22 below.

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

The principal trademarks owned by the Group are the following:

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

		Concerning:	
		CHINE	Accepted on 13/03/2014
		REPUBLIC OF KOREA	Accepted on 19/05/2015
840 556 802	EOS	BRESIL	24/06/2013 Trademark rejected by the Brazilian Office but appeal possible until 23 January 2023
840 556 810	sterEOS	BRESIL	24/06/2013 Trademark rejected by the Brazilian Office but appeal possible until 23 January 2023
840 556 829	sterEOS	BRESIL	24/06/2013 Registered
840 556 837	sterEOS	BRESIL	24/06/2013 Registered
016415648	EOSapps	EUROPEAN UNION	28/02/2017
016415705	hipEOS	EUROPEAN UNION	28/02/2017
016415713	kneeEOS	EUROPEAN UNION	28/02/2017
016415689	spineEOS	EUROPEAN UNION	28/02/2017

The Group also owns the following domain names:

- *eos-imaging.fr;*

- *eos-imaging.com;*

- *eos-imaging.de;*

- *eos-imaging.jp;*

- *eos-imaging.us;*

- *eos-userportal.com;*

- *biospacemed.com*

11.5. ONEFIT MEDICAL, SPECIALIST IN CUSTOMISED ORTHOPAEDIC TREATMENT

Concerning intellectual property, OneFit Medical holds the following family of patents:

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

The principal trademarks owned by OneFit MedicalMedical are the following:

Number	Trademark	Countries	Date of filing
11 3871 710	ONE FIT	FRANCE	04/11/2011
11 3871 713	ONE FIT MEDICAL (logotype) 	FRANCE	04/11/2011

OneFit Medical also holds the domain names *onefit-medical.com* and *onefit-online.com*.

12. INFORMATION ON TRENDS

12.1. RECENT CHANGES

On 16 April 2019, EOS imaging announced a significant change in the general sales conditions for EOS® equipment.

From 2019, EOS® systems general conditions for direct sales include transfer of ownership at the time of acceptance, i.e. upon signing of the *Mise en Ordre de Marche* (acceptance testing), more commonly referred to as "installation", at which time the sale is effective and revenue is recognised.

EOS imaging will report two key indicators, equipment orders and order book, in order to provide visibility on sales performance and a basis for comparison with previous years.

This decision was taken in order to adapt EOS imaging's sales model so as to provide a better response to customers' expectations and industry practices, particularly in the US. In view of the three to twelve month average delay between taking the order and actual installation of the equipment, the sales figure for 2019 will be significantly affected by this change. This change will be accompanied by improvements in production and logistics management and will enable the Company to reduce its working capital requirements.

Consequently sales for the first quarter of 2019 came to €2.6 million including the effects of the change.

Orders taken in the quarter amounted to €6.25 million, reflecting the positive trend in average selling price.

Recurring revenue came to €2.5 million, including €2.2 million in maintenance revenue as against €1.7 million in Q1 2018, an increase of 28%.

Total Q1 2019 revenue plus the €6.20 million increase in the order book amounted to €8.8 million, compared with revenue of €9.5 million in Q1 2018, a decrease of 8.0% as a result of exceptionally high sales figures in Q1 2018, particularly in the Asia-Pacific region.

Equipment order book:

In millions of euros	**31 March 2019**	**31 March 2018**
Orders received (period)	**6.25**	**-**
Order book (end of period)	**6.20**	**-**

Sales revenue for the first quarter:

In millions of euros	31 March 2019	31 March 2018
Sales of equipment	**0.05**	**7.56**
% of total sales revenue	*2%*	*79%*
Sales of maintenance contracts	**2.21**	**1.73**
% of total sales revenue	*86%*	*18%*
Sales of consumables and related services	**0.32**	**0.26**
% of total sales revenue	*12%*	*3%*
Total sales revenue	**2.58**	**9.54**

Unaudited figures

In millions of euros	31 March 2019	31 March 2018
EMEA	**1.26**	**3.53**
North America	**1.15**	**3.81**
Asia-Pacific	**0.17**	**2.21**
Total sales revenue	**2.58**	**9.54**

Unaudited figures

Sales revenues for the second quarter and the first half of 2019 by product line and geographical region

Sales revenue by product line *In millions of euros / unaudited / with exchange rate effect (1)*	Q2 2019	Q2 2018	H1 2019	H1 2019
Sales of equipment	**0.72**	**6.05**	**0.77**	**13.61**
Sales of maintenance contracts	**2.45**	**1.74**	**4.66**	**3.46**
Sales of consumables and related services	**0.26**	**0.21**	**0.57**	**0.48**
Total sales revenue	**3.42**	**8.00**	**6.00**	**17.54**

(1) Exchange rate effect in Q2 €0.08 million

Sales revenue by geographical region *In millions of euros / unaudited / with exchange rate effect (2)*	Q2 2019	Q2 2018	H1 2019	H1 2019
Europe	**1.66**	**2.75**	**2.92**	**6.28**
Asia-Pacific	**0.18**	**2.23**	**0.35**	**4.44**
North America	**1.58**	**3.02**	**2.74**	**6.83**
Total sales revenue	**3.42**	**8.00**	**6.00**	**17.54**

(2) Exchange rate effect in H1 €0.16 million

An analysis of revenues for the second quarter and the first half of 2019 is given in paragraph 5.1.6 of this Document.

12.2. FUTURE PROSPECTS

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 (North America, Europe-Middle East and Asia-Pacific) and making the EOS platform a standard in the orthopaedic care pathway, whether surgical or non-surgical.

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 will thus continue to expand its current offering with online software services that meet the objectives of improving the quality of care and controlling the costs associated with orthopaedic treatment.

13. PROFIT FORECASTS OR ESTIMATES

The Company does not intend to make forecasts or estimates of profit.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY, AND EXECUTIVE BODIES

14.1. BOARD OF DIRECTORS - MANAGERS

14.1.1. Composition of the Board of Directors

The Company's Board of Directors is currently composed of six members, including one independent director.

Presentation of the members of the Board since 1 January 2019:

Mike Lobinksy: Chief Executive Officer

Mike Lobinsky has over 20 years' experience in the medical sector. He was Vice President, Sales and Implementation – Robotics with Smith & Nephew, which he had joined in 2016 when it acquired world leader in robotics Blue Belt Technologies. At Blue Belt, he was Vice President, Sales, managing all marketing and sales activities relating to Navio, the company's surgical system providing robotic assistance for knee replacement. From 2006 to 2013 Mr Lobinsky held various senior positions with BioMedix Vascular Solution, before becoming Vice President Sales and Marketing. Before that, Mike held marketing and sales positions with Stryker Imaging, BrainLAB and Dentsply.

Mike Lobinsky holds a Bachelor's Degree in Economics and Business Management from the University of Wisconsin-River Falls.

Gérard Hascoët: Chairman

Gérard Hascoët started his career in the medical division of the Thomson CGR group. A serial entrepreneur, in 1985 he created Technomed International, now part of EDAP TMS, dedicated to the non-invasive treatment by ultrasound of urological disorders. In 1993 he founded Sometec, a company offering non-invasive monitoring of haemodynamic parameters, later sold to Arrow International, and IMMI, a neurosurgical robotics company, sold to ISS. From 2008 to 2011 Gérard Hascoët was CEO of SpineVision, a spinal implant company of which he remained a director until 2016. In 2009 he co-founded MD Start, a European incubator of medical technologies, of which he is currently Executive Chairman. He is also a Venture Partner in Sofinnova, one of Europe's leaders in venture capital in the healthcare sector.

Gérard holds a degree in engineering from E.C.E Paris.

Marie Meynadier: Director

Marie Meynadier has over 25 years of experience in the high-tech and med-tech sector. She joined Bellcore (Red Bank, NJ) after her PhD, then moved to ATT Bell Labs (Murray Hill, NJ), where she conducted research on semiconductor devices. After returning to France, she headed a number of major national and international development programs in electronics, optics and microelectronics that led to the creation of several start-ups in these areas. She entered the medical field in 1999 by taking over the management of the start-up Biospace lab, a pre-clinical imaging specialist which she quickly made profitable. Since 2008 she has devoted herself exclusively to the development of EOS imaging.

Marie holds a Sup Telecom electronic engineering degree and a Doctorate from the École Normale Supérieure.

Marie-Laure Garrigues: Director

Marie Laure Garrigues, investment manager, represents Bpifrance. She started her career with Sanofi Diagnostics Pasteur where she held various managerial positions in R&D, marketing and in the Operations Division. She then became Manager of the Microbiology Division of Bio-Rad, a California-based company manufacturing diagnostic products.

Marie-Laure Garrigues is a qualified pharmacist and former medical biology resident. She holds a DEA postgraduate degree from the Faculty of Pharmacy of Paris V.

Eric Beard: Director

After an initial experience as a financial analyst, in 1974 Eric Beard joined Baxter, where he pursued an international career for nearly 30 years. He was appointed Head of Baxter EMEA in 1999. In 2003 he joined SORIN, of which he was Head of International until 2008. He holds or has held various positions in innovative healthcare companies, among them Cellnovo, of which he was CEO and which he floated on Euronext Paris.

Eric Beard is a chemist by training and holds an MBA.

Antoine Vidal: Director

Antoine Vidal has over ten years of experience in asset management and business financing, mainly in the healthcare and medical equipment sectors. Antoine joined the healthcare division of the Chinese group Fosun in September 2017 as Executive Director. He is in charge of Fosun's healthcare investments in Europe. Since August 2018 he has also been manager of Fosun Management (France). Before joining Fosun Antoine was a Partner with London-based investment company Valance Advisors LLP, which specialises in providing growth capital for innovative medical businesses. From 2008 to 2013 Antoine held several positions in M&A and Financing with Royal Bank of Scotland.

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	Director Member of the Strategy Committee	Chairman of the Board of Directors	Appointed director by the General Meeting of 17 June 2015 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2017. Term of office as director renewed by the General Meeting of 18 May 2018 for three years, expiring upon adjournment of the AGM called to approve the financial statements for the year ending 31 December 2020. Appointed Chairman of the Board of Directors by the Board of Directors in its meeting of 10 July 2015 for the remaining term of his office as director, renewed by the Board of Directors on 23 May 2018 for the remaining term of his office as director.

Name	Office	Main duties within the Company	Dates of the beginning and end of the term
Marie Meynadier	Director Chairwoman of the Strategy Committee and member of the Compensation Committee	None CEO until 31 December 2018	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. Renewal of term of office as director proposed to the AGM called to approve the financial statements for the year ended 31 December 2018. Renewal of term of office as director by the AGM of 5 June 2019 for a period of three years ending upon adjournment of the AGM called to approve the financial statements for the financial year ending 31 December 2021. Reappointed CEO by the Board of Directors' meeting held on 28 April 2016 for the same term as her office as director. End of the term of office as CEO effective 31 December 2018.
Bpifrance Participations (*) represented by Marie-Laure Garrigues	Director Marie-Laure Garrigues is a member of the Audit Committee and Chairwoman of the Compensation Committee	None	Appointed a member of the Board of Directors by the Board of Directors on 2 December 2011 for a term ending at the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013. Reappointed director by the General Meeting of 17 June 2014 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2016. 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.

Name	Office	Main duties within the Company	Dates of the beginning and end of the term
Eric Beard	Independent director Chairman of the Audit Committee	None	Appointed director by the General Meeting of 29 June 2012 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2014. Reappointed director by the General Meeting of 17 June 2015 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2017. Reappointed director by the General Meeting of 18 May 2018 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 2020.
Mike Lobinsky	Director Member of the Strategy Committee	Chief Executive Officer	Appointed director by the General Meeting of 20 December 2018 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 2020. Appointed CEO by the Board of Directors on 5 November 2018 effective 1 January 2019 for the term of his office as director.
Antoine Vidal	Director	None	Co-opted as a director by the Board of Directors on 16 July 2018 to replace Paula Ness Speers with effect from 11 December 2018, for the remaining term of her office, namely until adjournment of the AGM called to approve the financial statements for the year ending 31 December 2020. Co-optation ratified by the General Meeting of shareholders of 20 December 2018.

(*): as mentioned in paragraph 5.1.6, Bpifrance Participations has transferred its entire shareholding in EOS imaging to FPS Bpifrance Innovation I.

Ms Paula Ness Speers resigned from her office of director with effect from 11 December 2018.

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 Director Member of the Supervisory Board Chairman of the Board of Directors Limited Partner and Manager Manager Chairman of the Board of Directors Chairman of the Board of Directors Manager	MD Start SAS (1) LimFlow SA (1) Altamir (1) (2) CorWave SA (1) MD Start GmbH & Co KG (Germany) MD Start GmbH (Germany) Safe Heal SAS (1) Ablacare SAS (1) Lumarge (SCI) (1)
Mike Lobinsky	Executive Representative of EOS imaging SA president	EOS imaging Inc (since 7 January 2019) ONEFIT Medical SAS (since 1 January 2019) (1)
Marie Meynadier	Executive Executive Executive Representative of EOS imaging SA President Director Director Director	EOS imaging Inc (until 7/01/2019) EOS imaging GmbH (until 2/04/2019) EOS image Inc. OneFit Medical SAS (until 31/12/2018) (1) Stentys SA (1) (2) Pixium SA (1) Corwave SA (1)
Bpifrance Investissement * represented by Marie-Laure Garrigues**	Director Director	Uromems (1) TxCell (1)
Eric Beard **	Manager Manager	PlantaBea WinK2
Antoine Vidal	Manager	Fosun Management SARL (France) (1)
Paula Ness Speers*	Partner Director Director Director Member of the Supervisory Board	Health Advances (Boston, MA) Partners Continuing Care (Boston, MA) Partners Healthcare Implanet SA (1) (2) For His Children

(1): French company
(2): listed company
** Term of office ended 11 December 2018*
*** The list of offices of Mr Eric Beard has been completed with information received after the publication on 30 April 2019 of the Annual Report for 2018.*
**** as mentioned in paragraph 5.1.6, Bpifrance Participations has transferred its entire shareholding in EOS imaging to FPS Bpifrance Innovation I.*

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

Terms of office that have currently expired		
Name	Nature of the position	Company
Gérard Hascoët	Chairman Director Director Director Director Director Director Chief Executive Officer Manager	MD Start SA (Switzerland) SpineVision SA SpineVision Italia srl (Italy) SpineVision Ltd (UK) LimFlow GmbH (Germany) Dupont Medical ADP Corware Marluge
Marie Meynadier	Director	Mauna Kea Technologies SA
BPI France Investissement ** represented by Marie-Laure Garrigues	Director Director Director	Cytheris Medtech Txcell
Marie-Laure Garrigues	Director Manager	Ingen Biosciences Bio Thema Consulting
Eric Beard	Chairman Director	Cellnovo Ltd Cellnovo SA
Mike Lobinsky	None	None
Antoine Vidal	Partner (01/07/16 – 11/08/17)	Valance Advisors Limited liability partnership UK
Paula Ness Speers*	None	None

** Term of office ended 11 December 2018*

*** as mentioned in paragraph 5.1.6, Bpifrance Participations has transferred its entire shareholding in EOS imaging to FPS Bpifrance Innovation I.*

14.1.2. Senior management

Mike Lobinsky, CEO since 1 January 2019

Before becoming CEO of EOS imaging SA, Mike Lobinsky had already been President North America of EOS imaging since August 2017.

He has more than twenty years of experience in Sales, Marketing and Business Development positions in the medical equipment and imaging sector.

Before joining EOS imaging, Mike Lobinsky was Vice President, Sales and Implementation – Robotics with Smith & Nephew, which he had joined in 2016 when it acquired world leader in robotics Blue Belt Technologies. At Blue Belt, he was Vice President, Sales, managing all marketing and sales activities relating to Navio, the company's surgical system providing robotic assistance for knee replacement. From 2006 to 2013 Mr Lobinsky held various senior positions with BioMedix Vascular Solution, before becoming Vice President Sales and Marketing. Before that, Mike held marketing and sales positions with Stryker Imaging, BrainLAB and Ceramco (a subsidiary of the Dentsply group).

Marie Meynadier, CEO until 31 December 2018

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 is not a shareholder of the Company and does not hold any transferable securities giving access to the capital of the Company (see chapters 17.2, 21.1.4 and 21.1.5 of this Registration Document).

The former CEO is a shareholder of the Company and holds transferable securities giving access to the capita of the Company (see chapters 17.2, 21.1.4 and 21.1.5 of this Registration Document).

Related-party transactions are described in Note 23 - “Related party transactions’’ to the consolidated financial statements as set out in chapter 20.1 of this Registration Document. The regulated agreements entered into by the Company are described in the Statutory Auditors' report on regulated agreements for the financial year ended 31 December 2018, 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 best of 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 best of 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 or senior management and their private interests.

15. MANAGEMENT COMPENSATION AND BENEFITS

15.1. COMPENSATION AND BENEFITS PAID TO THE MANAGEMENT OF EOS IMAGING IN 2017 AND 2018

15.1.1. Summary of the compensation and stock options and shares allocated to each executive corporate officer (Tableau 1 AMF Recommendation No. 2009-16)

Table summarising the compensation and the options and shares of stock awarded to each corporate executive officer (1)		
	2018 financial year	2017 financial year
Marie Meynadier – CEO		
Compensation due in respect of the financial year **	€ 705,949	€ 313,475
Valuation of the options and free shares allocated during the financial year*	€ 0	€ 19,300
Valuation of the multi-year variable compensation awarded during the financial year	-	-
Total	**€ 705,949**	**€ 332,775**

** In 2017, the CEO received benefits from the Group's long-term incentive plan, on the same terms as other plan members. In this regard she received 5,000 free shares to be valued using the share price on the date of the allocation (please refer to paragraph 15.1.6 of this Registration Document). No shares were allocated during the 2018 financial year.*

*** Tables 1 and 2 differ from those presented in the Annual Financial Report, notably in that the data are presented differently. Following the same principle, the comparative data have also been updated.*

(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 recommendation, but the only compensation he receives are director's fees, set out in chapter 15.1.3 of this Registration Document.

15.1.2. Compensation and benefits paid to executive corporate officers in 2017 and 2018

The compensation paid to the executive corporate officers of EOS imaging for the 2017 and 2018 financial years breaks down as follows (Table 2 AMF Recommendation No. 2009-16)

Marie Meynadier *(Chief Executive Officer)* *(in euros)*	2018 financial year		2017 financial year	
	Amounts due[(1)]	Amounts paid [(2)]	Amounts due[(1)]	Amounts paid [(2)]
Compensation				
Fixed compensation*	220,000	220,000	200,000	200,000
End-of-service indemnity and paid leave (**	473,503	473,503		
Annual variable compensation*[(3)]	-	76,750	100,000	86,543
Total compensation (**)	**693,503**	**770,253**	**300,000**	**286,543**
Directors' fees				
EOS imaging				
Other controlled companies				
Total directors' fees	**-**	**-**	**-**	**-**
Other compensation				
Benefits in kind* (car)	12,445	12,445	13,475	13,475
Total other compensation	**12,445**	**12,445**	**13,475**	**13,475**
TOTAL	**705,949**	**782,698**	**313,475**	**300,018**

** Gross compensation before tax includes €220,000 compensation as CEO until 31 December 2018, €428,473 indemnification for termination of her employment contract, as approved by the Board of Directors on 5 November 2018, plus €45,030.30 indemnification for paid leave.*
(**): The remuneration shown is linked to Ms Meynadier's employment contract. No remuneration is allocated to her corporate office.
(***): This indemnification was paid on 3 January 2019.
(1) In respect of the financial year
(2) During the financial year
(3) The variable compensation is calculated based on the achievement of the operational targets (sales revenue, operating margin, income growth, regulatory authorisations, etc.) set by the Compensation Committee at the beginning of the year, and for which the level of achievement is calculated by this same Compensation Committee at the beginning of the following year.
The amount of the variable compensation is the result of the target bonus x achievement rate of objectives.
In application of Article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles and criteria will be subject to the approval of shareholders at the general meeting called to approve the financial statements for the past financial year, payment of variable compensation being conditional on approval being given by said general meeting. The variable compensation paid in 2018 thus corresponds to the variable portion due in respect of financial year 2017.

As indicated in chapter 15.1.1, Mr Gérard Hascoët, Chairman of the Board of Directors since 10 July 2015, is an executive corporate officer within the meaning of the AMF recommendation, but the only compensation he receives are director's fees, set out in chapter 15.1.3.

15.1.3. Compensation and benefits paid to other members of the Board of Directors in 2017 and 2018

(Table 3 AMF Recommendation No. 2009-16)

Non-executive corporate officers	Nature of the compensation	Amounts paid during the 2018 financial year	Amounts paid during the 2017 financial year
Gérard Hascoët	Directors' fees	€ 65,000	€ 65,000
	Other compensation	None	None

BPI France Investissements represented by Marie-Laure Garrigues	Directors' fees	None	None
	Other compensation	None	None
Paula Ness Speers	Directors' fees	€26,250	€ 30,000
	Other compensation	None	None
Eric Beard	Directors' fees	€30,000	€ 30,000
	Other compensation	None	None
Stéphane Sallmard *(*)*	Directors' fees	None	€ 13,750
	Other compensation	None	None
Antoine Vidal	Directors' fees	None	None
	Other compensation	None	None
Mike Lobinsky	Directors' fees	None	None
	Other compensation	None	None
TOTAL		**121,250**	**138,750**

(*) Stéphane Sallmard's office expired on15 June 2017.

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 ended 31 December 2017 and 2018 (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 ended 31 December 2017 and 2018 (Table 5 AMF Recommendation No. 2009-16)

None

15.1.6. Free shares granted to each corporate officer during the financial years ended 31 December 2017 and 2018 (Table 6 AMF Recommendation No. 2009-16)

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.

No shares were allocated to the CEO in 2018.

Date of the General Meeting that authorised the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares in the process of vesting	Vesting date	Length of the retention period
15 June 2017	19 December 2017	5,000	5,000	18 December 2019	2 years

15.1.7. Free shares granted and vesting to each corporate officer during the financial years that ended on 31 December 2017 and 2018 (Table 7 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 vested on 15 December 2018. These shares were issued by the Company, paid up by means of deduction 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	15 December 2016	5,000	5,000	15 December 2018	2 years

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

Historical awards of share subscription or purchase options ("**Stock Options**") to executive corporate officers are listed in chapter 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 chapter 21.1.6.

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

The history of free share allocations is presented in chapter 21.1.5 of this Registration Document.

15.1.10. Conditions of compensation and other benefits granted 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 The Board of Directors in its meeting of 5 November 2018 approved the departure of Ms Meynadier effective 31 December 2018							
Mike Lobinsky CEO	X (***)			X		X		X
Term of office start date:	First appointment: the Board of Directors in its meeting of 5 November 2018 approved the appointment of Mr Lobinsky to the position of CEO with effect from 1 January 2019.							
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 Last renewal: 18 May 2018							

(*) in compliance with the MiddleNext Governance Code, see section 16.4 of this Registration Document.

(**) As regards the commitments relating to the end-of-service indemnity of Ms Marie Meynadier, subject to the provisions of Articles L.225-38 and L.225-42-1 of the French Commercial Code, the Board of Directors in its meeting of 23 January 2018 amended the means of allocating this indemnity and authorised the principle of an end-of-service indemnity for Ms Marie Meynadier. This indemnity would be due in the event of the revocation, resignation, non-renewal or retirement of Ms Marie Meynadier.

The amount of the payment would be equal to twelve months' fixed and variable salary, calculated by reference to the monthly average gross fixed and variable remuneration received by Ms 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 would be conditional on the attainment of performance criteria defined by the Board of Directors linked to growth in the Company's business.

Ms Marie Meynadier also waived her indemnity as CEO on her departure, which led to a termination of her employment contract and gave rise to an amount strictly equivalent to the sums that would have been due to her in the case of dismissal, plus six months' salary Over the course of the year Ms Marie Meynadier received €428,473 by

way of indemnification for termination of her employment contract, as approved by the Board of Directors on 5 November 2018, plus €45,030.30 indemnification for paid leave.
(***): Mike Lobinsky has an employment contract concerning 50% of his compensation as President North America, which function he performs in addition to that of CEO.

Marie Meynadier also has unemployment insurance (corporate guarantee of firm heads and executives) taken out by the Company. For the financial year 2018, the premium for this was €10,394.

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

15.2. POLICY ON COMPENSATION AND BENEFITS TO BE PAID TO THE MANAGEMENT OF EOS IMAGING IN 2019

The CEO's compensation takes account of the following principles, in accordance with the recommendations of the Middle next Code:

- Exhaustiveness: the determination of executive corporate officers' compensation must be exhaustive. All elements of compensation must be taken into account in the overall assessment of compensation.
- Balance among the elements of compensation: each element of compensation must be justified and must correspond with the Company's general interest.
- Comparability: this compensation must be assessed insofar as possible in the context of a reference business line and market and in proportion to the situation of the Company, while also paying attention to the inflationary effect.
- Consistency: the CEO's compensation must be determined consistently with that of other managers and employees of the Company.
- Clarity of rules: the rules must be simple and transparent; the performance criteria used must be objective, demanding, explicable and insofar as possible permanent.
- Moderation: the elements of compensation must be determined in a fair and balanced way and take account of the general interest of the Company, market practices and executives' performances.
- Transparency: information provided to shareholders on compensation and benefits received by executives must be in accordance with applicable laws and regulations.

Mr Mike Lobinsky has occupied the position of CEO of the Company since 1 January 2019. In accordance with the resolutions of the Board of Directors in its meeting of 30 January 2019, on the advice of the Compensation Committee, he holds a corporate office as CEO in France and at the same time also has an employment contract in his capacity as President North America, and his fixed and variable compensation is split equally as regards the gross amount between the two functions, taking account of the level of social charges and taxation.

Elements of compensation	Principles	Criteria for determining compensation
Fixed compensation	The CEO's fixed compensation approved by the Board of Directors on the advice of the Compensation Committee, payable in twelve monthly payments, is €191,500 as CEO and corporate officer in France (for 50% of his gross compensation) and US$218,000 as President North America for the other 50% of his gross compensation.	The CEO's fixed compensation is determined on the basis of: • the degree of complexity of his responsibilities; • his professional experience and expertise; • market studies of comparable functions (external competitiveness).
Variable compensation	The CEO will be granted target variable compensation of €143,500 as CEO and corporate officer in France and US$163,500 as President North America, equivalent to 75% of the fixed compensation if objectives are met, these objectives consisting of: • quantitative financial objectives representing 65% of variable compensation; • quantitative operational objectives representing 35% of variable compensation, linked to the Group's strategy.	The variable compensation is paid following confirmation of the effective achievement of the quantitative financial and operational objectives of the Company or of the Group and may vary depending on the objectives achieved. The Board of Directors has decided that the quantitative financial objectives forming the CEO's variable compensation will be based on the group's total revenues, profitability and level of cash. The quantitative operational objectives will be determined each year based on the Group's strategy.
Directors' fees	The CEO combines his functions with an office as director, and as such may receive attendance fees like any member of the Board of Directors. No attendance fees were allocated to him by the Board of Directors.	The criteria for allocating attendance fees are determined by the Board of Directors.

	Long-term incentive plans	The Board of Directors in its meeting of 30 January 2019 approved a stock option scheme under the authorisation given by the general meeting of shareholders of 20 December 2018, and allocated 500,000 stock options to the CEO with the following vesting periods: 100,000 upon attainment in 2020 or 2021, 200,000 at 24 months, 100,000 at 36 months and 100,000 at 48 months.	The Board of Directors has decided that in the context of the Group's long-term incentive plan, free shares should be allocated to all employees of the Group. The General Meeting of the Company's Shareholders of 20 December 2018 authorised the Board of Directors, on certain conditions, to put in place share subscription or purchase option schemes for employees and corporate officers of the Company.
	End-of-service indemnity	The amounts and procedures for end-of-service indemnities are determined by the Board of Directors of the Company on the advice of the Compensation Committee. The CEO may benefit in the event of revocation, dismissal, non-renewal or retirement, from an end-of-service indemnity. To date, no end-of-service indemnity as CEO, corporate officer, has been determined by the Board of Directors. The employment contract as President North America provides for an end-of-contract indemnity depending on the causes and circumstances of the ending of the contract.	Payment of this indemnity will be subject to attainment of performance criteria defined by the Board of Directors.
	Benefits in kind	The CEO has an indemnity equivalent to a company car in respect of his contract as President North America	
	Providence	The CEO has the healthcare providence insurance applicable to US employees.	

Compensation of the Chairman of the Board of Directors:

Elements of compensation	Principles	Criteria for determining compensation
Directors' fees	The position of Chairman of the Board of Directors confers the right to payment of a fixed portion of a flat amount defined by the Board of Directors in the amount of €65,000 for the year 2019.	This compensation takes account of the director's business experience, his personal involvement in the work of the Board and his understanding of the business and financial world, capacity for teamwork mutually respecting opinions, the courage to assert a possible minority position, a sense of responsibility towards shareholders and other stakeholders, and integrity.

The policies for compensation of the CEO and the Chairman of the Board were approved by the General Meeting of Shareholders of 5 June 2019, in the 9th and 10th resolutions.

15.3. PENSIONS, RETIREMENT AND OTHER BENEFITS

At 31 December 2018, 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 this scheme.

16. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1. COMPANY MANAGEMENT– EXPIRATION DATE OF TERMS OF OFFICE

Information given in Chapter 14 (section 14.1.1) of this Registration Document.

16.2. INFORMATION ON SERVICE AGREEMENTS BETWEEN CORPORATE OFFICERS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES

None.

16.3. SPECIALISED COMMITTEES - CORPORATE GOVERNANCE

The Committees' composition, remit, operating procedures and activity reporting are included in chapter 4.8 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 has 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.

Middle next recommendations	Self-assessment
R1: Ethics of the members of the Board	The Board considers that the directors are in compliance.
R2: Conflicts of interest	The Board considers that the directors are in compliance.
R3: Composition of the Board - Presence of independent members	Since the resignation of Ms Paula Ness Speers effective 11 December 2018, the Company's Board of Directors has had only one independent director. At the date of this document, the Board of Directors, on 11 July 2019, has approved the candidacy of a new independent director whose appointment will be proposed to the General Meeting of Shareholders.
R4: Information to members of the Board	The Board considers that the directors are in compliance.
R5: Organisation of Board and committee meetings	The Board considers that the directors are in compliance.
R6: Appointment of committees	The Board considers that the directors are in compliance. Besides, the Company has put in place Committees (Compensation, Audit and Strategy)
R7: Implementation of internal regulations of the Board	The Board considers that the directors are in compliance.
R8: Choice of each director	The Board considers that the directors are in compliance.
R9: Term of office of members of the Board	The Board considers that the directors are in compliance.
R10: directors' compensation	The Board considers that the directors are in compliance.

R11: implementation of evaluation of the Board's work	The Board evaluates its work informally and is going to systematise the inclusion of this point in the agenda of one of its meetings at least once a year
R12: Relations with shareholders	The Board considers that the directors are in compliance.
R13: Definition and transparency of executive corporate officers' compensation	The Board considers that the directors are in compliance.
R14: preparation of executives' succession	The Board considers that the directors are in compliance. The Board recently appointed a new CEO and will pay attention to the continuity of the Company's management
R15: Combination of employment contract and corporate office	The Board has authorised the combination of Mike Lobinsky's employment contract as President North America with his corporate office as CEO after assessing the appropriateness of this in view of the previous nature and the significance of the functions if his employment contract which in any case are distinct from those of his corporate office.
R16: End-of-service indemnities	The Board considers that the directors are in compliance (see paragraph 15-3)
R17: Supplementary retirement plans	The Board considers that the directors are in compliance. (see paragraph 15-3)
R18: stock options and free allocation of shares	The Board considers that the directors are in compliance.
R19: Review of points for vigilance	The Board considers that the directors are in compliance.

At the date of publication of this Document, the Company conforms to all the recommendations set forth by the Corporate Governance Code, with the exception of **Recommendation No. 3 - Composition of the Board - Presence of independent members on the Board** :

It is recommended that the Board include at least two independent directors.

Since the resignation of Ms Paula Ness Speers effective 11 December 2018, the Company's Board of Directors has had only one independent director. At the date of this document, the Board of Directors, on 11 July 2019, has approved the candidacy of a new independent director whose appointment will be proposed to the General Meeting of Shareholders.

The Company has in the person of Eric Beard only one independent director in the meaning of the provisions of the Code of Corporate Governance for SMEs as published in September 2016 by MiddleNext in that such director:

- has not been in the past five years and is not an employee or corporate officer of the Company or of a company in its Group;

- has not been in the past two years and is not in a significant business relationship with the Company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- is not a reference shareholder of the Company or does not hold a significant percentage of the voting rights;
- does not have a close family relationship with a corporate officer or a major shareholder; and
- has not been a statutory auditor of the Company during the past six years.

The Company gives further details on its application of the following recommendations:

- **Recommendation No. 18 - Stock options and free allocation of shares**

It is recommended that the exercise of all or part of the stock options or the definitive allocation of all or part of the free shares to executives be subject to pertinent performance conditions translating the Company's interests in the medium long term assessed over a significant period.

The Board of Directors in its meeting of 30 January 2019 approved a stock option scheme under the authorisation given by the general meeting of shareholders of 20 December 2018, and allocated 500,000 stock options to the CEO with the following vesting periods: Acquisition of the first lot of 100,000 stock-options (20% of the total) is subject to a specific performance condition that must be met in 2020 or 2021; then the subsequent lots: 200,000 at 24 months, 100,000 at 36 months, 100,000 at 48 months and at the latest in the ten years following allocation.

- **Recommendation No. 15 - Combination of employment contract and corporate office**

It is recommended that the Board of Directors, in compliance with the regulations, assess the desirability or otherwise of authorising the combination of the employment contract and corporate office of Chairman, Chairman and CEO or CEO (public limited companies (*sociétés anonymes*) with a Board of Directors), chairman of the management board (for *sociétés anonymes* with a management board and a supervisory board) and manager (limited partnerships with shares).

In the case of Ms Marie Meynadier, whose term of office as CEO ended on 31 December 2018, the Company's Board of Directors had decided to authorise the combination of the employment contract with a corporate office in view of the size of the Company, the executive's track record in the Company (and in particular an employment contract entered into prior to her corporate office) and the substantial operational responsibilities that she assumed.

When Mr Mike Lobinsky was appointed CEO effective 1 January 2019, the Board maintained his employment contract in respect of his functions as President of the North American subsidiary, which pre-dated his position as corporate officer and corresponded to an actual job.

- **Recommendation No. 11 - Implementation of evaluation of the Board's work**

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. (see paragraph 4.8.1 – (d) of this Registration Document)

Balanced representation of men and women on the Board of Directors

At present two of the Company's six directors are women, so there is a difference of four between the numbers of directors of each gender. The candidate independent director proposed by the Board to the next General Meeting of Shareholders will allow the rules relating to the mix on the Board to be complied with.

The objective relating to the number of members of each gender on the Board of Directors will thus be attained in accordance with Article L.225- 18-1 of the French Commercial Code relating to the balanced representation of men and women on boards of directors.

16.5. GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This chapter has been transferred to §4.7

17. EMPLOYEES

17.1. HEADCOUNT AND DISTRIBUTION OF THE WORKFORCE

Aware that its employees are the main contributors to its growth, EOS imaging's policies for managing human resources are meant to contribute to its employees' professional fullfillment. 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 2018. 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 2018** 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 2018 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. Apprentice 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 2018 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 workdays for supervisory personnel).
- **Percentage of women in supervisory positions:** equals the number of female supervisors divided by the total supervisory personnel at 31 December 2018.
- **Number of employees by nationality:** equals the headcount by nationality at 31 December 2018, rounded up to the nearest whole number.

a. Employment

To support its growth, the Group has continued its recruitment during the 2018 financial year.

EOS imaging's consolidated workforce at 31 December 2018 totalled 174 people, compared with 154 at 31 December 2017. Women represented 32% of the total workforce and 36% of the management committee, compared with 34% and 25% respectively in 2017. EOS imaging is an international company: its employees are present in nine countries: France, the United States, Canada, Germany, Singapore, the UK, Japan, Dubai and Australia.

As part of its development strategy, the Group continues to have an ambitious recruitment programme. In 2018, 61 new employees joined EOS imaging. The Company’s use of temporary employment contracts is limited: the Group strongly favours open-ended employment contracts, which represent 84% of the contracts for people hired in 2018, compared with 89% in 2017. During 2018, EOS imaging dismissed seven people.

These 61 hires over the year were largely in France (34 hires), on the one hand to replace departing employees and on the other to increase the Application, Maintenance and R&D teams among others. Numerous recruitments were also carried out in the North American region, particularly for the Sales and Application teams.

The increase of 20 in the average workforce is explained mainly by the development of the North American sales teams and the R&D teams.

The average consolidated workforce therefore rose from 142 in 2017 to 167 in 2018.

Workforce

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

Average Group workforce	2018	2017	2016	2015	2014
Number of employees	167	142	132	116	106

The workforce breaks down as follows:

By geographical region:

Average Group workforce	2018	2017	2016	2015	2014
EMEA employees	120	106	103	98	92
% of total workforce	*71%*	*75%*	*78%*	*84%*	*87%*
Non-EMEA employees	48	36	29	18	14
% of total workforce	*29%*	*25%*	*22%*	*16%*	*13%*

By gender:

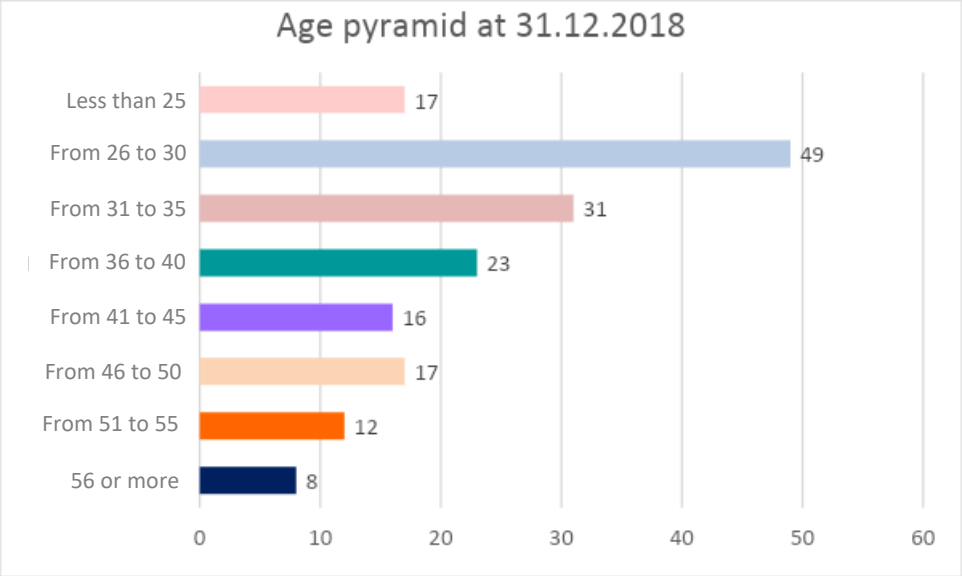
Average Group workforce	2018	2017	2016	2015	2014
Total	167	142	132	116	106
Men	114	91	85	78	70
Women	53	51	47	38	36

By type of contract:

Average Group workforce	2018	2017	2016	2015	2014
Part time	6	4	6	6	7
Full time	161	138	126	110	99
Total	167	142	132	116	106

By age group:

The table below is based on the workforce at 31 December 2018.



Hires and dismissals

The headcount in 2018 was affected by the following changes:

Changes - entries by type of contract:

Number of entries	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Permanent hires (France and rest of the world)	51	40	27	26	19
		6		-	-
Temporary hires	10	5	7	11	11
		0		-	-
Adjustment to previous base		0			
Internal Movement		1			
Total	61	46	34*	37	30

Changes - reasons for departure:

Number of departures	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Retirement/early retirement	-	-		-	-
Resignations	19	9	15	4	5
Dismissals	7	5	5	3	5
Contractual terminations	4	1		2	-
Terminations during probationary periods	4	1	1	2	1
End of temporary contract	5	3	7	11	15
Internal Movement	-	1			
Total	39	20	28*	22	26

**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 the 2016 report.*

In the interests of clarity and accuracy, the "others" category, indicated as one of the reasons for departure up until 31 December 2014 has been split into two departure categories: terminations of probationary periods and end of fixed-term contracts. This correction has been made retrospectively for previous financial years.

Compensation and changes over time

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

The compensation of all Group employees is subject to annual review. The re-evaluation carried out in 2018 is reflected in personnel expenses, presented in paragraph 20.1.1 / Note 17 – 'Payroll' to the consolidated financial statements. As indicated in that note, the Group's wage bill for financial year 2018 was €15,586,000 compared with €14,408,000 for the previous financial year.

a. Organisation of working hours

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

- authorising flexible arrival and departure times;
- allowing part-time work;
- giving broad latitude in the choice of dates of vacation leave.

Accordingly, part-time schedules have been granted to all the person who have requested them, representing 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 38 hours. Employees in subsidiaries other than in France are mobile employees, distance workers who are especially independent in how they arrange their work hours and therefore considered to have the status of executives.

Absenteeism figures are as follows:

Breakdown by cause:

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

Absenteeism rate	2018	2017	2016	2015	2014
Illness	1.54%	2.08%	3.13%	0.68%	1.0%
Workplace and commuting accidents	0.10%	0.17%		-	0.03%
Maternity, paternity, adoption leave	0.51%	1.02%	1.75%	0.56%	1.83%
Other absences	0.21%	0.11%	0.04%	0.19%	0.16%
Unpaid absences (unpaid leave, parental leave)	0.86%	1.36%	0.39%	0.28%	0.3%
Total	3.22%	4.74%	5.31%	1.70%	3.45%

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.

During the year an innovative approach at the Company's initiative led to the setting up of a *Unité Economique et Sociale* (UES, 'economic and social unit'), bringing together EOS imaging and OneFIT for industrial relations purposes. This led to an agreement on the recognition of this EOS imaging UES, signed by the representatives of the personnel of companies concerned and the Management on 22 May 2018.

On 10 July 2018 the Social and Economic Committee (CSE) of the EOS imaging UES was established, ahead of the deadline imposed by law. The CSE has been put in place and meets obligatorily at least six times a year including four times on health and safety conditions at work, plus any exceptional meetings depending on the subjects. The members of the CSE followed two train sessions: one on the functioning of the CSE and its roles and responsibilities, the other on its role as CHSCT (committee on health and safety and working conditions).

Since the setting up of the CSE, profit sharing, incentive and company savings plan agreements have been made for the UES, this bringing together all French employees and ensuring equitable treatment.

In 2018, four DUP (personnel representative) meetings were held and five CSE meetings, making nine in all. Its members were consulted and involved in important decisions concerning in particular the Company's action plan for gender equality, the employee training plan for 2018 and the transfer of Onefit employees to the collective labour agreement of the metallurgy industry.

In 2018 the CHSCT met twice in the framework of the DUP. Its members were involved in decisions on working conditions and safety and, in particular, contributed their ideas on the refurbishment of the premises.

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 2018. 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 respects its obligations for the protection of 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 2018, EOS Imaging, in conjunction with the safety officer and the CHSCT, worked on implementing a risk prevention plan. This followed an in-depth analysis of occupational hazards and the identification of risk factors.

One commuting accident was reported in 2018, leading to 26 lost workdays. No workplace accidents were reported in 2018. 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 the 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 2018 financial year. No pro rata calculation has been carried out.

Breakdown of the number of training hours by category:

Number of hours of training	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Technicians	242.74 hrs.	159 hrs.	255 hrs.	161 hrs.	223 hrs.
Managers	3,201.68 hrs.	1,479 hrs.	1,669 hrs.	1,338 hrs.	2,146h
Total	3,444.42 hrs.	1,638 hrs.	1,924 hrs.	1,499h	2,369h

e. Non-discrimination

Measures to promote gender equality

EOS imaging is committed to gender equality in its workforce, at all levels of the Company. Women accounted for 36% of the management team and 32% of executive staff at 31 December 2018. The Company strives to make no distinction based on gender in the way it treats its employees. Also, employees based in countries other than France are considered to have the status of Executive.

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 at 31 December 2018. 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. Workforce by nationality:

Average Group workforce	2018	2017	2016	2015	2014
France	118	106	98	93	85
United Kingdom	1		-	-	1
United States	32	29	17	12	11
Canada	10	5	7	3	2
Mexico	1				
Vietnam	1				
Cameroon	-	1			
China	-	1			
Belgium	1	1	1	1	-
Germany	1	1			
Singapore	1				
Malaysia	-	1	1	1	1
India	-		-	-	-
Colombia	-			1	-
Chad	1				
Algeria	1	1	1	1	1
Tunisia	1	2	1	1	1
Italy	1	1	1	1	1
Spain	-	1	1		
Senegal	-	1	1		
Morocco	2	1	1		
Portugal	1	1	1	1	1
Czech Republic	1	1	1	1	1
Number of nationalities represented	**16**	**16**	**13**	**11**	**10**

g. Promoting And Complying With The Fundamental Conventions Of The International Labour Organisation

Through its human resources management policies, EOS imaging complies with all the provisions of these conventions, on every subject covered, i.e.:

- freedom of association and the right to collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of forced or compulsory labour; and
- the abolition of child labour.

17.2. CORPORATE OFFICERS' EQUITY HOLDINGS, STOCK OPTIONS AND FREE SHARES

17.2.1. Equity holdings of each member of the Board of Directors

Subject to the information held by the Company, the corporate officers' shareholdings are as follows:

Corporate Officer	Number of shares held at the date of this report	Percentage of the capital at the date of this report	Number of shares held at 31 December 2018 (*)	Percentage of the capital at 31 December 2018
Gérard Hascoët *(Chairman of the Board of Directors)*	7,000	0.03%	3,500 (***)	0.01%
Marie Meynadier *(Chief Executive Officer)*	373,959	1.42%	373,959	1.42%
Mike Lobinsky *(CEO from 1 January 2019)*	15,400	0.06%	-	-
BPIfrance Participations, represented by Marie-Laure Garrigues (**)	2,230,222	8.47%	2,230,222	8.50%
Antoine Vidal (representing Fosun)	3,446,649	13.10%	3,446,649	13.14%
Eric Beard	-	-	-	-
TOTAL	**6,073,230**	**23.08%**	**6,054,330**	**23.07%**

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

(**): as mentioned in paragraph 5.1.6, Bpifrance Participations has transferred its entire shareholding in EOS imaging to FPS Bpifrance Innovation I.

(***): Non-material correction relative to the data reported in the Annual Financial Report.

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

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

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

Stock subscription or purchase options allocated to members of the Board of Directors are presented in chapter 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 presented in chapter 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 paragraphs 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 them in 2018 (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 them in 2018			
	Total number of options awarded/shares subscribed or purchased	**Weighted average price**	**Plan**
Options granted in 2018	-	-	-
Options exercised in 2018	7,900	€ 1.00	ESOP 2009
	4,500	€ 1.00	ESOP 2010
	13,875	€ 4.07	ESOP 2012

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. As mentioned in paragraph 17.1 /b- Industrial relations of this Registration Document, since the setting up of the CSE, profit sharing, incentive and company savings plan agreements have been made for the UES, this bringing together all French employees and ensuring equitable treatment. The new profit sharing and incentive agreements cover financial years 2018 and 2019. No incentive payments are due in respect of the financial year ended 31 December 2018.

18. PRINCIPAL SHAREHOLDERS

18.1. COMPANY'S SHAREHOLDING STRUCTURE

Distribution of share capital over the last three financial years

To the best of the Company's knowledge, the Company's capital was distributed as follows at 31 December 2016, 2017 and 2018:

	At 31 Dec. 2016		2017		At 31 Dec. 2015	
	Number of shares	% of capital and voting rights *	Number of shares	% of capital and voting rights *	Number of shares	% of capital and voting rights *
Medivea	357,605	1.76%	0	0.00%	-	
Polissage Garnier	89,418	0.44%	89,418	0.39%	-	
Claude Hennion	138,312	0.68%	138,312	0.61%	138,312	0.53%
Yves Charpak & indivision	4,952	0.02%	-		-	
Eric Cloix	26,483	0.13%	-		-	
Nazanin Cloix	-		13,567	0.06%	-	
Keyzan Mazda	28,204	0.14%	28,204	0.12%	28,204	0.11%
Catherine Mazda	14,102	0.07%	14,102	0.06%	14,102	0.05%
Jacques Lewiner	100	0.00%	100	0.00%	100	0.00%
Founders (no action in concert)	**659,179**	**3.25%**	**283,205**	**1.25%**	**180,118**	**0.69%**
CDFA Invest	273,315	1.35%	266,554	1.18%	236,554	0.90%
Andera Partners (formerly EdRIP)	1,805,293	8.90%	1,314,119	5.80%	343,506	1.31%
NBGI	905,429	4.45%	-		-	
BPI	1,825,222	9.00%	2,230,222	9.85%	2,230,222	8.50%
FCSUN	-		-		3,446,649	13.14%
La Financière de l'Echiquier	-		1,118,129	4.94%	1,842,333	7.02%
Financière Arbevel	890,545	4.39%	1,099,099	4.85%	1,221,019	4.65%
CDC Entreprises	n/a		759,090	3.35%	1,173,534	4.47%
Amundi Asset Management	134,077	0.66%	161,590	0.72%	1,161,890	4.43%
Main investment funds (no action in concert)	**5,834,187**	**28.76%**	**6,949,103**	**30.69%**	**11,656,007**	**44.42%**
Floating	**13,385,340**	**65.97%**	**14,985,845**	**66.25%**	**13,976,739**	**53.27%**
Gérard Hascoët (Chairman) * **	**3,500**	**0.02%**	**3,500**	**0.02%**	**3,500**	**0.01%**
Marie Meynadier (CEO until 31 December 2018)	**362,959**	**1.79%**	**367,959**	**1.63%**	**372,959**	**1.42%**
Mike Lobinsky (CEO from Jan 1, 2019)	**-**		**-**		**-**	
Management	**366,459**	**1.81%**	**371,459**	**1.64%**	**376,450**	**1.43%**
Treasury shares**	**43,598**	**0.21%**	**37,373**	**0.17%**	**48,434**	**0.18%**
Total	**20,288,763**	**100.00%**	**22,641,483**	**100.00%**	**26,237,907**	**100.00%**

** No double voting rights have been instituted*

***Treasury shares do not have voting rights*

**** non-material correction*

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 2018 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 2018.

18.2. VOTING RIGHTS OF PRINCIPAL SHAREHOLDERS

At 31 December 2018, 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.

Besides, EOS imaging's Board of Directors includes, at the date of this Document, one independent director out of a total of six members (please see chapter 16 of this Registration Document and in particular paragraph 16.4 – Declaration relating to corporate governance).

18.4. AGREEMENTS THAT MAY LEAD TO A CHANGE IN CONTROL

To the Company's knowledge, there is no agreement which, if implemented, could bring about a change in its control.

19. TRANSACTIONS WITH RELATED PARTIES

19.1. INTRA-GROUP TRANSACTIONS

Intra-group transactions are described in paragraph 7.2. "Group Companies" of this Registration Document.

19.2.RELATED PARTY TRANSACTIONS

Statutory Auditors' Report on Regulated Agreements and Commitments

Deloitte & Associés
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92908 Paris la Défense

FI Solutions
8 Rue Bayen
75017 Paris

EOS imaging

Société Anonyme

10 Rue Mercœur

75011 Paris

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Statutory Auditors' Report on Regulated Agreements and Commitments

Shareholders' meeting to approve the financial statements for the financial year ended 31 December 2018

_____

To the General Meeting of Shareholders of EOS Imaging,

In our capacity as statutory auditors of your company, we present our report on regulated agreements and commitments.

It is our responsibility to inform you, based on the information provided to us, of the essential characteristics and terms and conditions as well as the reasons justifying the benefits for the company of the agreements of which we have been informed or which we may have discovered during the course of our assignment, without having to express an opinion on their usefulness and appropriateness or to seek the existence of other agreements. It is for you, in accordance with Article R. 225-31 of the French Commercial Code, to assess the desirability of concluding these agreements with a view to their approval.

It is also our responsibility, if applicable, to provide you with the information referred to in Article R. 225-31 of the French Commercial Code relating to the execution during the past financial year of agreements already approved by the General Meeting of Shareholders.

We conducted such procedures as we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying that the information provided to us was consistent with the data in the documents from which it was drawn.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING OF SHAREHOLDERS

Agreements and commitments authorised and concluded during the past financial year

In application of Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments entered into in the course of the past financial year and which had been previously authorised by your Board of Directors.

Person concerned: Ms Marie Meynadier, CEO until 31 December 2018 and director of the Company.

Terms: your Board of Directors, in its meeting of 5 November 2018, authorised the termination of Ms Marie Meynadier's employment contract effective 31 December 2018 by way of dismissal or agreed termination taking effect on that same date. In this context the Board of Directors authorised the payment, beside the payroll account settlement, of a severance amount as provided in the collective labour agreement plus six months' salary, hence a gross amount of €428,473.

The agreed termination of Ms Marie Meynadier's employment contract was signed on 13 November 2018 and payment was made on 31 December 2018 in accordance with the terms established by the Board of Directors.

In application of the law, we point out to your that the prior authorisation given by the Board of Directors does not contain the reasons why the agreement is in the company's interest as provided by Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

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

Paris and Paris-La-Défense, 15 May 2019

The Statutory Auditors

Deloitte & Associés	Fi. Solutions *A member of PKF International*
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 2018

STATEMENT OF FINANCIAL POSITION

(in thousands of euros)

ASSETS	*Note*	31 -Dec-18	31 -Dec-17
Goodwill	*5*	5,131	5,131
Intangible assets	*6*	6,606	4,488
Property, plant, and equipment	*7*	2,394	2,003
Financial assets	*8*	309	113
Total non-current assets		**14,439**	**11,735**
Inventories and work in progress	*0*	8,779	4,377
Trade receivables	*10.1*	32,740	30,148
Other current assets	*10.2*	4,262	5,132
Cash and cash equivalents	*11*	19,768	6,930
Total current assets		**65,549**	**46,587**
TOTAL ASSETS		**79,989**	**58,322**

LIABILITIES	*Note*	31 -Dec-18	31 -Dec-17
Share capital		262	226
Treasury stock		(412)	(322)
Share premium		21,559	79,145
Reserves		20,197	(48,172)
Translation reserves		642	112
Consolidated income attributable to the parent		(13,038)	(7,786)
Total equity	**12**	**29,210**	**23,203**
Provisions	13	933	776
Financial liabilities	14	25,679	14,733
Total non-current liabilities		**26,612**	**15,509**
Financial liabilities	14	1,584	1,050
Trade payables	15.1	7,074	7,852
Other current liabilities	15.2	15,509	10,708
Total current liabilities		**24,167**	**19,610**
TOTAL LIABILITIES		**79,989**	**58,322**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

	Note	**Financial year ended**	
		31 -Dec-18	**31 -Dec-17**
Revenue from ordinary activities			
Revenue	16	35,391	37,092
Other income	16.1	1,428	1,718
Total revenue from ordinary activities		**36,819**	**38,810**
Operating expenses			
Direct cost of sales	19.1	(17,616)	(20,288)
Indirect costs of production and service	19.2	(3,865)	(4,122)
Research and development	19.3	(4,427)	(4,104)
Selling, clinical and marketing	19.4	(10,870)	(9,811)
Regulatory	19.5	(756)	(739)
Administrative costs	19.6	(6,759)	(4,608)
Share-based payments	18	(770)	(907)
Total operating expenses		**(45,063)**	**(44,579)**
OPERATING PROFIT (LOSS)		**(8,244)**	**(5,769)**
Financial expenses	20	(5,481)	(2,082)
Financial revenue	20	687	65
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES		**(13,038)**	**(7,786)**
Income tax expense	21		
NET PROFIT (LOSS) FOR THE PERIOD - Attributable to the parent		**(13,038)**	**(7,786)**
Items that will subsequently be reclassified in net profit or loss			
Translation differences on foreign entities		530	(1,164)
Items that will not be reclassified in net profit or loss			
Actuarial difference on pension commitments		(75)	(58)
TOTAL PROFIT (LOSS) FOR THE PERIOD		**(12,583)**	**(9,008)**
Basic and diluted net earnings per share (in €)	24	(0.57)	(0.36)

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

Equity of the EOS IMAGING group	Share capital	Share premium	Treasury shares	Consolidated reserves	Translation differences	Consolidated profit (loss)	Total
31 -Dec-16	**202**	**70,649**	**(339)**	**(42,850)**	**1,276**	**(6,172)**	**22,768**
Appropriation of profit (loss) N-1				(6,172)		6,172	
Capital increase following the exercise of options	24	8,495					8,519
BSA Award							
Change in translation differences					(1,164)		(1,164)
Change in actuarial differences				(58)			(58)
Profit (loss) for period N						(7,786)	(7,786)
Payments in shares				907			907
Treasury stock			17				17
31 -Dec-17	**226**	**79,145**	**(322)**	**(48,172)**	**112**	**(7,786)**	**23,203**
Appropriation of profit (loss) N-1				(7,786)		7,786	
Capital increase	36	14,909					14,945
BSA Award		(72,495)		72,495			
Change in translation differences					530		530
Change in actuarial differences				(75)			(75)
Profit (loss) for period N						(13,038)	(13,038)
Payments in shares				770			770
Bond borrowing				2,964			2,964
Treasury stock			(90)				(90)
31 -Dec-18	**262**	**21,559**	**(412)**	**20,197**	**642**	**(13,038)**	**29,209**

STATEMENT OF CASH FLOWS

(in thousands of euros)

	2018 12 months	**2017** 12 months
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Net profit/(loss)	(13,038)	(7,786)
Elimination of depreciation, amortisation and provisions	1,518	1,310
Calculated charges and income linked to share-based payments	770	907
Financial expenses - Bond borrowings	2,768	497
Financial expenses - OCEANE convertible bonds	989	
Financial expenses - Repayable advances	10	
Sub-total ("capacité d'autofinancement")	(6,983)	(5,072)
Change in WCR	(1,701)	(5,095)
Inventories and work in progress	(4,402)	(1,417)
Trade receivables	(2,000)	(6,636)
Other current assets	878	911
Trade payables	(789)	18
Other current liabilities	4,609	2,028
Net cash from/(used in) operating activities	**(8,687)**	**(10,167)**
CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of property, plant, and equipment and intangible assets	(3,859)	(3,284)
Acquisition of property, plant, and equipment and intangible assets		209
Change in financial assets	(196)	7
Net cash from/(used in) investing activities	**(4,055)**	**(3,068)**
CASH FROM/(USED IN) FINANCING ACTIVITIES		
Capital increase	14,945	8,519
Issue of OCEANES	29,544	
OCEANE issuance expenses	(1,360)	
Bond borrowing - issue	4,900	
Bond borrowing - repayment of principal and interest	(21,558)	(1,875)
Interest-free loan - repayment	(625)	(375)
Recognition of receivables		(1,013)
Repayable advances	(271)	(216)
Acquisition/disposal of treasury stock	(90)	17
Net cash from/(used in) financing activities	**25,484**	**5,057**
Impact of exchange rate fluctuations	46	197
Change in cash	12,789	(7,981)
Cash and cash equivalents at beginning of the year	6,930	14,909
Cash and cash equivalents at year-end	19,719	6,930
CHANGE IN CASH	**12,789**	**(7,980)**

NOTES TO FINANCIAL STATEMENTS

Note 1: 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 Medical, 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.

Note 2: Significant events

Financing of business activity

In January 2018, EOS Imaging issued a new tranche of bonds for €5 million to IPF. The original repayment terms provided for a partial repayment between December 2021 and December 2022 as well as a 60% bullet repayment, without a supplementary issue of share subscription warrants (BSAs) and on terms that were comparable with those of the previous tranche.

In May 2018, EOS Imaging also issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANEs) to institutional investors under a private placement, without preferential subscription rights, in a nominal amount of €29,543,626.80. All the bonds offered were subscribed. This transaction allowed the Company to fully refinance the IPF financial debt as it stood at the end of May, i.e. €19,257,282, including €1,132,282 of interest. The early redemption of the bonds also led to the payment of early redemption fees of €2,018,634, fully recognised as financial expenses at 30 June 2018.

On 17 July 2018 EOS Imaging announced that it had signed a binding agreement with Fosun Pharmaceutical AG, a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co. Ltd, under which Fosun Pharmaceutical AG agreed to take a stake in EOS Imaging through the issue of new company shares.
The completion of this investment was conditional upon obtaining Chinese regulatory authorisation and AMF (French Financial Markets Authority) approval of the transaction prospectus.
The Company obtained the necessary Chinese regulatory authorisations and, on 7 December 2018, announced that it had received approval from the AMF for the transaction prospectus under no. 18-551.
The CEO of EOS Imaging, acting under the power of attorney granted to her by resolution of the Board of Directors of 16 July 2018 (itself acting under the power of attorney granted by the twentieth resolution of the combined general shareholders' meeting of 18 May 2018) resolved to carry out a capital increase in the amount of €15,061,856.13 through the issue of 3,446,649 new shares at the subscription price of €4.37 per share.
The purpose of the capital increase is to help make EOS imaging's technology available to the largest possible number of patients worldwide.

On 11 December 2018, the Company announced that this capital increase had completed successfully, as a result of which its share capital was now €261,304.07, divided into 26,130,407 shares. The new shares are identical to the existing shares in the Company.
Fosun Pharma, through Fosun Pharmaceutical AG, then held 13.2% of the share capital and voting rights in EOS imaging and, as such, had become EOS Imaging's main shareholder.

In the first half of 2018, EOS Imaging also entered into a factoring agreement to improve financing of the operating cycle. At 31 December 2018, three trade receivables were assigned, for a total gross amount of €1,371,000. The agreement and the accounting treatment applied are specifically analysed in note 4 (Accounting principles and methods).

Change of Management to strengthen the Company's US strategy

On 5 November 2018, the Board of Directors decided to change the Company's management team to continue and strengthen its presence in the United States, its principal market, and to extend its shareholder base in that country. The Board appointed Mike Lobinsky, who joined the company in August 2017 as President, North America, to the position of Chief Executive Officer to succeed Marie Meynadier from 1 January 2019. Marie Meynadier continued in the role of Chief Executive Officer until 31 December 2018 and will henceforward continue as a director on the Company's Board of Directors.

Note 3: Approval of financial statements

The consolidated financial statements of EOS imaging for the year ended 31 December 2018 were approved by the Board of Directors on 16 April 2019.

Note 4: Accounting principles and policies

4.1 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 relates to share-based payments (see note 18).

4.2 Accounting standards

The consolidated financial statements of EOS imaging for the year ended 31 December 2018 have been prepared in accordance with IFRS standards and interpretations as adopted by the European Union at 31 December 2018.

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 31 December 2018 are identical to those used for the financial year ended 31 December 2017.

The new standards, amendments and interpretations of standards adopted by the European Union and which must be mandatorily applied by the Company from 1 January 2018 are as follows:

- IFRS 15 (Revenue from contracts with customers);
- Clarification of IFRS 15 (Revenue from contracts with customers);
- IFRS 9 (Financial Instruments);
- Amendments to IFRS 2 (Classification and measurement of share-based payment transactions);
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration);
- Annual improvements, cycle 2014-2016.

The company has, in particular, applied IFRS 9 on financial instruments and IFRS 15 on the recognition of revenue since 1 January 2018.

The provisions of IFRS 9 on the classification, measurement and impairment of financial instruments have been applied by the Group since 1 January 2018. These provisions did not have a material impact on the statement of financial position, income statement and the Group's consolidated equity at 31 December 2018.

IFRS 15 (Revenue from contracts with customers), which replaces IAS 11 (Construction contracts) and IAS 18 (Revenue), provides that revenue should be recognised at the amount that reflects the amounts that the company expects to receive in exchange for the supply of goods or services.

This new standard identifies 5 steps in recognising revenue:

- identifying the contract(s) with a customer;
- identifying the various distinct performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to each performance obligation;
- recognising revenue when a performance obligation is satisfied.

EOS Imaging has analysed its main transactions and contracts in light of the five steps set out in the standard in order to identify any changes required as a result of applying the standard.

The conclusions of this analysis are as follows:

The commercial proposals prepared by EOS Imaging in connection with the sale of equipment comprise a number of elements, principally:

- the delivery of the EOS equipment, including the supply of a number of accessories, the principal accessory being the sterEOS workstation, which is considered to be inseparable from the sale of the equipment;
- the installation of the equipment by specialist teams;
- the training of users, also carried out by specialist teams;
- warranties for, and maintenance of, the equipment.

The analysis carried out of the impact of these performance obligations on the Group's recognition of revenue led to the conclusion that these performance obligations are not material.

The sales agreements systematically include a minimum warranty period of one year. This warranty covers equipment defects as well as compliance of the products delivered with technical descriptions and characteristics. This initial warranty is not optional and, as far as the standard is concerned, offers no specific service to the customer. The associated warranty costs are recognised in accordance with IAS 37. Where the warranty period is longer than one year, the revenue attributable to the period exceeding one year is deferred. If, on expiry of the warranty period, a maintenance agreement is taken out, the corresponding revenue is recorded 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. After analysing the associated contractual conditions, EOS Imaging considers that it acts as principal and not as agent under these contracts.

Since 1 January 2018, the Group has applied IFRS 15 and has completed the transition using the simplified retrospective method, without restating comparative information. The application of IFRS 15 has no material impact on the Group's income statement, the statement of comprehensive income, the statement of financial position or cash flows.

The other standards and interpretations that are mandatorily applicable from 1 January 2018 do not have a material impact on the consolidated financial statements at 31 December 2018.

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 2018.

Standards adopted by the European Union but not yet mandatory at 31 December 2018 are as follows:

- IFRS 16 (Leases).
- IFRIC 23 (Uncertainty over Income Tax Treatments);
- Amendments to IFRS 19 (Plan Amendment, Curtailment or Settlement);
- Amendments to IFRS 9 (Prepayment Features with Negative Compensation);
- Amendments to IFRS 28 (Investments in Associates and Joint Ventures);
- Annual improvements, cycle 2015-2017.

IFRS 16 (Leases) aligns the accounting treatment of operating leases with that of finance leases (through the recognition on the balance sheet of a liability in respect of future rental payments and an asset in respect of the right to use the property). The implementation of this standard will also give rise to presentational changes:

- On the income statement: the rent liability currently recognised in operating profit (loss) shall, under IFRS 16, be recognised partly by a depreciation charge in operating profit (loss) and partly in finance costs.
- In the cash flow statement, the rental payments currently included in the cash flows relating to operating activities will be presented, under IFRS 16, in cash flows relating to financing activities for the amount allocated to repaying the liability.

The standard is applicable to financial years beginning on or after 1 January 2019.

In 2018, the Group began work on implementing IFRS 16 for leases, which is applicable from 1 January 2019. When entering into a lease with fixed payments, this standard requires a liability to be recognised on the balance sheet in respect of future discounted payments, offset by a right of use on the asset side depreciated over the term of the lease.

IFRS 16 will apply from 1 January 2019, using the transitional method known as the "modified retrospective approach", which requires a liability to be recognised on the transition date equal to the discounted residual rental payments, offset by a right of use adjusted by the amount of advance rent payments or accrued expenses; all transitional impacts will be recognised in shareholders' equity.

The standard provides for a number of simplification measures on transition, and the Group has implemented those that allow it to exclude leases with a residual term of less than twelve months and leases over low-value assets, to use the same method for leases classified as finance leases under IAS 17, and not to capitalise costs directly associated with entering into leases.

The amount of the liability is materially dependent on the assumptions used in relation to the term of commitments and the discount rate. The lease term used to calculate the liability is the term of the lease as originally negotiated, with no account taken of options to terminate the lease early or to extend the term of the lease.

The discount rate is calculated as the sum of the risk-free rate, by reference to its term, and the Group's credit risk for the same reference term.

The impact of the initial application of IFRS 16 on the balance sheet will be in the order of €4.2 million, which should be compared with the amount of the lease commitments at 31 December 2018, i.e. €4.6 million (see Note 22.1 - Obligations in respect of operating leases). The majority of leases concern the Group's premises.

The impact of the application of IFRS 16 on operating profit (loss) on ordinary activities and on net profit (loss) will be immaterial.

The principal texts published by the IASB that have not yet been adopted and applied by the European Union are as follows:

- Amendments to IFRS 28 (Long-term Interests in Associates and Joint Ventures) applicable from 1 January 2019;
- IFRS annual improvements (2015-2017 cycle) applicable from 1 January 2019;
- Amendments to IFRS 19 (Plan Amendment, Curtailment or Settlement) applicable from 1 January 2019;
- Amendments to IFRS 3 (Definition of a business) applicable from 1 January 2020;
- Amendments to IAS 1 and IAS 8 (Definition of "material") applicable from 1 January 2020.

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

4.3 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 Medical
- Eos imaging Pte Ltd.

4.4 Net investments abroad

Receivables from 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".

4.5 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 expense in the period in which they are 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.

4.6 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.

4.6.1. *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 relating to the development of new features for products and software applications capitalised as assets. However, the cost of research and the cost of improving existing functionalities continue to be expensed as incurred.

Capitalised development costs, which primarily comprise employee 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.

4.6.2. 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.

4.6.3. 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.

4.7 Property, plant and equipment

Items of property, plant and equipment are recognised at acquisition cost. Major improvements and refurbishments are capitalised, while repair and maintenance expenses and the cost of other refurbishment work are recorded as expenses as and when they are incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter of their own useful lives or the length of the lease.

The following depreciation periods are used:

Industrial and lab equipment	3 to 5 years
Fixtures and furnishings	10 years
Office and computer equipment	3 years
Office furniture	5 years

4.8 Financial assets

Financial assets include available-for-sale financial assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.
The new rules in IFRS 9 do not have a material impact on the Group's financial statements insofar as all transactions that were categorised as hedging transactions under IAS 39 continue to be so categorised under IFRS 9.

4.8.1 *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.

4.8.2 *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.

4.8.3 *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.

4.8.4 *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").

4.9 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 discounted cash flow valuation method using the flows for the years 2019 to 2028 taken from the company's forecasts.

The main parameters used are as follows:

- 10-year forecast horizon;
- The discount rate used is the Group's weighted average cost of capital of 12% and a perpetual growth rate of 2%. 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 2018, 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.

4.10 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.

4.11 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 under the criteria set out in IAS 7 (Statement of cash flows). Cash and cash equivalents comprise immediately available liquid assets, readily realisable term investments and short-term investments.

The new rules in IFRS 9 do not have a material impact on the Group's financial statements insofar as all transactions that were categorised as hedging transactions under IAS 39 continue to be so categorised under IFRS 9.

Bank overdrafts are excluded from the definition of cash and cash equivalents and are recognised as current financial liabilities.

4.12 Going concern

During the first half of 2018, EOS Imaging refinanced its debt with IPF and successfully raised €29.5 million through the issue of OCEANEs, allowing it to fully repay the IPF debt and terminate all associated commitments.

This allowed the Group to enter into a first factoring agreement over a proportion of its receivables.

In December 2018, EOS Imaging carried out a capital increase of approximately €15 million.

At 31 December 2018 the Company and its subsidiaries had €19.7 million in cash and had used €8.7 million in operating activities and €4.1 million in investing activities during the 2018 financial year. Based on the Group's budget forecasts, the level of cash available at 31 December 2018 covered its financing needs for the next 12 months of activity.

The Company has also begun working on reducing its working capital requirements, and has additional financing options, including financing customer receivables through increasing its use of factoring.

4.13 Factoring

The Group entered into a factoring agreement at the end of the first half of 2018. The factor's positions at 31 December 2018 and the impact on the Group's financial statements are as follows:

-	Customer receivables assigned to the factor:	€1,371,000
-	Withholdings and security deposits:	€137,000
	Cash received:	€1,233,000

The factoring agreement entered into by the Group provides for title to the receivables and the associated rights to be transferred. It also provides that the factor shall fully bear the associated credit risk. In light, however, of the other contractual conditions, the Group considers that it cannot be said that all risks and benefits associated with these receivables are transferred. The Group therefore retains the receivables in question on its balance sheet and records a factoring liability for the same amount.

4.14 Share capital

Ordinary 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.

4.15 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 bonus shares to employees, as well as stock warrants to directors.
The Company has applied IFRS 2 to all equity instruments granted to employees and directors since 2007. Pursuant to IFRS 2, the cost of transactions settled in equity instruments is expensed, offset by an increase in equity over the period in which the rights to receive equity instruments vest.
For the 2007 to 2011 plans, since all options issued vest when an employee leaves, there is no vesting period and the fair value of plans was fully recognised at the reporting date of the financial year in which the plan was granted.
Since 2012, the fair value of stock options and bonus shares awarded to employees and that of the stock warrants awarded to directors have been determined by applying the Black-Scholes option valuation model, as described in Note 18.

4.16 Valuation and recognition of financial liabilities

4.16.1. *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.

4.16.2. *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are measured at fair value.

4.17 Conditional subsidies and advances

The Group has received a certain amount of financial aid, in the form of grants and regulated government subsidies. Detailed information on this financial aid is provided in note 14.
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 the loan being waived. 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.

4.18 Provisions

4.18.1. 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.

4.18.2. Warranty provision

Sales are covered by a warranty period of at least one year. The assessment of the cost of the warranty as well as the likelihood that these costs will be incurred are based on an analysis of historical data. The provision represents the cost of maintaining systems under warranty, for a maximum one-year warranty period and for the remaining period at the reporting date for all systems sold.

4.18.3. 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.

4.19 Revenue from ordinary activities

4.19.1. 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.

4.19.2. *Other income*

4.19.2.1. *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.

4.19.2.2. *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.

4.20 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.

4.21 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.

4.22 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 geographic region are described in detail in notes 6 to 9 and 16, respectively.

4.23 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.

4.24 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.

Note 5: Goodwill

Acquisition of OneFit Medical:

On 27 November 2013, EOS imaging acquired all the shares of OneFit Medical for €4 million, of which €0.5 million was paid in cash and €3.5 million by the issuance to OneFit Medical 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 Medical 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 Medical, 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 note 4.9 "Accounting principles and methods", goodwill 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 2018 on the whole CGU served for all the assets of the Group. No impairment was detected.

Note 6: Intangible assets

Changes in intangible assets can be analysed as follows:

Intangible assets	31 December 2017	Increases	Reclassifications	Reductions	Change in scope	Change in exchange rates	31 December 2018
Development costs	6,474	2,262	207				8,944
Software	1,617	421	(207)	(42)		2	1,791
Patents	590	50					640
Gross total intangible assets	**8,682**	**2,733**		**(42)**		**2**	**11,375**
Development costs	2,976	510					3,485
Software	1,149	59		(38)		2	1,172
Patents	70	42					112
Total amortisation and impairment	**4,195**	**610**		**(38)**		**2**	**4,769**
Net total intangible assets	**4,487**	**2,123**					**6,606**

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.

Note 7: Property, plant, and equipment

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

Property, plant, and equipment	31 December 2017	Increases	Reclassifications	Reductions	Change in scope	Change in exchange rates	31 December 2018
Fixtures and fittings	1,019	158				15	1,192
Technical installations and equipment	2,056	375	1,017				3,448
Office and computer equipment	872	219				8	1,099
Furniture	7						7
Fixed assets in progress	957	375	(1,017)				314
Gross total property, plant & equipment	**4,911**	**1,126**				**23**	**6,060**
Fixtures and fittings	675	81				9	765
Technical installations and equipment	1,541	361					1,901
Office and computer equipment	684	124				8	815
Furniture	5	1					6
Fixed assets in progress		178					178
Total amortisation and impairment	**2,905**	**744**				**17**	**3,666**
Net total property, plant & equipment	**2,006**	**382**				**6**	**2,394**

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

Net intangible assets and property, plant and equipment (in thousands of euros)	**31 -Dec-18**	**31 -Dec-17**
France	8,748	6,369
North America	251	122
Net intangible assets and property, plant and equipment	**8,999**	**6,491**

Note 8: Financial assets and other assets

Changes in financial assets may be analysed as follows:

Non-current financial assets	31 December 2017	Increases	Reclassifications	Reductions	Change in scope	Change in exchange rates	31 December 2018
Security deposits	113	195					308
Net total non-current financial assets	**113**	**195**					**308**

The increase in the carrying amount is mainly attributable to security deposits paid in connection with the three receivables assigned to the factor at 31 December 2018.

Note 9: Inventories and work in progress

Inventories and work in progress (in thousands of euros)	31 -Dec-18	31 -Dec-17
Components	5,539	3,741
Finished product	3,268	677
Impairment	(27)	(40)
Net total inventories and WIP	**8,779**	**4,377**

The €4.4 million increase in inventories may be principally explained as follows:

- A €2.6 million increase in the inventory of finished products associated with a volume of sales in the fourth quarter of 2018 that was lower than forecast;
- A €1.8 million increase in the inventory of spare parts, in line with an increase in the installed base and in anticipation of the production schedule.

Inventories of low-turnover components are subject to an impairment review. This adjustment was updated at 31 December 2018.

Note 10: Trade receivables and other current assets

10.1. Customer receivables

Customer receivables (in thousands of euros)	31 -Dec-18	31 -Dec-17
Customer receivables	33,628	30,899
Impairment of customer receivables	(888)	(751)
Net total of customer receivables	**32,740**	**30,148**

As indicated in Notes 2 & 4.13 (Factoring), customer receivables include the balance of three receivables assigned to a factor for a total amount of €1.4 million.
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 Group individually monitors each of these receivables over the year and assesses, at the closing date and on a case-by-case basis, in relation to each of its customers, the risk of non-recovery and therefore any provision for impairment that is to be recognised. At 31 December 2018, three receivables have been impaired. Total cumulative impairment provisions stood at €888,000, i.e. 2.6% of the gross amount of total customer receivables.

IFRS 9 "Financial Instruments" was applied by the Group for the first time in the consolidated financial statements for the year ended 31 December 2018. The Group analysed the impacts of this standard on the impairment of customer receivables, particularly as regards application of the 'expected losses' method. The management as not identified any significant impact on the method of impairment of customer receivables in view on the one hand of a zero loss history on customer receivables and on the other the limited impact that would result from discounting to present value these receivables, the term

of which can sometimes be several months. Accordingly no expected loss is recognised on sale of machines or provision of maintenance.

During the financial year ended on 31 December 2018, no customer individually accounted for more than 10% of consolidated sales.

10.2. Other current assets

Other current assets break down as follows:

Other current assets (in thousands of euros)	**31 -Dec-18**	**31 -Dec-17**
Research tax credit/CICE/CII	1,504	1,476
Suppliers - assets pending receipt	626	926
VAT	816	656
Prepaid expenses	411	684
Subsidies due and other receivables	906	1,390
Total other current assets	**4,262**	**5,132**

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

- Research tax credits recognised in respect of costs incurred over the course of the period by EOS imaging and OneFit for a total amount of €1,363,00 and by the Canadian subsidiary for €28,000;
- The Competitiveness and Employment Tax Credit (CICE) for both companies in the amount of €114,000 corresponding to expenses for the period.

The item "Suppliers - assets pending receipt" mainly concerns goods returned.

Subsidies receivable and other receivables principally represent amounts recognised in respect of expenses incurred during the 2018 financial year which were not reimbursed [at that date].

10.3. Research tax credit, Competitiveness and Employment tax credit

Changes in the carrying amount are as follows:

Balance receivable at year-end 2016	1,502
Proceeds	1,447
Payments	(1,469)
Reclassification	
Currency variation	(4)
Balance receivable at year-end 2017	1,476
Proceeds	1,476
Payments	(1,404)
Reclassification	(43)
Currency variation	(1)
Balance receivable at year-end 2018	1,504

Note 11: Cash and cash equivalents

Cash and cash equivalents (in thousands of euros)	31 -Dec-18	31 -Dec-17
Short-term bank deposits	19,680	6,751
Money market SICAVs	88	178
Total	**19,768**	**6,930**

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

- Current accounts in the amount of €19.7 million, of which €2 million of which is held by the US, Canadian and Singaporean subsidiaries.
- Liquid assets in the amount of €88,000. These amounts comprise funds committed under a liquidity agreement that had not been invested in treasury shares at 31 December 2018.

Note 12: Capital

12.1. Share capital issued

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

Date	Transaction	Capital	Issue premium	Number of shares forming the capital
Total at 31 December 2017		**226,415**	**79,144,865**	**22,641,483**
5 Mar. 2018	Capital increase following the exercise of options	68	17,069	6,775
4 Apr. 2018	Capital increase following the exercise of options	135	45,600	13,500
28 May 2018	Allocation of loss carry-forward to issue premium		(72,495,182)	
04 Jun. 2018	Capital increase following the exercise of options	60	5,940	6,000
10 Dec. 2018	Capital increase	34,466	14,841,740	3,446,649
15 Dec. 2018	Capital increase following the allocation of bonus shares	1,075	(1,075)	107,500
18 Dec.2018	Capital increase following the exercise of options	160	(160)	16,000
Total at 31 December 2018		**262,379**	**21,558,796**	**26,237,907**

Capital increases result from the following transactions:

- The exercise of 42,275 options, leading to the issue of 42,275 new shares;
- Issue of 3,446,649 shares in December 2018 carried out as part of the capital increase with Fosun;
- Creation of 107,500 new ordinary shares each with a nominal value of one euro cent, allocated free of charge to certain employees.

At 31 December 2018, the share capital was €262,379. It was divided into 26,237,907 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

12.2. Treasury shares

Under the liquidity agreement, the Company held 48,484 of its own shares at 31 December 2018. These shares have been deducted from equity in an amount of €412,000.

12.3. Stock subscription options

The plans run by the company are the following:

Type	Fair value of option	Number of shares granted	Fair value of the plan (in thousands of 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
Bonus shares	€ 5.15	360,000	1,854
SO 2012 (a)	between €1.61 and €l.84	376,916	651
SO 2012 (b)	between €2.02 and €2.18	40,000	84
SO Plan 2014	between €3.92 and €4.33	223,000	380
Bonus shares	between €1.97 and €2.26	181,500	593
BSA 2015	€2.25	120,000	270
BSA 2016	between €0.68 and €0.77	190,000	137
Bonus shares	between €3.86 and €4.24	133,000	432
Performance shares	between €0.74 and €1.47	280,000	353
Bonus shares	€5.82	50,000	291
Performance shares	between €2.20 and €2.37	190,000	427
Bonus shares	between €4.58 and €4.89	208,500	794
Total			**8,884**

The impact on the statement of comprehensive income of share-based payments is described in note 18.

Note 13: Provisions

13.1. Obligation to pay end-of-service indemnities

(in thousands of euros)	31 December 2017	Increases	Reductions	31 December 2018
End-of-service indemnities	468	157		625
Total	**468**	**157**		**625**

Calculations of end-of-service indemnities are based on the following assumptions:

Valuation date	31/12/2018	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 2012 – 2014	INSEE TD / TV 2011 – 2013
Rate of salary increase (including inflation)	4%	4%

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).

13.2. Disputes

(in thousands of euros)	31 December 2017	Increases	Reductions	31 December 2018
Disputes	308			308
Total	**308**			**308**

The provision for disputes relates to ongoing disputes with employees at 31 December 2018.

Note 14: Current and non-current financial liabilities

Financial liabilities (in thousands of euros)	**31 -Dec-18**	**31 -Dec-17**
Debt obligations	26,208	13,891
BPI advances - Ardea	506	767
Interest-free loan	500	1,125
Bank overdrafts	50	
Total	**27,264**	**15,783**

Maturity schedule of financial liabilities	Carrying amount	At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Debt obligations	26,208	989	25,219	
BPI advances - Ardea	506	171	214	120
Interest-free loan	500	375	125	
Bank overdrafts	50	50		
Total liabilities	**27,264**	**1,584**	**25,559**	**120**

Bond issue/OCEANEs

The issue of OCEANEs in May 2018 for a nominal amount of €29,543,000 allowed the Company to fully refinance the IPF debt, which stood at €19,257,000 at 31 May 2018, including €1,132,000 of interest. The repayment of the IPF debt had a net impact of -€2.4 million on the income statement, -€3 million of which related to early repayment fees, and +€0.6m of which related to the extinguishment of future charges recognised as liabilities.

The OCEANEs bear interest at a nominal annual rate of 6%, payable six-monthly, the first interest payment date being 30 November 2018. If these bonds are not converted, they will be redeemed at par on 31 May 2023.

The substance of these convertible bonds has been analysed and their "debt" and "equity" components have been valued. The "debt" component was valued by determining the fair value of a similar debt through discounting future cash flows. On conclusion of this analysis, 89.5% of the nominal value was determined to be "debt".

In relation to the consolidated financial statements at 31 December 2018, this transaction led to the recognition of a debt with a discounted value of €25.2 million (representing 88% of financial liabilities) and an equity component of €3 million.

BPI France advances

- In the context of its participation in the Industrial Strategic Innovation project, EOS imaging received a reimbursable advance from OSEO in July 2009, for a maximum amount of €1,275,000.
  At 31 December 2018, amounts received totalled €822,000. corresponding to the contractually financed portion of expenditure committed by the company, which was lower than the amount forecast on signing the agreement.
  On 2 February 2016, BPI recognised that the project had been partially commercially successful: €269,000 of its receivable was waived and the reimbursement conditions were re-defined. The Company was therefore required to pay the amount of €553,000 over a six-year period. The first repayments totalling €240,000 were made in the previous three financial years. In July 2018, it made the fourth repayment of €125,000. The discounting of this debt under IFRS reduced its balance to €178,000 at 31 December 2018.

- As part of its development of bespoke instrumentation for orthopaedic knee surgery, Onefit Medical received a repayable advance of €250,000. As the project was deemed successful in 2015, the initial repayments were made in 2016 and 2017, in the amount of €116,000. Repayments of €94,000 were made during the year. At 31 December 2018, the balance of this advance had consequently been reduced to €40,000.

- Onefit Medical also received an innovation partnership loan of €150,000 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 3.80% during the deferred amortisation period. This loan is repayable over five years beginning on 31 May 2015. The first repayments were made in 2017, in the amount of €30,000. During 2018, reimbursements of €30,000 were made, reducing the balance of the debt to €37,500 at 31 December 2018.

- As part of its development of a new generation of knee instrumentation, OneFit Medical also received an interest-free repayable advance of €250,000 granted in June 2014. The agreement associated with this advance was amended in January 2017, so that it was switched to a grant-funded project focused on the shoulder. Repayments under the amended advance agreement were deferred for 2 years and should restart in September 2019, over 58 months. In the event that the project is not successful, repayments are to be made over a period of 34 months beginning in September 2019.

Other advances

OneFit Medical received a reimbursable advance granted in February 2014 by the ARDEA (Regional small business development grant-giving body) regional authority for €100,000. 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 2018, this advance had been fully repaid.

Interest-free OSEO loan

EOS Imaging received an interest-free loan of €1.5 million from OSEO in May 2013, disbursed 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 was made in April 2017 in the amount of €250,000. At 31 December 2018, the balance of this debt had reduced to €500,000.

Note 15: Financial liabilities and other current liabilities, trade payable

15.1. Trade payables

Trade payables (in thousands of euros)	**31 -Dec-18**	**31 -Dec-17**
Supplier payables and trade notes	7,074	7,852
Total	**7,074**	**7,852**

15.2. Other current liabilities

15.2.1. Provisions for amounts due within one year

(in thousands of euros)	**31 December 2017**	**Increases**	**Reductions**	**31 December 2018**
Provision for taxes	91			91
Guarantees given to customers	1,133	640	(558)	1,215
Total	**1,224**	**640**	**(558)**	**1,306**

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.

15.2.2. Other current liabilities

Other current liabilities (in thousands of euros)	**31 -Dec-18**	**31 -Dec-17**
Tax liabilities	933	792
Payroll-based liabilities	3,181	3,180
Other liabilities	3,530	1,452
Deferred income	6,559	4,060
Total other current liabilities	**14,202**	**9,484**

Tax liabilities principally comprise VAT and payroll-based taxes.

Payroll-based liabilities represent salaries, social security expenses and holiday pay accruals.

Other liabilities principally comprise royalties payable in respect of equipment sales and the liability associated with the three receivables assigned to a factor at the reporting date.

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.

15.3. Financial instruments recognised on the balance sheet and impact

The fair value of an asset or a liability is the price that would be agreed between parties free to contract on market terms. The calculation of fair value must be based on observable market data that provides the most reliable indication of a financial instrument's fair value.

The tables below show, in accordance with the provisions of the amendment to IFRS 7 (Financial Instruments: Disclosure), the Group's assets and liabilities that measured at fair value according to their valuation method:

Financial year ended 31 December 2018	Carrying amount	Fair value through profit and loss	Loans and receivables	Debt at amortised cost	Non-financial instruments
Non-current financial assets	309		309		
Trade receivables	32,740		32,740		
Other current assets	4,262				4,262
Cash and cash equivalents	19,768	19,768			
Total assets	**57,079**	**19,768**	**33,049**		**4,262**
Long-term financial liabilities	25,679			25,679	
Short-term financial liabilities	1,584			1,584	
Trade payables	7,074			7,074	
Other current liabilities	15,509				15,509
Total liabilities	**49,846**			**34,337**	**15,509**

Financial year ended 31 December 2017	Carrying amount	Fair value through profit and loss	Loans and receivables	Debt 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 equivalents	6,930	6,930			
Total assets	**42,323**	**6,930**	**30,261**		**5,132**
Long-term financial liabilities	14,733			14,733	
Short-term financial liabilities	1,050			1,050	
Trade payables	7,852			7,852	
Other current liabilities	10,708				10,708
Total liabilities	**34,343**			**23,635**	**10,708**

Fair value through profit and loss (in thousands of euros)	**Financial year ended on 31 December** **2018**	**2017**
Losses on cash equivalents		
Income on cash equivalents	1	11
Total fair value through profit and loss	**1**	**11**

Note 16: Revenue from ordinary activities

16.1. Sales and other income

Sales and other income (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Sales of equipment	26,471	29,992
Maintenance revenue	7,931	5,944
Sales of consumables and related services	989	1,157
Revenue	**35,391**	**37,092**
Subsidies	66	398
Research tax credit	1,363	1320
Total revenue from ordinary activities	**36,819**	**38,810**

EOS Imaging generated annual revenue of €35.4 million in 2018, compared with €37.1 million in 2017. The Group sold 64 EOS® systems, compared with 77 in 2017, maintaining positive growth in its average sale price.

Annual recurring revenue increased by 26% to €8.9 million, principally due to strong growth of 34% in maintenance contracts. Recurring revenue therefore represents 25% of total revenue, compared with 19% of sales in 2017.

16.2. Revenue by geographical region

Revenue by geographical region (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
EMEA	13,344	16,583
North America	14,965	14,587
Asia-Pacific	6,377	5,922
Latin America	705	
Total revenue by geographical region	**35,391**	**37,092**

In the EMEA region, EOS Imaging saw a decrease in its revenue to €13.3 million, principally due to a slowdown in equipment sales. Investment decisions have been postponed, but not cancelled, throughout the year. The pipeline grew considerably in all key markets in the region, especially in France, Germany and the United Kingdom.

North America saw 3% growth over 2017 (7% growth excluding the impact of exchange rates), to €15 million, despite unexpected delays in purchases of EOS® systems, which could not be completed in the fourth quarter and were postponed until 2019. The business pipeline continues to grow and will provide momentum for sales in 2019 and beyond.

Sales in Asia-Pacific grew by 12% over 2017, with revenue of €6.4 million, demonstrating solid momentum. In China, 2018 revenue was impacted by a change of distributor at the end of the year, which should lead to stronger growth on this market.

Sales in [Latin America] generated €0.7 million as a result of a second agreement being signed in Brazil.

Note 17: Payroll costs

Payroll costs (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Salaries	11,764	10,721
Social charges	3,822	3,686
Pension commitments	75	58
Payments in shares	770	907
Total personnel costs	**16,430**	**15,373**
Average headcount	**167**	**142**

The items described 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 19 (Details of operating charges), which show the amounts net of IFRS restatements.
Payroll expenses grew by 9% over the financial year. The 11% increase in salaries and social security expenses is a result of the recruitment carried out in 2017, which is fully reflected in 2018 and, to a lesser extent, the recruitment carried out in 2018.
The average consolidated headcount in 2018 was 167, compared with 142 at 31 December 2017, an increase of 18%.

Note 18: Share-based payments

The Company's plans in existence at 31 December 2018 are described in Note 12.3 "Capital / Stock options".

Outstanding amounts on the various plans issued by the company were as follows at 31 December 2018:

Type	Date awarded	Exercise price	In force at 31/12/2018
SO 2009	07/07/2009	€ 1.00	375,895
SO 2010	06/07/2010	€ 1.00	231,625
SO Plan 2010	20/05/2011	€ 1.00	7,500
SO 2012	21/09/2012	€ 4.07	253,307
BSA Director	31/12/2012	€ 4.24	40,000
SO Plan 2014	23/05/2014	€ 6.14	201,875
Bonus shares	08/12/2015	- €	-
BSAIPF	31/03/2015	€ 4.71	120,000
BSA Director	01/03/2016	€ 3.42	190,000
Bonus shares	15/12/2016	- €	-
Performance shares	15/12/2016	- €	-
Bonus shares	07/09/2017	- €	50,000
Performance shares	07/09/2017	- €	190,000
Bonus shares	12/12/2017	- €	181,500
			1,841,702

Terms and conditions of exercise:

Stock-options (S.O.) 2009 and 2010:

- 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. Options not yet exercisable at the date of the departure are automatically null and void at the date of departure.

Stock-options (S.O.) 2012 and 2014:

- 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. Options not yet exercisable at the date of departure are automatically null and void at that date.

Bonus shares:

- The vesting period for shares awarded is 2 years for all beneficiaries.

2016 performance shares:

The performance shares shall 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:

- at least equal to €8, 100% of the shares awarded by the Board of Directors shall vest on the expiry of the vesting period,
- less than €4, no shares shall vest on expiry of the vesting period,
- Between €4 and €8, the number of shares awarded that shall vest on expiry of the vesting period shall be calculated on a straight-line basis between 0% and 100%.

2017 performance shares:

The performance shares shall vest at the end of a two-year vesting period, if the average weighted share price for the 20 trading sessions preceding the vesting date is:

- at least equal to €9, 100% of the shares awarded by the Board of Directors shall vest on the expiry of the vesting period,
- less than €5, no shares shall vest on expiry of the vesting period,
- Between €5 and €9, the number of shares awarded that shall vest on expiry of the vesting period shall be calculated on a straight-line basis between 0% and 100%.

Share warrants allocated to members of the Company's Board of Directors:

2012 warrants:

- 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.

2016 warrants:

- 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 awarded to third parties:

2015 warrants: IPF

- Exercise parity of the warrants: one warrant gives the right to subscribe to one of the Company's shares;
- Number of shares liable to be issued on exercise of the warrants: excluding changes in the Company's share capital, 180,000 warrants would give rise to the issuance of the same number of shares representing 0.83% of the Company's share capital;
- Exercise price of the warrants: €4.71.
- Exercise period: the warrants may be exercised in whole or in part, in one or several times, within seven years of their subscription date. The warrants of the optional tranches will become void if these bond tranches are not subscribed;
- Listing of the warrants: no.

In 2015, the Company issued 60,000 bonds with stock warrants attached (OBSAs) in the amount of €540,000, as well as three tranches of ordinary bonds (A, B and C) for a total principal amount of €14,460,000. The bonds with stock warrants attached were subscribed in January 2015 by IPF Partners.
Three warrants are attached to each OBSA, giving a total of 180,000 warrants, of which 120,000 shall lapse if the optional tranches of bonds are not subscribed for (Tranches B and C). The warrants are attached to the three tranches of vanilla bonds, at 60,000 warrants per tranche. They are exercisable on or after the date on which the bonds are issued. If the bonds are not issued, the warrants are void.
Tranche A of ordinary bonds, in the amount of €4,460,000, was subscribed for in March 2015, giving rise to the issue of 60,000 warrants.
Tranche B of optional, ordinary bonds, in the amount of €5 million, was subscribed for in December 2015, giving rise to the issue of 60,000 warrants.
At 31 December 2015, the Company had therefore issued 120,000 warrants as a result of Tranches A and B being subscribed.
Since Tranche C was not exercised, the remaining 60,000 warrants lapsed.
In June 2016, the Company issued a Tranche D of ordinary bonds for an amount of €5 million. No warrants are attached to this tranche.

As such, the number of warrants in circulation as part of this bond issue is 120,000.

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

(in thousands of euros)	SO 2014	Bonus shares	BSA	Bonus shares 2016	Performance shares 2016	Bonus shares Sept 2017	Performance shares 2017	Bonus shares Dec. 2018	Total
31/12/2017	43	253	44	356	46	49	119		907
31/12/2018	14	43	19	171			201	408	770

Detailed information on the number of options by class and exercise price is given in note 12.3. "Capital / Stock options".

Note 19: Detail of operating expenses

19.1. Direct costs of production and service

Direct costs of production and service (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Purchasing and subcontracting	15,198	17,944
Payroll costs	1,680	1,438
Royalties	656	741
Depreciation and allowances	82	164
Total direct costs of production and service	**17,616**	**20,288**

The direct cost of production and service essentially comprises the costs of production, transport and installation of equipment sold over the period, together with the maintenance costs of installed equipment.

As the equipment integration phase is sub-contracted, production costs comprise mainly purchasing and sub-contracting costs, changes in which are directly linked to the volumes of equipment sales over the period.

19.2. Indirect costs of production and service

Indirect costs of production and service (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Purchasing and subcontracting	1,327	1,539
Travel costs	1,085	1,046
Payroll costs	1,321	1,419
Depreciation and allowances	132	118
Total indirect costs of production and service	**3,865**	**4,122**

19.3. Research and development

Research and development (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Purchasing and subcontracting	1,681	1,087
Travel costs	66	46
Payroll costs	1,830	2,133
Depreciation and allowances	850	837
Total research and development	**4,427**	**4104**

19.4. Sales, clinical and marketing

Sales, clinical and marketing (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Purchasing and subcontracting	2,447	2,064
Trade fairs and exhibitions	578	641
Travel costs	1,324	1,131
Payroll costs	6,521	5,975
Total Sales, Clinical & Marketing	**10,870**	**9,811**

19.5. Regulatory

Regulatory (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Purchasing and subcontracting	256	301
Travel costs	25	20
Payroll costs	475	417
Total regulatory	**756**	**739**

19.6. Administrative costs

Administrative costs (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Purchasing and subcontracting	4,285	2,809
Travel costs	111	104
Payroll costs	2,152	1,350
Depreciation and allowances	211	346
Total administrative costs	**6,759**	**4,608**

Note 20: Financial income and expenditure

Financial income and expenditure (in thousands of euros)	Financial year ended 31 -Dec-18	31 -Dec-17
Losses on cash equivalents		
Interest expense	5,421	1,723
Exchange rate differences	61	359
Total Financial costs	**5,482**	**2,082**
Income on cash equivalents	1	11
Repayment of bond borrowing	669	
Exchange rate differences	18	55
Total financial income	**687**	**65**
Net financial income/(expense)	**(4,794)**	**(2017)**

Interest expense principally comprises interest in respect of the bonds, as described in note 2.

The other entries principally relate to exchange rate gains or losses.

Note 21: Income tax expense

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

- indefinitely carryable forward in France for a total amount of €66,621,000;
- carryable forward for 20 years in the United States for an amount of US$25,791,000 or a total of €22,525,000 at 31 December 2018.
- carryable forward between 2028 and 2039 in Canada for an amount of CAD 3,081,000, or €1,975,000 at 31 December 2018.

For reasons of prudence, deferred tax assets net of deferred tax liabilities on timing differences have not been recognised, under the principles described in note 4.19.

The tax rate applicable to the Company is the rate in force in France, namely 28%.

	2018	2017
Consolidated net profit/(loss)	(13,038)	(7,786)
Effective income tax charge		
Consolidated net proft/(loss) before taxes, goodwill and non-controlling interests	**(13,038)**	**(7,786)**
Theoretical tax rate	***28.00%***	***33.33%***
Theoretical tax charge	(3,651)	(2,595)
Tax deferrals:		
- Other permanent differences	1,538	465
- Share-based payments	216	302
- Other non-taxable income (CIR)	(370)	(440)
- Tax credits (CICE)	(32)	(42)
- Tax losses not activated and temporary differences	2,298	2,310
Effective income tax charge	-	-
Effective tax rate	***0.00%***	***0.00%***

Note 22: Commitments

22.1. Commitments under operating leases

EOS imaging SA:

The Company has a lease on its head office. The lease is for a period of ten full and consecutive years and the Company has the option to terminate the leases every three years.

The Company has taken out a sub-lease over a property where it carries out part of its production activities. The term of the sub-lease is equal to the remaining term of the principal lease i.e. 9 years, with the option for the Company to give notice every three years.

Total lease payments and future expenses break down as follows at 31 December 2018:

	Total	Payments due by period		
		At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Operating lease	€4,398,206	€445,418	€2,280,717	€1,672,071
TOTAL	**€4,398,206**	**€445,418**	**€2,280,717**	**€1,672,071**

EOS imaging Inc.:

	Total	Payments due by period		
		At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Operating lease	US$ 111,932	US$ 111,932	- USD	- USD
TOTAL	**US$ 111,932**	**US$ 111,932**	**- USD**	**- USD**

EOS Image Inc.:

	Total	Payments due by period		
		At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Operating lease	CAD 92,916	CAD 92,916	- CAD	- CAD
TOTAL	**CAD 92,916**	**CAD 92,916**	**- CAD**	**- CAD**

OneFit Medical:

	Total	Payments due by period		
		At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Operating lease	€33,899	€ 30,132	€3,767	- €
TOTAL	**€ 33,899**	**€ 30,132**	**€ 3,767**	**- €**

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 may be required to pay compensation if these volumes are not honoured.

Note 23: Related parties

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

	Financial year ended on 31 December	
(in thousands of euros)	2018	2017
Remuneration and benefits in kind	2,207	2,009
Payments in shares	19	53
Directors' fees	121	139
Total	**2,347**	**2,201**

The valuation methods for share-based payments are set out in note 18.

Note 24: 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 31 -Dec-18	31 -Dec-17
Net profit/(loss) (in thousands of euros)	(13,038)	(7,786)
Weighted average number of shares in circulation	22,864,128	21,824,072
Net earnings per share (in €)	**(0.57)**	**(0.36)**
Weighted average number of potential shares	24,705,830	23,858,821

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.

Note 25: Financial risk management

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

The main risks to which the Company is exposed are liquidity risk, exchange risk, interest rate and credit risks.

Liquidity risk

Cash and cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes. They are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value.
The Company has carried out a specific review of its liquidity risk. In particular, it carried out a detailed assessment of repayments under the repayable advance, as described in detail in note 14 (Current and non-current financial liabilities) and of those of the bond issue, the maturities of which are set out below:

Maturity schedule of financial liabilities	Carrying amount	At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Debt obligations	26,208	989	25,219	
BPI advances - Ardea	506	171	214	120
Interest-free loan	500	375	125	
Bank overdrafts	50	50		
Total liabilities	**27,264**	**1,584**	**25,559**	**120**

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 relation to the convertible bonds, in the event that their terms are breached (for example, where the Company fails to pay interest or principal), or in the event of cross-default or a change of control of the Company, the holders of these bonds may require all the convertible bonds to be redeemed early. This risk is considered by the Group to be low.
Based on this review, 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

**** 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.
58% of the 2018 revenue, i.e. €20.4 million, was denominated in euros and 42%, i.e. equivalent to €15 million, was denominated in US or Canadian dollars.
Other operating income, made up of public financings, was denominated solely in euros and represented €1.4 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.
57% of 2018 operating expenses, i.e. €25.8 million, were denominated in euros and 43%, i.e. the equivalent of €19.2 million, was denominated in foreign currencies, with €17.6 million of that amount 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 at 31 December 2018 has the same impact on the Company's results and shareholders' equity, as follows:

- a 10% rise in the euro against the Canadian, American and Singaporean dollars would have a negative impact on income of €436,000;
- a 10% decrease in the euro against the Canadian, US and Singaporean dollars would have a positive impact on income of €436,000.

This is the combined effect of two distinct components:

- the operating risk: the 43% decrease in Operating Income in 2018 at historical exchange rates would have been limited to 37% 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. It cannot, however, rule out the possibility that a substantial increase in business would increase its exposure to exchange rate risk. If those circumstances were to arise, the Company would adopt 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 2018, 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.
As for its customers, the Group does not have a significant concentration of credit risk. The Group has implemented policies enabling it to ensure that its customers have an appropriate credit risk history. However, the Group must take account of variable customer payment terms, which depend on a number of different factors:

- Sector-specific factors:
  - The Group sells medical imaging equipment for which installation, user training and acceptance of the equipment can be relatively long. These three items are pre-conditions to payment for the equipment, although pre-payments are sometimes obtained;
  - The Group may 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, the Group review its method of impairing customer receivables. 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. Given the activity and the absence of losses, the implementation of IFRS 9 has not had any impact.

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 2018, the Company's financial liabilities were not subject to interest rate risk, given that they comprise an interest-free loan and a repayable fixed-rate advance.

Fair value

As shown in note 15.3 - Financial instruments shown in the balance sheet and effect on results, the fair value of financial instruments traded on an active market, such as the available-for-sale securities, is based on the market price at 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 to the fair value of those items.

Note 26: Statutory Auditors' fees

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

(in thousands of euros)	**31 -Dec-18**		
	Deloitte	Fi Solutions	Actis
Audit			
Statutory auditors, examination and certification of the company only and the consolidated financial statements			
EOS imaging SA -Consolidated subsidiaries (EOS imaging Inc., EOS image Inc., EOS Imaging GmbH, OneMedical, EOS imaging Pte Ltd)	59	27	3
Services other than certification of the financial statements (*)			
- Eos Imaging SA -Consolidated subsidiaries (EOS imaging Inc., EOS image Inc., EOS imaging GmbH. OneMedical, EOS imaging Pte Ltd)	43	3	
Subtotal	**102**	**30**	**3**
Other services provided by the networks to the consolidated subsidiaries			
Legal, labour, tax			
Other			
Subtotal			
Total	**102**	**30**	**3**

(*) These services cover those required by laws and regulations (reports on capital transactions, end of assignment letter).

Note 27: Events after the reporting date

There have been no material events since the date on which the accounts were closed.

20.2. PARENT COMPANY FINANCIAL STATEMENTS

20.2.1 Parent company financial statements for financial year ended 31 December 2018

BALANCE SHEET – ASSETS

(in EUR)

	31 -Dec-18			31 -Dec-17
	Gross	**Deprec., amort. & Impairment**	**Net**	**Net**
Intangible assets	3,684,874	1,695,016	1,989,858	1,196,489
Property, plant, and equipment	5,398,748	3,271,268	2,127,481	1,873,664
Financial assets	13,048,318	8,343,741	4,704,577	4,528,759
NON-CURRENT ASSETS	**22,131,940**	**13,310,025**	**8,821,915**	**7,598,912**
Inventories and work in progress	8,806,575	27,423	8,779,151	4,377,214
Advances and down payments for orders	297	-	297	297
Customer receivables	16,489,115	847,500	15,641,615	15,803,221
Other receivables	38,078,767	33,182,911	4,895,856	5,150,845
Capital subscribed and called but not paid up	-	-	-	-
Liquid assets	17,388,465	-	17,388,465	4,704,901
Prepaid expenses	258,713	-	258,713	327,127
CURRENT ASSETS	**81,021,933**	**34,057,834**	**46,964,098**	**30,363,605**
Loan issue costs	1,201,398	-	1,201,398	183,822
Translation differences	304,967	-	304,967	228,330
TOTAL ASSETS	**104,660,237**	**47,367,859**	**57,292,378**	**38,374,669**

BALANCE SHEET - LIABILITIES

(in EUR)

	31/12/2018	31/12/2017
Capital	262,379	226,415
Issue, merger and contribution premiums	21,558,956	79,144,865
Legal reserve	20,557	20,557
Carried forward	(160)	(67,115,161)
Profit (loss) for the year	**(14,766,136)**	**(5,380,021)**
SHAREHOLDERS' EQUITY	**7,075,596**	**6,896,655**
Conditional advances	187,803	312,883
EQUITY	7,263,399	7,209,538
Provisions for risks	1,614,355	1,532,022
PROVISIONS FOR LIABILITIES AND CHARGES	**1,614,355**	**1,532,022**
Convertible debt obligations	29,692,069	13,406,092
Miscellaneous borrowings and financial liabilities	525,652	1,150,652
Trade payables	7,629,028	8,228,838
Tax and social security	3,085,282	3,111,263
Liabilities on fixed assets and related accounts	-	-
Other liabilities	3,359,920	1,284,033
Unearned income	1,518,841	1,199,663
DETTES	**45,810,792**	**28,380,541**
Translation differences	2,603,832	1,252,568
TOTAL LIABILITIES & EQUITY	**57,292,378**	**38,374,669**

INCOME STATEMENT

(in EUR)

INCOME STATEMENT	31-Dec-18 12 months	31 -Dec-17 12 months
Sales of merchandise		
Production sold (goods)	24,108,851	27,722,876
Production sold (services)	4,397,363	3,157,331
Net revenues	**28,506,214**	**30,880,207**
Operating subsidies	261,411	448,045
Reversals of impairment, provisions (and amort/deprec.) Transfers of charges	811,938	844,456
Other income	2,138,323	1,176,114
OPERATING INCOME	**31,717,886**	**33,348,822**
Purchases and change in inventories of merchandise		
Purchases and change in inventories of merchandise and other procurements	14,584,150	16,827,304
Other purchases and external charges	9,540,449	8,162,928
Taxes, levies and similar charges	344,246	325,702
Salaries and other benefits	6,815,281	6,687,509
Social charges	2,959,880	2,892,433
Amortisation, depreciation and impairment charges	2,003,043	1,861,331
Other charges	849,294	881,282
OPERATING EXPENSE	**37,096,344**	**37,641,489**
OPERATING PROFIT/(LOSS)	**(5,378,458)**	**(4,292,667)**
Financial income	13,312,245	7,327,380
Financial expenses	23,620,862	9,577,098
FINANCIAL INCOME	**(10,308,618)**	**(2,249,718)**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES	**(15,687,076)**	**(6,542,385)**
Non-recurring income	34,489	74,738
Non-recurring charges	371,478	73,633
NON-RECURRING INCOME AND EXPENSES	**(336,989)**	**1,105**
Employee profit sharing	2,964	(6,268)
Tax on income	(1,260,893)	(1,154,991)
NET PROFIT/(LOSS)	(14,766,136)	(5,380,021)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. 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 Medical, 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 2018 were approved by the Board of Directors on 16 April 2019.

2. Significant events of the year

Financing of business activity

In January 2018, EOS Imaging issued a new tranche of bonds for €5 million to IPF. The original repayment terms provided for a partial repayment between December 2021 and December 2022 as well as a 60% bullet repayment, without a supplementary issue of share subscription warrants (BSAs) and on terms that were comparable with those of the previous tranche.

In May 2018, EOS Imaging also issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANEs) to institutional investors under a private placement, without preferential subscription rights, in a nominal amount of €29,543,626.80. All the bonds offered were subscribed. This transaction allowed the Company to fully refinance the IPF financial debt as it stood at the end of May, i.e. €19,257,282, including €1,132,282 of interest. The early redemption of the bonds also led to the payment of early redemption fees of €2,018,634, fully recognised as financial expenses at 30 June 2018.

On 17 July 2018 EOS Imaging announced that it had signed a binding agreement with Fosun Pharmaceutical AG, a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co. Ltd, under which Fosun Pharmaceutical AG agreed to take a stake in EOS Imaging through the issue of new company shares.
The completion of this investment was conditional upon obtaining Chinese regulatory authorisation and AMF (French Financial Markets Authority) approval of the transaction prospectus.
The Company obtained the necessary Chinese regulatory authorisations and, on 7 December 2018, announced that it had received approval from the AMF for the transaction prospectus under no. 18-551.
The CEO of EOS Imaging, acting under the power of attorney granted him by resolution of the Board of Directors of 16 July 2018 (itself acting under the power of attorney granted it by the twentieth resolution of the combined general shareholders' meeting of 18 May 2018) resolved to carry out a capital increase

in the amount of €15,061,856.13 through the issue of 3,446,649 new shares at the subscription price of €4.37 per share.
The purpose of the capital increase is to help make EOS imaging's technology available to the largest possible number of patients worldwide.
On 11 December 2018, the Company announced that this capital increase had completed successfully, as a result of which its share capital was now €261,304.07, divided into 26,130,407 shares. The new shares are identical to the existing shares in the Company.
Fosun Pharma, through Fosun Pharmaceutical AG, now holds 13.2% of the share capital and voting rights in EOS imaging and, as such, has become EOS Imaging's main shareholder.

In the first half of 2018, EOS Imaging also entered into a factoring agreement to improve financing of the operating cycle. At 31 December 2018, three trade receivables were assigned, for a total gross amount of €1,371,000. The agreement and the accounting treatment applied are specifically analysed in note 3 (Accounting principles and methods).

Change of Management to strengthen the Company's US strategy

On 5 November 2018, the Board of Directors decided to change the Company's management team to continue and strengthen its presence in the United States, its principal market, and to extend its shareholder base in that country. The Board appointed Mike Lobinsky, who joined the company in August 2017 as President, North America, to the position of Chief Executive Officer to succeed Marie Meynadier from 1 January 2019. Marie Meynadier continued in the role of Chief Executive Officer until 31 December 2018 and will henceforward continue as a director on the Company's Board of Directors.

3. Accounting principles and policies

3.1. 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.

3.2. Going concern principles

During the first half of 2018, EOS Imaging refinanced its debt with IPF and successfully raised €29.5 million through the issue of OCEANEs, allowing it to fully repay the IPF debt and terminate all associated commitments.
This allowed the Group to enter into a first factoring agreement over a proportion of its receivables.
In December 2018, EOS Imaging carried out a capital increase of approximately €15.1 million.

At 31 December 2018 the Company and its subsidiaries had €19.7 million in cash and had used €8.7 million in operating activities and €4.1 million in investing activities during the 2018 financial year.

3.3. Factoring

EOS Imaging entered into a factoring agreement at the end of the first half of 2018. The factor's positions at 31 December 2018 and the impact on the Group's financial statements are as follows:

- Customer receivables assigned to the factor:	€1,371,000
- Withholdings and security deposits:	€137,000
Cash received:	**€1,233,000**

The factoring agreement entered into by EOS Imaging provides for title to the receivables and the associated rights to be transferred. It also provides that the factor shall fully bear the associated credit risk. In light, however, of the other contractual conditions, the Group considers that it cannot be said that all risks and benefits associated with these receivables are transferred. The Group therefore retains the receivables in question on its balance sheet and recognises a factoring liability for same amount.

3.4. Accounting methods

3.4.1. 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.

3.4.2. 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.

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	3 years
▪ Office furniture	5 years

Tangible non-current assets are impaired when, owing to events or circumstances occurring during the period, their economic value appears to be lower than their carrying amount and is likely to remain so.

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

3.4.3. 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 balance sheet is repayable in foreign currencies.

3.4.4. 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.

3.4.5. 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.

3.4.6. 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.

3.4.7. Foreign currency transactions

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

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

3.4.8. 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 its possible consequences.

- Warranty provisions:

Sales are covered by a warranty period of at least one year. The assessment of the cost of the warranty as well as the likelihood that these costs will be incurred are based on an analysis of historical data. The provision for warranties represents the cost of maintaining systems under warranty, for a maximum one-year warranty period and for the remaining period at the reporting date for all systems sold.

3.4.9. 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.

3.4.10. 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 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 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.

3.4.11. 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.

3.4.12. 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.

3.4.13. Non-recurring income and expenses

Extraordinary income and expense consist of items which by their nature, by their usual character or their non-recurrence cannot be considered as inherent to the Company's operating activities.

4. Notes to the balance sheet and income statement

NOTE 1: STATEMENT OF CHANGES IN NON-CURRENT ASSETS

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

Gross values	31-Dec-17	Acquisitions	Reclassification	Disposals/Derecognitions (scrapped)	31 -Dec-18
Intangible assets					
Software	1,337,907	106,155			1,944,062
Fixed assets in progress	944,777	796,035			1,740,312
	2,782,684	**902,190**			**3,684,874**
Property, plant, and equipment					
Fixtures & fittings	314,379	5,752			320,131
Manufacturing equipment and tools	2,055,947	300,375	1,090,392		3,447,214
Office and computer equipment	643,634	137,556	35,755		316,944
Fixed assets in progress	956,407	519,103	(1,126,143)	(34,903)	314,460
	4,470,366	**963,291**		**(34,908)**	**5,398,748**
Total Gross	**7,253,049**	**1,865,481**		**(34,908)**	**9,083,622**

Changes in amortisation and provisions may be analysed as follows:

Impairment	31 -Dec-17	Additions	Reductions	31 -Dec-18
Intangible assets				
Software	1,586,194	108,822		1,695,016
	1,586,194	**108,822**		**1,695,016**
Property, plant, and equipment				
Fixtures & fittings	521,841	51,898		573,739
Manufacturing equipment and tools	1,540,894	360,342		1,901,236
Office and computer equipment	533,967	84,483		618,450
Fixed assets in progress		177,842		177,842
	2,596,702	**674,565**		**3,271,268**
Total amortisation, depreciation and impairment	**4,182,896**	**783,387**		**4,966,284**

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

	31 -Dec-17	Increases	Reductions	Disposals/Derecognitions (scrapped)	31 -Dec-18
Intangible assets	1,196,489	793,368			1,989,858
Property, plant, and equipment	1,873,664	288,724		(34,908)	2,127,481
Total net values	**3,070,154**	**1,082,093**		**(34,908)**	**4,117,338**

NOTE 2: NON-CURRENT FINANCIAL ASSETS

Gross values	31 -Dec-17	Acquisitions	Disposals/Reduction	31 -Dec-18
Equity interests	4,322,075			4,322,075
Receivables from equity investments.	7,992,683	304,003	(25,021)	8,271,665
Treasury stock	178,797	324,280	(333,882)	169,195
Deposits in guarantee and bonds	99,962	185,421		285,382
Total Gross	**12,593,517**	**813,703**	**(358,903)**	**13,048,318**

Impairment	31 -Dec-17	Additions	Reductions	31 -Dec-18
Equity interests	72,075			72,075
Receivables from equity investments.	7,992,683	304,003	(25,021)	8,271,665
Total impairments	**8,064,758**	**304,003**	**(25,021)**	**8,343,741**
Net non-current financial assets	**4,528,759**	**509,700**	**(333,882)**	**4,704,577**

In accordance with the accounting methods described above, the value of securities is compared to their carrying amount on a yearly basis.

At 31 December 2018, the shares in OneFit are the only securities that are not impaired, with their net carrying amount maintained at €4,250,000.

At 31 December 2018, non-current financial assets consist mainly of receivables from the Company's subsidiaries:

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

- EOS Imaging GmbH: based in Germany, EOS Imaging GmbH is a 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 Medical: a French simplified joint stock company (SAS) with share capital of €115,714 whose registered office is 18 rue Alain Savary, Besançon (25000), registered with the Besançon Trade and Companies Register under number 534 162 219.

- EOS Imaging, Pte Ltd: based in Singapore, EOS Imaging Pte Ltd is a company under Singaporean law with share capital of S$70,000, having its registered office at 51 Goldhill Plaza, #21-02/06, Singapore (308900).

At 31 December 2018, the Company held 48,484 treasury shares as part of a liquidity contract as a result of the disposal of 650,378 shares and the acquisition of 661,489 shares over the year, leading to a net capital loss of €90,000 for the period.

Subsidiaries and associates (in €k)

Subsidiaries and associates (in thousands of euros)	Subsidiaries	Capital	Equity other than capital	Proportion of capital held	Comparable value of shares held		Loans and advances granted by the Company and not repaid	Amount of sureties and guarantees given by the Company	Revenues excl. tax of the past financial year	Profit/(loss) for the past financial year	Dividends received by the company during the year
				In %	*Gross*	*Net*					
Detailed information on the subsidiaries and associates											
Subsidiaries (more than 50% of the capital held):											
	EOS image Inc.			100%			2,724		939	(323)	
	EOS imaging Inc.			100%			36,662		14,036	(3,543)	
	EOS Imaging GmbH	25		100%	25		1,301		1,153	(35)	
	OneFit	116		100%	4,250	4,250	1,737		1,154	(137)	
	EOS imaging Pte Ltd	47		100%	47		763			(435)	

NOTE 3: IMPAIRMENT

	Impairment at the start of the financial year	Increases: additions during the year	Reductions: reversals during the year	Impairment at the end of the financial year
Intangible assets				
Property, plant & equipment		177,842		177,842
Financial assets	8,064,758	304,003	(25,021)	8,343,741
Inventories	40,354		(12,931)	27,423
Customer receivables	712,500	315,000	(180,000)	847,500
Other receivables	27,583,785	18,665,836	(13,066,709)	33,182,911
Short-term investment securities				
TOTAL	**36,401,397**	**19,462,681**	**(13,284,661)**	**42,579,417**
o/w operating		*315,000*	*(192,931)*	
o/w financial		*18,969,839*	*(13,091,730)*	
o/w non-recurring		*177,842*		

The net increase of €5,599,000 in impairment of other receivables corresponds to the impairment adjustment to receivables at 31 December 2018.

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. Management individually monitors each of these receivables over the year and assesses, at the closing date and on a case-by-case basis, in relation to each of its customers, the risk of non-recovery and therefore any provision for impairment that is to be recognised. At 31 December 2018, two receivables were the subject of increases to the provision for impairment and a new receivable was depreciated for the first time. Total cumulative impairment provisions stood at €848,000, i.e. 5% of the gross amount of total customer receivables.

NOTE 4: INVENTORIES

Inventories and work in progress	31 -Dec-18	31 -Dec-17
Components	5,538,722	3,740,517
Finished product	3,267,852	677,050
Impairment	(27,423)	(40,354)
Net total inventories and WIP	**8,779,151**	**4,377,214**

The €4.4 million increase in inventories may be principally explained as follows:

- A €2.6 million increase in the inventory of finished products associated with a volume of sales in the fourth quarter of 2018 that was lower than forecast;
- A €1.8 million increase in the inventory of spare parts, in line with an increase in the installed base and in anticipation of the production schedule.

Inventories of low-turnover components are subject to an impairment review. This adjustment was updated at 31 December 2018.

NOTE 5: RECEIVABLES

Breakdown and ageing of receivables:

		Gross amount	At up to 1 year	At more than one year
Of non-current assets	Receivables from equity investments.	8,271,665		8,271,665
	Loans			
	Other non-current financial assets	285,382		285,382
Of current assets	Doubtful or disputed customers			
	Other customer receivables	16,489,115	16,489,115	
	Personnel and related accounts	119	119	
	Social Security and other social bodies	17,244	17,244	
	State - Tax on income	1,260,892	1,260,892	
	State - VAT	790,961	790,961	
	State - Other Taxes, levies and similar charges			
	State - Sundry			
	Group and associates	34,969,744		34,969,744
	Sundry debtors	1,039,807	1,039,807	
Prepaid expenses		258,713	258,713	
Loan issue costs		1,201,398	116,508	1,084,890
TOTAL		**64,585,041**	**19,973,360**	**44,611,681**

NOTE 6: ACCRUED INCOME

Accrued income breaks down as follows:

	31 -Dec-18	31 -Dec-17
Customer receivables		
Invoices pending issue	1,138,226	361,937
Tax and social security receivables		
State - Accrued income	1,260,892	1,154,991
Other receivables		
Suppliers - Credit Note Receivable	625,964	925,976
Subsidies Receivable	371,364	1,051,652
TOTAL	**3,396,447**	**3,494,556**

The line item State - Accrued Income corresponds to the provision of €1,192,000 in respect of the CIR and the provision of €69,000 in respect of the CICE.

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

The line item Subsidies Receivable represent subsidy amounts recognised in respect of expenses incurred to 31 December 2018 but not yet paid at that date.

NOTE 7: CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	31 -Dec-18	31 -Dec-17
Short-term bank deposits	17,300,393	4,526,484
Money market SICAVs	88,072	178,417
TOTAL	**17,388,465**	**4,704,901**

Cash and cash equivalents principally comprise current accounts of €17.3 million and short-term investments of €88,000 resulting from implementation of the liquidity contract.

NOTE 8: PREPAID EXPENSES

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

	31 -Dec-18	31 -Dec-17
Purchases of materials and merchandise	-	7,587
External charges	258,713	319,540
TOTAL	258,713	327,127

NOTE 9: LIABILITIES

Breakdown and ageing of liabilities:

		Gross amount	At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Convertible debt obligations		29,692,069	148,442	29,543,627	
Borrowings from and debts to credit institutions	at initial term of max. 1 year				
	At initial term over 1 year				
Miscellaneous borrowings and financial liabilities		500,000	500,000		
Trade payables		7,629,028	7,629,028		
Personnel and related accounts		1,339,953	1,339,953		
Social Security and other social bodies		1,143,449	1,143,449		
States and other public bodies	Tax on income				
	VAT	398,202	398,202		
	Covered bonds				
	Other Taxes, levies and similar charges	203,678	203,678		
Liabilities on fixed assets and related accounts					
Group and associates		25,652	25,652		
Other liabilities		3,359,920	3,359,920		
Liabilities in respect of borrowed securities					
Unearned income		1,518,841	1,518,841		
TOTAL		**45,810,792**	**16,267,165**	**29,543,627**	
Borrowings contracted during the year		34,443,627			
Borrowings repaid during the year		18,750,000			

Bond issue/OCEANEs

The issue of OCEANEs in May 2018 for a nominal amount of €29,543,000 allowed the Company to fully refinance the IPF debt, which stood at €19,257,000 at 31 May 2018, including €1,132,000 of interest. The OCEANEs bear interest at a nominal annual rate of 6%, payable six-monthly, the first interest payment date being 30 November 2018. If these bonds are not converted, they will be redeemed at par on 31 May 2023.

Interest-free OSEO loan

EOS imaging received an interest-free loan of €1.5 million from OSEO in May 2013, disbursed 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 was made in April 2017 in the amount of €250,000. At 31 December 2018, the balance of this liability had reduced to €500,000.

The debt borrowed during the year comprised €29.5 million relating to the OCEANEs and €4.9 million relating to the final IPF tranche (see Note 2 - significant events of the year).

The debt repaid during the year comprise the €18 million repaid under the IPF debt and the €0.6 million repayment under the interest-free loan.

NOTE 10: ACCRUED EXPENSES

Accrued expenses break down as follows:

	31 -Dec-18	31 -Dec-17
Bond borrowings		
Accrued interest	148,442	281,092
Trade payables		
Invoices not received	2,743,924	2,169,430
Other charges payable		
Tax and social security		
Holiday pay and bonus payable	887,771	1,458,176
Accrued social charges	428,208	694,502
Accrued taxes and levies	203,678	224,854
Other liabilities		
Royalties payable	1,569,420	1,284,033
Customers - suspense account	420,000	
TOTAL	**6,401,442**	**6,112,086**

NOTE 11: DEFERRED INCOME

Deferred income breaks down as follows:

DEFERRED INCOME	31 -Dec-18	31 -Dec-17
Maintenance revenue	1,518,841	1,199,663
TOTAL	**1,518,841**	**1,199,663**

NOTE 12: SHAREHOLDERS' EQUITY

- ***Changes in equity***

	Share capital	Issue and contribution premiums	Legal reserve	Carried forward	Profit/(loss) for the year	TOTAL
Equity at 31-Dec-17	**226,415**	**79,144,865**	**20,557**	**(67,115,161)**	**(5,380,021)**	**6,896,655**
Appropriation of profit (loss) N-1				(5,380,021)	5,380,021	
Capital increase in cash	34,466	14,841,740				14,876,206
Allocation of loss carry-forward to issue premium		(72,495,182)		72,495,182		
Subscription of options	1,498	67,533		(160)		68,871
Profit/(loss) for year N					(14,766,136)	(14,766136)
Equity at 31 -Dec-18	**262,379**	**21,558,956**	**20,557**	**(160)**	**(14,766,136)**	**7,075,596**

- ***Capital increases***

Capital increases result from the following transactions:

- The exercise of 42,275 options, leading to the issue of 42,275 new shares;
- Issue of 3,446,649 shares in December 2018 carried out as part of the capital increase with Fosun;
- Creation of 107,500 new ordinary shares each with a nominal value of one euro cent, allocated free of charge to certain employees.

- ***Composition of share capital***

At 31 December 2018, the share capital was €262,379. It was divided into 26,237,907 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 2018 were the following:

Type	Date awarded	Exercise price	In progress at 31/12/2018
SO 2009	07/07/2009	€ 1.00	375,895
SO Plan 2010	06/07/2010	€ 1.00	231,625
SO Plan 2010	20/05/2011	€ 1.00	7,500
SO 2012	21/09/2012	€4.07	253,307
BSA Director	31/12/2012	€ 4.24	40,000
SO Plan 2014	23/05/2014	€ 6.14	201,875
Bonus shares	08/12/2015	- €	-
BSA IPF	31/03/2015	€ 4.71	120,000
BSA Director	01/03/2016	€ 3.42	190,000
Bonus shares	15/12/2016	- €	-
Performance shares	15/12/2016	- €	-
Bonus shares	07/09/2017	- €	50,000
Performance shares	07/09/2017	- €	190,000
Bonus shares	12/12/2017	- €	181,500
			1,841,702

NOTE 13: PROVISIONS FOR LIABILITIES AND CHARGES

	Provisions at the start of the financial year	Increases: additions during the year	Reductions: reversals/used	Provisions at the end of the financial year
Provisions for disputes	307,898			307,898
Warranty provisions	1,132,667	640,000	(557,667)	1,215,000
Other provisions for risks and charges	91,457			91,457
TOTAL	**1,532,022**	**640,000**	**(557,667)**	**1,614,355**
o/w operating		*640,000*	*(557,667)*	
o/w financial				
o/w non-recurring				

The provision for disputes relates to ongoing disputes with employees at 31 December 2018.

NOTE 14: CONDITIONAL ADVANCES

In the context of its participation in the Industrial Strategic Innovation project, EOS Imaging received a reimbursable advance from OSEO in July 2009, for a maximum amount of €1,275,000.

At 31 December 2018, amounts received totalled €822,000, corresponding to the contractually financed portion of expenditure committed by the company, which was lower than the amount forecast on signing the agreement.

On 2 February 2016, BPI recognised that the project had been partially commercially successful: €269,000 of its receivable was waived and the reimbursement conditions were re-defined. The Company was therefore required to pay the amount of €553,000 over a six-year period. The first repayments totalling €240,000 were made in the previous three financial years. In July 2018, it made the fourth repayment of €125,000. The balance has therefore been reduced to €188,000.

NOTE 15: TRANSACTIONS WITH RELATED PARTIES

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

NOTE 16: REVENUE BREAKDOWN

	31 -Dec-18			31-Dec-17
	France	*Export*	*Total*	
Production sold (goods)	5,570,751	13,533,100	24,103,351	27,722,376
Provision of services	2,334,923	2,062,440	4,397,363	3,157,331
TOTAL	**7,905,674**	**20,600,540**	**28,506,214**	**30,880,207**

NOTE 17: RESEARCH AND DEVELOPMENT EXPENDITURE

The Company continued to develop new functionalities for EOS equipment and related applications. Research and development expenditure amounted to €5,404,000 in 2018 compared with €4,615,000 in 2017. These costs were expensed in their entirety over the period.

NOTE 18: ADDITIONS TO AND REVERSALS FROM AMORTISATION, DEPRECIATION, IMPAIRMENT AND PROVISIONS - TRANSFERS OF CHARGES

	Situation at the beginning of the year	Increases: additions during the year	Reductions: reversals during the year	Situation at the end of the year
Impairment	36,401,397	19,462,681	(13,284,661)	42,579,417
Provisions for liabilities and charges	1,532,022	640,000	(557,667)	1,614,355
Subtotal	**37,933,419**	**20,102,681**	**(13,842,328)**	**44,193,772**
Depreciations and amortisations.	4,182,896	605,546		4,788,442
TOTAL	**42,116,315**	**20,708,227**	**(13,842,328)**	**48,982,214**
o/w operating		*1,560,546*	*(750,598)*	
o/w financial		*18,969,839*	*(13,091,730)*	
o/w non-recurring		*177,842*		

NOTE 19: FINANCIAL INCOME

	31-Dec.-18	31 -Dec-17
Financial revenue		
Better fortune clause	55,654	
Other interest and analogous income	164,789	149,253
Exchange result	72	54,633
Reversal of provision (*)	13,091,730	7,123,494
Subtotal	***13,312,245***	***7,327,380***
Financial expenses		
Interest and analogous charges	2,562,793	1,187,080
Loan pre-payment penalties	2,018,634	
Exchange result	69,595	27,344
Impairment and other provisions (*)	18,969,839	8,362,674
Subtotal	***23,620,862***	***9,577,098***
TOTAL	**(10,308,618)**	**(2,249,718)**

(*): on receivables from equity investments.

NOTE 20: NON-RECURRING INCOME AND EXPENSES

	31-Dec.-18	31 -Dec-17
Non-recurring income		
Disposal of non-current assets	34,489	74,738
Subtotal	***34,489***	***74,738***
Non-recurring charges		
Disposal of non-current assets	134,436	73,183
Impairment and other provisions	177,842	
Fines and penalties	59,200	450
Subtotal	***371,478***	***73,633***
TOTAL	**(336,989)**	**1,105**

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

5. Other information

NOTE 21: LATENT AND DEFERRED TAX LIABILITIES

At 31 December 2018, total losses carried forward stood at €64,969,000 and included €8,691,000 in tax losses for the period.

NOTE 22: AVERAGE HEADCOUNT

The average headcount breaks down as follows:

Salaried personnel	31 Dec.-18	31 Dec.-l7
Executives	82	72
Non-executive	12	11
TOTAL	**94**	**83**

NOTE 23: 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.

At 31 December 2018, the Company received €56,000 under the return to better fortune clause, recognised in financial income.

- ***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 may be required to pay compensation if these volumes are not honoured.

- ***End-of-service indemnities***

In accordance with French law, the Company fulfils its obligations to fund the retirement of its employees 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 end-of-service indemnity. This indemnity is calculated by reference to the employee's number of years of service and salary at the time of retirement. Only employees working in the Company at the time they retire are entitled to this indemnity.

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 end-of-service indemnities are based on the following assumptions:

Valuation date	31/12/2018	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 2012 – 2014	INSEE TD / TV 2011 – 2013
Rate of salary increase (including inflation)	4%	4%

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).

At 31 December 2018, the commitment in respect of end-of-service indemnities amounted to €580,000.

- ***Commitments under operating leases***

The Company has a lease on its head office. The lease is for a period of ten full and consecutive years and the Company has the option to terminate the leases every three years.

The Company has taken out a sub-lease over a property where it carries out part of its production activities. The term of the sub-lease is equal to the remaining term of the principal lease i.e. 9 years, with the option for the Company to give notice every three years.

Total lease payments and future expenses break down as follows at 31 December 2018:

	Total	Payments due by period		
		At up to 1 year	>1 yr up to 5 years max.	Over 5 years
Operating lease	€ 4,398,206	€445,418	€ 2,280,717	€ 1,672,071
TOTAL	**€ 4,398,206**	**€ 445,418**	**€ 2,280,717**	**€ 1,672,071**

The lease payments recognised as expenses during the financial year ended 31 December 2018 amounted to €464,000.

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

NOTE 24: 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 "4 - "Notes to the balance sheet and income statement / Note 14 - Conditional advances" and of repayments of bonds, the payment dates for which are set out below:

Maturity schedule of financial liabilities	Carrying amount	At up to 1 year	>1 yr up to 5 years max.	At over 5 years
Convertible debt obligations	29,692,069	148,442	29,543,627	
Interest-free loan	500,000	500,000		
OSEO repayable advance - 2009	187,803	85,361	102,442	
Total liabilities	**30,379,872**	**733,803**	**29,646,069**	

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 relation to the convertible bonds, in the event that their terms are breached (for example, where the Company fails to pay interest or principal), or in the event of cross-default or a change of control of the Company, the holders of these bonds may require all the convertible bonds to be redeemed early. This risk is considered by the Company to be 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 Ltd. This means that the Company is exposed to fluctuations in the euro/US dollar, euro/Canadian dollar and euro/Singapore dollar exchange rates through these subsidiaries.

At this stage in its growth, the Company does not use hedging strategies to protect its activity from fluctuations in exchange rates. It cannot however rule out the possibility that a substantial increase in business 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 liquid assets. Liquid assets include cash and cash equivalents and short-term financial instruments held by the Company (for the most part money market funds and term deposits). At 31 December 2018, these securities were exclusively fixed or determinable income securities 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 during 2019.

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 2018, the Company's financial liabilities were not subject to interest rate risk, given that they comprise an interest-free loan and a repayable fixed-rate advance.

NOTE 25: COMPENSATION ALLOCATED TO MEMBERS OF THE 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.

NOTE 26: EVENTS AFTER THE REPORTING DATE

There have been no material events since the date on which the accounts were closed.

20.2.2. Table of results for the past five financial years

NATURE OF INDICATIONS / in euros	2014	2015	2016	2017	2018
1. CAPITAL AT YEAR-END					
a. Share capital	183,866	202,420	202,888	226,415	262,379
b. Number of ordinary shares in existence	18,386,567	20,241,974	20,288,764	22,641,483	26,237,907
c. Number of preference shares (without voting right) in existence					
2. OPERATIONS AND RESULTS FOR THE YEAR					
a. Sales revenue excl. tax	17,359,620	17,893,887	25,110,446	30,880,207	28,506,214
b. Depreciation and amortisation and provisions	7,017,180	5,731,061	7,673,230	2,251,787	7,311,361
c. Tax on income	- 1,093,988	- 1,228,979	- 1,210,443	- 1,154,991	- 1,260,893
d. Employee profit sharing due in respect of the year					
e. Profit/(loss) after tax, profit sharing, depreciation and amortisation, and provisions	- 10,400,189	- 9,583,484	- 10,257,372	- 5,380,021	- 14,766,136
f. Distributed result					
3. EARNINGS PER SHARE					
a. Profit/(loss) after tax and employee profit sharing but before depreciation and amortisation and provisions	- 0.18	- 0.19	0.13	- 0.14	- 0.28
b. Profit/(loss) after tax, depreciation and amortisation and provisions	- 0.57	- 0.47	0.51	- 0.24	- 0.56
c. Dividend allocated to each share					
4. PERSONNEL					
a. Average headcount during the year	73	81	81	83	94
b. Total payroll for the year	4,804,093	4,987,672	5,901,358	6,687,509	6,815,281
c. Total sums paid by way of social benefits in the year (Social Security, social funds, etc.)	2,645,441	2,474,417	2,702,519	2,892,433	2,959,880

20.2.3. Objective and exhaustive analysis of business performance, results and financial position, in particular of the Company's debt position in regards 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 five foreign subsidiaries of the Group is limited to selling EOS systems in their markets and since the business of OneFit Medical in 2018 remains insignificant at the Group level (2.1% of consolidated revenues).

Please refer to chapter 9 of his Registration Document.

The liabilities recognised at 31 December 2018, together with the comparable figures for 2017, are as follows (in euros):

Liabilities	2018	2017
Convertible debt obligations	29,692,069	13,406,092
Liabilities on fixed assets and related accounts		
Miscellaneous borrowings and financial liabilities	525,652	1,150,652
Supplier payables and trade notes	7,629,028	8,228,838
Tax and social security	3,085,282	3,111,263
Other liabilities (1)	3,359,920	1,284,033
Unearned income	1,518,841	1,199,663
TOTAL	**45,810,792**	**28,380,541**

(1) Other liabilities at 31 December 2018 include the amount of the receivables assigned to a factor for a total amount of €1,371,000.

Disputes

Two disputes with employees were identified and ongoing at 31 December 2018. Provisions have been recognised in accordance with IAS 37. The amounts recognised in provisions for risks and charges are the best estimate of the expenditure required to settle the obligation, where necessary discounted to present value at reporting date.

The company was not aware of any other dispute at 31 December 2018.

Company's results

The financial statements of the Company are summarised in the following table:

Results for 2018 with the comparative figures for 2017 were as follows:

	2018	2017
Revenues amounted to:	€28,506,214	€30,880,207
Total operating revenues amounted to:	€31,717,886	€33,348,822
Total operating expenses amounted to:	€37,096,344	€37,641,489
Giving an operating loss of:	€(5,378,458)	€(4,292,667)
Total financial income amounted to:	€13,312,245	€7,327,380
Total financial expenses amounted to:	€23,620,862	€9,577,098
Giving a net financial income of:	€(10,308,618)	€(2,249,718)
Result before non-recurring items and tax:	€(15,687,076)	€(6,542,385)
Total non-recurring income amounted to:	€ 34,489	€ 74,738
Total non-recurring charges amounted to:	€ 371,478	€ 73,633
Giving a net non-recurring income of:	€(336,989)	€ 1,105
Employee profit sharing	€ 2,964	€(6,268)
Corporation tax:	€(1,260,893)	€(1,154,991)
Net accounting loss:	€(14,766,136)	€(5,380,021)

Equity at 31 December 2018 stood at €7,075,596.

In accordance with 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 €24,288 in non-tax-deductible expenses.

20.2.4. Information on supplier payment and customer settlement terms

Pursuant to Article D. 441-4 of the French Commercial Code, the Company hereby presents the breakdown at 31 December 2018 of outstanding trade payables and receivables:

(in thousands of euros)	**Invoices received not settled by financial year-end *(2)***						**Invoices issued not settled by financial year-end *(1)***					
		past due date						**past due date**				
Overdue by	**Not Yet Due**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 day and more)**	**Not Yet Due**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 day and more)**
Number of invoices concerned	387	248	70	19	157	494	18	0	0	10	49	59
Total amount of invoices concerned (excl. tax)	2,016	1,766	851	50	-345	2,324	7,388	-	-	4,375	16,127	20,502
Percentage of the total amount of purchases in the financial year (excl. tax)	7%	6%	3%	0%	-1%	8%						
Percentage of the total amount of sales in the financial year (excl. tax)							21%	0%	0%	12%	46%	58%
Payment terms used to calculate days overdue	Contractual terms: Legal terms: X						Contractual terms: X Legal terms:					

(1) The amount of the invoices concerned relates to sales of equipment. Payment terms of invoices relating to other services, which represent 10% 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 ANNUAL HISTORICAL FINANCIAL INFORMATION

20.3.1. Statutory Auditors' report on the consolidated financial statements prepared under IFRS for the financial year ended 31 December 2018

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Statutory Auditors' Report on the consolidated financial statements

Financial year ended 31 December 2018

To the General Meeting of Shareholders of EOS Imaging,

Opinion

In performance of the assignment entrusted to us by your General Meeting, we have audited the consolidated financial statements of EOS Imaging for the financial year ended 31 December 2018, as attached to this report.

We hereby certify that the consolidated financial statements are, as regards IFRS, 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.

The responsibilities incumbent upon us by virtue of these standards are indicated 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 2018 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.

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, 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.

Continuity of the business

Risk identified

At 31 December 2018 the Group had €19.8 million in cash and had used €8.7 million in operating activities and €4.1 million in investing activities during the 2018 financial year.

Particular attention was given to the going concern assumption on which the management based its preparation of the consolidated financial statements, as mentioned in Note 4.12. "Continuity of the business" to the consolidated financial statements.

We considered the continuity of the business as a key audit point in view of the significant estimates necessary to identify forecast revenues, cash requirements to be covered and the construction of the cash forecast by the group's management. Besides, if the going concern assumption were to be called into question, the consequences for drawing up the consolidated financial statements would be significant.

Our response

Our work consisted in a critical examination of the assumptions used to construct the cash forecasts. In particular:

- we obtained and took note of the cash forecast established by the group until December 2020;
- we assessed its consistency with the forecast figures from the budget for 2019 drawn up under the supervision of general management and approved by the Board of Directors in its meeting of 16 April 2019;
- we verified the consistency of the assumptions used as regards forecasts of activity with our knowledge of the activity;
- we assessed the quality of the process for establishing the cash forecasts and the budgeting process by comparing the forecasts made in previous financial years with the figures actually achieved;
- and lastly we checked to see that the notes to the consolidated financial statements gave appropriate information.

Procedures for monitoring customer receivables

Risk identified

At 31 December 2018, customer receivables stood at €32,740,000 as detailed in Note 10.1. "Customer receivables and other current assets" 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 challenge to the receivable and hence any impairment provision to be recognised, both case by case and globally. At 31 December 2018, three trade receivables had been impaired, for a total amount of €888,000.

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 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 likelihood of these receivables being called into question;
- 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 any disputes that have given rise to impairment.

Specific verifications

We also carried out, in accordance with professional standards applicable in France, the specific verifications required by the laws and regulations 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 2018, they were in the sixth 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.

Responsibilities of the Statutory Auditor regarding the audit of the consolidated financial statements

Objective and approach of the audit

It is for us to draw up 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 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 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.

Paris-la Défense and Paris, 30 April 2019

The Statutory Auditors

Deloitte & Associés

Fi.Solutions

A member of PKF International

Géraldine Segond

Jean–Marc Petit

20.3.2. Statutory Auditor's report on the financial statements for the year ended 31 December 2018

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EOS Imaging

Société anonyme

10, Rue Mercoeur

75011 Paris

Statutory Auditors' Report on the parent company financial statements

Financial year ended 31 December 2018

To the General Meeting of Shareholders of EOS Imaging,

Opinion

In performance of the assignment entrusted to us by your General Meeting, we have audited the financial statements of EOS Imaging for the financial year ended 31 December 2018, as attached to this report.

We certify that the annual accounts 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 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.

The responsibilities incumbent upon us by virtue of these standards are indicated in the section headed "Responsibilities of the Statutory Auditor in respect of the audit of the 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 2018 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.

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, 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.

The assessments were made in the context of our audit of the 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 financial statements taken in isolation.

Continuity of the business

At 31 December 2018 the Company and its subsidiaries had €19.8 million in cash and had used €8.7 million in operating activities and €4.1 million in investing activities during the 2018 financial year. Particular attention was given to the going concern assumption on which the management based its preparation of the financial statements, as mentioned in Note 3.2. "Continuity of the business" to the financial statements.

We considered the continuity of the business as a key audit point in view of the significant estimates necessary to identify forecast revenues, cash requirements to be covered and the construction of the cash forecast by the Company's management. Besides, if the going

concern assumption were to be called into question, the consequences for drawing up the financial statements would be significant.

Our response

Our work consisted in a critical examination of the assumptions used to construct the cash forecasts. In particular:

- we obtained and took note of the cash forecast established by the company until December 2020;
- we assessed its consistency with the forecast figures from the budget for 2019 drawn up under the supervision of general management and approved by the Board of Directors in its meeting of 16 April 2019;
- we verified the consistency of the assumptions used as regards forecasts of activity with our knowledge of the company's activity;
- we assessed the quality of the process for establishing the cash forecasts and the budgeting process by comparing the forecasts made in previous financial years with the figures actually achieved;
- and lastly we checked to see that the notes to the financial statements gave appropriate information.

Procedures for monitoring customer receivables

Risk identified

At 31 December 2018, net customer receivables stood at €15,642,000. 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 challenge to the receivable and hence any impairment provision to be recognised, both case by case and globally. At 31 December 2018, three trade receivables had been impaired, for a total amount of €848,000.

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 company's accounts 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 any disputes that have given rise to impairment.

Specific verifications

We have also performed, in accordance with the professional standards applicable in France, the specific verification required by the legal and regulatory provisions.

Information given in the management report and in the other documents on the financial position and the financial statements sent to the shareholders

We have no remarks to make on the fairness and consistency between the parent company financial statements and the information provided in the management report of the Board of Directors and in the other documents on the financial position and the parent company financial statements sent to the shareholders.

We confirm the truth and agreement with the financial statements of the information relating to payment terms referred to in Article D.441-4 of the French Commercial Code.

Information relating to corporate governance

We confirm the existence, in the section of the Board of Directors. Management Report dedicated to corporate governance, of the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of 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 to the accuracy and fair presentation of this information.

Other information

In accordance with the law, we have checked that all the information related to the identity of the shareholders or 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 2018, they were in the sixth year of their uninterrupted terms.

Responsibilities of the management and the persons forming the corporate governance regarding the financial statements

The management is responsible for the preparation of the financial statements giving a true and fair view in accordance with French accounting rules and principles and for putting in place such internal controls as it deems necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the 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 parent company financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors regarding the audit of the financial statements

Objective and approach of the audit

It is for us to draw up a report on the financial statements. Our objective is to obtain reasonable assurance that the 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 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 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 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 financial statements and whether they give a true and fair view of the underlying transactions and events;

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 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.

Paris-la Défense and Paris, 30 April 2019

The Statutory Auditors

Deloitte & Associés

Fi.Solutions

A member of PKF International

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.

The Company does not envisage initiating a dividend payment policy in the short term in view of the stage of development of the Group.

20.5. LEGAL AND ARBITRATION PROCEEDINGS

To the Company's knowledge, at the date 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.

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 trends*" of this Registration Document, there have been no significant changes in the financial or commercial position of the Company or Group since the 2018 year-end.

21. ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1. Amount of share capital

At 31 December 2018 the share capital amounted to €262,379.07, divided into 26,237,907 fully paid-up shares of the same class, each with a par value of €0.01.
The Company is not aware of any of its shares having been pledged.

21.1.2. Non-equity securities

None

21.1.3. Treasury stock

By way of reminder, the Company signed a one-year liquidity contract with the Gilbert Dupont brokerage firm, effective from 16 March 2012 and renewable by tacit agreement. This contract complies with the AMAFI (French Financial Markets Association) Code of Ethics approved by the AMF (Financial Markets Authority) decision of 21 March 2011 (announcement 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 241-5 of the General Regulation of the AMF and Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 was successively renewed by the Combined General Meetings of EOS imaging held on 17 June 2014, 17 June 2015, 16 June 2016, 18 May 2018 and 5 June 2019 (sixth resolution).

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 €12.00 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, spin-off 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 programmes, 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.

In the context of the implementation of this sole liquidity contract, the Company has made sure to communicate every six months:

- details of implementation of the liquidity contract;
- the number of purchase and sale transactions carried out;
- the volume exchanged, separately by purchases and sales, in number of shares and in amounts of money.

These reports are available on the Company’s website.

For the 2018 financial year, 661,489 shares were purchased at an annual average price of €4.70 and 650,378 shares were sold at an annual average price of €4.64. 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 2018, 48,484 treasury shares were deducted from consolidated equity in an amount of €412,000. These shares represent 0.18% of the share capital.

21.1.4. Stock subscription options

The history of the awards of stock options by the Company to 31 December 2018 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 meeting of 7 July 2009	Board of Directors meeting of 06/07/2010	Board of Directors meeting of 20/05/2011	Board of Directors meeting of 21/09/2012	Board of Directors meeting 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-Sept-22	22-May-24
Subscription price	€ 1.00	€ 1.00	€ 1.00	€ 4.07	€ 6.14
Terms and conditions of exercise	See (1) hereunder	See (1) hereunder	See (1) hereunder	see (2) below	see (2) below
Number of shares subscribed at 31 December 2018	114,994	94,500	37,125	19,009	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 31/12/2018	375,895	231,625	7,500	253,307	201,875
Number of shares remaining to be subscribed at 31 December 2018	375,895	231,625	7,500	253,307	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 associate 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 at 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 associate 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 at the date of the departure are automatically null and void on the date of the latter in any event.

At the date of this Registration Document and as mentioned in paragraph 9.2.1 / (c) - Share-base Payments, the Board of Directors, in its meeting of 30 January 2019, decided to allocate 1,362,000 stock options to employees of the Company and its subsidiaries, including 500,000 stock options for Mike Lobinsky, CEO of the company since 1 January 2019. The vesting period of each option is described in accordance with the following calendar:

a) CEO's package:
- 100,000 options subject to a specific condition of performance to be achieved in 2020 or 2021;
- 200,000 options upon expiry of a period of 24 months from the date of award;
- 100,000 options upon expiry of a period of 36 months;
- 100,000 options upon expiry of a period of 48 months;

and no later than ten years from the grant date.
The CEO will be obliged to hold in his name until he ceases his functions a minimum number of shares equal to 75% of the shares vested under the Plan.

b) Executive Committee's package:
- 1/3 of the options allocated upon the expiry of a period of 24 months;
- up to 2/3 of the options allocated upon expiry of a period of 36 months;
- The remaining options (up to 3/3) allocated upon expiry of a period of 48 month;

and no later than ten years from the grant date.

c) other employees' package:
- 100% of the options allocated upon expiry of a period of 36 months from the date of allocation, and no later than ten years from the grant date.

d) package for employees retiring during the period:
- 100% of the options allocated upon expiry of a period of 24 months from the date of allocation, and no later than ten years from the grant date.

21.1.5. Allocations of free shares

The history of the awards of free shares by the Company to 31 December 2018 is set out below: Summary								
	AGA Plan 2015	AGA Plan 2015	AGA Plan 2015	AGA Plan 2016	AGA Plan 2016	AGA Plan 2017	AGA Plan 2017 (*)	AGA Plan 2017 (*)
Date of the meeting	16-Oct-15	16-Oct-15	16-Oct-15	15-June-17	15-June-17	15-June-17	15-June-17	15-June-17
Date of the Board of Directors' meeting	08-Dec-15	15-Dec-16	15-Dec-16	07-Sept-17	07-Sept-17	19-Dec-17	05-Feb-18	05-Feb-18
Name of the plan	AGA Plan 2015	AGA Plan 2015	Performance shares	AGA Plan 2016	Performance shares	AGA Plan 2017	AGA Plan 2017	Performance shares
Number of shares awarded, *of which*:	181,500	133,000	280,000	50,000	190,000	208,500	25,000	40,000
Marie Meynadier	*5,000*	*5,000*	*0*	*0*	*0*	*5,000*		
Terms and conditions of acquisition	See (1) hereunder	See (1) hereunder	see (2) below	See (1) hereunder	See (3) hereunder	See (1) hereunder	See (1) hereunder	See (4) hereunder
Number of shares acquired at 31 December 2018	146,000	107,500	16,000	0	0	0	0	0
Cumulative number of shares that were cancelled or became null and void	35,500	25,500	264,000	0	0	27,000	5,000	0
Number of shares in the process of being acquired at 31/12/2018	0	0	0	50,000	190,000	181,500	20,000	40,000

(*) this information is in line with the special report of the Board of Directors on free allocations of shares, published on 15 May 2019 on the Company's website. It had been omitted from the Annual Financial Report and is therefore the subject of an amendment in this Registration Document.

(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:
- at least equal to €8, 100% of the shares awarded by the Board of Directors will vest on the expiry of the vesting period,
- less than €4, no shares will vest on expiry of the vesting period,
- between €4 and €8, the number of shares awarded that will vest on expiry of the vesting period will be calculated on a straight-line basis between 0% and 100%.

(3) The performance shares shall vest at the end of a two-year vesting period, if the average weighted share price for the 20 trading sessions preceding the vesting date is:

- at least equal to €9, 100% of the shares awarded by the Board of Directors will vest on the expiry of the vesting period,
- less than €5, no shares will vest on expiry of the vesting period,
- between €5 and €9, the number of shares awarded that will vest on expiry of the vesting period will be calculated on a straight-line basis between 0% and 100%.

(4) 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:

- at least equal to €9, 100% of the shares awarded by the Board of Directors will vest on the expiry of the vesting period,
- less than €5, no shares will vest on expiry of the vesting period,
- between €5 and €9, in proportion to a share price at 7 September 2019 based on the average of the last 20 stock exchange sessions preceding 31 December 2019.

There is an obligatory holding period until 31 December 2021.

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 to 31 December 2018 is set out below: Below is a summary table of warrants allocated		
General Meeting date	16-Jan-12	16-Oct-15
Date of the Board of Directors' meeting	31-Dec-12	25-Jan-16
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*
Expiry date	30-Dec-22	26-Jan-26
Exercise price	€ 4.24	€ 3.42
Subscription price	€ 0.21	€ 0.17
Terms and conditions of exercise	See (1) hereunder	see (2) below
Number of shares subscribed at 31 December 2018	0	0
Cumulative number of share warrants that were cancelled or became null and void	0	0
Number of shares remaining to be subscribed at 31 December 2018	40,000	190,000

(1) The terms governing the exercise of the share subscription warrants (BSA) 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 subscription warrants (BSA) 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, up to an 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 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.

21.1.7. Summary of dilutive instruments

At 31 December 2018 the total number of ordinary 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 1,901,702, 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):	756,214
Acquisition of free shares:	251,500
Acquisition of performance shares:	230,000
OBSA IPF	120,000
Exercise of BSAs (warrants) awarded to corporate officers:	230,000
Total	**1,901,702**

These 1,901,702 new shares represent a maximum potential dilution of 7.25 % of the capital existing at 31 December 2018. The dilution of voting rights also comes to 7.25 %.

21.1.8. Option or conditional or unconditional agreement to grant an option on the capital of any Group member

None

21.1.9. Status of the authorisations granted by the Company's General Meetings of Shareholders

The table below summarises the authorisations granted by the Combined General Meetings of 15 June 2017, 18 May 2018, 20 December 2018 and 5 June 2019, valid at 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
Delegation of power to decide on a 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 5 June 2019 (18th Resolution) 26 months, i.e. until 4 August 2021	€26,237	None
Delegation of power to decide to issue share subscription warrants with cancellation of preferential subscription rights (Article L. 225-138-1 of the French Commercial Code).	AGM of 15 June 2017 (23rd Resolution) 18 months, i.e. until 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 15 June 2017 (24th Resolution) 38 months, i.e. until 14 August 2020	€10,000 1,000,000 shares	513,500 free shares were allocated
Delegation of power to decide to issue, without preferential subscription, ordinary shares and/or transferable securities giving access to shares to be issued immediately or at term by the Company, by way of public offering (Articles L. 225-129ff., L. 225-135ff. and L228-91ff.)	AGM of 18 May 2018 (17th Resolution) 26 months, i.e. until 17 July 2020	€67,500 and subject to an overall cap of €77,913	None Overall upper limit of €77,913 reached

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Delegation of power to decide to issue, without preferential subscription, ordinary shares and/or transferable securities giving access to shares to be issued immediately or at term by the Company, by way of deferred offering as referred to in section II of Articles L.411-2 of the French Monetary and Financial Code.	AGM of 18 May 2018 (18th Resolution) 26 months, i.e. until 17 July 2020	€44,900 and subject to an overall cap of €77,913	Issue of 4,344,651 OCEANE bonds on 24 May 2018, convertible into and/or exchangeable for a maximum of 4,344,651 shares, equivalent to a capital increase of €43,446.51
Authorisation in case of issue of shares and/or transferable securities giving access to ordinary shares to be issued immediately or at term by the Company, without preferential subscription, to set the issue price within a limit of 10% of the share capital and within the limits set by the General Meeting of Shareholders (Article L225-136-1 of the French Commercial Code)	AGM of 18 May 2018 (19th Resolution) 26 months, i.e. until 17 July 2020		None
Delegation of power to carry out capital increases by issuing ordinary shares or other transferable securities giving access immediately or at term to the capital of the Company, cancelling the preferential shareholder subscription rights of categories of persons of certain characteristics (*) (Articles L.225-129 to L.225-129-6, L.225-135, L.225-138 and L.228-91 of the French Commercial Code)	AGM of 18 May 2018 (20th Resolution) 18 months, i.e. until 17 November 2019	€77,913 and subject to an overall cap of €77,913	€34,466.49 11 December 2018

(*) categories of persons with certain characteristics:

(i) companies, institutions or entities irrespective of their legal form, whether French or foreign, carrying on a significant part of their activities in the healthcare and/or medical equipment and devices sector and/or in the pharmaceutical and/or biotechnology sector, and/or

(ii) natural or legal persons (including companies), trusts or investment funds (including, without limitation, any FCPI, FPCI, FCPR or FIP), or other investment vehicles irrespective of their legal form, whether under French or foreign law, habitually investing in the healthcare and/or medical equipment and devices sector and/or in the pharmaceutical and/or biotechnology sector, and/or

(iii) French or foreign investment service providers, or any foreign institution with an equivalent status likely to be able to ensure the carryi8ng out of an issue intended to be placed with persons referred to in (i) and/or (ii) above and, in such case to subscribe the shares issued.

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Delegation of power to issue ordinary shares and transferable securities giving access to the capital of the Company in the event of a public offering including an exchange component initiated by the Company, cancelling the preferential subscription right (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 18 May 2018 (21th Resolution) 26 months, i.e. until 17 July 2020	€44,522 and subject to an overall cap of €77,913	None
Delegation of power to decide to issue, without preferential subscription rights, shares and/or transferable securities giving access to shares to be issued immediately or at term by the Company in return for contributions in kind in the form of shares of transferable securities giving access to the capital of third party companies, other than as part of a public offer to exchange (Articles L.225-129 to L.225-129-6, L.225-147 and L.228-91 of the French Commercial Code)	AGM of 5 June 2019 (22th Resolution) 26 months, i.e. until 4 August 2021	€26,237 and 10% of the capital and subject to an overall cap of €91,832	None
Delegation of power to issue, maintaining preferential subscription rights, shares and/or transferable securities giving access to shares to be issued immediately or at term by the Company as referred to in Articles L. 225-129 to L. 225-129-6 and L228-91ff. Of the French Commercial Code	AGM of 5 June 2019 (19th Resolution) 26 months, i.e. until 4 August 2021	€78,713 and subject to an overall cap of €91,832	None

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Delegation of power to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription rights as referred to in Articles L.225-135ff. of the French Commercial Code	AGM of 5 June 2019 (20th Resolution) 26 months, i.e. until 4 August 2021		None
Authorisation to grant options to subscribe and/or purchase shares in the Company to corporate officers and employees of the Company or companies in its group, with shareholders waiving their preferential subscription rights to the shares issued by virtue of the exercise of subscription options (Articles L.225-177ff. of the French Commercial Code)	GM of 20 December 2018 (4th Resolution) 38 months, i.e. until 19 February 2022	8.5% of the capital at 20 December 2018	None during the 2018 financial year Use at the date of this report: 1,362,000 stock options were allocated by the Board of Directors on 30 January 2019

Purpose of the authorisation	Date and duration of the authorisation	Maximum nominal amount of the capital increase	Amount used
Buyback by the Company of its own shares (articles L.225-209 et seq of the French Commercial Code)	AGM of 5 June 2019 (16th Resolution) 18 months, i.e. up to 4 December 2020	10% of the capital	Yes At 31 December 2018, the Company held 48,484 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 5 June 2019 (17th Resolution) 18 months, i.e. up to 4 December 2020	10% of the capital per 24-month period	None

21.1.10. Share Capital History

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

Date	Transaction	Nominal	PE	Shares created	Capital	Issue premium	Total	Number of shares forming the capital
Total at 31 December 2017					**226,415**	**79,144,865**		**22,641,483**
05/03/2018	Capital increase following the exercise of options				68	17,069		6,775
04/04/2018	Capital increase following the exercise of options				135	45,600		13,500
28/05/2018	Allocation of loss carry-forward to issue premium					(72,495,182)		
04/06/2018	Capital increase following the exercise of options				60	5,940		6,000
10/12/2018	Capital increase				34,466	14,841,740		3,446,649
15/12/2018	Capital increase following the allocation of bonus shares				1,075	(1,075)		107,500
18/12/2018	Capital increase following the exercise of options				160	(160)		16,000
Total at 31 December 2018					**262,379**	**21,558,796**		**26,237,907**

Capital increases result from the following transactions:

- The exercise of 42,275 options, leading to the issue of 42,275 new shares;
- Issue of 3,446,649 shares in December 2018 carried out as part of the capital increase with Fosun;
- Creation of 107,500 new ordinary shares each with a nominal value of one euro cent, allocated free of charge to certain employees.

During the first half of 2019, movements in the share capital were brought about by the following transactions:

- The exercise of 77,788 options, giving rise to the issue of 77,788 new shares.

At the date of this Registration Document, the share capital amounted to €263,156.95. It was divided into 26,315,695 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

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 AND ARTICLES OF ASSOCIATION

21.2.1. Corporate object

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 object or that might facilitate the expansion or development thereof.

21.2.2. Statutory or other provisions relating to members of the board and management

Board of Directors

A. Composition of the Board of Directors (Article 11 of the Articles of Association)

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 Articles of Association)

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 (college). 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 Articles of Association)

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 Articles of Association)

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 Articles of Association 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 Articles of Association)

The general management of the Company is assumed, under his/her responsibility, either by the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer (CEO).

The CEO is invested with the broadest powers to act in all circumstances on behalf of the Company. The CEO exercises his or her powers within the limits of the corporate object and subject to the powers expressly reserved by law to the General Meeting of Shareholders 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 object, unless it proves that

the third party knew that the act was *ultra vires* or could not have been unaware of it in view of the circumstances; the mere publication of the Articles of Association 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 will 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 revoke his mandate at any time. If such revocation is decided without just cause, it may give rise to damages, except when the CEO assumes the functions 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, 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 Articles of Association)

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 Articles of Association)

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 chapter 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 Articles of Association)

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 Articles of Association 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 paragraph 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 Articles of Association 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 Articles of Association)

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 by 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 Articles of Association)

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 Articles of Association 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 Articles of Association)

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 stipulations governing changes in the share capital

There are no special stipulations in the Company's Articles of Association that govern changes in its share capital.

22. SIGNIFICANT AGREEMENTS

With the exception of the agreements described below, the Group has not concluded significant agreements other than those concluded in the normal course of its business.

22.1. Subcontracting and partnership agreement between AXE Group and EOS imaging SA dated 21 February 2012

On 21 February 2012, the Company signed an agreement with the AXE Group concerning the manufacturing and study 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.

Without prejudice to the application of the ordinary law, this contract may be terminated *ipso jure*:

- by either Party in the event of the other Party's failing to fulfil its obligations under this contract after eight (8) days shall have elapsed from the serving of a formal notice of default sent by the non-defaulting Party by registered letter with acknowledgement of receipt to the other Party where such notice of default has not proven effective;
- by EOS imaging subject to three (3) months prior notice in the event of a change of control in the meaning of Article L.233-3 of the French Commercial Code;
- by EOS imaging subject to three months prior notice if EOS imaging decides to cease selling the products.

22.2. Licence 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 plan 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 licence is granted to EOS in consideration of 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, the licence becoming free of charge from 1 January 2025 until the extinction of the intellectual property rights to the technology (20 years for each patent taken into account in this technology). Upon expiry, the Parties undertake to negotiate a new licence in good faith, on similar terms, *ceteris paribus*.
ETS may, in particular, terminate the licence 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 licence. ETS grants no warranty of any kind whatsoever for the technology for which the licence 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 licence is granted to it.
EOS imaging may freely transfer its rights and obligations under the licence 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. Licence 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 licence agreement dated 28 July 2011 applicable retroactively beginning on 1 January 2006, ARTS granted to the Company a worldwide licence 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 plan X-ray views. This licence is exclusive for the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray plan images. EOS is authorised to grant sub-licences for the technology for which the licence is granted, for a term that does not exceed that of the licence.

This licence is granted to EOS in consideration of the payment of royalties.

This agreement is concluded for a term that runs, unless terminated early, until 31 December 2024. Upon expiry the Parties undertake to negotiate a new Agreement in good faith.

ARTS grants no warranty of any kind whatsoever for the technology for which the licence 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 licence 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 licence 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

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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 consulted 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 historical financial information and 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 of 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
Parent company financial statements (French standards)	section 20.2
Management Report	section 6.7 sections 9.1 and 9.2 See also Board of Directors' Management Report concordance table, section 26.2
Declaration of the person responsible for the document	Chapter 1
Statutory Auditors' Report on the consolidated financial statements	Section 20.3.1.
Statutory Auditors' Report on the parent company financial statements	Section 20.3.2.

26.2. Table cross-referencing the Board of Directors' Management Report and the report on corporate governance

26.2.1. Management Report

The 2018 Management Report presenting the information listed below is included in this Registration Document. It was approved by EOS imaging's Board of Directors on 16 April 2019.

Required information pursuant to the French Commercial Code, the Financial and Monetary Code, the General Tax Code and the AMF General Regulation	**Registration Document**
Financial information	
Exposé of the situation of the Company and of the Group during the financial year last ended (L. 232-1 II of the French Commercial Code	Chapter 9 Section 6.7
Foreseeable development of the situation of the Company and of the Group (L.232 -1 II of the French Commercial Code)	Section 12.2
Material events after the reporting date (Articles L. 232-1 II of the French Commercial Code)	section 5.1.6 Section 12.1
Research and development activities (L. 232-1 II of the French Commercial Code)	Section 6.4.4. Chapter 11
Activity and Results of subsidiaries and controlled companies by business line (L. 233-6 al.2 of the French Commercial Code)	Section 7.2
Objective and exhaustive analysis of the Company's business trends, results and financial position during the financial year last ended (L. 225-100-1 of the French Commercial Code)	Section 20.2.3
Analysis of the Group's business trends, results and financial position during the financial year last ended (L. 225-100-1 of the French Commercial Code)	Sections 9.1 and 9.2
Financial and, if applicable, non-financial KPIs (L. 225-100 -1 of the French Commercial Code)	Chapter 3
Description of main risks and uncertainties (Article L. 225-100-1 of the French Commercial Code)	Chapter 4 Section 10.6
Indication of the use of financial instruments (L. 225-100 -1 of the French Commercial Code)	Section 20.1, Note 25
Main characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information (L. 225-100 -1 of the French Commercial Code)	section 4.8.2.

Mention of branches (L. 232-1 II of the French Commercial Code)	section 7.2
Changes in the presentation of the annual financial statements (Article L. 232-6 of the French Commercial Code)	Section 20.1
Legal information	
Adjustments in the case of issue of transferable securities giving access to the capital (L.228-99 of the French Commercial Code)	N/A
Disposals of shares (cross-shareholdings) (R.233-19 al.2 of the French Commercial Code)	N/A
Allocations of free shares (L.225-197-1 II al.4 of the French Commercial Code)	Section 21.1.5
Allocations of stock options (L.225-185 al.4 of the French Commercial Code)	Section 21.1.4
Treasury stock (Article L. 233-13 of the French Commercial Code)	Section 18.1 Section 21.1.3
Opinion of the works committee on changes to the business or legal organisation (L. 225-105 of the French Commercial Code)	N/A
Non-tax-deductible expenses and costs (223 quater of the General Tax Code)	Section 20.2.3
Identity of shareholders holding more than 5% of the capital (L. 233-13 of the French Commercial Code)	Section 18.1
Dividends distributed in respect of the past three financial years (243 bis of the General Tax Code)	Section 20.4
Information on the sale and purchase of treasury shares (Article L. 225-211 of the French Commercial Code)	Section 21.1.3
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
Employee shareholding on the last day of the financial year (Article L. 225-102 of the French Commercial Code)	Section 17.3
Anti-competitive practices (L.464-2 al.5 of the French Commercial Code)	N/A
Taking of stakes or controlling interests in Companies based in France (L. 233-6 of the French Commercial Code)	sections 5.2.1
Table of Company results over the past five financial years (Article R. 225-102 of the French Commercial Code)	Section 20.2.2
Information on customer and supplier payment terms (L. 441-6-1 section 1 of the French Commercial Code)	Section 20.2.4
Amount of inter-company loans (L511-6 3 bis of the French Monetary and Financial Code)	N/A

26.2.2. Report on corporate 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 (L. 225-37-4 of the French Commercial Code)	section 14.1.1.
Agreements concluded, directly or through an intermediary (i) between a corporate officer or a shareholder holding more than 10% of the voting rights and (ii) a Company whose capital is more than 50% held, directly or indirectly (L. 225-37-4 of the French Commercial Code)	Chapter 19
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 (L. 225-4 of the French Commercial Code)	Section 21.1.9.
Procedures and methods for exercising general management (L. 225-37-4 4° of the French Commercial Code)	Section 16.4. section 21.2.2.
Total compensation and benefits in kind paid to each corporate officer (Article L. 225-37-3 of the French Commercial Code)	Chapter 15
Commitments of any kind made by the Company to its corporate officers (L.225-37-3 of the French Commercial Code)	Section 15.1.10
Managers' compensation policy: principles and criteria for determination / distribution / allocation of the fixed, variable and exceptional components of total compensation and benefits of all kinds of executive corporate officers by reason of their office	Sections 15.1 and 15.2
Presentation of draft resolution for ex ante voting on policy for executives' compensation	
Composition of the Board and conditions for preparing and organising the Board's work (L.225-37-4 5 of the French Commercial Code) and policy of diversity (L.225-37-4 6 of the French Commercial Code)	Chapter 14 Section 16.4 Section 4.8
Any limits imposed by the Board of Directors on the powers of the CEO (L.225-37-4 7 of the French Commercial Code)	Section 4.8.1 (e)
Procedures for shareholders' participation in General Meetings of Shareholders (L.225-37-4 9 of the French Commercial Code).	Section 21.2.5.
Information likely to have a material impact in the event of a public offering (Article L. 225-37-5 of the French Commercial Code)	Chapter 15 Chapter 18 Chapter 21
Reference to a Code of Corporate Governance (L.225-37-4 8 of the French Commercial Code)	Section 16.4