

Press release

EOS imaging reports its Full Year 2020 Results and First Quarter 2021 Revenues

Paris, April 20, 2021, 6:00 pm – EOS imaging (Euronext, FR0011191766 - EOSI - Eligible PEA - PME), a leader in 2D/3D orthopedic medical imaging and software solutions for 3D anatomical modeling and surgical planning, today announces its consolidated annual results for the year to December 31, 2020 as approved by the Board of Directors on April 20, 2021. Unaudited revenues for the first quarter of 2021 also released.

- **A year marked by the successful commercialization of EOSedge and the 400th global install of EOS imaging system**
 - Total revenues of €23.8 million (+19%) generated in 2020 vs. 2019 which had been impacted more strongly by the business model transition
 - Commercial performance¹ penalized by the Covid-19 pandemic at €31.2 million (-12%) vs. 2019
 - Successful first full year of commercialization of EOSedge™ which accounted for 85% of 2020 orders in countries where it is cleared to market
 - Milestones reached in December 2020: 400th installation worldwide and 150th installation in North America
 - Strong reduction in operating loss to -€9.6 million, an improvement of 43% compared to 2019
 - Cash position improved at €9.7 million as of December 31 2020 vs. €8.2 million at December 31, 2019
- **Good sales momentum in Q1 2021 despite the pandemic context**
 - Total revenues of €5.6 million, up +48% compared to Q1 2020
 - Commercial performance¹ at €7.9 million up +31% compared to Q1 2020
 - Cash position at €8.2 million as of end of March 2021, vs. €7.2 million as of end of March 2020
- **Obtaining a State-guaranteed loan (PGE) of €4.3m in April 2021**
- **Opening on April 1st, 2021 of the tender offer following the agreement between Alphatec Holdings (ATEC) and EOS imaging on December 16, 2020² to acquire EOS imaging**

Mike Lobinsky, CEO of EOS imaging, comments: " While the COVID-19 pandemic impacted our business over the course of the year I was pleased to see the rebound in orders in the second half of 2020, which has carried into Q1 2021. I want to thank the EOS leadership team for wisely managing our spend to offset the pandemic impact, contributing to the reduction in our annual operating loss. This along with the favorable impact in our working capital requirements strengthened our cash position compared to prior year. Finally, we closed the year with a new agreement with Alphatec Holdings to acquire EOS imaging. I am convinced that the combination of our two complementary organizations and product portfolios promises to bring many benefits to our companies, customers and patients".

¹ Commercial performance: An indicator comparable to the commercial model of past years and corresponding to the sum of recurring revenues and equipment orders generated over a period

² See the press release published on December 17, 2020 and the information on the public offering available on www.eos-imaging-finance.com

FY 2020 FINANCIAL RESULTS

- **FY 2020 annual revenues of €23.8 million, +19% compared to FY 2019**

EOS imaging posted FY 2020 revenues of €23.8 million, including:

- **€10.9 million in equipment revenues**, from the billing of 23 systems, vs. €8.5 million in 2019 from the billing of 24 systems;
- **€12.9 million of recurring revenues**, +11% growth over prior year, supported by an increase in maintenance revenues due to the growth of the install base.

During the past year, EOS imaging booked 40 equipment orders, representing **a total equipment order value of €18.3 million** compared to 56 equipment orders in 2019. Uncertainties related to Covid-19 impacted orders in the first half of 2020, as many customer investment decisions were postponed.

2020 orders were notably driven by the successful launch of EOSedge in December 2019, which accounted for 20 of the 40 systems ordered worldwide. More specifically, the innovative new platform accounted for 85% of orders in the countries where it is marketed.

The Commercial performance¹ thus came to **€31.2 million** compared with €35.7 million in 2019, a decrease of -12%. This is the result of the drop in orders received in 2020 (-24%) linked to the COVID-19 context, partially offset by the increase in recurring revenues (+11%).

The install base grew to 402 systems as of December 31, 2020, representing annual growth of +12% compared to December 31, 2019.

As of December 31, 2020, the **order book** amounted to **€17.4 million³**.

The Company recorded **€2.2 million in Other Income**. EOS imaging continued its investments in research and development, allowing it to benefit from public incentives and research tax credits for an amount of €1.0 M (vs. €1.9 M in 2019). At the same time, the Company benefited from financial support related to the Covid-19 pandemic for €1.2M.

- **Gross margin improved to €12.6 million**

Gross margin amounted to €12.6m vs. €9.1m in 2019. The unaudited margin rate, excluding exceptional items⁴, rose to 54.3% of sales, compared with 49.8% in 2019. The margin rate benefited mainly from the reduction in the consumption of spare parts due to lower maintenance activity in the pandemic context, and a decrease in staff.

- **Lower operating expenses and reduction in operating loss 2020**

Operating expenses totaled €24.4 million in 2020, down 13% compared to 2019. This cut results mainly from the sharp decrease in Sales & Marketing expenses (-34%), following in particular the cancellation of trade shows and the reduction in travel expenses due to the pandemic context and its restrictions. The main expenses related to the ATEC Offer are not taken into account as of December 31, 2020 (fees, specific bonuses, etc.).

The increase in revenues combined with lower operating expenses resulted in a reduced 2020 **operating loss** of -€9.6 million (-43%), compared with -€16.7 million in 2019.

³ The order backlog provides visibility on the sales that will be realized over the next quarters. The order backlog as of 12/31/2020 comes from: the order backlog as of 12/31/2019 (€14.4m) + orders booked in 2020 (€18.3m) - sales realized on 2020 deliveries (€15.2m).

⁴ Provision on sales, provision for installation costs on equipment sold in previous years, and provision for inventory depreciation.

The **financial results** were -€1.6 million as of December 31, 2020, compared with -€1.7 million in 2019.

All in all, the **net loss** was -€11.2 million in 2020, versus -€18.4 million in 2019 (-39%).

▪ **Cash position as of December 31, 2020: €9.7 million**

EOS imaging continued to reduce its working capital requirements in line with the transition of its commercial cycle. The reduction amounted to €13.2 million in 2020. In particular, trade receivables, which amounted to €17.7 million at the end of 2019, was reduced to €9.8 million at the end of 2020.

In addition, the Company was able to control its expenses and investments over the past year while managing through the pandemic.

As a result, EOS imaging's cash position amounted to €9.7 million as of December 31, 2020, compared to €8.2 million as of December 31, 2019, i.e., a cash increase of €1.5 million YOY.

Q1 2020 Trends

- In the first quarter of 2021, EOS imaging booked 11 orders for a total of €4.7 million, compared to 6 orders in Q1 2020, for an amount of €3.0 million.
- Q1 2021 revenues amounted to €5.6 million including currency effects⁵(+48%), of which:
 - €2.3 million in equipment sales following the delivery of 4 systems vs. 2 systems in Q1 2020 for revenues of €0.7M. Covid-19 restrictions are still causing some delivery delays.
 - €3.3 million in recurring revenues, up +7%, thanks to the growth in maintenance revenues (+13%), which benefit from the constant increase in the install base.
- Commercial performance amounted to €7.9 million, up 31% compared to Q1 2020.
- The order book grew by €2.3 million during the first quarter to reach €19.7 million as of March 31, 2021, compared to €17.4 million as of December 31, 2020.
- As of March 31, 2021, EOS imaging's cash position amounted to €8.2 million vs. €7.2 million as of March 31, 2020.

▪ **Q1 2021 orders and revenues by product line**

Equipment orders <i>Unaudited / including forex impact^{5,6} / € million</i> <i>As of March 31</i>	Q1 2021	Q1 2020
Equipment orders received (over the period)	4.66	3.00
Equipment order book (end of period)	19.71	16.73

Revenues <i>Unaudited / including forex impact^{5,6} / € million</i> <i>As of March 31</i>	Q1 2021	Q1 2020
Equipment	2.34	0.72
Maintenance	3.08	2.72
Consumables and associated services	0.18	0.33
Total quarterly revenues	5.59	3.77

▪ **Q1 2020 revenues by region**

Revenues <i>Unaudited / including forex impact^{5,6} / € million</i> <i>As of March 31</i>	Q1 2021	Q1 2020
EMEA	2.37	1.72
APAC	0.31	0.63
NAM	2.89	1.40
LATAM	0.02	0.01
Total quarterly revenues	5.59	3.77

Shareholders' Meeting: June, 30 2021 – The Company will publish details at a later date

Next financial press release: revenues for the first-half of 2021, on July, 21 2021

⁵ Forex impact of +€0.26m in Q1 2021

APPENDIX

Consolidated income statement

<i>Consolidated income statement / Unaudited⁶ / € millions</i> <i>As of December 31</i>	FY 2020	FY 2019
Net sales	23.83	20.09
Other income	2.19	2.13
Total Revenues	26.02	22.22
Direct cost of sales	-11.22	-10.96
Gross margin	12.6	9.1
<i>As a % of revenues</i>	<i>52.9%</i>	<i>45.4%</i>
<i>Excluding exceptional items as % of revenues⁴</i>	<i>54.3%</i>	<i>49.8%</i>
Indirect cost of production and services	-4.59	-4.40
Research & Development costs	-5.60	-4.80
Sales & Marketing expenses	-7.39	-11.17
Regulatory expenses	-0.80	-0.91
Administrative costs	-5.97	-5.92
Total operating expenses excluding share-based payments	-24.35	-27.20
Share-based payments	-0.04	-0.74
Total operating expenses excl. Direct cost of sales	-24.39	-27.94
Operating profit/loss	-9.60	-16.69
Financial income/loss	-1.58	-1.74
Tax	0.01	-
Net profit/loss	-11.18	-18.43

Consolidated balance sheet

<i>Consolidated balance Sheet / Unaudited⁶ / € million</i> <i>As of December 31</i>	2020	2019
Goodwill	5.13	5.13
Intangible assets	8.49	8.49
Rights of use	3.67	4.39
Tangible assets	1.54	2.07
Financial assets	0.15	0.20
Total non-current assets	18.98	20.27
Inventories and work in progress	13.38	13.51
Trade receivables	9.82	17.70
Other current assets	3.19	5.22
Cash and cash equivalents	9.72	8.19
Total current assets	36.11	44.61
Total Assets	55.09	64.88

⁶ The audit procedures on the consolidated and annual accounts have been performed, but the audit reports have not yet been issued

Share capital	0.27	0.27
Treasury shares	(0.44)	(0.45)
Share premiums	0.17	6.92
Reserves	11.20	22.78
Translation reserves	0.41	0.99
Consolidated income attributable to the parent	(11.18)	(18.43)
Total equity	0.42	12.08
Provisions	0.68	1.14
Financial liabilities	24.47	24.65
Lease liabilities	3.25	3.91
Total non-current liabilities	28.41	29.70
Financial liabilities	1.55	1.74
Lease liabilities	0.53	0.53
Trade payables	3.43	3.97
Other current liabilities	20.75	16.87
Total current liabilities	26.27	23.10
Total Liabilities	55.09	64.88

Consolidated cash flow

<i>Consolidated cash Flow / Unaudited⁶ / € million As of December 31</i>	2020	2019
Net income	-11.18	-18.43
Restatement of non-cash items	2.76	2.92
Restatement of cash items	-0.18	-0.04
Change in inventories and work in progress	0.14	-4.73
Change in trade receivables	7.11	15.38
Change in other current assets	2.01	-0.95
Change in trade payables	-0.43	-3.13
Change in other current liabilities	4.48	1.43
Change in operating WCR	13.31	8.00
Net cash flow from operating activities	4.70	-7.55
Net cash flow from investment activities	-2.24	-2.75
Net free cash flow	2.46	-10.30
Net cash flow from financing activities	-0.78	-1.26
Impact of exchange rate fluctuations	-0.15	0.03
Cash and cash equivalent at end of period	9.72	8.19

ABOUT EOS imaging

EOS imaging is a global medical device company that designs, develops and markets innovative, low dose 2D/3D full body and weight-bearing imaging, rapid 3D modeling of EOS patient X-ray images, web-based patient-specific surgical planning, and integration of surgical plan into the operating room that collectively bridge the entire spectrum of care from imaging to post-operative assessment capabilities for orthopedic surgery. With a primary focus on hips, knees, and spine, EOS imaging is targeting a \$2 billion annual market opportunity. EOS imaging has over 400 system installations in more than 40 countries generating more than 1 million patient exams annually. EOS imaging has corporate locations in U.S., France, Canada, Germany, and Singapore, and has more than 160 employees. For additional information, please visit www.eos-imaging.com.

EOS imaging is listed on Compartment C of Euronext Paris
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CONTACTS:

EOS imaging

Valérie Worrall
CFO

investors@eos-imaging.com

(+33) 1 55 25 60 60

NewCap

Investor Relations
Thomas Grojean

eos-imaging@newcap.eu

+33 1 44 71 94 94

FP2COM

Press Relations

Florence Portejoie

fportejoie@fp2com.fr

(+33) 6 07 76 82 83