

PRESS RELEASE

EOS imaging Reports H1 2019 Results

Solid Recurring Revenue Growth

*Total Revenue and Net Income Reflecting
The Transition To New Commercial Cycle on EOS® systems*

Paris, September 23, 2019, 17h45 CET – EOS imaging (Euronext, FR0011191766 – EOSI), a leader in 2D/3D orthopedic medical imaging and software solutions for 3D anatomical modeling and surgical planning today announces its consolidated results for the six months ended June 30, 2019, as stated by the Board of Directors on September 23, 2019.

FIRST SEMESTER 2019 HIGHLIGHTS

- €6.0 millions total H1 2019 revenues, of which €5.2 millions of Maintenance and Services, up to +33% vs H1 2018
- €12.8 million EOS® systems orders¹, i.e. -6% vs. H1 2018, driven by +18% growth in North America and +17% in EMEA, partially offset by the decrease in APAC
- Solidified gross margin at 50.5% of sales as of June 30, 2019
- Operating expenses under control
- Company's financials impacted by the temporary gap in equipment revenues caused by the transition into EOS imaging's new commercial cycle implemented in January 2019

Mike Lobinsky, CEO of EOS imaging, commented: *“This semester marks an important milestone for EOS imaging in the strengthening of the fundamentals of the Company, whether it be supply chain management, business performance or product innovation. The evolution of our commercial model has been an important strategic step towards improved delivery process and better cash management. We are confident in having put in place the most efficient organization, allowing to deliver, past the current transition phase, strong performance over the next quarters and beyond. Meanwhile, we continue to develop our portfolio of innovative orthopedic solutions, recently reinforced by the launch of EOSlink, enabling the seamless integration of the EOSapps pre-operative surgical planning software with intra-operative surgical solutions. With the fundamentals of our business set, we look forward to resuming strong invoicing in future semesters.”*

¹ Equipment orders: bipartite sales agreements to purchase an EOS imaging system®

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In order to better meet customer expectations, EOS imaging made a change in its commercial cycle at the beginning of 2019, by organizing the delivery of EOS® systems to the start of the installation phase, and no longer at receipt of the equipment order.

This evolution has created a transition period during which (i) new received orders gradually build an order book², and (ii) sales are gradually recorded according to the pace of delivery of the EOS® systems. As installations usually take place 3 to 12 months after the order, a similar lag is expected on deliveries.

While 2019 revenues are temporarily impacted by the transition phase, this evolution leads to improvements in production and logistics management and contribute to the necessary reduction of working capital.

□ H1 2019 FINANCIAL RESULTS

<i>in millions of euros (unaudited)</i>	H1 2019	H1 2018
Equipments	0.77	13.61
Maintenance Contracts	4.66	3.46
Consumables and services	0.57	0.48
Total Sales	6.00	17.54
Other Incomes	1.01	0.77
Total Income	7.01	18.31
Cost of goods sold	(2.98)	(8.73)
Gross Margin	3.03	8.82
<i>Gross Margin as % of sales</i>	50.5%	50.3%
Operating expenses	(13.11)	(12.38)
Operating Result	(9.07)	(2.79)
Financial Result	(0.90)	(3.05)
Net Result	(9.97)	(5.84)
<i>as of</i>	June 30, 2019	June 30, 2018
Net Cash Position	8.69	8.87

² Equipment Order book: Total value of the equipment orders received not yet delivered and invoiced

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□ SALES REVENUES: €6.0 MILLION

Over the first half of 2019, EOS imaging generated sales revenue of €6.0 million of which:

- € 0.77 million of equipment sales, an amount which is not comparable with H1 2018 base due to the change in commercial cycle over the first semester 2019;
- € 5.23 million of recurring revenues, i.e. +33% growth compared to H1 2018, driven by maintenance revenues of € 4.66 million, fueled by the growing installed base.

Over the period, the Company booked 30 equipment orders for a total value of € 12.82 million, -6% vs. H1 2018, bringing the total Equipment Order Book value to €12.05 million at June 30, 2019.

Q2 2019 demonstrated a positive turnaround in equipment orders, especially in two major markets, North America and EMEA.

Monitoring of equipment orders provide advanced comparability on EOS imaging's commercial performance with prior years:

<i>in million of euros (non-audited)</i>	H1 2019	H1 2018
Equipment	0.77	13.61
Maintenance Contracts	4.66	3.46
Consumables and services	0.57	0,48
Total Sales	6.00	17.54
<i>Variation in equipment order book</i>	<i>12.05</i>	<i>-</i>
Comparable Commercial Performance	18.05	17.54

□ GROSS MARGIN: 50.5% OF SALES

Gross margin for the first half of 2019 remained stable at a high level, reaching 50.5% of sales over the semester, compared to 50.3% in H1 2018.

□ CONTROLLED OPERATING EXPENSES

Operating expenses for the first half of 2019 totaled €13.11 million. EOS imaging continued to control its operating expenses while appropriately pursuing its investments in Research and Development and commercial activities to fuel growth.

□ OPERATING RESULT

Operating result for the first half of 2019 totaled €(9.07) million.

H1 2019 operating result reflects the temporary gap in revenues caused by the transition into EOS imaging's new commercial cycle. As such, recording of revenues coming from equipment orders placed over H1 2019 will occur into future quarters, when equipments will be delivered for installation.

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□ FINANCIAL RESULT

Financial result for the first half of 2019 totaled €(0.90) million, consisting mainly in the interests of the convertible bonds issued in May 2018.

Financial result improved significantly compared to H1 2018 result, which was affected by the one-off costs linked to the early reimbursement of the Company's venture capital debt (€2.0m).

□ NET RESULT

Net loss for the first half of 2019 was €9.97 million, compared to a net a loss of €5.84 in H1 2018.

□ CASH POSITION

As of June 30, 2019, EOS imaging cash position totaled €8.7 million, compared to €19.7 million as of December 31, 2018.

Over H1 2019, working capital was stable as the expected reduction in receivables generated by the transition to the new commercial cycle was partly offset by inventory growth and seasonal current assets and liability variations.

This temporary inventory build-up is the consequence of the necessary timeframe to adapt the supply chain to the new sales cycle. As of mid-year, the adjustment in production is fully effective, allowing EOS imaging to initiate the gradual reduction in inventory level and benefit of a more flexible supply chain.

The Company's cash position covers its current operational needs for the next 12 months or more, thanks in particular to the expected reduction of working capital.

EOS imaging HY 2019 Financial Report will be available on the company's website on September 23.

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 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 300 system installations in more than 30 countries generating more than 1 million patient exams annually. In FY 2018, the company reported revenue of €35.4 million. EOS imaging has corporate locations in U.S., France, Canada, Germany, and Singapore, and engages more than 175 employees. For additional information, please visit www.eos-imaging.com.

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



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

www.eos-imaging.com



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NEXT PRESS RELEASE ON OCTOBER 10, 2019: Q3 2019 REVENUES

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