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## **Being Innovative has enabled EDAP TMS S.A. to bring to market revolutionary Medical Devices using Extracorporeal Shockwaves to treat Kidney Stones and High Intensity Focused Ultrasound for Prostate Conditions**

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**CEOCFO: *Mr. Embert, would you tell us the focus at EDAP today?***

**Mr. Embert:** We are a company focused on medical devices and our core technology is therapeutic ultrasound. We develop, manufacture and sell medical equipment to hospitals and clinics throughout the world, treating different pathologies by using ultrasound technology, especially in the urology field. Today we have two product lines: one is dedicated to treating kidney stones, which we treat with extracorporeal shockwaves. These are very high-powered ultrasound waves that crush the stones which are then eliminated through natural waste. Our other area of expertise is high intensity focused ultrasound, or HIFU, used to treat conditions of the prostate.

**CEOCFO: *Why does ultrasound work?***

**Mr. Embert:** HIFU is a high intensity ultrasound beam that focuses on an area within the prostate in order to ablate targeted tissue. HIFU is analogous to using a magnifying glass to focus the rays of the sun on a certain point on a leaf, until the temperature rises and burns the leaf. Using the same principle as the magnifying glass, we focus ultrasound waves onto a point inside the prostate, elevating the temperature to 185 degrees Fahrenheit. HIFU burns the cells at the focal point without damaging surrounding tissue.

**CEOCFO: *What happens to the stones?***

**Mr. Embert:** The focusing principle is the same as HIFU but the ultrasound waves are delivered at a very different frequency and power. So instead of raising the temperature, they create pressure inside the stone at the focal point by sending those shockwaves. The stone starts to break down under the impact of those ultrasound waves and the stone particles are small enough so they can be eliminated naturally during urination.

**CEOCFO: *What is it about EDAP equipment that might be different from what other companies are producing?***

**Mr. Embert:** What differentiates us is our ability to innovate. We have been innovating for nearly 40 years through multiple generations of devices and technologies. We are a small NASDAQ-listed company (Symbol: EDAP) with approximately 200 employees worldwide. But we keep innovating and investing in research and development. We also partner with research labs and top-level university hospitals to be able to shorten development cycles, from the lab bench all the way to patient care, while continuing to innovate.

**CEOCFO: *How do you decide what to look at for a potential new innovation?***

**Mr. Embert:** You have to really look at the DNA of the company. Our company was founded originally through a collaboration between a research lab, the French National Institute of Medical Research (INSERM), which is the French

equivalent of the National Institute of Health (NIH) in the US, and some of the biggest university hospitals in France. We are the industrial partner of those entities. For the past 40 years, the three of us have been working together and over the years we have created the first generation of extracorporeal shockwave lithotripsy devices for kidney stone. This is how we came up with high intensity focused ultrasound for prostate tissue ablation. Through the same partnership with the research lab and university hospitals we are currently developing other applications for therapeutic ultrasound in pathologies such as endometriosis, and liver and pancreatic cancers.

**CEOCFO: *Is ultrasound becoming more accepted in the medical community?***

**Mr. Embert:** There are different manufacturers using ultrasound and it has been used widely in diagnostic imaging for reproductive health conditions and other diagnoses. It is becoming more and more popular for therapeutic applications. Large companies like General Electric or Philips produce therapeutic ultrasound systems for different clinical applications to treat uterine fibroid and various neurological conditions. This is a very dynamic field with a lot of research and a lot of new applications that should be released in the future.

**CEOCFO: *What parts of the world are using your products?***

**Mr. Embert:** All over the world. For the shockwave treatment for kidney stones business, which was our original application, there are at least 700 EDAP devices around the world. I do not know of any country where we have not sold an ESWL machine. We have our worldwide headquarters in France and eight EDAP subsidiaries or offices throughout the world: Japan, Korea, Malaysia, Germany, Italy, Russia, Dubai and of course the US. In the rest of the world, we have an extensive network of distributors and partners that distribute our products all over the world, from South America to Southeast Asia and Africa.

**“What differentiates us is our ability to innovate. We have been innovating for nearly 40 years through multiple generations of devices and technologies.”- Hugo Embert**

**CEOCFO: *What is required in terms of maintenance and training on the use of the machines?***

**Mr. Embert:** The training is a key component. We offer full support, from installation of the device to staff training. We sell machines, consumables and service. Hospitals sign a service contract to make sure that, as experienced professionals, we run regular preventative maintenance that these kinds of machines require to stay in compliance and in perfect working condition.

**CEOCFO: *How is business these days?***

**Mr. Embert:** We have been growing the past three years. We are listed on the Nasdaq. Our latest figures in 2016 were over 35 million Euros, which is close to US \$40 million worldwide. We've had double-digit growth the past three years. We continue to invest in improving our device and continuing research for a new generation of devices.

**CEOCFO: *How do you reach out to both the medical community and the investment community?***

**Mr. Embert:** For the investment community, we work with an IR firm to communicate on the financial side as well as on the application side to make sure we share the news of where our technology is going. For the urological community, in every country there are many meetings and symposiums we support. In the US, the AUA (American Urological Association) organizes a central meeting every year plus local regional meetings throughout the year. We present our products at those meetings. We also have a network of urologists that are key opinion leaders who are our best advocates to spread the word about how they are using our technology, the great clinical results they are achieving and how it benefits their patients.

**CEOCFO: *What should people remember about EDAP?***

**Mr. Embert:** For us I think innovation is probably the key word. That's what it takes to survive in this business, especially for small and medium companies like ours who are dealing with multi-billion-dollar competitors. The way to differentiate ourselves is always by innovating.