

IMPLANET publishes its 2022 half-year results

- Sharp increase in revenue for the first half of 2022 of +58%, to €4.1 million (vs. H1 2021)
- 52% increase in gross margin in the first half of 2022, to €2.6 million
- Removal of the conditions precedent to the proposed capital increase with preferential subscription rights through the issue of shares with warrants attached (ABSA), guaranteed up to €5 million by Sanyou Medical

Bordeaux, Boston, September 20, 2022 - 6:00 p.m. CEST: IMPLANET (Euronext Growth: ALIMP, FR0013470168, eligible for PEA-PME plans), a medical technology company specializing in vertebral implants, announces its results for the first half of the current fiscal year, ended June 30, 2022, as approved by the Board of Directors on September 19, 2022.

Ludovic Lastennet, IMPLANET's Chief Executive Officer, stated: *"The results for the first half of the year reflect the profound changes Implanet has undergone in recent months. The refocusing on our spine business has demonstrated its full potential, with the acceleration of our direct and export sales, despite a continuing slowdown in the United States' activity and the lack of staff in French care centers. Our agreement with Sanyou Medical, a leading manufacturer and distributor of spinal implants in China, is also a unique opportunity to strengthen our international presence by distributing the entire JAZZ® product range in the world's largest market in terms of volume. We are also continuing our reorganization and synergy efforts following the acquisition of OSD, paying the utmost attention to rationalizing our fixed costs, while planning to extend our financial visibility shortly through a €5 million capital increase guaranteed by Sanyou Medical. The Company thus has all the necessary levers at its disposal to develop its product offering and pursue its innovation policy in order to position itself as a major player in spine surgery."*

In € thousands - IFRS - Simplified income statement

	H1 2022	H1 2021 restated ¹	Variation
Revenue	4,112	2,601	58%
Cost of goods sold	(1,502)	(877)	71%
Gross margin	2,611	1,723	52%
<i>Gross margin %</i>	<i>63.5%</i>	<i>66.3%</i>	(2.8) points
Operating costs	(4,798)	(3,528)	36%
Operating profit/loss	(2,188)	(1,805)	(21%)
Financial profit/loss	(103)	(120)	186%
Net income from continuing operations	(2,084)	(1,925)	(8%)
Income and cost of disposal of discontinued operations	0	91	(100%)
Net profit/loss net	(2,084)	(1,834)	(14%)

**Unaudited figures*

¹ Following the divestment of the Madison business segment, the consolidated financial statements have been prepared in accordance with the provisions of IFRS 5 relating to discontinued operations.

Revenue

In the first half of 2022, the Spine activity increased by 1.6 (+59% growth) from €2.58 million to €4.09 million, due to both the organic growth of Implanet's Spine activity (+21%) and the acquisition of OSD (€1.08 million).

The Knee and Arthro activity, mainly related to a commission paid by SERF for the continuity of regulatory obligations during the transitional period, was stable at €0.02 million.

In France, the Spine activity has increased by 1.7, from €1.04 million to €1.80 million. Activity in the United States remains below last year's level, with revenue of €0.80 million in H1 2022 compared to €0.89 million in H1 2021. In the rest of the world, export activity increased by 2.3 from €0.65 million to €1.49 million.

Gross margin and operating income

Gross profit increased by 52% to €2.61 million in the first half of 2022, compared with €1.72 million in 2021. Operating expenses increased by €1.27 million over the period compared to the first half of 2021, mainly due to OSD's structural costs, which were accounted for 6 months in 2022 compared to 1.6 months in 2021. These costs also include additional amortization of intangible assets created as part of the allocation of the acquisition price of OSD.

After taking into account the financial result, the loss from continuing operations was €-2.08 million at June 30, 2022, compared to €-1.93 million at June 30, 2021. It should be noted that the result of the MADISON™ activity sold to SERF was €0.09 million at June 30, 2021.

Cash position

As of June 30, 2022, Implanet had €0.5 million in cash. In parallel, the payment of the balance of the MADISON™ activity, for a total amount of €2.3 million, is spread over time depending on the achievement of regulatory milestones related to the CE marking, of which €0.6 million is expected in 2022 and €0.9 million in the first half of 2023.

In addition, as announced in the [press releases of June 29, 2022](#) and [September 19, 2022](#) relating to the commercial, technological and financial partnership with Sanyou Medical, it is planned to carry out, before October 31, 2022, after the fulfillment of conditions precedent, a capital increase with maintenance of the preferential subscription right by issue of ABSA, guaranteed up to 5M€² by the partner Sanyou Medical.

Finally, as a result of this partnership with Sanyou Medical, the Company has decided to terminate the issuance of new convertible bonds in the framework of the equity line provided by Nice & Green signed on January 13, 2021.

Capital reduction

Under the terms of the resolutions adopted at the Extraordinary General Meeting held on second call on June 9, 2022, and in the absence of opposition from creditors to the said reduction in share capital, the Board of Directors on September 19, 2022 noted the definitive completion of the capital reduction. Thus, the share capital was reduced from €2,130,158.40 to €213,015.84 by reducing the nominal value of the share from €0.10 to €0.01.

As a result, the share capital is composed of 21,301,584 shares with a par value of one (1) euro cent each.

² Please refer to the press release dated June 29, 2022 available on its website at the following address: <https://www.implanet-invest.com/IMG/pdf/-108.pdf>

Following the capital reduction, the number of shares making up the share capital remains identical, as does the amount of shareholders' equity, since the total amount of the capital reduction, i.e. the sum of €1,917,142.56, has been allocated to the "share premium" account and is unavailable.

At the same meeting, the Board of Directors also noted the adjustment of the rights of certain holders of securities giving access to the capital as a result of the capital reduction.

Reminder of the first half of 2022 highlights

- ✓ First surgeries in the United States with JAZZ™ PF, an innovative solution from the JAZZ® line
- ✓ First surgeries in the U.S. with the ORIGIN Cervical Spine Plate marking the first successful synergies with OSD products
- ✓ Signature of a commercial, technological and financial partnership with Sanyou Medical, the second largest Chinese manufacturer of medical devices for spinal surgery:
 - Distribution agreement for Implanet's JAZZ® platform in China, the world's largest market (by volume) for spine surgery;
 - Technology partnership: joint development of a new European range of hybrid fastening systems;
 - Financial partnership: proposed capital increase with preferential subscription rights through the issue of shares with warrants attached (ABSA), guaranteed to the tune of €5 million by the partner Sanyou Medical.

Strategy and outlook

- ❖ Finalize the globalization of our product offer for spinal surgery:
 - Perpetuate the product synergies initiated in 2021 on our priority direct sales markets;
 - Address the emerging issues of group purchasing in both the public and private sectors;
 - Accelerate our innovation by combining the know-how of our Company and that of Sanyou Medical within the framework of the technological partnership agreement, which will be concluded by December 31, 2022 at the latest, to rapidly develop a complete new range of hybrid fixation systems, intended for Western markets and including the latest advances and innovations in spine surgery (deformity, minimally-invasive, robotics, artificial intelligence, etc.).
- ❖ Reinvigorate our presence in the United States:
 - Provide permanent human support to the historical team;
 - Strengthen our direct approach by expanding our scientific team of thought leaders;
 - Launch in 2022 two product lines resulting from the acquisition of OSD, SWINGO and ORIGIN.
- ❖ Commercialize our JAZZ® range in China, through a distribution agreement with Sanyou Medical to be concluded by December 31, 2022. China is the world's largest potential market in terms of volume for Implanet's JAZZ® technology with 15,000 pediatric scoliosis surgeries and 750,000 adult surgeries.
- ❖ Capitalize on strategic partnerships to enable Implanet to pass a new milestone and serenely envisage a turnover allowing to reach financial balance in the medium term.

Upcoming events :

- Annual Congress of the SFNCL (French Society of Liberal Neurosurgeons) in Lyon on October 01, 2022
- North American Spine Society (NASS) Annual Meeting in Chicago, October 12-14, 2022
- EUROSPINE (European Spine Society) annual congress in Milan, October 19 - 21, 2022

Upcoming financial event:

- 2022 Third-Quarter Revenue, October 18, 2022 after market close

About IMPLANET

Founded in 2007, IMPLANET is a medical technology company that manufactures high-quality implants for orthopedic surgery. Its activity revolves around a comprehensive innovative solution for improving the treatment of spinal pathologies (JAZZ®) complemented by the product range offered by Orthopaedic & Spine Development (OSD), acquired in May 2021 (thoraco-lumbar screws, cages and cervical plates). Implanet's tried-and-tested orthopedic platform is based on the traceability of its products. Protected by four families of international patents, JAZZ® has obtained 510(k) regulatory clearance from the Food and Drug Administration (FDA) in the United States, the CE mark in Europe and ANVISA approval in Brazil. IMPLANET employs 39 staff and recorded a consolidated revenue of €6.1 million in 2021. Based near Bordeaux in France, IMPLANET opened a US subsidiary in Boston in 2013. IMPLANET is listed on the Euronext Growth market in Paris. For further information, please visit www.Implanet.com.

The Company would like to remind readers that the table for monitoring the equity line (OCA, BSA) and the number of shares outstanding is available on its website: <http://www.implanet-invest.com/suivi-des-actions-80>

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