



Implanet announces sharp improvement in 2019 earnings

- EBIT loss reduced by 36% from €5.4 million in 2018 to €3.4 million
- 2019 gross profit up 11% versus 2018
- Successful sales reorganization and strategic partnerships

Bordeaux, Boston, February 24th, 2020 – 5:45pm CET - IMPLANET (Euronext Growth: ALIMP, FR0013470168, eligible for PEA-PME equity savings plans), a medical technology company specializing in vertebral and knee-surgery implants, today announces its earnings for the year ended December 31st, 2019 as approved by the Board of Directors on February 24th, 2020.

Implanet CEO Ludovic Lastennet said: “Financial indicators improved significantly in 2019 thanks to our decision to reorganize sales operations, reposition both product ranges in direct markets and pursue international expansion through strategic partnerships. Our achievements are in line with our operational roadmap. We are fully committed to maintaining the strong sales growth achieved last year and continuing our efforts to manage expenses tightly. These measures will ensure that our performance continues to improve.”

€000 - IFRS	2019	2018	Change (%)
Revenue	7,407	6,720	+10%
Cost of goods sold	(3,260)	(2,986)	+9%
Gross margin	4,147	3,733	+11%
Gross margin	56.0%	55.6%	-
Research & Development	(434)	(628)	-31%
Regulatory matters, quality assurance	(686)	(793)	-14%
Sales, distribution, marketing	(3,645)	(4,077)	-11%
Operating costs	(628)	(849)	-26%
General and administrative costs	(2,357)	(2,546)	-7%
EBIT before non-recurring items	(3,604)	(5,158)	+30%
Non-recurring operating income/(expense)	171	(210)	n/a
EBIT	(3,434)	(5,369)	+36%
Financial income/(expense)	(211)	(182)	-16%
Net income/(loss)	(3,645)	(5,551)	+34%

NB: the audit of the consolidated financial statements has been completed and the certification report is currently under preparation.

Implanet 2019 revenue up 10% to €7.41 million after rising quarterly growth rates of 2% (Q1), 8% (Q2), 12% (Q3) and 20% (Q4)

Total 2019 revenue came to €7.41 million, up 10% from €6.72 million in 2018. Revenue growth was driven more or less equally by the two business lines, Spine and Knee.

Spine revenue rose 11 % JAZZ® sales were driven by steady growth in the USA, up 12% to €2.17 million, and were flat in France at €1.56 million despite the government reduction in reimbursement prices. Rest of World and Rest of Europe revenue totaled €0.83 million, up 43% from 2018. There was an encouraging upswing in direct sales thanks to the reorganization carried out in Europe, particularly in Germany. All in all, Implanet sold 9,171 JAZZ® units in 2019, up 11% from 2018. In terms of volume, USA posted 17% growth while Rest of Europe + Rest of World posted 28% growth. France posted flat growth, up 1% versus 2018.

The Knee business posted revenue of €2.86 million, up 9%. Growth was boosted during the second half by initial deliveries under the partnership signed with KICo Knee in late 2018 for the distribution of Madison knee implants in Australia and the USA.

Last year's quarterly acceleration in growth has bolstered the Company's determination to pursue its repositioning strategy.

Confirmation of improvement in gross margin and sharp reduction in EBIT loss

2019 gross profit rose 11% versus 2018 and gross margin continues to improve year on year, up from 55.6% in 2018 to 56.0%.

The tight operating expense management policy presented in 2018 was maintained and is yielding the expected results: operating expenses fell 17% to €1.52 million in 2019.

Accordingly, the Company's EBIT loss was reduced by 36% from €5.37 million in 2018 to €3.43 million in 2019. Net loss was also reduced by 34% from €5.55 million in 2018 to €3.65 million in 2019.

Driven by brisk sales, the Company is committed to a continuing cost control policy in order to support improvement in its financial metrics.

Cash position

Net operating cash outflow fell 37% from €4.44 million in 2018 to €2.81 million in 2019 as a direct consequence of the strategic reorganization and Group restructuring initiatives.

As of December 31st, 2019, cash and financial investments stood at €0.7 million, the same amount as at 2018 year-end.

On February 7th, 2020, the Company renewed the bond financing line with Nice & Green for a maximum amount of €4.0 million split into two tranches of €2.0 million, pursuant to the resolution adopted on March 25th, 2019, and €2.0 million subject to adoption by the next shareholders' General Meeting scheduled for April 7th, 2020.

In view of its cash position and the renewed convertible bond financing agreement, the Company considers that it has enough working capital to cover its needs for the next 12 months. Nevertheless, management will continue to review further solutions to fund the accelerated development of its direct sales model and overseas partnership policy.

Continued innovation in both product lines, international expansion, partnerships and 2020 guidance

In 2019, Implanet continued to invest in innovation and the clinical validation of both Spine and Knee product lines in order to satisfy user requirements and ensure long-term maintenance of regulatory registration (CE and FDA).

In the Spine business, Implanet strengthened the JAZZ® range's position on major strategic markets via the following measures:

- March 2019: Implanet was granted clearance for the JAZZ Cap® range in the USA¹. This was the 10th 510(k) authorization obtained from the FDA and marks a key milestone in the implementation of the distribution agreement previously signed with SeaSpine². The first surgical operations using JAZZ Cap® were successfully performed in the USA in June,
- July 2019: Implanet was granted a patent for its JAZZ Lock® system in the USA³, subsequently also patented in Japan,
- October 2019: Implanet obtained the renewal of CE marking for its entire range for another five years, despite the constantly tightening regulatory framework in Europe.

In the Knee business, Implanet received 510(k) clearance from the FDA in October enabling it to market the Madison range specially dedicated to the US market. Sales under the distribution partnership with KICo Knee kicked off towards the end of 2019.

This performance confirms the strong interest and recognition on the part of the international scientific community in the clinical value of Implanet's platform of unrivaled orthopedic products and the Company's capacity for developing technologies that meet the most stringent market standards and can be sold either directly or via international partnerships.

In 2019, well ahead of the June 2020 regulatory deadlines, Implanet renewed its certification in order to meet the requirements of its notified body and procure marketing approval for its products.

Thanks to the progress achieved in 2019 and the systems in place in France and overseas, the Company considers that its growth prospects for 2020 are encouraging at this stage of the year and its staff are continuing to work in accordance with the strategic guidelines established.

Upcoming conferences in which Implanet will take part:

- March 13-14: Meet the Experts, Madrid, Spain
- March 25-27: SOFOP (French association for pediatric orthopedics), Aix-en-Provence, France
- March 24-27: AAOS (American Academy of Orthopaedic Surgeons), Orlando FL

Upcoming financial events:

- Annual general meeting, April 7, 2020
- First quarter of 2020 sales, April 21, 2020 after market

¹ [See March 19th, 2019 press release: FDA Clearance for JAZZ Cap® System](#)

² [See February 21st, 2019 press release: Strategic Partnership between SeaSpine and Implanet in the USA](#)

³ [See July 24th, 2019 press release: Implanet granted patent for JAZZ Lock® implant in the USA](#)

About Implanet

Founded in 2007, Implanet is a medical technology company that manufactures high-quality implants for orthopedic surgery. Its activity revolves around two product ranges, the latest generation JAZZ® implant, designed to improve the treatment of spinal pathologies requiring vertebral fusion surgery, and the MADISON implant designed for first-line prosthetic knee surgery. Implanet's tried-and-tested orthopedic platform is based on product traceability. Protected by four families of international patents, JAZZ® and MADISON have obtained 510(k) regulatory clearance from the Food and Drug Administration (FDA) in the United States, the CE mark as well as the ANVISA authorization in Brazil. Implanet employs 36 staff and recorded 2019 sales of €7.4 million. For further information, please visit www.implanet.com. Based near Bordeaux in France, Implanet established a US subsidiary in Boston in 2013. Implanet is listed on Euronext™ Growth market in Paris. The Company would like to remind that the table for monitoring the equity line (OCA, OCAP, 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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