



## Implanet announces 2016 annual results

- 46% growth in JAZZ sales (+70% in the United States)
- Robust growth of gross margin, controlled operating costs
  - Cash position as of December 31, 2016: €7.4m

**Bordeaux, Boston, March 28, 2017, 8 am CET** - IMPLANET (Euronext: IMPL, FR0010458729, PEA-PME eligible), a medical technology company specializing in vertebral and knee-surgery implants, announces its annual results for the financial year to December 31, 2016, as approved by the Board on March 24, 2017.

Ludovic Lastennet, CEO of Implanet, says: “2016 sales growth, notably with +70% in the U.S. market, combined with diligent cost control enabled us to improve our gross margin and operating results. We are confident in our ability to record further strong growth in JAZZ sales in 2017 by continuing to focus on clinical benefits for the patient, making JAZZ technology a benchmark in spine surgery. The Company’s structure is optimized for future growth, we should continue to realize a significant reduction in our cash requirements.”

In € thousands - IFRS	2016	2015	Change
<b>Revenue</b>	<b>7,825</b>	<b>6,653</b>	<b>+18%</b>
of which: Spine	4,102	2,806	+46%
Cost of products sold	-3,844	-4,070	-6%
<b>Gross margin</b>	<b>3,981</b>	<b>2,583</b>	<b>+54%</b>
Gross margin %	50.9%	38.8%	
Research & Development	-870	-732	+19%
Regulatory matters, Quality control	-916	-940	-3%
Sales, distribution, marketing	-5,105	-4,480	+14%
Operating costs	-1,089	-792	+38%
General costs	-2,883	-3,271	-12%
<b>Operating P/L</b>	<b>-6,881</b>	<b>-7,632</b>	<b>+10%</b>
Net P/L	-7,288	-8,008	+9%

NB: Consolidated accounts have been audited, and the auditor’s report is pending.

### Revenue: significant JAZZ growth

The Company’s revenue, up +18% in 2016 vs. 2015, totaled €7,825 thousand, driven by the +46% increase in JAZZ activity. This segment’s solid growth was a result of the growing adoption of JAZZ technology in markets in which the Company operates directly (+70% in the United States and +33% in France), with growth of +142% in the high-potential degenerative bone disorder segment (surgical treatment of elderly patients).

### Strong gross margin increase, operating cost control

The strong growth in JAZZ activity in France and the U.S., where spinal implant pricing is higher, had a positive impact on Implanet’s gross margin. It improved by 12.1 percentage points to 50.9% of sales in 2016 (vs. 38.8% in 2015).

The Company chose to focus on direct distribution in its priority markets via a network of independent sales agents, resulting in a variable cost increase of +€550 thousand (including +€464 thousand in commissions), in line with the growth in JAZZ revenue.

The Company held the remaining operating expenses at a stable level (+0.9%), despite a +19% increase in R&D, mainly due to the cost of protecting its IP. These costs should remain stable, as the Company believes it has an adequate structure to cope with its medium-term growth.

Implanet thus recorded a 10% improvement in its operating loss to -€6,881 thousand as of December 31, 2016 (vs. -€7,632 thousand in 2015), and a 9% improvement in its net loss to -€7,288 thousand (vs. -€8,008 thousand in 2015).

### Cash position and financial investments

2016 cash burn (free cash flow minus loan repayments) improved by 28%, to -€6.3 million versus -€8.8 million in 2015.

As of December 31, 2016, Implanet had cash and financial placements of €7.4 million (vs. €7.1 million as of December 31, 2015).

Implanet also has the option of exercising, under certain conditions, 340 convertible bonds coupled with equity warrants (OCABSA) with L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND for €3.4 million.

### Significant milestones and events

Throughout 2016 and early 2017, Implanet experienced substantial growth in its primary development focus, the JAZZ technology platform. This continued growth was driven by conclusive results, notably in the U.S. and France.

#### Commercial development:

- 127 surgeons are users of JAZZ technology in France and the U.S. (vs. 82 as of December 31, 2015);
- success of the first surgical procedures in France, Italy and the U.S. with the new JAZZ Lock® implant, a major innovation and the first component of a product range devoted to degenerative bone disorder surgery;
- success of a first idiopathic scoliosis surgical procedure in Brazil;
- signature with Device Technologies of distribution partnership in Australia and New Zealand.

#### Innovation and regulatory:

- U.S. (510k) and European (CE) regulatory clearance granted for the new JAZZ Lock®, JAZZ Claw® and JAZZ Frame® implants;
- additional key patents granted in the US and Europe for the JAZZ® tensioning system;
- patent granted for the JAZZ Lock® in France.

#### Clinical development

- launch of a multicenter clinical study designed to document the outcomes of JAZZ technology in adult degenerative and adult deformity indications;
- White Paper publication documenting clinical results of JAZZ technology in hypokyphotic idiopathic scoliosis surgery.

#### Financing

- listing on the OTCQX® International market in the U.S.;
- issuance of the remaining bonds convertible into stock and stock warrants within the framework of the financing put in place in October 2015;
- zero-interest innovation loan of €800 thousand agreed with Bpifrance;
- success of Implanet's capital increase with preferential subscription rights for €6.9 million.

## Appointments

- appointment of Brian T. Ennis as President of Implanet America;
- appointment of Mary E. Shaughnessy, Senior VP Finance & Planning, Partners Continuing Care, as an independent Board member.

**Next financial press release:** Q1 2017 revenue, on April 18, 2017

## About IMPLANET

Founded in 2007, IMPLANET is a medical technology company that manufactures high-quality implants for orthopedic surgery. Its flagship product, the JAZZ latest-generation implant, aims to treat spinal pathologies requiring vertebral fusion surgery. 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 and the CE mark. IMPLANET employs 48 staff and recorded 2016 sales of €7.8 million. For further information, please visit [www.implanet.com](http://www.implanet.com).

Based near Bordeaux in France, IMPLANET established a US subsidiary in Boston in 2013.

IMPLANET is listed on Compartment C of the Euronext™ regulated market in Paris.

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