



## Implanet announces 2017 first-half results

19% increase in Jazz® sales

Improvement in the recurring operating result

**Bordeaux, Boston, September 19, 2017** – 5:45 pm CEST – IMPLANET (Euronext Growth: ALIMP, FRO010458729, PEA-PME eligible), a medical technology company specializing in vertebral and knee-surgery implants, announces its results for the first half of the current year to June 30, 2017, as approved by the Board at its meeting of September 19, 2017.

<i>In € thousands - IFRS</i>	<b>H1 2017</b>	<b>H1 2016</b>	<b>Change</b>
<b>Revenue</b>	<b>4,119</b>	<b>4,094</b>	<b>+1%</b>
<i>of which: Spine</i>	<i>2,404</i>	<i>2,012</i>	<i>+19%</i>
Cost of products sold	-2,014	-1,943	+4%
<b>Gross margin</b>	<b>2,105</b>	<b>2,152</b>	<b>-2%</b>
<i>Gross margin (%)</i>	<i>51.1%</i>	<i>52.6%</i>	
<i>Research &amp; Development</i>	<i>-524</i>	<i>-532</i>	<i>-2%</i>
<i>Regulatory affairs, Quality control</i>	<i>-368</i>	<i>-510</i>	<i>-28%</i>
<i>Sales, distribution and marketing</i>	<i>-2,570</i>	<i>-2,606</i>	<i>-1%</i>
<i>Operating costs</i>	<i>-396</i>	<i>-526</i>	<i>-25%</i>
<i>General and administrative expenses</i>	<i>-1,331</i>	<i>-1,534</i>	<i>-13%</i>
<b>Recurring operating income</b>	<b>-3,084</b>	<b>-3,556</b>	<b>+13%</b>
<i>Non recurring operating income and expenses</i>	<i>-456</i>	<i>-</i>	<i>-</i>
Operating income	-3,540	-3,556	-
Financial income	-150	-246	+39%
Net profit/loss	-3,690	-3,802	+3%

\*Unaudited data

### Revenue: +19% increase in Jazz® sales

The Company's revenue was €4.1 million for the first half of 2017, driven by the growth in Jazz® sales to €2.4 million (+19%), with this segment now accounting for 58% of total revenue, offsetting the expected decrease in Knee/Arthroscopy activity.

In France, the Company continued to see solid Jazz® sales momentum (+24%), where Jazz® is used in more than 20% of pediatric deformity surgeries. Rest of the world sales growth was +101%, driven by distributors (including in Italy, the UK and Spain) and by the launch of Jazz® in Australia and Germany (Europe's largest spine market).

Sales in the United States stabilized, but should see a return to growth in coming quarters thanks to the recruitment and training of experienced partners, and to the publication of additional clinical results (value of Jazz® Bands for axial derotation and sagittal balance restoration).

In France and the United States, the priority adult degenerative spine disorder segment saw sales increase by +37% to €0.7 million.

## Stable gross margin, core operating expenses under control

In the first half of 2017, Implanet's gross margin held at 51.1% (vs. 52.6% in H1 2016).

Cost structure optimization, combined with ramping Jazz® sales, enabled the Company to reduce its core operating loss to -€3.1 million at the end of June 2017 (from -€3.6 million), a 13% improvement. The main improvements concerned fixed costs, namely overhead costs and regulatory matters. These costs should remain flat, as the Company is focused on Jazz® sales growth.

Within the framework of a legal dispute between Implanet and a former distributor of its Hip activity divested in 2014, in May the Company was ordered to pay this third party a termination fee of €0.5 million. Implanet has appealed this ruling, as it considers the termination of the contract to be a result of the agent's actions. Despite this appeal, the Company has made a provision for the entire risk by writing down an exceptional operating expense of €0.5 million in the first half of 2017, with no impact on the cash position.

In the first half of the year, the Company's financial loss improved by €0.1 million due to a reduction in the Company's cost of financing.

Once these elements are taken into account, Implanet generated a net loss of -€3.7 million at June 30, 2017 (vs. -€3.8 million at June 30, 2016).

## Cash position and financial placements

Over the half, Implanet reduced its cash burn by 21% to -€2.5 million (compared with -€3.2 million last year). As of June 30, 2017, Implanet had cash and mid/short-term investments of €5.1 million (vs. €7.4 million at December 31, 2016).

Moreover, as the loan with Kreos matures in November 2017, Implanet expects its cash burn to improve over the second half of the year. Furthermore, the Company has the option to subscribe, under certain conditions, to 190 convertible bonds coupled with equity warrants (OCABSA) with the European Select Growth Opportunities Fund, for €1.9 million.

## Significant milestones and events

Over the first half of 2017, Implanet continued the dynamic growth of its Jazz® activity, core business and main development priority, driven by conclusive results, notably in the United States and France.

### Commercial development

- 137 surgeons are users of Jazz® technology in France and the United States (vs. 111 at June 30, 2016);
- first direct sales in Germany, Europe's largest vertebral fusion market;
- sales launch in Australia and New Zealand, with the signing of a distribution partnership with Device Technologies.

### Clinical development, innovation and regulatory aspects

- US (510k) and European (CE) marketing clearance received for the Jazz Frame® and Jazz Standalone® implants, as well as for the new Jazz® braid;
- European patent granted for the Jazz® universal tensioning system, following the one granted in the US at the end of 2016, as well as a patent from the OEB (French patent office) protecting the Jazz Lock® in France;
- presentation, at the Scoliosis Research Society (SRS) Annual Meeting & Course, of an independent radiological analysis of the use of Jazz® showing significant axial derotation of the spine and optimal sagittal alignment in patients compared to the traditional 'All-Screw' technique.

## Financing

- improvement in terms of *OCABSA* financing with European Select Growth Opportunities Fund (removal, for future tranches, of the equity warrants) and simultaneous issuance of a tranche of convertible bonds for €1.5 million;
- listing transfer of Implanet SA shares to the Euronext Growth market in Paris.

**Next financial press release:** revenue for the 3<sup>rd</sup> quarter of 2017, on October 10, 2017, before market opens

## 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 Euronext™ Growth market in Paris.

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