



Implanet confirms the reorganization of its sales and reports full-year 2018 revenue

Bordeaux, Boston, January 29, 2019 – 08:00pm CET - Implanet (Euronext Growth: ALIMP, FRO010458729, eligible for PEA-PME equity savings plans), a medical technology company specializing in vertebral and knee surgery implants, confirms the implementation of a reorganization of its sales force with the introduction of direct sales, and reports revenue for the fourth quarter and the year ended December 31, 2018.

<i>Revenue (in thousands of euros - IFRS)</i>	2018	2017	Change
Spine (Jazz®)	841	1,208	-30%
Knee + Arthroscopy	699	739	-5%
Fourth-quarter revenue	1,540	1,947	-21%
Spine (Jazz®)	4,095	4,715	-13%
Knee + Arthroscopy	2,625	3,126	-16%
Full-year revenue	6,720	7,841	-14%

Sales of Jazz® down 14% despite rising 8% in France and 2% in the United States (at constant exchange rates)

As reported in previous press releases, Implanet decided to halt its Arthroscopy business (€0.2 million of its revenue in 2018 versus €0.6 million in 2017) and to reorganize its marketing of the Jazz® range in Europe in 2018. The reorganization concerns the main European markets for the treatment of adult degenerative spine disease and involves switching from sales via a distributor to direct sales, replicating the tried and tested model in France and the United States. Implanet has opened a branch in the UK and a subsidiary in Germany; the first surgery was performed in the fourth quarter of 2018.

That switch is the main reason for the 14% drop in revenue, which amounted to €6.7 million in full-year 2018. Sales of Jazz® continued to grow in countries where the company operates directly, rising by 8% in France to €1.6 million and by 2% in the United States to €1.9 million (at constant exchange rates). Sales of Jazz® in the rest of the world amounted to €0.6 million, 54% lower than in 2017 due to the reorganization in Europe.

Implanet sold 8,246 Jazz® units in 2018 versus 9,117 in 2017, including 4,347 in France (up 6% on 2017), 1,676 in the United States (up 9% on 2017) and 2,223 in the rest of the world (down 36% on 2017 due to the reorganization in Europe).

Implanet's strategic plan for 2019 is therefore based on:

- rollout of the direct sales model, already applied in France and the United States, in promising target markets in Europe (UK, Germany, etc.);
- continued implementation of the partnership with Kico Knee Innovation Company PTY Ltd concerning distribution of the Madison knee implant in the United States and Australia;
- finalization of a commercial partnership to roll out the Jazz® implant in the United States in the first quarter.

Continued momentum to improve gross margin and operating profit¹

Implanet continued its momentum to improve operating profit in the second half of 2018. The full-year gross margin is expected to rise five points to 55%, versus 50% in 2017. The policy of keeping a tight grip on operating costs continued to bear fruit, generating an 8% reduction in overheads over the year versus 2017. In 2018, the current operating loss improved by nearly 11% compared to 2017.

Implanet also restructured its operations in late 2018, which should enable the company to save a further €1,0 million on fixed expenses over a 12-month period.

Cash position

Implanet had cash and cash equivalents of €0.7 million at December 31, 2018 vs €4.0 million at December 31, 2017. Cash burn fell over the year, from €3.1 million in the first half of 2018 to €1.9 million in the second half.

On November 9, 2018, the company set up a bond financing line with Nice & Green for a minimum amount of €0.8 million. Nice & Green subscribed four convertible bonds for €0.2 million between November 12 and December 31, 2018, and €0.15 million between January 1 and January 29, 2019. Under the schedule published in the press release of November 9, Nice & Green is due to subscribe convertible bonds for €50,000 by January 31, 2019 and twice €0.2 million in February and March 2019 respectively².

In view of its cash position and available financing, the company does not consider itself to have sufficient working capital for 12 months. In this context, Implanet is considering various options for financing its strategic plan in April 2019 and meeting forthcoming commitments. Implanet is planning to call a shareholders' meeting in the very near future in order to obtain the necessary financial delegations to take some of these solutions forward.

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 38 staff and recorded 2018 sales of €6.7 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 BEOCABSA, 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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¹ These preliminary results are unaudited and are consequently liable to subsequent amendment.

² Except in the event of an event of default.