



Implanet reports full-year 2018 results

- Gross margin improvement (55.6% in 2018, up from 50.1% in 2017)
- Operating loss reduction (loss of €5.4 million in 2018, down from €6.2 million in 2017)

Bordeaux, Boston, April 18, 2019 – 5:45 CEST - Implanet (Euronext Growth: ALIMP, FR0010458729, eligible for PEA-PME equity savings plans), a medical technology company specializing in vertebral and knee-surgery implants, today announces its results for the financial year ended on December 31, 2018, and approved by the Board of Directors on April 18, 2019.

“In 2018, we finalized the shutdown of our Arthroscopy business and reorganized our sales and marketing operations for the JAZZ® product range in the top European target markets (United Kingdom and Germany). Implanet converted to a direct sales model in these priority markets, reflecting the strategy previously introduced in the United States and France. In addition, the major partnerships we signed during 2018 with Kico Knee Innovation Company and SeaSpine, Inc., a wholly owned subsidiary of SeaSpine Holdings Corporation (NASDAQ: SPNE) should allow us to accelerate our revenue growth in the US and international markets”, commented Ludovic Lastennet, Implanet’s Chief Executive Officer.

€ thousands - Under IFRS	2018	2017	Change (%)
Revenue	6,720	7,841	-14%
Cost of product sold	-2,986	-3,916	-24%
Gross margin	3,733	3,924	-5%
Gross margin %	55.6%	50.1%	-
Research & Development	-628	-878	-29%
Regulatory matters, Quality control	-793	-767	+3%
Sales, distribution, marketing	-4,077	-4,597	-11%
Operating costs	-849	-759	+12%
General and administrative costs	-2,546	-2,706	-6%
Recurring operating result	-5,158	-5,782	+11%
Other non-recurring operating income/(expense)	-210	-456	-54%
Operating result	-5,369	-6,238	+14%
Financial result	-182	-374	-51%
Net result	-5,551	-6,612	+16%

N.B. The audit of the consolidated financial statements has been completed. The auditors’ report is currently being prepared.

JAZZ® revenue down 14% despite increases of 8% in France and 2% in the United States (at constant exchange rates) where Implanet operates a direct sales model

As disclosed in previous releases, Implanet made the decision to shut down its Arthroscopy business (€0.2 million in revenue in 2018 compared to €0.6 million in 2017) and to reorganize its sales and marketing operations for the JAZZ® product range in Europe in 2018. Accordingly, Implanet established a branch in the United Kingdom and a subsidiary in Germany, with first surgeries taking place in the fourth quarter of 2018.

This transition is the main factor accounting for the 14% decline in the Group's FY 2018 revenue to €6.7 million. JAZZ® sales continued to grow in markets in which Implanet has a direct presence, rising 8% in France to €1.6 million and 2% (at constant exchange rates) to €1.9 million in the United States. In the rest of the world, Implanet recorded JAZZ® revenue of €0.6 million (down 54% compared to FY 2017, as a result of the reorganization in Europe).

Implanet sold 8,246 JAZZ® units in FY 2018 (compared to 9,117 units in 2017). Of this total, 4,347 units were sold in France (up 6% compared to 2017), 1,676 in the United States (up 9% compared to 2017) and 2,223 in the Rest of the world (down 36% compared to 2017 as a result of the reorganization in Europe).

The Implanet group's strategic plan focuses on three priorities:

- to roll out the direct sales model for the JAZZ® product range, which has proven its worth in France and the United States, in targeted promising European markets (United Kingdom and Germany)
- to implement the partnership signed in late 2018 with Kico Knee Innovation Company Pty Ltd to distribute the Madison knee implant in the United States and Australia
- to accelerate development of the JAZZ® product range in the United States under a partnership established with SeaSpine in early 2019

Improvement in gross margin ratio and tight control of operating expenses

The FY 2018 gross margin improved by more than 5 points to 55.6% (compared to 50.1% in FY 2017).

Implanet kept a tight control of its operating expenses through its strict cost management policy, resulting in a significant operating loss reduction (€5.4 million in 2018, down from €6.2 million in the previous financial year).

Implanet posted a FY 2018 net loss of €5.6 million, compared to a loss of €6.6 million in FY 2017.

In addition, Implanet continued to restructure its operations and it should allow the company to realize additional fixed cost savings of almost €1.0 million p.a..

Cash position

At December 31, 2018, Implanet held €0.7 million in cash and short-term investments (vs. €4.0 million at December 31, 2017). During FY 2018, it reduced its cash burn from €3.1 million in the first half to €1.9 million in the second half of 2018, owing principally to restructuring measures and the Group's reorganization.

On November 9, 2018, the Company arranged a bond financing facility of up to €1.0 million with Nice & Green. Nice & Green subscribed for all the convertible bond tranches between December 2018 and March 2019.

Implanet believes that it has sufficient working capital for the next 12 months on the basis of its cash position, the new €3.0 million convertible bond financing line arranged with Nice & Green on April 15, 2019 and the agreement with the Nouvelle Aquitaine region concerning a €0.5 million loan. Furthermore, under the resolutions approved by shareholders at the Extraordinary General Meeting on March 25, 2019, Implanet continues to explore additional solutions to finance the acceleration in its business development.

Continued innovation

Over the past few years, Implanet has continued to invest heavily in innovation and the clinical assessment of its two product ranges.

In 2018, it launched JAZZ Evo[®], a new version of the JAZZ[®] implant developed to meet the constraints of vertebral fusion indications in adults, for which it obtained the CE mark and 510(K) authorization from the FDA. Implanet also introduced JAZZ Cap[®], a dedicated screw-based solution for vertebral fusion, which obtained the CE mark in 2018 and FDA clearance in the first quarter of 2019.

In just a few years, JAZZ[®] has gone from being a niche/specialty product used solely for deformity indications in adolescents to one used on a daily basis in a far larger market—the treatment of degenerative conditions in adults—by providing surgeons with solutions to unmet needs. The JAZZ Cap[®] solution complements the screw fixings and enables the Company to target a vertebral fusion market estimated at \$2.5 billion¹.

Partnerships established to access new markets more rapidly, including the United States

In November 2018, Implanet announced it had entered into a distribution partnership with Kico Knee Innovation Company Pty Ltd (“KICO”) covering its Madison knee implant business in the United States and other markets in the future, such as Australia.

In February 2019, Implanet also established a strategic partnership with SeaSpine covering the distribution in the United States of its JAZZ[®] spinal product range and future technologies, which will dramatically increase its presence in the United States, the world’s largest market for spinal surgery products worth over \$6 billion² every year.

In addition to opening up new markets with substantial potential, these recent partnerships are a ringing endorsement of the clinical value of Implanet’s unique platform of orthopedic products and its ability to develop technologies meeting the highest market standards, which can be sold either directly or through international partnerships.

Next financial press release:

First-quarter 2019 revenues on April 24, 2019 after market close

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¹ Sources: i-Data 2010; D. K. Chin *et al.* Osteoporos Int (2007) 18:1219–1224; Company; 2015 Health Advances study

² Source: GBI Research

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. Implanet's tried-and-tested orthopedic platform, which is based on perfect control over the traceability of its products, provides it with a proven ability to promote this innovation. 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.lmplanet.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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