

### Medical Devices

**IMPZY - OTCQX**      October 24, 2017

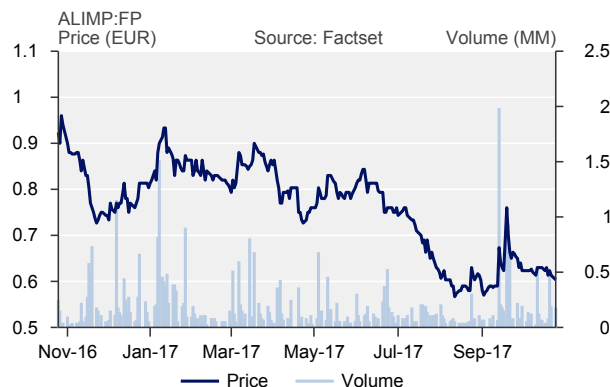
**Intraday Price 10/24/2017**      €0.59  
 Rating: Buy  
 12-Month Target Price: €3.00  
 52-Week Range: €1.12 - €1.98  
 Market Cap (M): 6  
 Shares O/S (M): 10.7  
 Avg. Daily Volume (000): 0  
 Dividend: €0.00  
 Dividend Yield: 0.00%  
 Risk Profile: Speculative  
 Fiscal Year End: December

#### Total Revenues ('000)

|           | 2017E         | 2018E          | 2019E          |
|-----------|---------------|----------------|----------------|
| 1Q        | €2,048A       | €2,787         | €3,362         |
| 2Q        | €2,071A       | €2,909         | €3,508         |
| 3Q        | €1,774A       | €3,151         | €3,801         |
| 4Q        | €2,449        | €3,272         | €3,947         |
| <b>FY</b> | <b>€8,342</b> | <b>€12,119</b> | <b>€14,617</b> |

#### Total Expenses ('000)

|           | 2017E          | 2018E          | 2019E          |
|-----------|----------------|----------------|----------------|
| 1Q        | €3,077A        | €5,512         | €6,199         |
| 2Q        | €4,126A        | €5,751         | €6,469         |
| 3Q        | €4,043A        | €6,230         | €7,008         |
| 4Q        | €4,439         | €6,470         | €7,278         |
| <b>FY</b> | <b>€15,685</b> | <b>€23,963</b> | <b>€26,954</b> |



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## Implanet SA

**Buy**

### Implanet presents JAZZ results at the NASS Annual Meeting: Addressing an Unmet Need in Complex Spine Surgery

#### Summary

- Implanet is presenting the first U.S. clinical data in adult spinal deformity at the North American Spine Society (NASS) Annual Meeting on October 26, 2017. The trial data demonstrates the efficacy of the JAZZ Band system for prevention of proximal junctional kyphosis (PJK).
- PJK and proximal junctional failure (PJF) remain a complication of spinal deformity surgeries with 65% of surgeons employing some strategy for prevention in 40% of patients.
- The one year follow-up has shown encouraging results with no cases of PJF in over 60 enrolled patients, but longer-term data will be needed to draw a definitive conclusion.
- Conclusion: The results of this prospective study on JAZZ's sublaminar banding should provide efficacy evidence for the use of JAZZ in PJK/PJF prevention. Positive data will bring JAZZ one step closer to addressing this unmet medical need in the \$200M complex spine surgery market.

#### Details

Implanet is now commercializing its product, JAZZ, for complications related to spinal fusion in the EU (direct in France), the U.S. (direct), and in other countries worldwide. The unique design and approach of the JAZZ devices creates the potential over time to become the new standard of care for spinal disorders requiring spinal fusion, which affects millions globally every year. The product is a temporary implant to be used in orthopedic surgery. The flexibility of the range, ease of use, and efficacy appeals to healthcare professionals. The product range also complements the tools already used for spinal fusion. Management is expanding territories with an exclusive distribution partnership now in place with Device Technologies for Australia and New Zealand. This combined with a U.S. (510k) and European (CE) regulatory clearances granted for the new JAZZ Lock, JAZZ Claw and JAZZ Frame implants should support growth.

**Braided implant competition.** There are currently four implants on the market competing with JAZZ. The Universal Clamp marketed by Zimmer was the first successful flexible braided implant. The initial development manager for the Universal Clamp, Régis Le Couëdic, is now the R&D director at Implanet. Medicea developed Ligapass, which confirms the potential of braided implants. Approved in the U.S. and the EU, the Ligapass seems to have been launched since 2013. The company considers that the development of the Ligapass must have been hindered or made more complex by the combined patent portfolios of Zimmer and Implanet. In 2014, the American company Globus Medical launched a braided implant called SILC, which also uses a polyester braid. It seems, however, that its designers did not find a viable and patent-free solution for blocking the braid and implant with a single tensioning instrument, which also occurred with the JAZZ implant and on Zimmer Spine's UC. And, in 2015, K2M, a company specializing in the treatment of spinal deformity, launched a braided implant called NILE, which also uses a polyester. However, as is the case above, the designers did not manage to find a viable and patent-free solution for blocking the braid and implant with a single tensioning instrument.

DISCLOSURES

Implanet SA Rating History as of 10/23/2017

powered by: BlueMatrix



| Maxim Group LLC Ratings Distribution |   | As of: 10/23/17                       |  |
|--------------------------------------|---|---------------------------------------|--|
|                                      |   | % of Coverage<br>Universe with Rating | % of Rating for which Firm<br>Provided Banking Services<br>in the Last 12 months |
| <b>Buy</b>                           | Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to outperform its relevant index over the next 12 months.   | 81%                                   | 37%  |
| <b>Hold</b>                          | Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither significantly outperform nor underperform its relevant index over the next 12 months. | 17%                                   | 18%  |
| <b>Sell</b>                          | Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.   | 2%                                    | 25%  |

*\*See valuation section for company specific relevant indices*

I, Jason Kolbert, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

I, Jason McCarthy, Ph.D., attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

**Maxim Group makes a market in Implanet SA**

**Maxim Group managed/co-managed/acted as placement agent for an offering of the securities for Implanet SA in the past 12 months.**

**Maxim Group received compensation for investment banking services from Implanet SA in the past 12 months.**

**Maxim Group expects to receive or intends to seek compensation for investment banking services from Implanet SA in the next 3 months.**

**IMPZY:** We use the NASDAQ BTK index.

**Valuation Methods**

**IMPZY:** We use FCFF, Sum of the Parts and DCF models, equal weighted and averaged to determine our price target. We also use a risk cut in our revenue models and an R-value (risk rate) of 30% in our therapeutic models.

### **Price Target and Investment Risks**

**IMPZY:** Risks include the need and ability to raise capital, regulatory risks, commercial risks.

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## **RISK RATINGS**

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Risk ratings take into account both fundamental criteria and price volatility.

**Speculative – Fundamental Criteria:** This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry. Price Volatility: Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless. Speculative stocks may not be suitable for a significant class of individual investors.

**High – Fundamental Criteria:** This is a risk rating assigned to companies having below-average revenue and earnings visibility, negative cash flow, and low market cap or public float. Accordingly, fundamental risk is expected to be above the industry. Price Volatility: The price volatility of companies falling within this category is expected to be above the industry. High-risk stocks may not be suitable for a significant class of individual investors.

**Medium – Fundamental Criteria:** This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

**Low – Fundamental Criteria:** This is a risk rating assigned to companies that may have above-average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to be below the industry.

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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

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