

## Implanet: 2014 first half results

- Constant revenue growth: +21%
- Satisfactory gross margin performance
- Structural costs well under control

Paris, 15 September 2014 – IMPLANET (Euronext: IMPL, FR0010458729, PEA-PME eligible), a medical technology company specializing in vertebral and knee-surgery implants, today announces its financial results for the first half of the year to 30 June 2014, as approved by the Board on 12 September 2014.

<i>In € thousands – IFRS</i>	<b>H1 2014</b>	H1 2013	<b>Δ</b>
<b>Revenue</b>	<b>4,001</b>	3,315	+21%
Cost of products sold	- 2,065	- 1,562	+32%
<b>Margin on products sold</b>	<b>1,936</b>	1,753	+11%
<i>Margin %</i>	48.4%	52.9%	
Amortization of ancillary products	-395	-556	
<b>Gross margin</b>	<b>1,541</b>	1,197	+29%
<i>Gross margin %</i>	38.5%	36.1%	
<i>Research &amp; Development</i>	-571	-473	
<i>Regulatory matters, Quality control</i>	-389	-373	
<i>Sales, distribution, marketing</i>	-1,696	-1,144	
<i>Operating costs</i>	-512	-535	
<i>General costs</i>	-1,488	-1,329	
<b>Operating P/L</b>	<b>-3,114</b>	<b>-2,657</b>	
Net P/L	-3,410	-2,699	

### H1 2014 revenue: promising start for JAZZ sales, solid performance of Knees

Over the first half of 2014 Implanet recorded revenue of €4,001 thousand, of which €1,603 thousand (or 40% of total revenue) came from Export sales. The Company recorded a solid performance in Spine: JAZZ sales were multiplied by 2.3 over the half to €879 thousand, thus exceeding the total recorded for the entire 2013 financial year. During the first half of 2014, more than 300 operations were carried out using JAZZ technology. The half-year performance of the Knee surgery range recorded a solid 20% increase to €2,357 thousand, confirming the product development strategy.

Implanet gradually withdrew from the Hip market during the first half of the year, leading it to divest, in May 2014, all of the product range. With products sold having been fully impaired on 31 December 2013, this divestment generated no significant costs over the period.

### Satisfactory performance for the gross margin

An exceptional sales discount of €118 thousand granted by a supplier had a positive impact on the margin for the first half of 2013. Subsequently, at constant scope, the margin on products sold would have been 49.4% in H1 2013, a normative level in line with the figure recorded in H1 2014 (48.4%).

Over H1 2014, the Group's gross margin was 38.5%, up +2.4 percentage points (vs. 36.1% over H1 2013), due to a reduction in the amortization of ancillary products (amortized over 3 years).

### **Structural costs well under control**

Over the first six months of the year, operating costs increased by €802 thousand (+18%). This included +€479 thousand in spending associated with the development of the Implanet America subsidiary and +€262 thousand in IFRS2 accounting restatements relating to share warrants granted to staff. Other structural costs remained in line with the 2013 figure.

Once these elements are taken into account, Implanet recorded an operating loss of -€3,114 thousand over the half (vs. -€2,657 thousand in H1 2013) and a net loss of -€3,410 thousand (vs. -€2,699 thousand in H1 2013).

Implanet had, as of 30 June 2014, a cash position of €8,655 thousand (vs. €13,774 thousand at the end of December 2013), split between "cash and cash equivalents" (€1,150 thousand) and "other non-current financial assets" (€7,505 thousand).

As of 30 June 2014, Implanet had a workforce of 41 staff in Europe and 4 staff in the United States.

### **Significant milestones and events**

Since the beginning of 2014, Implanet has continued to follow the roadmap announced at the time of its IPO in order to accelerate its development and its structure of the United States subsidiary through a number of significant achievements:

#### **Organization**

- The subsidiary was transferred from New York to Boston in March 2014.

#### **Sales structure**

- Recruitment of 4 senior executives as Sales Directors for the East and West of the United States, Marketing and Communication Director and Director of Operations.
- Signing of a number of major distribution agreements in the United States to extend its network of sales agencies to 14, which are now able to address more than 50% of the North American adult and pediatric deformity market.

#### **Innovation / Quality**

- An application for 510(k) clearance has been registered with the FDA (Food and Drug Administration) for a technical improvement in the JAZZ and its associated instrumentation aimed at making its use easier and safer.
- Compliance Audit on the Martillac (Bordeaux) production site launched by the FDA in February 2014. This Audit resulted in no remarks or observations.

#### **Governance**

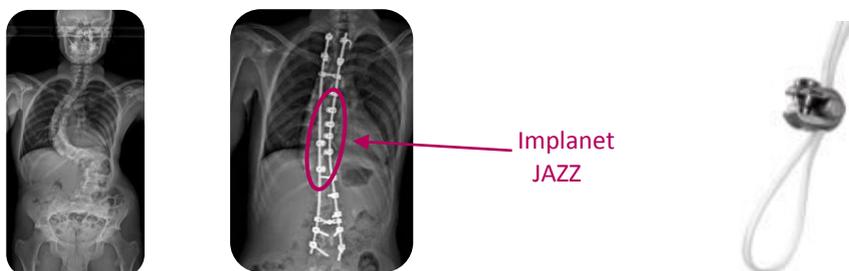
- Appointment of Brian T. Ennis to the Board of Directors. Brian has over 30 years of experience in the development and growth of medical technology companies, mostly in North America.
- Appointment of Paula Ness Speers to the Board of Directors. Paula has spent most of her career in health strategy consulting. She has carried out numerous major studies, including cost optimization and US health market initiatives.

#### **Financing**

- Creation of a contingent equity financing line with Kepler Cheuvreux.

Ludovic Lastennet, CEO of Implanet, states: “We are satisfied with our performance over the first half of this year, which saw a significant increase in our revenue for both our Spine and Knee activities and an improvement in our gross margin. We have rapidly and efficiently structured our subsidiary in the United States by focusing on commercial and clinical aspects. We now intend to maintain this momentum by pursuing our development efforts on this market and around the world, while accelerating the publication of scientific studies aimed at demonstrating JAZZ’s value. JAZZ’s latest clinical results in Adolescent Idiopathic Scoliosis surgery lay witness to our intention of establishing our flagship implant as a healthcare benchmark in spine surgery. Regarding our financial resources, the continual optimization of our operational structure combined with stringent management of our costs and working capital requirements mean that we can look to the future with confidence.”

**Next financial press release: revenue for the 3<sup>rd</sup> quarter of 2014, on 27 October 2014**



#### **About IMPLANET**

Founded in 2007 and based near Bordeaux, 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 41 staff and recorded 2013 sales of €6.7 million.

For further information, please visit [www.implet.com](http://www.implet.com)

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