



*Innovative back microsurgery*

**Press release**

**2012 annual results**

- Acceleration in SpineJack® sales
- Buoyant sales growth: +125% to €2.7m
- Substantial increase in the gross margin: +5 pp to 63% of sales
- Cash position at December 31<sup>st</sup> 2012: €7.5m

**2013 outlook**

- Acceleration in marketing and clinical development
- Extension of the product portfolio via a unique acquisition in vertebroplasty

**Toulouse, March 19<sup>th</sup> 2013** - VEXIM (FR0011072602 - ALVXM), a medical device company specializing in the minimally-invasive treatment of vertebral fractures, today announced its consolidated annual results<sup>1</sup> to December 31<sup>st</sup> 2012.

**Buoyant growth in activity and the gross margin**

<i>Consolidated accounts, in thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
<b>Sales</b>	<b>2,719</b>	<b>1,205</b>
- France	1,057	371
- International	1,662	834
<b>Gross margin</b>	<b>1,714</b>	<b>698</b>
% of sales	63%	58%
Operating costs	-8,495	-5,655
<b>Operating profit/loss</b>	<b>-6,780</b>	<b>-4,957</b>
<b>Net profit/loss</b>	<b>-6,768</b>	<b>-5,058</b>

In 2012, VEXIM recorded **sales** of €2.7m, up 125% on the previous year. This buoyant increase was due to the SpineJack®’s very strong sales momentum in France (+185% over 12 months) and abroad (+99% over 12 months).

**Gross margin** rose even faster than sales, reaching €1.7m (+145% over 12 months). It accounted for 63% of sales, compared with 58% in 2011. This 5 percentage point

<sup>1</sup> Audit procedures relative to the annual accounts have been carried out, and the auditor’s report is currently being prepared.

improvement confirms the upward trend observed over the 1<sup>st</sup> half of 2012 (60.4%) and is a result of the positive impact of the direct marketing of the SpineJack®. Indeed, direct sales accounted for 85% of total sales in 2012, compared with around a third in 2011.

Within this context of dynamic activity, **operating costs** totalled €8.5m in 2012, versus €5.7m in 2011. This increase was notably due to the growth in sales and marketing expenditures, reflecting the ramping up of the Company's European development. The workforce allocated to these two areas increased from 10 people in 2011 to 24 people at December 31<sup>st</sup> 2012. Most of the additional costs recorded in 2012 were associated with the opening of the German and Italian subsidiaries.

VEXIM also continued to vigorously develop its training program: more than 100 surgeons were trained in the **SpineJack®** surgical procedure in 2012.

In France, the growth in **SpineJack®** sales even allowed the Company to break even financially in this country over the 2<sup>nd</sup> half of 2012, despite the French sales force only being operational since early 2011.

The 2012 **operating loss** came to €6.8m.

Once financial result and exceptional items are taken into account, the **net loss** was €6.8m.

VEXIM's financial structure remains solid, and the Company had a **cash position** of €7.5m at December 31<sup>st</sup> 2012.

### Substantial progress throughout the year

#### **Ramping up of the SpineJack® range**

In January 2012, VEXIM broadened its existing SpineJack® range with a smaller-diameter implant (4.2 mm) in order to be able to treat compression fractures on smaller vertebrae. The current range therefore consists of 3 implants of different sizes enabling vertebral compression fractures to be treated on 95% of the spinal column.

#### **VEXIM: best Alternext IPO in 2012**

VEXIM's IPO in the spring of 2012, within the context of very turbulent market conditions, was a resounding success with investors, and allowed the Company to raise €11m. In December 2012, at the 2<sup>nd</sup> annual stock market conference, the financial community acknowledged this fine performance by awarding VEXIM the NYSE Alternext Prize for the best IPO of the year.

#### **Strengthening of the management team**

In order to steer its dynamic development strategy in terms of clinical activity, innovation and marketing, VEXIM has strengthened some of its key managerial positions by recruiting executives with a strong background in medical devices:

- Marie-Pierre Hontas was appointed Clinical Affairs Director in May 2012, and will coordinate the various ongoing clinical programs;
- Yves-Alain Ratron was appointed Technical Director in September 2012, and will be in charge of VEXIM's R&D, manufacturing and supply chain;
- Delphine GRICOURT was appointed Marketing and Investor Relations Director at the start of 2013, and will intensify VEXIM's marketing actions and strengthen ties with the financial community.

## **Opening of two subsidiaries on key European markets**

Within the framework of its direct marketing strategy for the SpineJack®, in 2012 VEXIM opened subsidiaries in the two largest European markets: Germany in March and Italy in June. Their contribution to 2012 annual sales was already considerable, as shown by the increase in international activity.

## **2013: acceleration in the development dynamic**

### **A unique acquisition in vertebroplasty**

At the start of the year, VEXIM acquired an exclusive worldwide licence for the marketing of a state-of-the-art system for mixing and injecting orthopedic cement. This highly-innovative platform in vertebroplasty will provide an excellent way into the massive US market<sup>2</sup> from 2014, simultaneously to its European launch.

Aiming to have a presence on this highly-active vertebroplasty segment as quickly as possible, in January 2013 VEXIM also launched a mixer and injector of orthopedic cement that can be used with the COHESION® high-viscosity cement developed by the Company.

### **Acceleration in European deployment**

In January 2013, VEXIM further strengthened its European network by opening subsidiaries in Spain and the United Kingdom. Along with France, Germany and Italy, the Company now has a direct presence on Europe's five largest kyphoplasty and vertebroplasty markets, and a very solid base for its future growth. In order to strengthen its ties with surgeons in these countries, VEXIM will launch a vast training program regarding the SpineJack® operating procedure amongst 200 physicians.

### **Intensification of the clinical program**

VEXIM has achieved substantial progress on its observational register in fresh traumatology by recruiting 106 patients by the end of 2012 instead of the 80 initially planned. The final results of their 2-year monitoring are expected during the 1<sup>st</sup> half of 2015, preceded by the first interim analyses during the 2<sup>nd</sup> half of 2013. At the end of 2013, the Company should present the results of two consecutive retrospective studies based on the analysis of the long-term data on 376 patients implanted with the SpineJack® since October 2007.

VEXIM is also planning to launch two new studies:

- A comparative mono-centric prospective randomized exploratory study on 75 patients, aimed at assessing the SpineJack®'s efficiency and performances in reducing vertebral compression fractures compared to balloon kyphoplasty (launch scheduled for the 2<sup>nd</sup> half of 2013, with the end slated for the 2<sup>nd</sup> half of 2015).
- A comparative multi-centric prospective randomized study aimed at assessing the SpineJack®'s efficiency and performance compared to conservative treatment (corsets), with the protocol expected to be finalised for the end of 2013 (with the study then carried over 2014 - 2015).

The objective of this substantial clinical program is to provide further scientific proof of the SpineJack®'s technological superiority.

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<sup>2</sup> The United States represents 60% of the vertebroplasty market by value. Source: Millennium Research Group 2012 data

Vincent Gardès, CEO of Vexim, comments: *“These 2012 annual results reveal three major elements: buoyant growth in our activity that shows the pertinence of our direct sales strategy, good preparation for the future with the strengthening of our management team and stronger-than-expected European expansion. In 2013, we want to build on this experience and accelerate our sales development in these high-potential countries, record further progress in our clinical programs and continue on our innovation momentum. Our activity over the early part of this year, notably with the acquisition of a unique platform in the field of vertebroplasty, shows our determination to pursue our buoyant growth and become the leader in innovative back microsurgery.”*

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**Next press releases:**

- First-half sales: July 2013
- First-half results: September 2013

**About Vexim, the innovative back microsurgery specialist**

Based in Balma, near Toulouse (France), Vexim is a medical device company created in February 2006. The Company has specialised in the creation and marketing of mini-invasive solutions for treating traumatic spinal pathologies. Benefitting from the financial support of its longstanding shareholders, Truffle Capital<sup>3</sup> and Banexi Venture, and from OSEO public subsidies, Vexim has designed and developed the SpineJack®, a unique implant capable of repairing a fractured vertebra and restoring the balance of the spinal column. The Company currently has 45 staff. It has its own sales teams in France, Germany, Italy, Spain, Switzerland and the United Kingdom, as well as distributors in Turkey, Argentina, India and in the following countries where the product is currently being registered: Mexico, Brazil and United Arab Emirates. Vexim has been listed on NYSE Alternext Paris since May 3<sup>rd</sup> 2012.

For further information, please go to [www.vexim.com](http://www.vexim.com)

**SpineJack®, a revolutionary implant for treating Vertebral Compression Fractures**

The revolutionary aspect of the SpineJack® lies in its ability to restore a fractured vertebra to its original shape, restore the spinal column's optimal anatomy and thus remove pain and enable the patient to recover their functional capabilities. Thanks to a specialized range of instruments, inserting the implants into the vertebra is carried out by mini-invasive surgery, guided by X-ray, in approximately 30 minutes, enabling the patient to be discharged shortly after surgery. The SpineJack® range consists of 3 titanium implants with 3 different diameters, thus covering 95% of vertebral compression fractures and all patient morphologies.

SpineJack® technology benefits from the support of international scientific experts in the field of spine surgery and worldwide patent protection through to 2029.

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<sup>3</sup> Founded in 2001 in Paris, Truffle Capital is a leading independent European private equity firm. It is dedicated to investing in and building technology leaders in the IT, life sciences and energy sectors. Truffle Capital manages €550m via FCPRs and FCPIs, the latter offering tax rebates (funds are blocked during 7 to 10 years). For further information, please visit [www.truffle.com](http://www.truffle.com) and [www.fcpi.fr](http://www.fcpi.fr).

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- **Name:** Vexim
- **ISIN Code:** FR0011072602
- **Ticker:** ALVXM

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