

Implanet: 2014 annual results

- Strong revenue growth in 2014 (excluding Hip activity): +28% to €6.3 million, led by significant growth of Spine activity
 - Gross margin improvement
 - Structural costs under control
- Post-capital-increase cash position and financial placements of €12.5 million

Paris, March 31, 2015 – IMPLANET (Euronext: IMPL, FR0010458729, PEA-PME eligible), a medical technology company specializing in vertebral and knee-surgery implants, today announces its annual results for the financial year to December 31, 2014, as approved by the Board on March 18, 2015.

Ludovic Lastennet, CEO of Implanet, states: *“The sale of 4,260 JAZZ implants in 2014 represents an impressive achievement. We met our sales targets, notably thanks to the rapid structuring of our subsidiary in the United States. We generated growth in our Knee platform, while the impact of the discontinuation of our Hip activity should disappear in early 2015. We are highly optimistic for the future, notably because of strict structural cost management and the substantial success of our recent capital increase, which has given us the resources to accelerate JAZZ’s expansion in spine surgery and make it a global benchmark in healthcare.”*

In € thousands – IFRS	2014	2013	Δ
Revenue	7,038	6,690	+5.2%
Cost of products sold	-4,100	-4,180	-1.9%
Gross margin	2,938	2,510	+17.1%
Gross margin %	41.7%	37.5%	-
Research & Development	-1,177	-930	+26.6%
Regulatory matters, Quality control	-812	-1,002	-19.0%
Sales, distribution, marketing	-3,301	-2,215	+49.0%
Operating costs	-922	-2,402	-61.6%
General costs	-3,363	-2,456	+36.9%
Operating P/L	-6,637	-6,495	-
Net P/L	-6,872	-6,843	-

2014: significant acceleration in global JAZZ sales

Excluding Hip activity, discontinued in early 2014, Implanet generated strong revenue growth of +28%. Including Hip activity, in 2014 the Company generated growth of +5% to €7,037 thousand. French sales totaled €3,985 thousand (57% of 2014 revenue), while Export sales totaled €3,052 thousand (43% of 2014 revenue). The U.S. subsidiary continued its progression with sales of €821 thousand (12% of 2014 revenue), equaling one million dollars in sales in its first full year.

This performance illustrates the excellent momentum gained in Spine, with 2.4X sales growth, to €1,930 thousand, compared with the previous year. In 2014, Implanet sold 4,260 JAZZ implants (vs. 1,829 in 2013), an increase of +133%.

Improvement in the gross margin, operating costs under control

The 2014 gross margin was 41.7%, up 4.2 percentage points (vs. 37.5% in 2013), reflecting the higher contribution of increased JAZZ sales in the product mix. In cash terms, the 2014 gross margin improved by +€428 thousand to €2,938 thousand (from €2,510 thousand in 2013).

Operating costs rose by +€570 thousand to €9,575 thousand (vs. €9,005 thousand in 2013). The most significant impacts were investment in the Implanet America subsidiary, spending of €1,295 thousand, a 2013 provision for the impairment of inventories (mainly for Hip activity) leading to a positive variation of +€1,253 thousand on the cost of operations in 2014, and the impact of the IFRS restatement of the fair value of warrants issued to staff for €552 thousand. The remaining structural costs were stable, illustrating the Company's control of its operating costs.

Once these elements are taken into account, Implanet recorded an operating loss of -€6,637 thousand (vs. -€6,495 thousand in 2013) and a net loss of -€6,872 thousand (vs. -€6,843 thousand in 2013) in 2014.

As of December 31, 2014, Implanet had cash and financial placements of €5.2 million (vs. €8.7 million at the end of June 2014), split between "cash and cash equivalents" (€2.1 million), "other current financial assets" (€2.8 million) and "other non-current financial assets" (€0.3 million). Following the capital increase completed in March 2015, cash and financial placements totaled €12.5 million at March 31.

As of December 31, 2014, Implanet had a workforce of 45, including 6 staff in the United States.

2014/2015 achievements and key events

Implanet has continued to follow the roadmap announced at the time of its IPO in order to accelerate its development, with a number of major achievements:

Substantial success of the capital increase with preemptive rights carried out in March 2015, which raised €11.2 million

- Total demand of €16.5 million (initial amount of €9.7 million), a subscription rate of 170%
- Full exercise of the extension clause

Maximize JAZZ adoption

- Publication of a medico-economic study carried out in the United States by Health Advances on the cost effectiveness of JAZZ. The study estimates the cost benefit of JAZZ at ~\$11,700 per surgical procedure
- Publication of a study regarding the restoration of frontal and sagittal alignments in adolescent scoliosis surgery;
- Publication of a study showing the efficiency of JAZZ implanted in the vertebrae of patients with degenerative bone pathologies
- Encouraging preliminary results from an in-vitro biomechanical study in osteoporotic specimens completed by the Mayo Clinic.

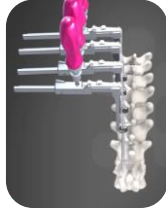
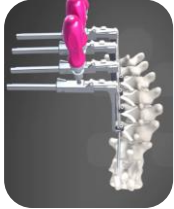
Product range extension

- Development of the JAZZ technological platform
- Adaptation of JAZZ to various existing rod sizes
- Harmonization of the CE and FDA regulatory files for the entire range
- Validation of a first generation of instruments for less-invasive surgery

Large-scale commercial deployment

Acceleration in the United States with the signing of 25 sales partner contracts along with significant strengthening of the Management Team (3 Sales Directors, 1 Marketing and Training Director, 2 Independent Board Members and 1 Medical Advisor) Structuring the rest of the world sales team: 1 European Sales Director, 1 International Product Officer and 1 Training Officer

Next financial press release: Q1 2015 revenue, on April 28, 2015



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 45 staff and recorded 2014 sales of €7.0 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 Compartment C of the Euronext™ regulated market in Paris.
Ticker: IMPL - ISIN code: FR0010458729



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