

## Implanet: 2015 first-half results

- Spine sales up +66% in H1 2015, with rapid growth in JAZZ sales in France and the United States
  - Continued commercial development and strengthening of the leadership team
- Cash, cash equivalents and financial investments of €10.6 million

**Bordeaux, Boston, 15 September, 2015** – 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 1<sup>st</sup> half of the year to 30 June 2015, as approved by the Board on 15 September.

Ludovic Lastennet, CEO of Implanet, says: *“During the first half of the year, we successfully continued our commercial deployment, resulting in buoyant sales growth for our JAZZ implant. This momentum was mainly driven by our activity in the United States, where we have signed 25 contracts with specialized sales partners and strengthened our team (3 Sales Directors, 1 Marketing & Training Director, 2 Independent Board Members and a Medical Advisor). This development naturally goes hand in hand with an increase in operating expenses, and we are confident that JAZZ sales will continue to grow at a similar pace to what we have just seen. We are particularly confident that our current growth rate will continue, which should notably be observed over the current quarter.”*

<i>In € thousands - IFRS</i>	<b>H1 2015</b>	H1 2014	Change
<b>Revenue</b>	<b>3,306</b>	<b>4,001</b>	<b>-17%</b>
Cost of products sold	-2,172	-2,460	-12%
<b>Margin on products sold</b>	<b>1,134</b>	<b>1,541</b>	<b>-26%</b>
<i>Margin %</i>	34.3%	38.5%	
<i>Research &amp; Development</i>	-483	-571	
<i>Regulatory matters, Quality control</i>	-472	-389	
<i>Sales, distribution, marketing</i>	-2,283	-1,696	
<i>Operating costs</i>	-398	-512	
<i>General costs</i>	-1,773	-1,488	
<b>Operating P/L</b>	<b>-4,275</b>	<b>-3,114</b>	
Net P/L	-4,299	-3,410	

### H1 2015 revenue: Spine sales up +66% in H1 2015

In H1 2015, Implanet recorded revenue of €3,306 thousand, up +2.2% restated to take into account the discontinuation of Hip activity in early 2014 (as it was not a strategic activity). International revenue totaled €1,823 thousand (55.1% of total sales), driven by the buoyant momentum in the United States.

Spine sales (JAZZ) accounted for 44% of total sales in the product mix and came to €1,455 thousand over the 1<sup>st</sup> half of 2015 (+65.5% compared with the 1<sup>st</sup> half of 2014).

This JAZZ sales momentum was driven by the United States (+88% to €546 thousand), which accounted for 37% of Spine sales versus 37% and 26% for France and the rest of the world respectively. All in all, Implanet sold 3,176 JAZZ units over the first half, representing volume growth of +52%.

### **Decrease in the gross margin, operating expenses under control**

In the 1<sup>st</sup> half of 2015, the gross margin was 34.3%, down -4.2 percentage points (vs. 38.5% in H1 2014), reflecting the increase in JAZZ inventory, whose sales are constantly growing.

Operating expenses increased by €755 thousand compared with H1 2014, mainly due to an increase in sales and marketing spending (+€588 thousand) to support the Company's efforts to drive growth in the United States and the momentum observed in that market. This increase corresponds to the strengthening of the sales force through the recruitment of 5 sales professionals, with an impact of +€403 thousand compared with H1 2014. The increase in general and administrative expenses (+€285 thousand) corresponds to the spending inherent to the successful capital increase carried out in March, with the decrease in operating costs (-€114 thousand) being a result of a provision reversal (€122 thousand) on the merchandise inventory. Note that during the period, operating expenses were significantly impacted by changes in the Euro / US Dollar exchange rate, amounting to €300 thousand.

The slight decrease in Research & Development costs excluding Research Tax Credit (-€88 thousand) was due to the reduction in intellectual property costs vs. H1 2014. The +€84 thousand increase in regulatory costs corresponds to consultancy fees required to extend FDA clearance on the current product range.

Once all these factors are taken into account, Implanet recorded an operating loss of -€4,275 thousand over the 1<sup>st</sup> half of 2015 (compared with -€3,114 thousand in H1 2014) and a net loss of -€4,999 thousand (compared with -€3,410 thousand in H1 2014).

### **Cash, cash equivalents and financial investments**

As of 30 June 2015, Implanet had cash and cash equivalents of €2.7 million and financial investments of €7.9 million, giving a total cash position of €10.6 million.

### **David Dieumegard is appointed as the Group's Chief Financial Officer**

With over 20 years of experience in finance for high-growth international SMEs, David Dieumegard will be responsible for steering Implanet's finance department and accompanying the Company through the next stages of growth and acceleration of its development.

### **Significant milestones and events in H1 2015**

Since the start of FY 2015, Implanet has confirmed the growth momentum of its Spine activity (JAZZ), the Company's core business and number one priority in terms of development, most notably with further rapid development in the United States.

#### **Clinical**

- Publication of positive results from a retrospective study on the cost effectiveness of the JAZZ™ Band, confirming its benefits in scoliosis surgery;
- Publication of a new White Paper presenting the excellent results obtained by JAZZ in a comparative study of two sublaminar bands in the treatment of idiopathic scoliosis by posteromedial translation;
- Enrollment of the first patient in a major multi-center clinical protocol designed to study the medical value of the JAZZ Band™ in the treatment of instrumented thoracic and lumbar arthrodesis (osteo-degenerative bone pathologies).

## Innovation / Regulatory

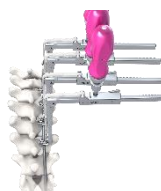
- Intellectual property on JAZZ technology definitively granted in Europe until 2031;
- CE mark in Europe and FDA clearance in the United States for the 3.5mm, 4.0mm, 4.5mm and 6mm JAZZ diameters, in addition to the original 5.5mm diameter, thus allowing the Company to provide the most comprehensive range of sublamina implants on the market.

## Financing

The capital increase with preemptive rights carried out in March 2015 was a major success and raised approximately €11.2 million:

- Total demand was €16.5 million (versus an initial amount of €9.7 million), giving a global subscription rate of 170%;
- Full exercise of the extension clause.

**Next financial press release:** revenue for the 3<sup>rd</sup> quarter of 2015, on 27 October 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](http://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.  
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