

Press Release

2015 financial results

Strong Revenue Growth of 34% to €13.9 million and Profitability reached in Q4 2015, strong cash position

- ▶ Profitability reached in Q4 and second half net losses decreased significantly to €0.7 million
- ▶ €4.2 million in cash at the end of 2015
- ▶ €10.4 million raised in January 2016
- ▶ 7% of the vertebral compression fracture market in Europe and 30% in France

Toulouse, March 23rd 2016 - **VEXIM (FR0011072602 - ALVXM / PEA-PME)**, a medical device company specializing in the minimally invasive treatment of vertebral fractures, announced today its consolidated financial results for the year that ended on December 31st, 2015¹.

Fast and sustained business growth

In 2015, VEXIM had a **turnover** of €13.9 million, up 34% compared to 2014. This increase resulted primarily from the progressive and continued adoption of the SpineJack® technology, more than 10,000 implants of which were sold in 2015. **The company is now a key European player with 7% of the vertebral compression fracture market in Europe** and 30% in France². In 2016, VEXIM aims to increase its European market share to 10% with an annual revenue growth between 30% and 40%. The company is now working with 378 health facilities worldwide, a number expected to exceed 500 by the end of 2016.

The company's increase in sales was achieved by maintaining a high-level **gross margin** throughout the year: 71.5% as of December 31st, 2015. **Operating expenses** increased slightly by 5%, up from €13.5 million in 2014 to €14.2 million in 2015. Commercial objectives achievement is thus realized with a controlled cost structure. The costs of the company's sales force and marketing activities made up for the majority of its operating expenses in 2015.

¹ The results have been approved by the Board of Directors of Vexim at its meeting held on 23 March 2016, and the data have been audited.

² Source : 2015 Transparency Market Research – Spinal Trauma Devices Market

VEXIM's productivity gains and control over its investments allowed it to significantly reduce its losses in the second half of 2015, down from a €3.6 million loss over the first half of 2015 to a €0.7 million loss in the second half. Over the fourth quarter of 2015, the company reached profitability, with a net profit of €65,000, thus meeting the expectations it had set for itself earlier in the year. Over the course of 2015, the company's overall loss also decreased by €1.8 million, compared to 2014.

Consolidated statement (in € thousands)	1st half of 2015	2nd half of 2015	2015	2014
Sales	6 111	7 777	13 888	10 330
Gross Margin	4 392	5 540	9 932	7 410
Gross Margin %	71,9%	71,2%	71,5%	71,7%
Operating expenses	-7 802	-6 444	-14 246	-13 514
Operating income	-3 410	-904	-4 314	-6 104
Net income (loss)	-3 647	-745	-4 392	-6 160

VEXIM continues to invest in sales and marketing activities as a way to raise awareness about the SpineJack® technology, develop the knowledge and clinical experience of health professionals and expand its sales coverage. The company can now count on a direct sales force of 30 trained and experienced employees in Europe, allowing VEXIM to offer a comprehensive coverage throughout the region. VEXIM also trained 219 surgeons in 2015, bringing the number of surgeons trained since the market launch of SpineJack® in 2011 to more than 900.

On December 31st, 2015, VEXIM had a **cash position** of €4.2 million, and the company raised €10.4 million in private placements on January 28th, 2016 (excluding capital increase expenses). The company's current cash position and future cash flows should allow VEXIM to continue to grow, in line with its ambitions, and eventually generate positive cash flows.

2016 outlook: Continued SpineJack® adoption and International expansion

In 2016, VEXIM will continue to expand and grow by focusing on the five following strategic areas:

- ▶ Continue to expand its market share in Europe, based on health-economics studies and dedicated clinical programs. Vexim targets a 10% market share in 2016 and 15% in 2018.
- ▶ Continue and finalize the recruitment of patients for the clinical study launched to support the market approval of SpineJack® in the U.S.
- ▶ Prepare regulatory and marketing steps to lay the ground for the market launch of the SpineJack® in the U.S., expected in early 2018.
- ▶ Continue to grow outside of Europe through targeted geographic expansion into new markets, including Brazil, China, Australia and South Korea.
- ▶ Strengthen its product portfolio for the treatment of high-energy vertebral fractures by focusing on industrial or commercial partnerships for innovative technological solutions.

“As anticipated, our 2015 financial results show a solid performance, with a clear reduction of our net losses in the second half of the year. Reaching profitability in the last quarter also sends a strong signal about the performance and credibility of VEXIM. 2016 will once again be a year of strong revenue growth, which we are planning to achieve by controlling our operating expenses in order to maintain this trend. We expect to break even on the full second half of 2016 and plan to be profitable all throughout 2017. Our favorable business development prospects, namely in the United States, will likely further improve our financial results in 2018. Based on these results and on our promising future, we remain fully confident in our goal of becoming a global leader in the Spine trauma market,” said Vincent Gardès, CEO of VEXIM.

Upcoming financial communications:

2016 1st quarter sales: April 14th, 2016*

* indicative date, subject to changes

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 specialized in the creation and marketing of minimally-invasive solutions for treating traumatic spinal pathologies. Benefitting from the financial support of its longstanding shareholder, Truffle Capital³ and from BPI 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 also developed the Masterflow™, an innovative solution for mixing and injecting orthopedic cement that enhances the accuracy of the injection and optimizes the overall surgical procedure. The company counts 64 employees, including its own sales teams in Europe and a network of international distributors.

VEXIM has been listed on Alternext Paris since May 2012. For further information, please visit www.vexim.com

SpineJack® 4, a revolutionary implant for treating Vertebral 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 minimally-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 fractures and all patient morphologies. SpineJack® technology benefits from the support of international scientific experts in the field of spinal surgery and worldwide patent protection through to 2029.

Masterflow™ 2, a high-performance orthopedic cement delivery system

The Masterflow™ is an innovative solution for mixing and injecting orthopedic cement that enhances the accuracy of the injection and optimizes the overall surgical procedure for treating vertebral compression fractures. The device provides a better control of the injection of biomaterials into the spine. A complement of the SpineJack®, the Masterflow™ stands out for being both easy to use and precise, particularly in its ability to stop the cement delivery instantly without inertia. The Masterflow™ contributes to reducing pain in patients. Its first sales were recorded in the U.S. in February 2015, and the system has also received the CE marking in February 2015, a mandatory conformity mark for products marketed in Europe.

³ 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.fr and www.fcpi.fr.

⁴ This medical device is a regulated health product that, with regard to these regulations, bears the CE mark. Please refer to the Instructions for Use.

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