



## Implanet reports an improvement in its 2020 results

- 11% reduction in recurring operating loss to -€3.2 million within a health context impacted by the Covid-19 crisis
- Gross margin improvement to 58.2%, versus 56% in 2019
- Strengthened cash position

**Bordeaux, Boston, February 16, 2021 – 5.45 pm CET** - IMPLANET (Euronext Growth: ALIMP, FR0013470168, eligible for PEA-PME equity savings plans), a medical technology company specializing in vertebral and knee-surgery implants, announces its results for the financial year to December 31, 2020, approved by the Board of Directors on February 16, 2021.

*“Within the very unique public health context that affected 2020, we generated over 6 million euros in revenue and continued to improve the gross margin”, commented Implanet CEO Ludovic Lastennet. “These results strengthen our confidence in our resiliency during a period during which surgical programs have been heavily disrupted by postponements or cancellations. Our external growth strategy, notably through the acquisition project announced in January, indicates our intention of creating synergies in order to continue to improve our margin level. We are more than ever focused on our primary objective, which is to achieve a critical mass in terms of revenue and to target break even in terms of operating cash flow<sup>1</sup> in 2022.”*

<i>In € thousands – consolidated accounts, IFRS</i>	<b>2020</b>	<b>2019</b>	<b>Change</b>
<b>Revenue</b>	<b>6,012</b>	<b>7,407</b>	<b>-19 %</b>
Cost of goods sold	-2,512	-3,260	-23 %
<b>Gross margin</b>	<b>3,499</b>	<b>4,147</b>	<b>-16 %</b>
Gross margin %	58.2 %	56.0 %	-
Research & Development	-621	-434	+43 %
Regulatory matters, Quality control	-757	-686	+10 %
Sales, distribution, marketing	-2,724	-3,645	-25 %
Operating costs	-622	-628	-1 %
General & Administrative costs	-1,999	-2,357	-15 %
<b>Recurring operating result</b>	<b>-3,223</b>	<b>-3,604</b>	<b>+11 %</b>
Other non-recurring income and expenses	-460	171	n/a
Operating result	-3,683	-3,434	-7 %
Financial result	-293	-211	-38 %
<b>Net result</b>	<b>-3,976</b>	<b>-3,645</b>	<b>-9 %</b>

*N.B.: audit procedures on consolidated accounts are currently being finalized.*

<sup>1</sup> Corresponding to cash flow plus or minus the change in working capital requirements

## 2020 revenue was affected by the health crisis associated with the Covid-19 pandemic

In 2020, Implanet generated revenue of €6.01 million, down 19% versus previous year (€7.41 million in 2019). Activity, which had resumed in June with a return to 2019 revenue levels, again slowed significantly in France and across Europe in early November with the announcement of the second lockdown. Knee activity in France was more impacted by the situation than in the rest of the world. In the United States, the public health situation forced Implanet and KICo to postpone the first MADISON™ surgical procedures originally scheduled for October until 2021, it not being possible to provide users with training.

Regarding JAZZ® activity, revenue totaled €3.77 million in 2020, down 17% compared with 2019.

Over 2020 as a whole, Implanet sold 7,712 JAZZ® units (vs. 9,171 in 2019), a decrease of 16% by volume, notably as a result of the public health crisis associated with the Covid-19 pandemic. The solid upturn in international sales in Q4 2020 (+45% in the United States and +23% in the Rest of the World by volume) compared with Q4 2019, offset the fall in sales in France (-21% by volume).

Knee activity recorded a 21% decrease in annual revenue to €2.24 million, primarily impacted by the lockdown periods in France.

## Confirmation of the improvement in the gross margin and reduction in the recurring operating loss despite the Covid-19 crisis

Gross margin improved by 2 percentage points in 2020 compared with 2019, improving throughout the year to reach 58.2 % (versus 56.0 % in 2019).

Over the period, Implanet continued its investments in R&D, quality control and regulatory affairs in order to maintain its technological lead and secure its approvals through 2024. Moreover, the Company's strict and continuous operating expense policy and the swift implementation of partial work measures to cope with the Covid-19 crisis enabled it to reduce its recurring operating expenses by 13%, or -€1.03 million, over 2020.

## 11% improvement in the recurring operating loss to -€3.22 million, vs. -€3.60 million in 2019

Other non-recurring operating expenses correspond to the costs incurred during the Knee activity divestment project, depreciation of the intangible asset relating to the Madison second-line knee prosthesis and costs relating to the reorganization undertaken during the third quarter of 2020. As a reminder, in 2019 the non-recurring operating income corresponded to the reversal of a provision for the dispute between Implanet and a distributor. Taking into account these exceptional items, the operating result was -€3.68 million in 2020 compared with -€3.43 million in 2019. When financial expenses are included, the net result was -€3.98 million in 2020 versus -€3.65 million in 2019.

The Company is committed to further cost controls to support improvement in its financial indicators.

## A strengthened cash position

At December 31, 2020, Implanet had cash and financial investments of €1.14 million (vs. €0.7 million at December 31, 2019).

Despite the Covid-19 crisis, the consumption of operating cash (free cash-flow<sup>2</sup>) improved by 3%, from -€3.35 million in 2019 to -€3.23 million in 2020.

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<sup>2</sup> Free cash-flow includes cash flow generated by operating activities and cash flow associated with investments (capitalization of development costs and acquisition of capital assets).

On February 7, 2020, the Company renewed its bond financing line with Nice & Green for a maximum amount of €4.0 million, split into two tranches of €2.0 million, pursuant to the 6<sup>th</sup> resolution adopted by the shareholders' General Meeting of March 25, 2019, and an additional €2.0 million, subject to adoption by the shareholders' General Meeting of April 7, 2020.

Lastly, the Company has recently set up a €5 million bond financing line, via the issuance of 500 convertible bonds, in addition to the €0.9 million remaining balance on the previous financing program signed in February 2020. Within the framework of the acquisition project announced on January 13, 2021, Implanet has agreed this new financing line with Nice & Green SA that will enable it to finance the acquisition and the new entity's operating cash requirements through 2021 and 2022.

Given these elements, the Company considers that it has sufficient working capital for the next 12 months and is continuing to review further solutions to fund the accelerated development of its direct sales model and overseas partnership policy.

### Key 2020 highlights

- ✓ Strengthening of the development of the direct sales model on key European markets such as Germany, symbolized by the appointment of Stephan Collarday as Country Manager Germany;
- ✓ CE marking extended to 2024 by the European authorities for all Implanet ranges;
- ✓ JAZZ Cap® intellectual property extended to Japan;
- ✓ FDA clearance for the Mariner Cap System in the United States, which combines SeaSpine Mariner®'s pedicle screw system and Implanet's JAZZ Cap® technology;
- ✓ Extension of the distribution network with the signing of a marketing partnership in Mexico for products based on its JAZZ® platform.

### 2021 strategy and outlook

In 2021, Implanet will focus its strategy on:

- ✓ the continued development of the direct sales model on its key markets, in order to immediately benefit from the effects of the post-health-crisis recovery;
- ✓ capitalizing on the recent approvals granted and partnerships signed to develop activity in new countries;
- ✓ documenting clinical evidence of the added value of Implanet's ranges, in order to respond to the strengthening of regulatory requirements in coming years;
- ✓ the digitalization of training tools in order to respond to changes in clinical practices following the health crisis;
- ✓ the integration of a new activity that would allow the Company to reach a critical mass in terms of revenue from 2021.

The deployment of this strategy will nevertheless closely depend on the evolution of the public health situation over the first months of 2021.

### Upcoming financial event:

**Q1 2021 revenue** on Tuesday April 20, 2021.

## About Implanet

Founded in 2007, Implanet is a medical technology company that manufactures high-quality implants for orthopedic surgery. Its activity revolves around two product ranges, the latest generation JAZZ® implant, designed to improve the treatment of spinal pathologies requiring vertebral fusion surgery, and the MADISON implant designed for first-line prosthetic knee surgery. Implanet's tried-and-tested orthopedic platform is based on product traceability. Protected by four families of international patents, JAZZ® and MADISON have obtained 510(k) regulatory clearance from the Food and Drug Administration (FDA) in the United States, the CE mark as well as the ANVISA authorization in Brazil. Implanet employs 33 staff and recorded 2020 sales of €6.0 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 Euronext™ Growth market in Paris.

The Company would like to remind that the table for monitoring the equity line (OCA, OCAPI, BSA) and the number of shares outstanding, is available on its website: <http://www.implanet-invest.com/suivi-des-actions-80>

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