

Amplitude Surgical announces its results for the first half of 2021-22

- Consolidated sales of €48.1 million, +3.9% at constant exchange rates
- EBITDA down 9.0% to €9.9 million with a margin of 20.5%
- Recurring Operating Profit of €1.9 million
- Cash and cash equivalents of €24.6 million at December 31, 2021

Valence (France), March 23, 2022, 6:00 pm CET - Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, eligible for PEA-PME plans), leading French player on the surgical technology market for lower-limb orthopedics, announces its results for the first half of its 2021-22 financial year to December 31, 2021.

Olivier Jallabert, Amplitude Surgical's CEO, said: "During the first half of our 2021-22 financial year, Amplitude Surgical recorded a 3.9% increase in sales at constant exchange rates. The decrease in the gross margin was a consequence of a weaker level of industrial activity than in the first half of 2020-2021 combined with an increase in Sales & Marketing expenses in foot and ankle activities, leading to a 9.0% fall in EBITDA to €9.9 million. The Recurring Operating Profit was €1.9 million, a slight decrease on the previous year".

Financial summary – actual exchange rates:

€m - IFRS	H1 2021-22	H1 2020-21	Δ
Sales	48,099	45,909	4.8%
Gross margin	35,455	34,939	1.5%
as a % of sales	73.7%	76.1%	-240 bps
Sales & Marketing costs	18,629	16,413	+13.5%
General & Administrative costs	5,508	6,225	-11.5%
Research & Development costs	1,466	1,469	-0.2%
EBITDA	9,852	10,832	-9.0%
as a % of sales	20.5%	23.6%	-310 bps
Recurring Operating Profit	1,879	2,042	
Non-recurring operating income/expenses	-326	-887	
Operating profit/loss	1,553	1,156	
Financial profit/loss	-4,321	-6,220	
Net profit/loss – Group share	-2,833	-4,984	
Net financial debt	119,482	114,521	
Cash position at end of period	24,628	36,497	



EBITDA down 9.0% with a gross margin of 20.5%

In the first half of its 2021-22 financial year (from July to December 2021), Amplitude generated sales of €48.1 million, up 4.8% in actual terms and 3.9% at constant exchange rates compared with the previous year. Despite this improvement, activity continued to be negatively affected by the public health situation associated with the COVID-19 pandemic, notably knee and hip activity.

- **Knee and hip activity** was stable, with sales up 0.3% in actual terms and down 0.3% at constant exchange rates. Following a first quarter that was down on the previous year, notably impacted by lower operating room availability in France, the beginning of the second quarter (from mid-October to mid-November) saw an upturn in the sales momentum with fewer restrictions associated with the public health situation than the previous year. However, this rebound was slowed down again from the beginning of December following the increase in COVID-19 contaminations. Overall, during the first half, the health situation and reduced availability of operating rooms and medical personnel are continuing to have a considerable negative impact on activity.
- **Novastep**, innovative solutions for foot and ankle surgery, generated strong growth over the half with sales totaling €7.9 million (+33.1% at constant exchange rates), driven by the United States. Novastep's activity now accounts for 16.4% of total Group sales.

Amplitude Surgical recorded a gross margin of 73.7% over the half, down 240 bps, impacted by the weaker dynamism of its industrial activities compared with first half of 2020-2021 and a negative change in the euro compared to the currencies of the Group's international distribution subsidiaries.

The Group's operating expenses totaled €25.6 million, up 6.2% compared with end-December 2020.

Sales & Marketing costs increased by 13.5% due to the growth in Novastep's foot and ankle activities.

General & Administrative costs decreased by 11.5% to €5.5 million, with the Group continuing its efforts to control costs in a commercial environment that has been significantly disrupted by the public health situation.

In the first half of 2021/2022, Research & Development expenses represented 3.0% of sales and were stable, in absolute value, compared with the first half of the previous year.

Amplitude Surgical had a workforce of 453 staff at the end of December 2021, versus 443 at end-June 2021 and 442 at end-December 2020. Personnel costs were up 5.9% compared with H1 2020-2021.

EBITDA was thus €9.9 million, down 9.0%, with a margin of 20.5%, down 310 bps compared with the first half of 2020-21.

The Group generated a Recurring Operating Profit of €1.9 million over the half, versus €2.0 million in the first half of 2020/2021, the positive sales trend being offset by a lower margin and the increase in Sales & Marketing expenses. The Operating Profit was €1.6 million, versus €1.2 million in H1 2020/2021.

The Financial Result was -€4.3 million and consisted primarily of an interest expense of €4.8 million and the booking of a net currency gain of €0.7 million at end-December 2021.



Financial structure: cash of €24.6 million at the end of 2021

The net cash flow generated by operating activity was a positive €1.7 million over the half, versus a negative €1.0 million in the first half of 2020-21.

Investments totaled €4.9 million in the first half of 2021-22 versus €4.3 million in the first half of the previous year.

At end-December 2021, the Group had cash and cash equivalents of €24.6 million. Its Net Financial Debt was €119.5 million, giving gearing (Net Financial Debt over Shareholders' Equity) of 2.19, compared with 2.04 at the end of June 2021.

Key first-half events

- **Divestment of two Group subsidiaries**
 - On July 23, 2021, the Group divested 100% of its Amplitude Ortho SRL subsidiary (Romania) to GBG MLD SRL, the distributor of the Group's products in Moldova. The divested company will continue to market the Group's products on the Romanian market as a distributor.
 - With its growth failing to meet expectations, on August 13, 2021 the Group divested 80% of its Matsumoto Amplitude Inc. subsidiary (Japan) to Mr. Takeshi Matsumoto, who already held 20% of this subsidiary through his company Matsumoto Medical. Following this divestment, the subsidiary's new shareholders initiated it winding up.
- **URSSAF audits on tax on the promotion of medical devices**
 - On January 27, 2022, the Grenoble Court of Appeal rejected Amplitude SAS' request to invalidate the adjustment with regard to tax on the promotion of medical devices for the period from July 1, 2014 to June 30, 2017. The amount of this adjustment is €5.8 million. All these elements have been fully provisioned in the Group's accounts. Amplitude SAS will appeal this decision in the Court of Cassation.
 - On September 21, 2021, the Group received a letter of adjustment from URSSAF following a fourth audit pertaining to tax on the promotion of medical devices for the period from July 1, 2017 to June 30, 2020. This letter of adjustment would lead to the repayment of social contribution arrears of €5.9 million, a sum already provisioned in the Group's accounts in previous financial years. As with its previous disputes, the Group has formulated its observations and will table a request with the URSSAF's Amicable Settlement Board. Should this request be rejected, the Group will ask the Valence Superior Court (*Tribunal de Grande Instance*) to invalidate the adjustment.
- **Dispute with Zimmer Biomet**
 - On November 4, 2021, the Grenoble Court of Appeal rejected the case filed by Zimmer Biomet in the dispute pertaining to alleged unfair competition and ordered the latter to pay €25,000 to Amplitude SAS with respect to article 700 of the Code of Civil Procedure. Zimmer Biomet has decided to lodge an appeal with the Court of Cassation.



Outlook

- The Group has no commercial exposure in Ukraine or Russia. Its exposure is limited to changes in energy costs and the price of raw materials, notably titanium, that impact product manufacturing costs.
- The improvement of the sanitary situation in France since February has allowed since the beginning of March, a return of the market closer to normal.

Availability of the financial report

Amplitude Surgical has made its half-year financial report to December 31, 2021 available to the public and filed it with the AMF French stock market authorities.

This half-year financial report can be found on Amplitude Surgical's website at www.amplitude-surgical.com/fr, in the "Documentation / Financial Report" section.

Next financial press release:

Sales for the first 9 months of 2021-22, on Thursday April 21, 2022 (after market).

About Amplitude Surgical

Founded in 1997 in Valence, France, Amplitude Surgical is a leading French player on the global surgical technology market for lower-limb orthopedics. Amplitude Surgical develops and markets high-end products for orthopedic surgery covering the main disorders affecting the hip, knee and extremities, and notably foot and ankle surgery. Amplitude Surgical develops, in close collaboration with surgeons, numerous high value-added innovations in order to best meet the needs of patients, surgeons and healthcare facilities. A leading player in France, Amplitude Surgical is developing abroad through its subsidiaries and a network of exclusive distributors and agents distributing its products in more than 30 countries. Amplitude Surgical operates on the lower-limb market through the intermediary of its Novastep subsidiaries in France and the United States. At June 30, 2021, Amplitude Surgical had a workforce of 443 employees and recorded sales of nearly 95.5 million euros.

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