

## Amplitude Surgical – 2021-22 annual results: Sales of €87.6m and EBITDA of €22.0m

- Consolidated annual sales of €87.6 million, +4.8% at constant exchange rates, after the restatement of foot and ankle activities as activities held for sale
- Increase in EBITDA to €22.0 million (+10.9%) with an EBITDA margin of 25.1%
- Recurring operating profit of €6.8 million
- Cash position of €21.0 million at end-June 2022

**Valence (France), October 19, 2022, 6 pm CEST** - Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, eligible for PEA-PME equity savings plans), a leading French player on the surgical technology market for lower-limb orthopedics, announces its 2021-22 annual results.

**Olivier Jallabert, Amplitude Surgical’s CEO**, said: “The Amplitude Surgical group’s annual sales for its 2021-22 financial year, excluding foot and ankle activity for which a strategic review is underway, were up by 4.8% at constant exchange rates compared with the previous year. Nevertheless, for most of the year the Group’s activity continued to be negatively affected by the public health situation associated with the COVID-19 pandemic on most of its markets. Despite this, the growth in activity combined with good control over operating costs led to a 10.9% increase in EBITDA to €22.0 million. There was a recurring operating profit of €6.8 million, which is a substantial improvement on the previous year”.

### Financial summary – actual exchange rates:

In June 2022, the Board of Directors issued a recommendation that a strategic review of the Group’s foot and ankle activities be launched. This internal review could lead to the divestment of this activity driven by Novastep and Novastep Inc. As of June 30, 2022, the criteria set out in IFRS 5 are complied with. Therefore, and in accordance with IFRS 5 “Non-current assets held for sale and discontinued activities” principles, the two subsidiaries fulfill the criteria of a discontinued activity and are presented separately in the Group’s results as Profit/loss from discontinued activities, after tax. 2020-21 annual accounts have been restated accordingly.

€ millions - IFRS	2021-22	2020-2021	Δ
<b>Sales</b>	<b>87.6</b>	<b>82.7</b>	<b>5.9%</b>
<b>Gross margin</b>	<b>62.7</b>	<b>60.9</b>	<b>2.9%</b>
<b>as a % of sales</b>	<b>71.6%</b>	<b>73.7%</b>	<b>-210 bps</b>
Sales & Marketing costs	27.3	26.0	5.0%
General & Administrative costs	11.5	12.5	-7.9%
Research & Development costs	1.8	2.5	-27.9%
<b>EBITDA</b>	<b>22.0</b>	<b>19.8</b>	<b>10.9%</b>
<b>as a % of sales</b>	<b>25.1%</b>	<b>24.0%</b>	<b>+110 bps</b>
<b>Recurring operating profit/loss</b>	<b>6.8</b>	<b>0.9</b>	
Non-recurring operating income and expenses	-1.8	-2.5	



<b>Operating profit/loss</b>	<b>4.9</b>	<b>-1.7</b>	
<b>Financial profit/loss</b>	<b>-6,6</b>	<b>-10.1</b>	
<b>Current and deferred tax</b>	<b>-1.2</b>	<b>-1.9</b>	
<b>Profit/loss from discontinued activities, after tax</b>	<b>-2.0</b>	<b>-1.0</b>	
<b>Net profit/loss - Group share</b>	<b>-4.4</b>	<b>-14.1</b>	
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<b>Net financial debt</b>	<b>118.0</b>	<b>116.1</b>	
<b>Net cash position at end of period</b>	<b>21.0</b>	<b>30.7</b>	

### EBITDA up by 10.9% with an EBITDA margin of 25.1%

Over its 2021-22 financial year, Amplitude Surgical recorded sales, after application of IFRS 5, of €87.6m, up 5.9% in actual terms and 4.8% at constant exchange rates. Nevertheless, over the year as a whole, the public health situation and the limited availability of operating rooms and medical personnel had a considerable negative impact on activity.

Before the application of IFRS 5, total Group sales including foot and ankle activity came to €104.8m, up 9.8% in actual terms and 8.2% at constant exchange rates.

Amplitude Surgical recorded a gross margin of 71.6%, down 210 bps, impacted by the weaker momentum of its industrial activities, a less favorable country mix and the negative evolution of the euro compared to the currencies of the Group's international distribution subsidiaries.

The Group's operating expenses totaled €40.7 million, a decrease of 0.9% on the previous year, thanks to good cost control given an uncertain situation and to a €1.8 million higher R&D spending capitalization level than the previous year.

Sales & Marketing spending was up 5.0%, due to the growth in activity leading to a higher level of commissions.

General & Administrative spending was down 7.9% at €11.5 million, with the Group continuing its cost-control efforts in a business environment that has been badly disrupted by the public health situation.

R&D costs booked as expenses represented 2.1% of sales, compared with 3.1% the previous year. However, including capitalized R&D costs, the Group's global investment in R&D increased from €2.9m in 2020-2021 to €4.0m in the year to June 30, 2022.

At end-June 2022, excluding foot and ankle activities, Amplitude Surgical had a workforce of 389 staff, compared with 381 at the end of June 2021. Personnel costs were down 0.9% versus 2020-2021.

EBITDA was thus €22.0 million, up 10.9%, giving an EBITDA margin of 25.1%, a 110 bp improvement compared with the 2020-21 financial year.

The Group generated a Recurring Operating Profit of €6.8 million, versus €0.9 million in 2020/2021, driven by the positive sales trend, good control over operating costs and the €1.5 million decrease in non-recurring expenses compared with the previous year. There was an Operating Profit of €4.9 million, versus a loss of €1.7 million in 2020/2021.

The Financial Result was -€6.6 million and consisted primarily in an interest expense of €9.3 million and the booking of a net currency gain of €3.5 million.

The Net Result (Group share) was a loss of €4.4 million, versus a net loss of €14.1m the previous year.

### Financial structure: cash position of €21.0 million at end-June 2022

Net cash flow generated by operating activity totaled €8.1 million, versus €2.3 million in 2020-21.

Investments totaled €12.4 million, versus €9.2 million the previous year.

At the end of June 2022, the Group thus had a cash position and cash equivalents of €21.0 million.

Net Financial Debt was €118.0 million, giving gearing (Net Financial Debt over Shareholders' Equity) of 2.24, compared with 2.04 at end-June 2021.

### 2021-22 key events

- **Strategic review of Novastep**

- On June 28, 2022, the Group's Board of Directors issued a recommendation that a strategic review of the Group's foot and ankle activity driven by its Novastep subsidiary in France and its Novastep Inc. subsidiary in the United States be launched. The review undertaken by the Group could lead to the divestment of this activity.

- **Divestment of two of the Group's 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 €5.7 million. All these elements have been fully provisioned in the Group's accounts. To lodge an appeal, the Company had to reach a payment agreement with URSSAF regarding the third dispute. The schedule provides for payments spread over 18 months with a first payment due in July 2022.
- 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 €5.5 million, a sum already provisioned in the Group's accounts in previous financial years. The URSSAF's Amicable Settlement Board rejected the Group's challenge. Amplitude SAS has lodged an appeal with the Valence judicial court.



- **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 economic situation and the war in Ukraine have led to an increase in commodity and energy prices and to partial supply chain disruption. In recent months, the Group has observed an increase in its procurement costs and a sharp rise in procurement lead times to more than six months for certain products. To address the procurement risk, the Group is conducting thorough commercial forecast reviews and adopting purchasing commitments over longer timeframes. The Group has no commercial exposure in Ukraine or Russia.
- Assuming that the COVID-19 pandemic does not result in further impacts restricting the Group's economic activity on its markets and subject to the availability of medical staff in health facilities, the Company is anticipating:
  - a return to the pre-COVID growth trajectory after an initial upturn in 2021-22, resulting in annual sales of approximately €129 million in 2022-23 (including foot and ankle activity – excluding IFRS 5); and
  - an EBITDA margin of around 21% in 2022-23 (including foot and ankle activity – excluding IFRS 5).

## Next press release:

**Q1 2022-23 sales, on Thursday November 24, 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, 2022, Amplitude Surgical had a workforce of 460 employees and recorded sales of nearly 104.8 million euros (including foot and ankle activity and before application of IFRS 5).

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