

IMPLANET Publishes Its 2023 Half-Year Results

9/28/2023

- Revenue of €4.3 million in the first half of 2023, +4% compared with H1 2022
- Continued dynamic R&D investment coupled with strict management of operating expenses, down 4% over the period
- Planned capital increase with preferential subscription rights, guaranteed up to €5.0 million by Sanyou Medical and subject to a General Meeting to be convened

BORDEAUX, France & BOSTON--(BUSINESS WIRE)-- Regulatory News:

IMPLANET (Euronext Growth: ALIMP, FR0013470168, eligible for PEA-PME plans), a medical technology company specializing in vertebral implants for orthopedic surgery and the distribution of technological medical equipment, today announced its results for the first half of the current financial year, ending June 30, 2023, as approved by the Board of Directors on September 26, 2023.

Ludovic Lastennet, IMPLANET's CEO, stated: "In line with previous years, IMPLANET pursued its profound transformation in the first few months of 2023. In addition to the various product launches we achieved through our merger with OSD and our alliance with Sanyou Medical, we succeeded in controlling our operating expenses while maintaining a proactive investment policy. This last point, essential to our strategy, will enable us in the short and medium term to secure the renewal of our CE markings and marketing authorizations across the world. At the same time, our strategic partnership with Sanyou enjoyed its first technological and commercial advances during this period. We are also looking forward to announcing the first training courses for Chinese surgeons and the pre-launch of our JAZZ® range in China, as part of the preparation of the CFDA (Chinese Health Authorities) dossier, for which submission is still scheduled for the end of this year. Our alliance with our Chinese partner will thus see further progress in the coming months, notably through a fund-raising operation scheduled for January 2024, which will boost our financial visibility and to which Sanyou intends to make a major contribution."

In € thousands - IFRS - Simplified income statement	H1 2023	H1 2022	Change %
Revenue	4,268	4,112	4%
Cost of goods sold	-1,805	-1,502	20%
Gross margin	2,463	2,611	-6%
Gross margin %	57.7%	63.5%	-5.8 bp
Operating costs	-4,583	-4,798	-4%
Recurring operating profit/loss	-2,119	-2,188	3%
Other non-recurring operating income and expenses	-89	0	n.a
Operating profit/loss	-2,209	-2,188	-3%
Financial profit/loss	-62	-103	-160%
Net result	-2,270	-2,084	-9%

*Unaudited figures

Revenue

In the first half of 2023, revenue came to €4.27 million, up +4% on the first half of 2022.

Sales in the Spine business slowed slightly, by around 4%, from €4.09 million to €3.94 million. Sales in the French and US markets, where the Company operates directly, were stable over the period, at €1.80 million and €0.80 million respectively. Export business, particularly in Europe and Latin America, was down by around 10% compared with the first half of 2022.

On the other hand, the Company confirmed the sales momentum of its new SMTP Medical Equipment business over the period and recorded the first positive results of the partnership with Sanyou Medical. Indeed, as announced on June 21, 2023, the Company initiated the launch of a minimally invasive pedicle screw positioning system in Europe and has already booked its first orders.

Gross margin and operating income

The gross margin was €2.46 million in the first half of 2023 versus €2.61 million for the same period of 2022, a decrease of approximately 6%. This decrease was mainly a result of the product mix, the launch of the SMTP medical equipment ranges and the minimally invasive pedicle screw positioning system leading to a decrease in the gross margin from 63.5% to 57.7% between the first half of 2022 and the first half of 2023.

At the same time, over the period the Company continued its policy of investing in quality control and regulatory affairs in order to secure the renewal of its marking and marketing approvals for its implants under the new European Medical Device Regulation (MDR), while successfully reducing its operating expenses by €0.22 million compared with the first half of 2022. This decrease has been the result of tight control over operating spending and

a decrease in the commissions paid to sales agents in France and the United States.

As a result, the recurring operating loss was reduced by 3%, to -€2.12 million in the first half of 2023 compared with -€2.19 million in the first half of 2022.

Given these elements, non-recurring exceptional expenses of €0.09m and a financial result of -€0.06m, the net result was -€2.27 million in the first half of 2023 compared with -€2.08 million in the first half of 2022.

Cash position

As of June 30, 2023, Implanet had a cash position of €1.5 million. It stood at €0.3 million on August 31, 2023.

The cash position, which is lower than anticipated following a cyclical slowdown in business in the United States in July and August, and the postponement of the launch of the first SMTP medical equipment in France, is not sufficient in view of the Company's current operational development plan to finance business over the next twelve months, and in particular the needs associated with the continued development of the Sanyou Medical project.

In this context, IMPLANET needs to find new financing in the short term. The Company is looking into the most appropriate means of financing to enable it to implement its development plan.

Accordingly, the Company plans to launch a new fundraising operation with preferential subscription rights (DPS) for an amount of between €5.5 million and €6.4 million in January 2024.

To this end, the Company plans to convene its shareholders at a General Meeting in November 2023, in order to obtain the necessary financial authorization required for its eventual implementation.

SHANGHAI SANYOU MEDICAL Co. LTD, a 41.03% shareholder in IMPLANET, committed itself, in the event of the implementation of such a transaction, to subscribe to the capital increase in cash, on an irreducible and reducible basis, subject to (i) the approval of Sanyou's Board of Directors, (ii) obtaining prior approval from the Autorité des marchés financiers (AMF) for a waiver of the obligation to file a public tender offer (in accordance with provisions 234-8 and 234-9, 2° of the AMF General Regulations) in the event of a post-transaction crossing of the 50% capital threshold, and (iii) control by the relevant Chinese government authorities.

Depending on the level of participation of IMPLANET's shareholders, Sanyou Medical could be required to exceed the threshold of 50% of IMPLANET's capital and voting rights, i.e. the threshold constituting the implementation of a mandatory tender offer.

As the implementation of such an operation would require several months (time needed to convene a General

Meeting, time needed to obtain a waiver from the obligation to file a takeover bid, and time needed to obtain the approval of the relevant Chinese government authorities), the Company is actively seeking bridge financing.

Several proposals are currently under consideration for the implementation of a short-term financing of €1.0 million, which could take the form of a loan either in the form of OCAs or dry bonds, although the Company wishes to give preference to the implementation of financing in the latter form.

Based on current business assumptions and anticipated commercial developments with Sanyou Medical, the Company estimates that this capital increase, for a minimum amount of €5.0 million, would give it financial visibility of over 12 months once completed.

2023 1st half-year highlights

- Commercial launch of the ultrasound surgical scalpel from SMTP, a subsidiary of Sanyou Medical, in March 2023;
- FDA approval for the SqualéTM range of anterior cervical cages in the United States;
- Commercial launch in Europe of the MIS range, a minimally invasive pedicle screw positioning system.

Strategy and outlook for the coming 12 months

- Finalize the registration of existing products within the framework of the European Medical Device Regulation (MDR).
- Reinvigorate the Company's presence in the United States:
 - strengthen the resources and commercial means made available to the historical team;
 - strengthen the Company's direct approach by expanding our scientific team of thought leaders;
 - successfully register, with the FDA, the OriginTM product range resulting from the OSD acquisition.
- Strengthen market momentum and the product offering:
 - continue developing our existing strategic partnerships in the United States (SeaSpine) and Germany (ulrich medical®);
 - deploy the commercial and technological partnership with Sanyou Medical to jointly develop an innovative new European range of hybrid posterior fixation;
 - initiate the distribution of the JAZZ® platform in China (the world's largest spine market by volume) with Sanyou Medical;
 - distribute technological medical equipment in Europe such as SMTP Technology Co.'s ultrasound surgical scalpel.

Upcoming financial press release

- 2023 third-quarter revenue, October 17, 2023, after market close

About IMPLANET

Founded in 2007, IMPLANET is a medical technology company that manufactures high-quality implants for orthopedic surgery and distributing medical technology equipment. Its activity revolves around a comprehensive innovative solution for improving the treatment of spinal pathologies (JAZZ®) complemented by the product range offered by Orthopaedic & Spine Development (OSD), acquired in May 2021 (thoraco-lumbar screws, cages and cervical plates). Implanet's tried-and-tested orthopedic platform is based on the traceability of its products. 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, the CE mark in Europe and ANVISA approval in Brazil. In 2022, IMPLANET entered into a commercial, technological and financial partnership with SANYOU MEDICAL, China's second largest medical device manufacturer. IMPLANET employs 43 staff and recorded a consolidated revenue of €8.0 million in 2022. Based near Bordeaux in France, IMPLANET opened a US subsidiary in Boston in 2013. IMPLANET is listed on the Euronext Growth market in Paris.

For further information, please visit www.Implanet.com.

Disclaimer

This press release contains forward-looking statements about Implanet and its business. Implanet believes that these forward-looking statements are based on reasonable assumptions. However, no assurance can be given that the forecasts expressed in these forward-looking statements will materialize, as they are subject to risks, including those described in Implanet's reference document filed with the Autorité des marchés financiers (AMF) on April 16, 2018 under number D.18-0337 and in the annual financial report for December 31, 2022, which are available on the Company's website (www.implanet-invest.com), and to changes in economic conditions, financial markets and the markets in which Implanet operates. The forward-looking statements contained in this press release are also subject to risks that are unknown to Implanet or that Implanet does not currently consider material. The occurrence of some or all of these risks could cause Implanet's actual results, financial condition, performance or achievements to differ materially from those expressed in the forward-looking statements. This press release is for information purposes only and does not and shall not under any circumstances constitute an offer to sell or subscribe, or the solicitation of an order to buy or subscribe, Implanet securities in any country.

¹ See press release published by the Company on July 11, 2023

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