Amplitude Surgical –
Good operational performances in H1 2018-19

- 5.5% sales growth to €47.1 million, +7.0% at constant exchange rates
- 6.6% increase in EBITDA to €6.3 million, i.e. an EBITDA margin of 13.5%
- Net cash position of €18.0 million at end-2018

Valence, March 27, 2019, 6:00 pm CET - Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, PEA-PME eligible), a leading French player on the global surgical technology market for lower-limb orthopedics, today announces its results for the first half of its 2018-19 financial year (July to December 2018).

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: “The sustained growth in our activity and improvement in our profitability demonstrate the relevance and quality of execution of Amplitude Surgical’s strategy. Despite the reduction in prices in France, the unfavorable currency trend and the ramp-up of our new US subsidiary, we have delivered profitable growth notably thanks to the investments undertaken and good cost control.”.

Over the first half of its 2018-19 financial year, Amplitude Surgical continued to deploy its strategy and generated sales of €47.1 million, up 5.5% in actual terms and 7.0% at constant exchange rates, and EBITDA of €6.3 million, up 6.6%, giving a slight improvement in the margin to 13.5%.

Financial summary – actual currency:

<table>
<thead>
<tr>
<th>€ thousands – IFRS(*)</th>
<th>H1 2018-19</th>
<th>H1 2017-18</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>47,102</td>
<td>44,657</td>
<td>+5.5%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>35,035</td>
<td>33,742</td>
<td>+3.8%</td>
</tr>
<tr>
<td>as a % of sales</td>
<td>74.4%</td>
<td>75.6%</td>
<td>-120 bp</td>
</tr>
<tr>
<td>Sales &amp; Marketing costs</td>
<td>19,942</td>
<td>19,721</td>
<td>+1.1%</td>
</tr>
<tr>
<td>General &amp; Administrative costs</td>
<td>5,647</td>
<td>5,450</td>
<td>+3.6%</td>
</tr>
<tr>
<td>R&amp;D costs</td>
<td>3,099</td>
<td>2,616</td>
<td>+18.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>6,346</td>
<td>5,955</td>
<td>+6.6%</td>
</tr>
<tr>
<td>as a % of sales</td>
<td>13.5%</td>
<td>13.3%</td>
<td>+20 bp</td>
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</table>

(*) figures that have been subject to a limited review by the statutory auditors.
The Group’s total operating expenses amounted to €28.7 million, a limited increase of 3.2%, reflecting good cost control in a context of activity growth despite the Group’s human and commercial investments to develop new territories and to continue increasing its market share.

At the end of December 2018, Amplitude Surgical had a workforce of 455, vs. 428 at end-June 2018 and 392 at end-December 2017. Personnel costs increased by 13.6% compared with the first half of 2017-18, taking into account the integration of the sales network in the Paris region and the start-up
The workforce was reinforced in the Sales & Marketing department, as well as in all international subsidiaries.

EBITDA thus amounted to €6.3 million, up 6.6%, i.e. an EBITDA margin of 13.5%, up 20 bp compared with the first half of 2017-18.

The Cour de Cassation has delivered a favorable decision in the dispute between the Company and URSSAF. At December 31, 2018, pending the final decision of the Grenoble Court of Appeal, the Group continues to provision for the entire risk.

The Financial Loss totaled €3.8 million, consisting of an interest expense of €3.2 million and the booking of currency exchange losses of €0.6 million.

Financial Structure: net cash position of €18.0 million at end-2018
Cash flow from operating activity amounted to -€2.7 million over the semester, compared with the +€1.8 million of cash generated in H1 2017-18, given the substantial increase in Working Capital Requirements.

H1 2018-19 investments amounted to €7.7 million, compared to the €10.5 million invested in the first half of 2017-18. They mainly comprise the implementation of instrumentations for €6.6 million.

Despite the cash burn associated with operating activity and investments undertaken, the Group had a cash position of €18.0 million at end-December 2018 and Net Financial Debt of €106.3 million, i.e. a gearing (Net Financial Debt over Shareholders’ Equity) of 1.20, versus 0.99 at end-June 2018.

First-half key events:
- Amendment to the terms and conditions of the 2014 and 2016 Non-Convertible Bonds
The Group renegotiated the terms of its 2014 and 2016 Non-Convertible Bonds to improve its financial flexibility. At June 30, 2018, the Group’s debt included €94.9 million in bonds, consisting of Non-Convertible Bonds issued in 2014 and 2016.

The amendment to the terms and conditions notably relates to the compliance with a revised leverage ratio\(^1\) during remaining test periods. After rescheduling, the leverage ratio must be between 4.00x and 6.00x for test periods between December 31, 2018 and June 30, 2023 (versus 3.75x and 4.00x before rescheduling).

Furthermore, with effect from January 1\(^{st}\), 2019, the 2014 Non-Convertible Bonds could carry a PIK interest rate increased by 1.25% while the 2016 Non-Convertible Bonds could carry a PIK interest rate of 1.25% if, in both cases, the leverage ratio exceeds 4.5x. If it remains below 4.5x, the interest rates will stay at their originally agreed level.

- Cour de Cassation decision in the URSSAF dispute
On November 29, 2018, the Cour de Cassation overturned the decision of the Chambéry Appeal Court in the Group’s dispute with URSSAF (agency collecting employee and employer social security contributions), favorably considering the arguments exposed by Amplitude Surgical.

\(^{1}\) Leverage ratio: defined as the ratio of net debt to restated EBITDA.
As a result of this decision, the parties will return to the Grenoble Appeal Court. The date of the hearing has been set for July 2, 2019.

As a result, Amplitude Surgical anticipates a €1.3 million repayment from the URSSAF, but keeps the provisions pending the final outcome.

Next financial press release:
Sales for the first 9 months of 2018-19, on Thursday April 25, 2019, 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, 2018, Amplitude Surgical had a workforce of 428 employees and recorded sales of over 100 million euros.

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