Amplitude Surgical – 2015-16 annual results

Strong growth within a context of ongoing investments

- Significant increase in sales to €80.8 million, +16.5% at constant currency
- Gross margin improvement: +80 bp to 77%
- Further strengthening of the teams, personnel costs +27%, R&D at 9.1% of sales
- EBITDA of €13.5 million, at 16.7% of sales. At constant currency and excluding new subsidiaries opening related costs, EBITDA of €15.4 million and margin of 18.7%
- Group Attributable Net Profit of €0.2 million vs. loss of €17.6 million in 2014-15
- Net Financial Debt of €49.5 million, reflecting the pursuance of investments (+65%) and the building up of inventories (+53%) to anticipate for future high levels of demand

Valence, October 6, 2016 - 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 annual results for the 2015-16 financial year to June 30, 2016, as approved by the Board at its meeting of October 5, 2016.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: “In 2015-16, the first year as a listed company, Amplitude Surgical continued to implement an active strategy to pursue its strong sales growth, underpinned by substantial human, industrial and surgical equipment investments. Sales exceeding €80 million while maintaining a high level of EBITDA margin are key indicators of our achievement. The confirmation of the success of our new products and the anticipated developments on major markets, driven by motivated and performing teams, will contribute to pursue our growth and to conquer additional market shares.”

Key 2015-16 events

The following events were recorded over the 2015-16 financial year:

- in the United States, in early June 2016, filing for FDA 510(k) approval for the posterior-stabilized knee prosthesis ANATOMIC®;
- the KNEEMAP®, Amplitude Surgical’s latest innovation in the field of in-consultation navigation, based on gyroscope and accelerometer technology, was presented to more than 1,000 surgeons at the Société Française d’Arthroscopie congress in Grenoble, France, in December 2015. Its unprecedented performances sparked substantial interest, notably among leading anterior cruciate ligament surgeons;
- in South Africa, set-up of a subsidiary at the end of 2015. Following the whole hip, knee and foot ranges registration, commercial operations started in February 2016;
- in Japan, in January 2016, a first registration was granted for the hip range. Japan is the second-largest lower-limb prosthetic reconstruction market, estimated at close to $2 billion - 15% of the worldwide market, behind the United States. Marketing began in May 2016.
Financial summary (actual currency):

<table>
<thead>
<tr>
<th>€ thousands - IFRS</th>
<th>FY 2015-16</th>
<th>FY 2014-15</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>80,788</td>
<td>71,089</td>
<td>13.6%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>62,613</td>
<td>54,139</td>
<td>15.7%</td>
</tr>
<tr>
<td>as a % of sales</td>
<td>77.0%</td>
<td>76.2%</td>
<td>+80bp</td>
</tr>
<tr>
<td>Sales &amp; Marketing costs</td>
<td>32,115</td>
<td>26,802</td>
<td>19.8%</td>
</tr>
<tr>
<td>General &amp; Administrative costs</td>
<td>9,297</td>
<td>7,845</td>
<td>18.5%</td>
</tr>
<tr>
<td>R&amp;D costs</td>
<td>7,327</td>
<td>6,045</td>
<td>21.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>13,473</td>
<td>13,447</td>
<td>0.2%</td>
</tr>
<tr>
<td>as a % of sales</td>
<td>16.7%</td>
<td>18.9%</td>
<td>-220pb</td>
</tr>
<tr>
<td>Current Operating Profit</td>
<td>3,447</td>
<td>5,128</td>
<td>-32.2%</td>
</tr>
<tr>
<td>Non-recurring expenses</td>
<td>11,736</td>
<td>7,906</td>
<td></td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-8,259</td>
<td>-4,556</td>
<td></td>
</tr>
<tr>
<td>Financial Profit/Loss</td>
<td>5,352</td>
<td>-15,014</td>
<td></td>
</tr>
<tr>
<td>Attributable Net Profit/Loss</td>
<td>219</td>
<td>-17,646</td>
<td></td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>1,987</td>
<td>-16,530</td>
<td></td>
</tr>
<tr>
<td>Net cash position</td>
<td>32,071</td>
<td>56,065</td>
<td></td>
</tr>
</tbody>
</table>

EBITDA margin of 18.7%, at constant currency and excluding the costs related to new subsidiaries opening

On the basis of 2015/16 annual sales of €80.8 million, up 13.6% in actual terms and 16.5% at constant currency, Amplitude Surgical recorded a gross margin of 77.0%, up 80 bp compared with 2014-15, mainly due to an increasingly subsidiary-based distribution model and a more favorable geographical mix.

The Group recorded EBITDA of €13.5 million, stable on the previous year. Excluding costs related to the launch of new subsidiaries in Japan and in South Africa (€500 thousand) and the FX impact in Brazil and Australia (€1,457 thousand), the Group recorded EBITDA of €15.4 million, up 14.7%, giving a margin of 18.7% of sales.

These trends reflect the investments undertaken by the Group to develop in new countries and strengthen its teams in order to consolidate the cornerstone of its future growth and win additional market shares. At June 30, 2016, Amplitude Surgical had a workforce of 297 staff, 49 more than in June 2015, and personnel costs were up almost 27% year-on-year. Moreover, the Group pursued its development and innovation efforts spending to 9.1% of sales in R&D, compared with 8.5% in 2014-15 and 7.9% in 2013-14.

Current Operating Profit was down 32%, at €3.5 million, given the €2.7 million increase in amortization to €9.9 million, while the Operating Loss was €8.3 million compared with a loss of €4.6 million in 2014-15, notably as a result of the following:
The Group has increased its equipment inventory levels to cope with strong demand from our new clients, +€17.5 million for inventories totaling €50.7 million at the end of June 2016. Working Capital Requirements were thus €15.0 million, compared with €11.2 million a year earlier. At the same time, investments increased by more than 60% to €18.1 million, including €13.2 million of tangible assets, notably associated with new ancillary equipment.

The Group has a Cash & Cash Equivalents position of €32.1 million. At the end of June 2016, the Group’s gearing (Net Financial Debt over Shareholders’ Equity) was 0.42, versus 0.28 at the end of June 2015.

Recent events

Since the end of June 2016, Amplitude Surgical:

- has opened a subsidiary in Bucharest, Romania, in July;
- in Brazil, acquired the remaining 40% minority interests in Amplitude Latam, for a total consideration of €4.1 million;
- inaugurated a 3,690 m² logistics building in Valence, at the Group’s head offices;
- has been in discussion to acquire a 50% stake in SOFAB Orthopédie, an historical industrial subcontractor.

The Annual Financial Report can be found on Amplitude Surgical’s website (www.amplitude-surgical.com) in the “Documentation” / “Other regulated information” section.

Next financial press release: Q1 2016-17 sales, on Wednesday November 23, 2016
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. Amplitude Surgical operates on the lower-limb market through the intermediary of its Novastep subsidiaries in France and the United States. Amplitude Surgical distributes its products in more than 30 countries. At June 30, 2016, Amplitude Surgical had a workforce of almost 300 employees and recorded sales of over 80 million euros.

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