Amplitude Surgical – 2016/17 Annual Results
Strong growth in activity and substantial investments

- Strong sales growth, in line with the medium-term target: +16% to €93 million
- Improvement in the operating expenses / sales ratio; EBITDA margin of 17.6% excluding costs associated with the launch of the Japanese subsidiary
- Substantial investments, notably in industrial and logistical integration
- Reduction in WCR; net cash position of €42 million at end-June 2017
- Medium-term target of doubling sales in 5 years reiterated, notably driven by ongoing developments in the United States and by an enhanced innovative offering

Valence, October 18, 2017, 6 pm (CEST) - 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 2016-17 financial year to June 30, 2017.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: “20 years after Amplitude Surgical was founded, 2016-17 was another year with many key events and strong growth, with sales exceeding €90 million and an EBITDA margin of almost 17%. These results reflect the successful implementation of our development strategy, which is based on state-of-the-art R&D, major investments and staff eager to open up new markets and introduce new equipment to support medical practitioners and their patients. Beyond these solid foundations, the potential of the United States – the world’s largest market on which we are developing fast – and an innovative product portfolio that is continuously being enhanced will drive our growth, with our target of doubling the Group’s sales in 5 years to June 2021 reiterated.”

Key 2016/17 events
At product level, Amplitude Surgical achieved the following:
- in early March 2017, it obtained the CE Mark for the use in consultation of Kneemap®, a device for measuring knee kinematics to help surgeons assess all knee movements and refine their diagnosis and therapeutic strategy;
- in early 2017, it received 510(k) regulatory clearance from the FDA (American Food and Drug Administration) for its Anatomic® posterior-stabilized knee prosthesis. After Europe in February 2013, Australia in August 2015 and South Africa in early 2016, this clearance provides access to the world’s largest lower-limb prosthetic reconstruction market. In the United States, this approval follows that obtained in late 2014 - early 2015 by the Novastep range for lower-limb (foot and ankle) surgery;
- at the end of 2016, it obtained the CE Mark for its new ACLip® product, a fixation implant for anterior cruciate knee ligament transplants that provides surgeons with simplicity and replicability and rigid fixation that favors transplants in patients. After hips, knees and lower limbs, Amplitude Surgical’s offering thus now covers one of the most frequent knee pathologies and opens up this major market to the Group. The first transplants, over 600, undertaken in France during the final quarter of 2016-17 financial year bode well for the launch at the next SFA – French Society of Arthroscopy congress early December 2017.
At Group level, Amplitude Surgical carried out the following:

- in February 2017, it settled the case pertaining to the acquisition of the remaining minority interests in Australia via a transactional agreement with Austofix, a minority shareholder in its Amplitude Australia Pty subsidiary. This agreement enabled the acquisition of the remaining 25% stake in this subsidiary and the payment of €8.8 million settlement compensation;

- at the end of 2016, it finalized a €65 million bond issue, providing the Group with €30 million to continue its international development and €35 million towards the early repayment of its previous debt;

- in mid-December 2016, it announced the acquisition of a 50% stake in SOFAB Orthopédie, a longstanding strategic industrial subcontractor. This transaction will provide a net positive contribution from 2017-18;

- in July 2016, it finalized the acquisition of the remaining minority interests (40%) in its Brazilian subsidiary, Amplitude Latam, for €4.1 million.

Moreover, in France, Amplitude Surgical has recently signed Memoranda of Understanding with a view to acquiring two companies responsible for the direct management of key French regions, in the east of the country and the Paris region, thus intensifying its commercial presence on the domestic market.

### Financial summary – (actual currency):

<table>
<thead>
<tr>
<th>€ thousands - IFRS</th>
<th>2016-17</th>
<th>2015-16</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>93,356</td>
<td>80,788</td>
<td>+15.6%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>70,519</td>
<td>62,213</td>
<td>+13.3%</td>
</tr>
<tr>
<td>as a % of sales</td>
<td>75.6%</td>
<td>77.0%</td>
<td></td>
</tr>
<tr>
<td>Sales &amp; Marketing costs</td>
<td>38,626</td>
<td>32,115</td>
<td>+20.3%</td>
</tr>
<tr>
<td>General &amp; Administrative costs</td>
<td>9,321</td>
<td>9,297</td>
<td>-</td>
</tr>
<tr>
<td>R&amp;D costs</td>
<td>7,072</td>
<td>7,327</td>
<td>-3.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>15,500</td>
<td>13,473</td>
<td>+15.0%</td>
</tr>
<tr>
<td>as a % of sales</td>
<td>16.6%</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>Core Operating Profit</td>
<td>17</td>
<td>3,477</td>
<td></td>
</tr>
<tr>
<td>Non-core operating expenses</td>
<td>1,064</td>
<td>11,736</td>
<td></td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-1,046</td>
<td>-8,259</td>
<td></td>
</tr>
<tr>
<td>Financial profit/Loss</td>
<td>-8,510</td>
<td>5,352</td>
<td></td>
</tr>
<tr>
<td>Attributable Net Profit/Loss</td>
<td>-12,314</td>
<td>-174</td>
<td></td>
</tr>
<tr>
<td>Net financial debt</td>
<td>80,043</td>
<td>49,540</td>
<td></td>
</tr>
<tr>
<td>Net cash position</td>
<td>41,610</td>
<td>32,071</td>
<td></td>
</tr>
</tbody>
</table>
Improvement in the operating expenses / sales ratio; EBITDA margin of 17.6% excluding costs associated with the launch of the Japanese subsidiary

On the basis of annual sales of €93.3 million, up 15.6% in actual terms and 13.8% at constant currency, Amplitude Surgical recorded a gross margin of 75.6%, a decrease compared with 2015-16 mainly due to the distributor margin affected by the putting in place of substantial volumes of instruments.

The Group’s operating costs totaled €55.0 million, up 12.9%, with an improvement in the operating expenses / sales ratio of more than 150 bp, while EBITDA came to €15.5 million, up 15% compared with 2015-16. The EBITDA margin remained stable at a high level of close to 17%. Excluding the costs associated with the launch of the new Japanese subsidiary, i.e. €906 thousand, Amplitude Surgical recorded EBITDA of €16.4 million, up 21.5%, and a margin of 17.6%.

These changes reflect the human and commercial investments maintained by the Group in order to develop new territories and continue to increase its market share. At June 30, 2017, Amplitude Surgical had a workforce of 368 staff, of which 64 for SOFAB Orthopédie, vs. 297 at the end of June 2016. Moreover, the Group stabilized its R&D investments at more than €7 million, or 7.6% of sales.

The Core Operating Loss includes an increase in non-recurring provisions on inventory depreciations and legal disputes of €2.5 million. The Operating Loss was €1.0 million, compared with a loss of €8.3 million in 2015-16, as a result of:

- the writing down, at June 30, 2017, of an additional provision of €2.6 million relating to the dispute with URSSAF (social security contribution collection authority) regarding tax on medical devices inherent to 2016-17 activity;
- the settlement of the dispute with the Australian subsidiary’s minority shareholders, which resulted in a non-recurring profit of €1.5 million.

There was a financial loss of €8.5 million, which reflects the strengthening of the financial debt, but includes a €1.2 million non-recurring expense associated with the early repayment of a portion of the Group’s debt and a -€0.4 million currency impact essentially associated with the strengthening of the euro. The income tax level is a result of the tax rate on loss carryforwards being adjusted to 28%, contributing to a one-off expense of €2.3 million. The net loss was €12.3 million, including €7.2 million in non-recurring expenses and income, giving a core net loss of €5.1 million.

Substantial investments, notably in industrial and logistical integration

Over the 2016-17 financial year, Amplitude Surgical continued to implement an investment policy aimed at consolidating the foundations of its future growth, notably with:

- a new logistic building for €4.0 million and a cutting-edge clean room for €2.5 million;
- a 50% stake in SOFAB Orthopédie, an historical subcontractor, for €3.4 million;
- the acquisition of the remaining minority interests in its Australian and Brazilian subsidiaries;
- the installation, among new clients, of a large quantity of ancillary equipment, booked as tangible capital assets, for €6.3 million in France and €3.9 million abroad.

Reduction in WCR (substantial decrease in the WCR / sales ratio) and net cash of €42 million at end-June 2017

Amplitude Surgical has a solid financial structure, with Cash & Cash Equivalents of €41.6 million at end-June 2017.
The Group has reduced its working capital requirements, recording a working capital surplus of €6.3 million over the year. The WCR / sales ratio has seen a substantial 24-day improvement. Nevertheless, the high level of growth investments (€19.7 million during the year vs. €13.2 million in 2015-16) and the acquisition of the Australian minority interests increased Amplitude Surgical’s net financial debt to €80.0 million at the end of June 2017, vs. €49.5 million at June 30, 2016. The Group’s gearing (Net Financial Debt over Shareholders’ Equity) was thus 0.77, compared with 0.42 at the end of June 2016.

The Annual Financial Report can be found on Amplitude Surgical’s website: www.amplitude-surgical.com/fr/documentationold/documents-de-reference


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, 2017, Amplitude Surgical had a workforce of nearly 370 employees and recorded sales of over 93 million euros.