

Implanet announces 2015 annual results

- Strong growth in Spine activity: +45%
- Structural cost control accompanies rapid sales expansion in the United States

Bordeaux, Boston, March 30, 2016 – IMPLANET (Euronext: IMPL, FR0010458729, PEA-PME eligible), a medical technology company specializing in vertebral and knee-surgery implants, today announces its annual results for the financial year ending December 31, 2015, as approved by the Board on March 24, 2016.

Ludovic Lastennet, CEO of Implanet, says: *“We are continuing the sales deployment of our JAZZ technological platform. The buoyant growth in our sales is the result of a direct access strategy in our two main markets, France and the United States, where the adoption of our technology accelerated over the second half of 2015. This growth should continue in 2016, notably thanks to the growing use of the JAZZ platform in the treatment of adult degenerative spine disorders. However, the strong growth of the spine business only partially offset the effect of stopping the Hip activity in 2014. On the financial front, we have carried out planned investments that should enable us to achieve significant growth while limiting operating expenses. The steady increase in the number of surgeon users allows us to be more confident than ever in the JAZZ technological platform’s clinical value and in our sales growth over coming quarters.”*

<i>In € thousands – IFRS</i>	2015	2014	Change
Revenue	6,653	7,038	-5%
<i>of which: Spine</i>	2,806	1,930	+45%
Cost of products sold	-4,070	-4,100	-1%
Gross margin	2,583	2,938	-12%
<i>Gross margin %</i>	38.8%	41.7%	
<i>Research & Development</i>	-732	-1,177	-38%
<i>Regulatory matters, Quality control</i>	-940	-812	+16%
<i>Sales, distribution, marketing</i>	-4,480	-3,301	+36%
<i>Operating costs</i>	-792	-922	-14%
<i>General and admin. costs</i>	-3,271	-3,363	-3%
Operating P/L	-7,632	-6,637	-15%
Net P/L	-8,008	-6,872	-28%

Note: audit procedures on the consolidated accounts have been performed. The certification report is being issued

2015: JAZZ growth acceleration

The Company recorded another excellent annual performance in Spine (JAZZ), Implanet’s core activity, thanks to further market share gains in pediatric scoliosis (with market share already exceeding 10% in France¹) and to the growing use of the JAZZ platform in the treatment of adult degenerative spine disorders, a market accounting for 80% of vertebral fusion surgical procedures worldwide².

¹ Source: Company

² Source: i-Data

Record sales in the Spine activity in 2015, up +45% to €2,806 thousand, enabled Spine activity to account for 42% of total sales, versus 27% in 2014. This growth was driven by a strong performance in each of the Company's markets:

<i>In € thousands</i>	2015	2014	Change
Spine revenue	2,806	1,930	+45%
<i>France</i>	<i>952</i>	<i>648</i>	<i>+47%</i>
<i>United States</i>	<i>1,203</i>	<i>821</i>	<i>+47%</i>
<i>Rest of the World</i>	<i>651</i>	<i>461</i>	<i>+41%</i>

Operating expenses accompany growth

The Company's expansion investments, were principally focused on developing the US market. The spending of €1.5 million allowed the Company to expand its US sales coverage with a sales network of 30 sales agents as of December 31st 2015, and to undertake a major medico-economic study demonstrating JAZZ technology's clinical results for patients, as well as its cost benefits for healthcare facilities.

The Company also strengthened its commercial coverage for the distribution of its JAZZ technological platform in Europe and in Latin America, now with a network of fourteen distributors.

With operating expenses, which increased by €640 thousand to €10,215 thousand vs. €9,575 thousand in 2014, taken into account, Implanet recorded an operating loss of -€7,632 thousand (vs. -€6,637 thousand) and a net loss of -€8,008 thousand (vs. -€6,872 thousand) over the year to December 31, 2015.

Cash position and financial investments

As of December 31, 2015, Implanet had cash and financial investments of €7.1 million (versus €5.2 million as of December 31, 2014).

The Company also has the possibility of obtaining additional funding of €4.0 million from L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND in the form of convertible bonds coupled with equity warrants (OCABSA)³.

Significant milestones and breakthroughs in 2015

Clinical and training

- publication of the results of a comparative study showing JAZZ's efficacy in the treatment of idiopathic scoliosis by Professors Mazda and Ilharreborde's teams (APHP – Robert Debré Hospital);
- preliminary results of the biomechanics study undertaken by the Mayo Clinic demonstrating JAZZ's efficacy in the protection of screws implanted in poor-quality bones;
- training of 58 surgeons, sales agents and distributors in 10 sessions of the "Jazz Academy". The training of these worldwide experts should enhance the JAZZ platform's adoption rate in the near term.

³ Issuance, exclusively at the hands of the Company, of 400 warrants to L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND, liable to result in a bond issue of an additional maximum of €4 million (via a number of tranches of no more than 250,000 euros, being specified that L1 European Healthcare Opportunities Fund may ask to increase the unitary amount of one of its tranches of 100,000 euros) subject to:

- necessary approval being granted at the next annual shareholders' meeting due to be held no later than June 30, 2016;
- L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND's direct and indirect stake in the Company not exceeding 3% of equity capital and voting rights taking into account the potential number of shares that could be issued when the convertible bonds are converted;
- the integral repayment or conversion of the previous tranche or a period of 35 days from the issuance of the drawdown on the previous tranche (excluding the first tranche), and
- both the closing price and weighted average price over the five days preceding the issuance request being equal or higher than €1.10.

Intellectual protection and regulatory approvals

- intellectual property on JAZZ technology definitively granted in Europe until 2031;
- CE mark in Europe and 510(k) clearance in the United States for the marketing of all JAZZ diameters and their use with 100% of existing thoraco-lumbar posterior fixation systems (screws and hooks);
- regulatory approval from the Brazilian health authority (ANVISA) to market the JAZZ technological platform.

2016 outlook

In 2016, Implanet will continue its expansion by pursuing a two-pronged development strategy: clinical and operational.

Clinical development

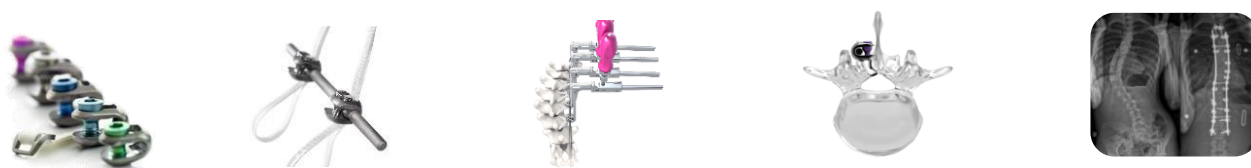
Accelerate market share gains in the treatment of adult degenerative spine disorders, a market of some 700,000 surgical procedures per year worldwide:

- publication of the preliminary results of clinical follow up of >30 patients at Ohio State University;
- launch of a multi-center prospective clinical study in degenerative indications and correction of spinal deformities in adults. Enrollment of >100 patients in 5 prestigious US hospitals;
- further expansion of the JAZZ product platform with new product launches focused on the adult degenerative market.

Operational development

- optimization of the structure and acceleration in the adoption of JAZZ technology in the United States, notably with the appointment in early 2016 of Brian T. Ennis as President of Implanet America;
- consolidation of the Company's geographical expansion in major markets such as Brazil (~27,000 vertebral fusion procedures in 2015), with the success of a first idiopathic scoliosis surgical procedure carried out in Brazil by Dr. Raphael Pratali and his team at the Hospital do Servidor Público Estadual in São Paulo;
- stabilization of the Company's historical Knee activity, allowing it to benefit from economies of scale on its organizational structure (sales & marketing, logistics, production, regulatory, etc.)

Next financial press release: Q1 2016 revenue, on April 28, 2016



About IMPLANET

IMPLANET is a medical technology company that manufactures high-quality implants for orthopedic surgery. Its flagship technology, the JAZZ latest-generation platform, is a range of implants that aim to treat spinal pathologies requiring vertebral fusion surgery. Implanet's established orthopedic platform, based on perfect control of the traceability of its products, provides it with a proven ability to enhance this innovation. 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. IMPLANET employs 48 staff and recorded 2015 sales of €6.7 million. For further information, please visit www.implanet.com.

Based near Bordeaux in France, IMPLANET established a US subsidiary in Boston in 2013. IMPLANET is listed on Compartment C of the Euronext™ regulated market in Paris.

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