



## 2018 ANNUAL RESULTS

**2018 ANNUAL SALES: € 32.3M, +22% AT CONSTANT EXCHANGE RATE**  
**STRONG GROWTH OF UNID® SURGERIES IN THE USA: +67%**  
**GROSS MARGIN JUMPING TO 77% IN THE 4<sup>TH</sup> QUARTER**  
**EBITDA AT BREAK-EVEN IN H2 2018**  
**POSITIVE EBITDA EXPECTED FOR 2019**

**A UNIQUE MODEL IN PATIENT-SPECIFIC SPINE SURGERY**  
**BASED ON ARTIFICIAL INTELLIGENCE AND LARGE INDUSTRIAL CAPACITY**

**Lyon and New York, March 22<sup>nd</sup>, 2019** – The Medicea Group (Euronext Growth Paris: FR0004178572-ALMED ; OTCQX Best Market –MRNTF), pioneering the transformation of spinal surgery through artificial Intelligence, predictive modeling and patient specific implants with its UNiD™ ASI (Adaptive Spine Intelligence) proprietary software platform, services and technologies, publishes its 2018 IFRS annual results, as audited and approved by the Board of Directors on March 20<sup>th</sup>, 2018.

## 2018 ANNUAL RESULTS

(€ millions)	2017	2018
Sales	27.1	32.3
Gross margin (% of sales)	73%	71%
Operating income / (loss) before amortization and provision (EBITDA)	(2.1)	(1.7)
Operating income / (loss) before non-recurring expenses	(7.6)	(7.8)
Other non-recurring expenses	(0.9)	(0.6)
Cost of net financial debt	(2.2)	(2.4)
Income / (loss) before tax	(11.2)	(11.3)
Net income / (loss)	(10.7)	(11.8)

*Changes in exchange rates have a negative impact of € 900k on sales and gross margin but have no significant impact on year to year comparison at operating income level*

Sales for 2018 amounted to 32.3 million euros, a growth of + 22% at constant exchange rates compared to 2017. All major markets (USA, France, Export) are returning to growth thanks especially to a record 4<sup>th</sup> quarter with sales increasing by +30% compared to the 4<sup>th</sup> quarter of 2017. For its first year of activity, Medicea Belgium, launched in 2018 in partnership with an experienced distributor, generated more than 3 million euros in sales of Medicea products. The very same organizational model has been deployed in Australia where the spine market is experiencing a high growth rates, and the recent launch of a distribution subsidiary that started to contribute to sales in the second half of the year. In the USA, the use of UNiD® services and personalized implants accelerated sharply in 2018 with patient-specific surgeries up 67% for the year, and up 94% for the 4<sup>th</sup> quarter.

Gross margin stands at 71%, down 2 points compared to the previous year due to a change in the mix of sales by product and country, negative exchange rate impact and the manufacturing reorganization started during the move of the factory in 2017 coming to an end. However, the gross margin rate improved significantly during the year, from 68% in the 1<sup>st</sup> half to 77% in the 4<sup>th</sup> quarter thanks to better manufacturing efficiencies, a decrease in subcontracting and a more favorable sales mix over the second part of the year. 2019 should see a gradual return to a normative rate of 80%.

Operating expenses rose by € 3.4 million compared to 2017. Research and development expenses increased by € 1 million and reflect the Group's efforts to enhance and complete the UNiD ASI™ software platform offering of patient-specific implants and associated services. Marketing expenses and sales commissions increased by € 2.2 million due to the change in the Group's organizational structure following the opening of two new subsidiaries (Belgium and Australia) and the growing weight in the USA of sales made through distributors to strengthen the presence of the Company throughout the region.

Operating income before amortization and provisions (EBITDA) shows a loss of - €1.7 million for the year compared with a loss of - €2.1 million in 2017. After taking into account depreciation and provision charges, operating income for 2018 is negative at - €7.8 million.

After taking into account non-recurring expenses, mainly related to the closure of the UK subsidiary and the discontinuation of a non-strategic activity, share-based payments and debt interests, income before tax stands at - €11.3 million compared to - €11.2 million, as of December 31st, 2017.

Cash on hand amounted to €11 million at December 31, 2018.

## **Outlook**

"Pioneer and leader in the treatment of spinal pathologies through personalized solutions, Medicea is becoming a key player in a rapidly changing sector where pre- and post-operative patient data analysis combined with in-situ use of robotics and navigation techniques, will quickly and radically transform the traditional approach of spine surgery", commented Denys Sournac, President and CEO.

Medicea's UNiD ASI™ technology perfectly matches this trend and this led to the sharp increase quarter over quarter, especially in the USA in the number of personalized surgeries that now reached 3,500 procedures to date. In the USA for 2018, more than 30 new surgeons have adopted this technology.

The UNiD® service offering will be enriched in 2019 thanks to the increasingly systematic use of artificial intelligence, which through predictive modeling techniques enables to anticipate compensatory anatomical mechanisms of the spine and take them into account when planning surgeries and manufacturing implants.

The number of UNiD® service users should continue to increase significantly in 2019. The new Tulip pedicle screw developed by Medicea is being approved by the FDA and should be launched commercially in the USA in the second quarter of 2019. This will help retain a growing number of surgeons who will use this new implant in combination with the UNiD® patient-specific rods.

The Group intends to generate a largely positive EBITDA for the full year and to reach operating break-even at the end of 2019.

**Next publication** : 2019 First Quarter sales : April 9<sup>th</sup> 2019, after market.

## **About Medicea ([www.medicea.com](http://www.medicea.com))**

Through the lens of predictive medicine, Medicea leverages its proprietary software analysis tools with big data and machine learning technologies supported by an expansive collection of clinical and scientific data. The Company is well-placed to streamline the efficiency of spinal care, reduce procedural complications and limit time spent in the operating room.

Operating in a \$10 billion marketplace, Medicea is a Small and Medium sized Enterprise (SME) with 200 employees worldwide, which includes 50 who are based in the U.S. The Company has an ultra-modern manufacturing facility in Lyon, France housing the development and production of 3D- printed titanium patient-specific implants.

For further information, please visit: [Medicea.com](http://Medicea.com).

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