MEDICREA REPORTS FIRST QUARTER 2019 FINANCIAL RESULTS

- **SIGNIFICANT IMPROVEMENT IN GROSS MARGIN UP 7 POINTS AT 78%**
- **POSITIVE EBITDA (1)**
- **TIGHT CONTROL OVER OPERATING EXPENSE**
- **REDUCTION OF OPERATING LOSS**

Lyon and New-York, May 17th, 2019 — The Medicrea 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, reports its unaudited results for the first quarter of 2019.

€'million	**Q1 2019**	**Q1 2018 (2) Restated**	**Q1 2018 Published**
Sales	7.7	8.2	8.2
Gross margin - % of sales	**78%**	**71%**	**71%**
EBITDA (1)	**0.3**	**0.3**	**(0.2)**
Operating income	(1.6)	(1.9)	(1.9)
Other operating income and expense	(0.2)	(0.1)	(0.1)
Share-based payments	(0.5)	(0.2)	(0.2)
Cost of net financial debt	(1.4)	(0.7)	(0.6)
Income before taxes	(3.6)	(2.8)	(2.8)
Net Income	(3.6)	(2.8)	(2.7)

(1) : Operating income before interest depreciation and amortization
(2) : after IFRS 16 "Leases" adjustments applicable since January 1, 2019

Sales for the first quarter of 2019 amounted to 7.7 million euros, up 10% (+6% at constant exchange rates) compared to 2018 on a pro-forma basis, thanks to growth in the USA, the Group's priority market.

The discontinuation of two non-strategic distribution activities of third-party products (mainly biologics) and services (surgical motors maintenance and repairs) accounts for the 6% overall and temporary decline in sales compared to prior year. Starting from the second half of the year, these changes will no longer impact sales growth.

The strategic activity of predictive modeling and personalized implants (UNiD ASI™) is expanding strongly, mainly in the USA, with the number of patient-specific UNiD® surgeries up 68% in Q1 2019. As of March 31, 2019, UNiD ASI™ sales represent 42 % of total sales (33% in Q1 2018). For the US market alone, these figures stand at 67% and 55% respectively. To date, 3,750 patient-specific surgeries have been performed.

As previously announced, gross margin for the first quarter improved significantly compared to the same period last year, amounting to 78% (+7 points) thanks to 1 / a favorable mix of sales and improved manufacturing efficiency (+5 points), 2 / the discontinuation of non-strategic distribution activities (+1 point) and 3 / some positive currency impact (+1 point). The improvement is also visible sequentially, gross margins for the 3rd and 4th quarter amounting respectively to 73% and 77%. The ratio should gradually move closer to the 80 % normative level, which is the Group's target.

Operating expenses including research and development, marketing and administration expenses amounted to € 7.6 million in the first quarter, down € 0.4 million compared to the first quarter of 2018, after neutralization of currency effects. Operating income before interest depreciation and amortization (EBITDA), after taking into account IFRS 16 changes, is positive at € 0.3 million.

Operating loss thus improved by € 0.3 million to € -1.6 million thanks to the increase in gross margin and the control of operating expenses, despite the temporary adverse effects of the discontinuation of the distribution and service activities described above.

Expenses of 0.5 million euro relating to share-based payments arise from free shares and stock options granted in the last quarter of 2018. Accounting rules in force for these instruments, in particular IFRS 2, will result in recording a charge of approximately 2 million euros for the full year.

The cost of net financial debt increased by € 0.8 million compared to the first quarter of 2018, as a result of:

- interest expense on the $ 30 million bond issued in December 2018
- some unrealized foreign exchange losses of 0.4 million euros on this same loan due to the strengthening of the dollar since the beginning of the 2019 financial year
- interest expense of € 0.1 million due to IFRS 16 accounting changes

It is likely that the cost of net financial debt will fluctuate quite significantly over the coming quarters depending on the euro / dollar parity, should the Company not be successful in hedging both the exchange rate and the interest rate attached to the $ 30 million bond.

Cash on hand amounted to € 6.9 million at March 31, 2019, not including a € 1 million research tax credit receivable expected to be cashed in the 2nd quarter of 2019.

Outlook

"The increase in our gross margin and the control of our costs are very positive signs for the start of this year. Our sales growth should accelerate in coming quarters thanks to the expansion of our portfolio products. We have just obtained the FDA's approval to market our new Tulip pedicle screw in the United States. These implants available from June onwards and widely used by American surgeons should, in parallel to the continued deployment of our UNiD ASI ™ offer, strengthen the Group's presence on its priority market" comments Denys Sournac, President and CEO of Medicrea.

Next publication: 2019 Half-Year sales: July 8th 2019, after market.

About Medicrea (www.medicrea.com)

Through the lens of predictive medicine, Medicrea 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, Medicrea 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: Medicrea.com.

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Medicrea is listed on
EURONEXT Growth Paris
ISIN: FR 0004178572
Ticker: ALMED
LEI: 969500BR1CPTYMTJBA37

Medicrea is traded on
OTCQX Best Market
Ticker: MRNTF