



## MEDICREA REPORTS FIRST HALF 2019 FINANCIAL RESULTS

- **ACCELERATION OF THE NUMBER OF UNiD™ SURGERIES PERFORMED IN THE UNITED STATES: +48%**
- **SIGNIFICANT IMPROVEMENT IN GROSS MARGIN UP 9 POINTS AT 77%**
- **POSITIVE EBITDA (1)**
- **REDUCTION OF OPERATING LOSS BY €1.1M**
- **OBJECTIVE OF 5,000 UNiD™ SURGERIES ON A CUMULATIVE BASIS BY END OF 2019 CONFIRMED**

**Lyon and New-York, September 19, 2019** — The Medicrea Group (Euronext Growth Paris: FR0004178572-ALMED ; OTCQX Best Market –MRNTF), pioneering the digital 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 half of 2019, as approved by the Board of Directors on September 16, 2019.

€'million	H1 2019	H1 2018 (2) Restated
Sales	16.1	16.9
<b>Gross margin - % of sales</b>	<b>77%</b>	<b>68%</b>
<b>EBITDA (1)</b>	<b>0.6</b>	<b>(0.5)</b>
<b>Operating income</b>	<b>(3.4)</b>	<b>(4.5)</b>
Other operating income and expense	(0.5)	(0.4)
Share-based payments	(1.0)	(0.4)
Cost of net financial debt	(2.0)	(1.4)
Income before taxes	(6.9)	(6.7)
Net Income	(7.0)	(6.6)

**(1)** : Operating income before interest depreciation and amortization

**(2)** : After IFRS 16 "Leases" adjustments applicable since January 1, 2019

Sales for the first half of 2019 amounted to 16.1 million euros, up 10% (+6% at constant exchange rates) compared to 2018 on a pro-forma basis, mainly related to the development of the business in the United States. As previously mentioned, reported revenue was down 5% following the discontinuation of non-strategic activities since the beginning of 2019, which had generated €2.3 million in sales until 30 June 2018.

The improvement in gross margin observed over the past year is strengthening, reaching 77% in the first half of 2019, a significant increase of +9 points compared to the same period last year. This performance is based on two major controlled and sustainable elements: a favorable sales mix with the growing contribution of the United States, as well as better industrial efficiency and less subcontracting, which should make it possible to maintain a high margin level over the coming quarters, approaching the normative threshold of 80%.

Operating expenses amounted to € 15.8 million in the first half of 2019, down € 0.9 million compared to the first half of 2018 after neutralization of currency effects, thanks to a tight control of marketing and administrative expenses. Investments in Research and Development remained stable. Operating income before interest depreciation and amortization (EBITDA), after taking into account IFRS 16 changes, is positive at € 0.6 million.

Given these elements, operating income improved by 1.1 million euros at -3.4 million euros.

Share-based payments with no cash impact arising from free shares and stock options granted in the last quarter of 2018 amounted to 1 million euro. The cost of net financial debt increased by € 0.9 million as a result of interest expense on the \$ 30 million bond issued in December 2018 and interest expense of € 0.2 million due to IFRS 16 accounting changes.

## Outlook

Commercial activity in the third quarter is strong despite the seasonality effect of this period. Strong sales in the United States and continued growth in other markets should translate into one of the best quarterly performances in terms of revenue.

This positive trend particularly relates to the UNiD ASI™ strategic activity of preoperative surgical planning and patient-specific implant design: since the beginning of the year, 1,160 personalized surgeries have been performed at the end of August 2019, an increase of +49% compared to the same period in 2018 with a record number of 184 surgeries performed in August, also following a very good month in July. In the United States, UNiD™ surgeries now account for 66% of the subsidiary's revenue.

« We are witnessing a rapid evolution of the spine market, which will change dramatically with the development of artificial intelligence and the digitalization of services in operating rooms. In this context, the control and analysis of pre-, intra- and post-operative data to achieve better clinical outcomes and safer and more comfortable surgery for surgeons and patients become a key competitive edge. With the milestone of 5,000 cumulative personalized UNiD™ surgeries to be achieved in 2019, close collaboration with the world's most renowned surgeons, very broad patent protection over intellectual property and the regular introduction of new innovations (selection of screws before surgery, predictive models, etc.), Medicrea has gained a significant lead over its competitors and has unique assets to establish its position as a leader and pioneer in personalized spinal surgery. » commented Denys Sournac, President and CEO of Medicrea.

**Next publication:** 2019 Third Quarter sales: October 10, 2019, after market.

## About Medicrea ([www.medicrea.com](http://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 180 employees worldwide, which includes 40 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](http://Medicrea.com).

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**Medicrea is listed on**  
**EURONEXT Growth Paris**  
**ISIN: FR 0004178572**  
**Ticker: ALMED**



LEI: 969500BR1CPTYMTJBA37

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OTCQX Best Market  
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