



**MEDICREA REPORTS 2019 ANNUAL RESULTS  
AND 2020 FIRST QUARTER SALES  
UPDATE ON THE CONSEQUENCES ON THE ACTIVITY OF THE COVID-19 PANDEMIC**

**Lyon and New York, April 10, 2020** – 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, publishes its 2019 IFRS annual results, as audited and approved by the Board of Directors on April 7, 2020, as well as its sales for the first quarter of 2020.

**1- 2019 ANNUAL RESULTS**

- ✓ **11% sales increase on a comparable basis**
- ✓ **6-point improvement in gross margin to 78% of sales**
- ✓ **€3.1M positive EBITDA (1), 5x increase compared to prior year**

€'million	2018 (2) Restated	2019
Sales	32.3	32.7
Gross margin in % of sales	72%	78%
<b>EBITDA (1)</b>	<b>0.6</b>	<b>3.1</b>
In % of sales	2 %	9 %
<b>Operating income</b>	<b>(7.5)</b>	<b>(6.0)</b>
Other operating income and expense	(0.6)	(0.7)
Share-based payments	(0.7)	(2.0)
Cost of net financial debt	(2.8)	(4.7)
Income before taxes	(11.6)	(13.4)
<b>Net Income</b>	<b>(12.0)</b>	<b>(15.6)</b>

(1) : Earnings before interest depreciation and amortization

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

Sales for 2019 reached 32.7 million euros, up +11% compared to 2018. The various markets where MEDICREA® sells its products directly (USA, Belgium and France) are growing and business is also developing steadily in Australia. As a reminder, at the beginning of 2019, the Group discontinued two non-strategic distribution activities of bone substitutes and surgical material repairs that had contributed € 2.9 million to revenue in 2018.

The gross margin rate reached 78% in 2019, a strong improvement of 6 points compared to the previous year due to a significant decrease in subcontracting, better manufacturing efficiency and a more favorable products sales mix, in particular with an increase in sales in the USA where sales prices are at a premium.

Operating expenses decreased by 1.1 million euros at constant exchange rates compared to 2018, excluding sales commissions in the USA which are sales driven.

Operating loss before non-recurring charges was -6 million euros compared to -7.5 million euros the previous year.

The cost of net financial debt increased by 1.4 million euros directly related to the 30 million euros bond issued in November 2018 and to a new 6 million euros stake drawn in September 2019, with interests charged at a rate of 11%. Income before taxes thus stood at - 13.4 million euros compared to - 11.6 million euros at December 31, 2018.

Corporate taxes for 2019 amounted to -2.1 million euros, of which -1.6 million euros with no cash impact resulting from the cancellation of deferred tax assets on all carried forward losses pertaining to the US subsidiary. The balance is related to the income tax of the Belgian subsidiary.

Considering the above, net income for 2019 showed a loss of -15.6 million euros compared to -12 million euros for the previous year.

At December 31, 2019, cash on hand amounted to 3.8 million euros. Available cash was further strengthened following a raise of 8.5 million euros through private placement in 2020 and is subject to considerable reinforced optimization measures in view of the current health crisis linked to the COVID-19 pandemic (see paragraph 3 below).

## **2 – SALES FOR THE FIRST QUARTER OF 2020**

- ✓ Sales up 16% until mid-March before COVID-19 hospitals mobilization
- ✓ UNiD™ ASI surgeries up 44% as of mid-March with 500 surgeries performed over Q1

MEDICREA® enjoyed a dynamic start in 2020. On a cumulative basis as of March 15, all of the Group's markets showed double-digit growth compared to the same period of the previous year as reported in the table below:

€'million	YTD 03/15/2019	YTD 03/15/2020	Variation
USA	3.3	3.6	+10%
Rest of the world	2.5	3.1	+23%
<b>Total Sales</b>	<b>5.8</b>	<b>6.7</b>	<b>+16%</b>

At the same time, the use of UNiD® patient-specific rods and associated surgical planning services recorded strong growth as of mid-March, with a 60% increase in the number of UNiD® personalized surgeries performed in the United States and a 44% increase overall, confirming the very good performance observed in 2019.

Starting from March 16, commercial activity was adversely impacted by the acceleration of the COVID-19 pandemic. To cope with the spread of the virus, all health authorities, country after country, have mobilized a very large number of healthcare institutions to dedicate most of their human and material resources to the care of patients infected with COVID-19 and to the treatment of those suffering from severe forms of the disease.

Since then, with rare exceptions, all elective surgeries, including those related to the spine, have been postponed indefinitely. As a result, MEDICREA® sales fell rapidly in the last two weeks of the quarter, and since then have only included a few urgent daily surgeries that could not be postponed. Despite a very good start of the year, Group's sales for the quarter were down 4% compared with the first quarter of 2019, as shown in the table below:

€'million	Q1 2019	Q1 2020	Variation	Variation at Constant Exchange Rate
USA	4.1	3.9	-6%	-9%
Rest of the world	3.6	3.5	-1%	-1%
<b>Total Sales</b>	<b>7.7</b>	<b>7.4</b>	<b>-4%</b>	<b>-5%</b>

## **3- IMPACT OF ACTIONS TAKEN TO MODERATE THE CONSEQUENCES OF THE COVID-19 PANDEMIC**

- ✓ Available cash of 10 million euros as of April 8, 2020
- ✓ 2nd and 3rd quarter interests on 36 M\$ bond capitalized
- ✓ Negotiation of a 3 million euros State-guaranteed loan

« As reported in detail in our latest press release from March 20, we are today facing a major global health crisis that is shutting down our activity, particularly in the USA, France and Belgium, which account for nearly 85% of our invoicing, where all our customers are hospitals and clinics. Our sales in the second quarter will be very low, but we will benefit in the following quarters from a very strong catch-up effect as soon as health institutions have returned to normal operation, as patients requiring spinal surgery will have to undergo surgery

quickly because of the pain they are enduring. In this context, the major challenge for our Group is to manage and preserve our cash to enable us to get through these few months of very strong turbulence ahead and to be able to meet the strong demand from our customers as soon as surgeries resume. » commented Denys Sournac, President and CEO of MEDICREA®.

After the collection of the research tax credit of 1 million euros, cash on hand now stands at 10 million euros. Since the last press release on the impact of COVID-19 on the Group's activity, the following **additional** measures have been taken:

- more than 40% of the 4.6 million euros trade receivables on the balance sheet at March 15, 2020 were collected;

- except for a reduced team, the employment contracts and salaries paid to the majority of MEDICREA USA employees have been temporarily suspended as they were placed in furlough;

- Perceptive Advisors, the Group's main creditor, has agreed to capitalize the payment of bond interests for the 2nd and 3rd quarters of 2020, i.e. approximately 2 million euros, which will therefore only be due in November 2022.

In addition, the Group is working with its banking partners on granting a 3 million euros State-guaranteed medium-term loan as part of the measures announced by BPI (French Investment Public Bank) to support small businesses in face of the crisis. In the USA, following the enactment of the CARES (Coronavirus Aid, Relief, and Economic Security Act) law for companies with under 500 employees, the Group has submitted a request for obtaining a loan of approximately 1 million dollars in the form of a PPP (Paycheck Protection Program) that can be converted into a grant if it is used to pay salaries and / or rental charges.

The implementation of all these measures should enable the Group to cope with very low invoicing for at least two quarters, and to serenely withstand restarting its activity even if it does not occur before fall.

Despite the sharp acceleration in the spread of the epidemic in the USA, strategic discussions with U.S. partners are continuing, although it is not possible at this time to know whether these discussions are likely to conclude favorably in the near future.

**Next publication:** 2020 First Quarter Results: May 19, 2020 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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