



MEDICREA REPORTS 2020 FIRST QUARTER RESULTS

- ✓ **STRONG IMPROVEMENT IN EBITDA (1): €1,1M POSITIVE**
- ✓ **SIGNIFICANT REDUCTION IN OPERATING EXPENSES**
 - ✓ **STRENGTHENED CASH POSITION**
- ✓ **SIGNS OF RECOVERY IN BUSINESS ACTIVITY IN MAY**

Lyon and New York, May 20, 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, reports its unaudited results for the first quarter of 2020.

€'million	Q1 2019	Q1 2020
Sales	7.7	7.4
Gross margin in % of sales	78%	77%
EBITDA (1)	0.3	1.1
In % of sales	4%	15%
Operating income	(1.6)	(1.4)
Other operating income and expense	(0.2)	(0.1)
Share-based payments	(0.5)	(0.1)
Cost of net financial debt	(1.4)	(1.9)
Income before taxes	(3.6)	(3.5)
Net Income	(3.6)	(3.7)

(1) : Earnings before interest depreciation and amortization

Sales for the first quarter of 2020 reached 7.4 million euros. On a cumulative basis, as of March 15, the Group reported sales growth of +10% in the United States, its priority market, and +15% overall. UNiD™ patient-specific surgeries were also up 44% compared to the first quarter of 2019. The acceleration of the COVID-19 pandemic and the resulting indefinite postponement of elective surgeries (in accordance with guidelines set forth by the health authorities in many countries) has led to a loss of more than 1 million euros in sales, a large part of it in the United States, in the second half of March. As a result, revenue as of March 31, 2020 was down 4% compared to the same period in 2019.

Gross margin rate stands at 77%, still at a high level, but down 1 point compared to the first quarter of 2019. This is mainly due to the loss of sales in the United States in the second half of March.

Operating expenses decreased by 0.6 million euros at constant exchange rates compared to the first quarter of 2019, reflecting tighter costs control as well as the first effects of the organizational measures and responses related to the COVID-19 pandemic (travel restrictions, cancellation of industry congresses and the implementation of partial unemployment in France and in Belgium).

Operating income before interest, depreciation and amortization (EBITDA) is largely positive at 1.1 million euros, a strong improvement of 0.8 million euros compared to the same period in 2019.

Taking into account these elements, operating loss before non-recurring charges was -1.4 million euros for the first quarter of 2020, an improvement of 0.2 million euros compared to the same period in 2019. The consequences of the COVID-19 pandemic result in a shortfall in current operating income of at least 0.4 million euros. Without this health crisis, the Group would have posted a significant gain in its financial performance in the beginning of 2020.

The cost of net financial debt increased by 0.5 million euros due, on the one hand, to the implementation in September 2019, for an amount of 6 million dollars, of the second stake of a \$30 million bond issued in November 2018 and, on the other hand, to an unrealized foreign exchange loss related to this same loan following the strengthening of the dollar against the euro since the beginning of 2020.

To date, cash on hand stands at 10 million euros. As mentioned in previous press releases, MEDICREA® has taken all necessary measures to manage and preserve its cash in this context of limited activity.

Therefore, as of the date of publication of this press release:

- 2019 research tax credit was collected for an amount of 1 million euros;
- 95% of trade receivables on the balance sheet at March 15, 2020 were collected;
- State-guaranteed medium-term loans for 3.5 million euros were negotiated with BPI (French Investment Public Bank) and the Company's banking partners and should be released in the coming weeks.

Given these actions and the measures taken to reduce its cash consumption, the Group estimates that it will have approximately 13 million euros in cash at June 30, 2020.

Outlook

As soon as it was announced that healthcare institutions would be mobilized to deal with the pandemic, and that strict containment measures would be taken in many countries, MEDICREA® prepared for the worst-case scenario of no billings in the second quarter.

In April, although considerably lower than the previous months, the Group generated a revenue of 0.8 million euros, or 25% of its standard activity.

In May, following the resumption of elective surgeries in the United States, sales are expected to show a clear recovery of close to 50% of the standard activity, with more than a hundred UNiD™ ASI personalized surgeries performed in the United States, almost the same number as in May 2019.

« The current recovery in activity is mainly centered on the United States. In Europe, and particularly in France, the process of reopening has begun, but has not led to immediate re-scheduling of spine surgeries, and hospitals remain difficult for our employees in the field to access. Overall, we are observing a gradual recovery in our sales. However, the uncertain and unknown general context calls for great caution and we are preparing to face two opposing issues ; one is meeting the demand of our customers if activity resumes quickly and continually in our various markets, and two is adapting to the potentially brutal restrictions that could resurface should we be confronted with waves of COVID-19 outbreak that would again inevitably impact hospitals and clinics. The evolution of sales in June, traditionally the most dynamic month in the sector with numerous pediatric surgeries, will give important indications on the continued recovery of activity in the second half of 2020 » commented Denys Sournac, President and CEO of MEDICREA®.

The strategic discussions initiated a few months ago naturally came to a halt in the first weeks of April, as potential partners were all abruptly affected by a significant downturn in their business and focused their internal resources on managing the crisis. With priority measures now in place, these discussions have been actively resumed over the last ten days with several American industrial players, and the Company and its Board of Directors will pay particular attention to any proposals for mergers or cooperation aimed at accelerating the massive diffusion of MEDICREA® proprietary technologies in personalized spine surgery.

Next publication: 2020 Half-Year sales: July 8, 2020 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 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.

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