

Amplitude Surgical - 2019-20 annual results: €88.3m sales and €17.6m EBITDA

- Sales impacted by COVID-19, down 13.9% and 13.4% at constant currency to €88.3m
- EBITDA of €17.6m, representing 19.9% of sales
- Solid financial structure with cash position and cash equivalents of €36.6m at end-June 2020
- Targets for 2020-21 suspended in view of the uncertainty related to the activity following the implementation of the new restrictions on access to operating rooms

Valence, October 21, 2020, 6:00 pm CEST - Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, PEA-PME eligible), French leader on the global surgical technology market for lower-limb orthopedics, announces its results for its 2019-20 financial year.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: *"After the first eight months of the Company's 2019-20 financial year during which Amplitude Surgical continued its growth driven by the good performance of its international activity and by the winning over of new clients in France, the end of the year was marked by a substantial slowdown in activity as a result of the COVID-19 pandemic. Given this context, we took measures to control our operating costs and investments, enabling us to maintain an EBITDA margin of 19.9% and a solid financial structure. We are monitoring closely the evolution of the COVID 19 pandemic and the implementation in recent weeks of restrictions on access to operating rooms, which has led to the withdrawal of planned interventions in certain geographical areas. These circumstances do not allow us to confirm today the 2020-21 objectives announced in our press release of July 30, 2020."*

2019-20 key events:

- Amplitude Surgical won its dispute with URSSAF for the period to June 30, 2014;
- Novastep signed an exclusive distribution agreement with Carbon22, an American company specialized in developing innovative foot and ankle implant solutions;
- Suspension of scheduled surgical procedures from mid-March 2020 as a result of the COVID-19 pandemic, and gradual resumption in activity from mid-May 2020. Negative impact on 2019-20 sales had been estimated at approximately €20.0 million at the date of publication of this press release;
- Signing of the contract relative to the acquisition by PAI Partners of a majority stake in Amplitude Surgical capital of 52.3%, subject to the approval of the competent authorities.

Financial summary – actual exchange rates:

€ million - IFRS	2019-20	2018-19	Δ
Sales	88.3	102.6	-13.9%
Gross margin	64.1	76.2	-15.8%
as a % of sales	72.6%	74.3%	-170 bps
Sales & Marketing costs	32.3	39.4	-18.1%
General & Administrative costs	10.1	11.1	-8.7%
Research & Development costs	4.1	3.9	3.9%
EBITDA	17.6	21.7	-19.0%
as a % of sales	19.9%	21.2%	-130 bps
Recurring operating profit/loss	-6.1	2.3	
Non-recurring operating income and expenses	3.2	-3.0	
Operating profit/loss	-2.8	-0.7	
Financial profit/loss	-8.5	-7.0	
Net profit/loss – Group share	-14.2	-9.0	
Net financial debt	107.8	104.7	
Net cash position – end of period	36.6	19.6	

EBITDA of €17.6 million, representing 19.9% of sales

Over its 2019-20 financial year to June 30, 2020, Amplitude Surgical recorded sales of €88.3 million, down 13.9% in actual terms and 13.4% at constant currency. Activity was significantly impacted from mid-March 2020 by the suspension of all scheduled surgical procedures on the French market, progressively followed by similar suspensions in other countries covered by the Group's international subsidiaries. The negative impact on annual sales is estimated at approximately €20 million.

In France, annual sales totaled €55.2 million, a decrease of 15.7%.

The Group's international activity generated sales of €33.1 million, down 10.7% in actual terms and 9.3% at constant currency. The Group's subsidiaries recorded a decrease of 8.5% at constant currency to €24.3 million, a fall limited by the performance over the first 9 months of the year, and notably by Novastep's activity in the United States. Activity via distributors fell 11.4% to €8.8 million.

Novastep, which markets innovative solutions for extremities (foot and ankle) surgery, saw sales increase by 9.4% at constant currency to €8.7 million, driven by the United States (+63.0% at constant currency).

The gross margin was 72.6%, down 170 bps compared with the previous year's level, due to the price decreases that took place in France in May 2019 and to a modified product mix during the period impacted by the COVID-19 pandemic.

At June 30, 2020, Amplitude Surgical had a workforce of 436, stable compared with end-June 2019; personnel costs were down 8.8% compared with the 2018-19 financial year.

Sales, marketing and administrative expenses were controlled within the context of the public health crisis; they represented €42.4 million as of June 30, 2020 compared with €50.5 million in the previous financial year, i.e. 48.0% of sales this year versus 49.2% last year.

Moreover, R&D spending remained almost stable at €4.1 million, or 4.6% of sales.

Group EBITDA was thus €17.6 million, or 19.9% of sales, down on the previous year.

The Recurring Operating Result was a loss of €6.1 million in 2019-20, vs. a profit of €2.3 million in 2018-19, impacted by the weak level of activity during the final quarter because of COVID-19. The annual Operating Result was a loss of €2.8 million this year versus a loss of €0.7 million in 2018-19, impacted by the reversal of a provision with respect to "Taxation on Medical Devices" of €8.6 million for the period to June 30, 2014 and the depreciation of R&D projects for -€2.7 million.

The Financial Result was -€8.5 million, versus -€7.0 million the previous year, given a significant deterioration in currency exchange gains and losses.

The tax expense came from taxes paid locally by overseas subsidiaries, as well as the adjustment of activated tax loss carryforwards and the updating of the tax rate applied to activated tax loss carryforwards.

The Net Result (Group share) was a loss of €14.2 million, versus a loss of €9.0 million last year.

Operating cash flow surplus of €12.4 million – Net cash position of €36.6 million at end-June, 2020

Net cash flow generated by operating activity totaled €12.4 million, versus €8.2 million in 2018-19. The €8 million decrease in cash flow compared with 2018-19 associated with activity that was weakened by the public health crisis was offset by a €6.9 million reduction in working capital requirements thanks to the optimization of the implant inventory of €4 million and the mechanical decrease resulting from the reduction in activity.

Investments totaled €9.6 million, down on the previous year's figure of €13.8 million thanks to the optimization of the use of the existing stock of instruments.

Thus, at end-June 2020, the Group had a solid financial structure with cash position and cash equivalents of €36.6 million. The Group's Net Financial Debt was €107.8 million, giving gearing (Net Financial Debt over Shareholders' Equity) of 1.52, compared with 1.22 at the end of June 2019.

To take the impact of the pandemic into account, on June 26, 2020 the Group finalized discussions with its Bond Issuers in order to adapt the leverage ratio (net financial debt / EBITDA) test condition required by the Non-Convertible Bond documentation. The limit was removed for the calculation at June 30, 2020 and increased to 8.5 for the upcoming test on December 31, 2020.

Outlook

In its press release from July 30, 2020, the Group had indicated its expected performance for the fiscal year 2020-21, subject to future evolution of the COVID-19 pandemic and subject to maintaining access to operating rooms for scheduled interventions and assuming a catch-up effect over and above the normal level of its activities.

The evolution of the COVID-19 pandemic since the beginning of October 2020, particularly in France, which is currently affected by a second wave and which represents 63% of the Group's revenues, has resulted in the implementation of restrictions on access to operating rooms and the regulating of the

level of scheduled surgeries in certain geographic areas. These measures are likely to have an unfavorable impact on the full year 2020-21 if they are confirmed and maintained. In light of these uncertainties, Amplitude Surgical is therefore unable to confirm its targets for the financial year 2020-2021 and is forced to suspend them. Amplitude Surgical will periodically inform the market of the consequences of the development of the epidemic on its business.

Next financial press release

Q1 2020-21 sales, on Thursday November 19, 2020, after market.

About Amplitude Surgical

Founded in 1997 in Valence, France, Amplitude Surgical is a leading French player on the global surgical technology market for lower-limb orthopedics. Amplitude Surgical develops and markets high-end products for orthopedic surgery covering the main disorders affecting the hip, knee and extremities, and notably foot and ankle surgery. Amplitude Surgical develops, in close collaboration with surgeons, numerous high value-added innovations in order to best meet the needs of patients, surgeons and healthcare facilities. A leading player in France, Amplitude Surgical is developing abroad through its subsidiaries and a network of exclusive distributors and agents distributing its products in more than 30 countries. Amplitude Surgical operates on the lower-limb market through the intermediary of its Novastep subsidiaries in France and the United States. At June 30, 2020, Amplitude Surgical had a workforce of 436 employees and recorded sales of nearly 88 million euros.

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