

2016 ANNUAL RESULTS

Lyon and New York, March 30, 2017 - The Medicea Group (Alternext Paris: FR0004178572 - ALMED), worldwide leader pioneering the development of personalized analytical services and implant solutions for the treatment of complex spinal conditions, publishes its 2016 IFRS annual results, as audited and approved by the Board of Directors on March 28, 2017.

A FINANCIAL YEAR MARKED BY THE COMPANY'S TRANSFORMATION

(€ millions)	2015	2016
Sales	27.8	29.4
Gross margin (% of sales)	79%	76%
Operating income before amortization and provision (EBITDA)	1.9	0.3
Operating income / (loss) before non-recurring expenses	(1.5)	(4.5)
Other non-recurring expenses	(0.1)	(2.4)
Cost of net financial debt	(0.2)	(0.7)
Income / (loss) before tax	(1.8)	(7.8)
Net income / (loss)	(1.5)	(7.6)

Changes in exchange rates had no material impact on year to year comparison

With 10 years of listing on the Alternext Paris Stock Exchange and the development of a unique spine company with an unparalleled breakthrough technology in patient specific implants, 2016 represented a year of large-scale transformation for the Company, marked by several key events summarized below:

- The development of new and unique digital services for pre-operative planning and for pre- and post-operative analyses;
- A significant acceleration in the adoption rate of UNiD™ Patient-Specific Rods (up 106% compared with 2015) with more than 1,100 surgical procedures carried out at December 31, 2016 following the launch in France in September 2013 and the approval of this technology by the FDA in Q4 2016;
- The continued compilation of a growing clinical database, enriched daily using deep learning capabilities for the predictive modeling of the most appropriate patient-specific surgical strategies based on surgeon specific techniques;
- Fundraising of €20 million in August 2016, from predominantly US investors;
- Appointment of Rick Kienzle, co-founder Globus Medical (GMED), as Chief Commercial and Business Development Officer;
- The relocation of the manufacturing facility (previously located in La Rochelle), the research and development center and the French direct sales and administrative support functions to be under one roof in a new ultra-modern 8,000 m² headquarters in Lyon;
- The continued development of titanium 3D printing manufacturing processes for patient-specific interbody cages and corpectomy implants, expected to be marketed in the United States and Europe in the second and third quarters of 2017 respectively;

These developments translated into very significant intangible and tangible investments totaling €9 million in 2016, including €2 million in research costs.

Group Sales reached a total of €29.4 million in 2016, generating a 6% growth compared to the previous year. The long established 80 % gross margin rate temporarily declined to 76 % in 2016 following the extensive use of subcontracting from the second half to mitigate the shutdown in manufacturing at the La Rochelle factory and the gradual resumption of production at the new Lyon site following the grant of the necessary certifications issued by regulatory bodies at the end of a successful inspection audit in late 2016.

Overheads increased by €3.5 million in comparison to 2015 to support the roll-out, primarily in the United States, of the Company's innovations in personalized implants with the creation of a dedicated team of engineers within the UNiD™ laboratory and the launch of marketing initiatives aimed at raising awareness among both surgeons and patients.

Non-recurring expenses of €2.4 million are primarily due to the closure of the La Rochelle factory and operations being housed in a new headquarters.

Cost of net financial debt increased by € 0.5 million euros due the funding of the transformation of the Company, in particular through the implementation of a €15 million convertible bond loan.

Available cash amounted to €8 million at December 31,2016.

Outlook:

“Medicrea has transformed itself into a company offering ground-breaking technologies for the treatment of spinal pathologies. It is seen as a genuine pioneer in this market by combining health-related IT technologies with the design and manufacture of next generation medical devices, and by prioritizing clinical outcome from a unique standpoint: improving the benefits of surgery for patients, and providing unrivaled operating comfort for surgeons,” commented Denys Sournac, President and CEO of Medicrea.

This new approach relies on compiling and analyzing clinical data using deep learning algorithms and predictive simulations, which for the first time have led to the treatment of spinal pathologies through the combination of scientific precision and the personalization of patient-specific and modular implants. It is becoming a standard of care for surgeons, with a very high loyalty rate once entrusting the Company with a few surgical cases to test its capabilities.

“Our technologies have been met almost unanimously with an enthusiastic response from the investment community in the United States. With their support in 2017, we will continue to ensure that the potential of our technologies is recognized by the surgeon community and will review any opportunities enabling us to provide complementary products and services,” concluded Rick Kienzle, Chief Commercial and Business Development Officer.

Next publication: Sales for the 1st Quarter of 2017: April 13, 2017, after market

About Medicrea (www.medicrea.com)

Medicrea specializes in bringing pre-operative digital planning and pre and post-operative analytical services to the world of complex spine. Through the lens of predictive medicine, Medicrea leads the design, integrated manufacture, and distribution of 30+ FDA approved implant technologies, utilized in over 100k spinal surgeries to date. Operating in a \$10 billion marketplace, Medicrea is an SME with 160 employees worldwide, which includes 55 at its USA Corp. subsidiary in NYC. The Company has an ultra-modern manufacturing facility in Lyon, France housing the development and production of 3D-printed titanium patient-specific implants.

By leveraging its proprietary software analysis tools with big data and deep learning technologies supported by an expansive collection of clinical and scientific data, Medicrea is well-placed to streamline the efficiency of spinal care, reducing procedural complications and limiting time spent in the O.R.

For further information, please visit: www.medicrea.com

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Medicrea

Denys SOURNAC

Founder, Chairman and CEO

dsournac@medicrea.com

Fabrice KILFIGER

Chief Financial Officer

fkilfiger@medicrea.com

Tel: +33 (0)4 72 01 87 87

Media

Russell WARD for Medicea
russell@theconfluencegroup.com
Tel: +1 310 424 8356

**Medicea is listed on
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