

Amplitude Surgical – Limited decline in operating performances in H1 2020-21

- Consolidated sales of €45.9 million, -5.3% at constant exchange rates
- Limited decrease in EBITDA (-4.2%) to €10.8 million, giving a margin of 23.6%
- Recurring Operating Profit of €2.0 million
- Cash and cash equivalents of €36.5 million at December 31, 2020

Valence, March 24, 2021, 6:00 pm CET – Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, eligible for PEA-PME plans) (“**Amplitude**” or the “**Group**”), leading French player on the global surgical technology market for lower-limb orthopedics, today announced its results for the first half of its 2020-21 financial year to December 31, 2020.

Olivier Jallabert, Amplitude Surgical’s CEO, commented: *“In the first half of our 2020-21 financial year, Amplitude Surgical’s activity was impacted, during the second quarter, by the deterioration in the public health situation associated with COVID-19 on the majority of its markets and by the adoption of restrictions on access to operating rooms. Despite the 5.3% fall in activity at constant exchange rates, the improvement in the gross margin thanks to a positive country mix and the optimization of our production tools, combined with good cost control, enabled us to limit the decrease in EBITDA to 4.2%, at €10.8 million, and to record a Recurring Operating Profit of €2.0 million. Despite the health context, the Group continues to develop, particularly in R&D, with automation projects for surgical procedures. In addition, Amplitude Surgical remains attentive to external growth opportunities by exploring the acquisition of competitors or agents, both in France and abroad”.*

Financial summary - actual exchange rates:

€m - IFRS	H1 2020-21	H1 2019-20	Δ
Sales	45,909	49,833	-7.9%
Gross margin	34,939	36,277	-3.7%
<i>as a % of sales</i>	<i>76.1%</i>	<i>72.8%</i>	<i>+330 bps</i>
Sales & Marketing costs	16,413	17,582	-6.6%
General & Administrative costs	6,225	5,161	+20.6%
Research & Development costs	1,469	2,223	-33.9%
EBITDA	10,832	11,311	-4.2%
<i>as a % of sales</i>	<i>23.6%</i>	<i>22.7%</i>	<i>+90 bps</i>

Recurring Operating Profit	2,042	826
Non-recurring operating income/expenses	-887	7,524
Operating profit/loss	1,156	8,350
Financial profit/loss	-6,220	-2,831
Net profit/loss - Group share	-4,984	5,300
Net financial debt	114,521	107,691
Net cash position at end of period	36,497	19,108

EBITDA down 4.2%, with an improvement in the margin to 23.6%

Over the first half of the 2020-21 financial year (from July to December), Amplitude Surgical recorded sales of €45.9 million, down 7.9% in actual terms and 5.3% at constant exchange rates compared with the previous year, impacted by the deterioration in the public health situation associated with the COVID-19 pandemic.

- **In France**, the Group recorded sales of €29.6 million (-2.6%) impacted by the second wave of the COVID-19 pandemic during the second quarter of its financial year (October - December 2020) and the adoption of restrictions on access to operating rooms from October 2020. France accounted for 64% of total sales;
- **International activity** generated sales of €16.3 million, down 16.1% in actual terms and 9.6% at constant exchange rates. The Group's subsidiaries recorded a 13.3% fall in sales (-4.4% at constant exchange rates) to €12.5 million, subsidiaries' activity notably being impacted by the public health situation associated with COVID-19 in Brazil, Germany and Australia. Activity with distributors also weakened, falling 24.2% to €3.8 million;
- Amplitude Surgical's **direct business** (French market and international subsidiaries), which accounted for almost 92% of the Group's total sales, slipped 3.1% at constant exchange rates;
- Sales generated by **Novastep**, innovative solutions for foot and ankle surgery, continued to grow in the first half and totaled €6.1 million (+25.1% at constant exchange rates), driven by the United States (+42.0% at constant exchange rates). Novastep now accounts for approximately 13% of the Group's sales.

Amplitude Surgical recorded a gross margin of 76.1%, an improvement of 330 bps compared with the first half of 2019-20, thanks to a more positive country mix than the previous year and to the optimization of the Group's production tools.

Operating expenses totaled €24.1 million, a 3.4% reduction compared with December 2019.

The 20.6% increase in General & Administrative costs to €6.2 million corresponds primarily to the change in the allocation of quality control and regulatory expenses of approximately €1 million, booked as R&D expenses in 2019/2020.

In the first half of 2020/2021, Research & Development expenses stood at 3.2% of sales.

Amplitude Surgical had a workforce of 442 staff at the end of December 2020, versus 436 at the end of June 2020 and 426 at the end of December 2019. Personnel costs were down 2.1% compared with the first half of 2019-2020.

EBITDA was thus €10.8 million, down 4.2%, giving a margin of 23.6%, up 90 bps compared with the first half of 2019-20.

The Group generated a Recurring Operating Profit of €2.0 million, compared with €0.8 million in the first half of 2019/2020, thanks to good control over its operating costs. There was an Operating Profit of €1.1 million, versus a figure of €8.4 million in the first half of 2019/2020 that was bolstered by the €8.6 million reversal of the provision relating to “Taxation on Medical Devices”.

The Financial Result was -€6.2 million, and consisted primarily of an interest expense of €5.2 million and net currency exchange losses of €1.0 million.

Financial Structure: cash of €36.5 million at the end of 2020

The net cash flow generated by operating activity amounted to a negative €1.0 million over the half, versus a positive €7.4 million in the first half of 2019-20, notably due to a €2.6 million decrease in operating cash flow and to the change in Working Capital Requirements, with cash burn of €4.4 million that was reconstituted following the low level of June 30, 2020 due to the first wave of the pandemic.

Investments totaled €4.3 million in the first half of 2020-21, versus €5.2 million the first half of the previous year.

At end-December 2020, the Group had cash and cash equivalents of €36.5 million. Its Net Financial Debt was €114.5 million, giving gearing (Net Financial Debt over Shareholders’ Equity) of 1.73, compared with 1.52 at end-June 2020.

Key first-half events

- **Amplitude SAS’ request to invalidate the adjustment in its dispute with URSSAF is rejected**

On November 3, 2020, the Valence Judicial Court rejected Amplitude SAS’ request to invalidate the €5.8 million adjustment in its dispute with URSSAF (employee and employer social security contribution collecting agency) pertaining to tax on the promotion of medical devices for the period from July 1, 2014 to June 30, 2017. Amplitude has decided to appeal this decision.

- **Change in control of Amplitude Surgical**

- On November 10, 2020, Amplitude Surgical announced the acquisition of a majority stake in its share capital by PAI Partners.
Apax Partners, Olivier Jallabert and certain other managers and senior executives of the Company divested 20,889,437 Amplitude Surgical shares and undertook the contribution in kind of 4,121,120 Amplitude Surgical shares to Auroralux SAS, a company controlled by PAI Partners, i.e. a total of 25,010,557 Amplitude Surgical shares representing approximately 52.3% of the Company’s share capital, at a price of €2.15 per share.
- On December 7, 2020, Auroralux sent the AMF the draft information document and draft simplified public tender offer for 22,649,678 Amplitude Surgical shares at €2.15 per share.



- Amplitude Surgical sent the AMF, also on December 7, 2020, its draft response to the Auroralux simplified public tender for the Company's shares at €2.15 per share.
- On January 5, 2021, the AMF issued a compliance notice regarding the simplified public tender offer tabled by Auroralux for Amplitude Surgical's shares at €2.15 per share. The offer period ran from January 7 to January 27, 2021 inclusive.
At the closing of the offer, Auroralux SAS held 34,906,476 Amplitude Surgical shares representing a similar number of voting rights, i.e. 73.02% of the share capital and voting rights.

- **Refinancing of the bond debt**

Within the framework of the change in control of Amplitude Surgical with the investment of PAI Partners, on November 10, 2020 the Company issued a bond of €110 million subscribed by Tikehau and proceeded with the early repayment of the 2014 and 2016 bonds whose outstanding amount was €96.6 million (excluding accrued interest) at June 30, 2020.

Amplitude Surgical's operations in Japan

Considering all of the Group's projects and in order to optimize the allocation of its capital, the Group has decided to stop its operations in Japan. This decision will be implemented in the coming months.

Impact of the COVID-19 pandemic on the Group's activity in early 2021

The public health situation associated with the COVID-19 pandemic has remained unsettled on the Group's various markets in the early part of the second half of its 2020/2021 financial year, with restrictions on access to operating rooms and the postponement of patient consultations.

- Group sales for the period from July 1, 2020 to January 31, 2021 totaled €55.5 million, representing an 8.5% decrease compared with the same period of the previous financial year, with the public health situation having more of an impact in January 2021;
- In January 2021, Group sales were down 11.4% and EBITDA down 21% compared with January 2020; and
- The EBITDA margin for the period from July 1, 2020 to January 31, 2021 was around 24%.

Availability of the financial report

Amplitude Surgical has made available to the public and filed with the Autorité des marchés financiers its half-year financial report as of December 31, 2020.

The half-year financial report is available on Amplitude Surgical's website at www.amplitude-surgical.com/fr, in the "Documentation / Financial Report" section.

Next press release:

Sales for the first 9 months of 2021-22, on Thursday April 22, 2021 (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.

Contacts:

Amplitude Surgical

Dimitri Borchtch

CFO

finances@amplitude-surgical.com

+33 (0)4 75 41 87 41

NewCap

Investor Relations

Mathilde Bohin/Thomas Grojean

amplitude@newcap.eu

+33 (0)1 44 71 94 94

NewCap

Media Relations

Nicolas Merigeau

amplitude@newcap.eu

+33 (0)1 44 71 94 98