

## 2018 annual results

**Stable net income in 2018: -1% vs 2017**

**Cost structure under control in a sustainable way**

**Financial structure adapted to ambitions**

**Malakoff, 21 March 2019 – THERACLION (ISIN: FR0010120402; Ticker: ALTHE, eligible for the PEA-PME equity investment plan), an innovative company specializing in the development of medical equipment for echotherapy, notably for varicose veins, announces today its annual results 2018 ended 31 December 2018.**

*David Caumartin, CEO of Theraclion, declares: "After the announcement on February 12, 2019 of the financing agreement of € 4.8 million to be raised to € 11.8 million, the publication of the 2018 annual results makes it possible to shine a light on another line of work undertaken in recent months: a strong and lasting reduction in the cost structure, in the order of € 1 million per year. Theraclion has now a financial structure and a cost structure adapted to its development. Our echotherapy solution is gradually adopted by specialists. Nearly 800 treatments were performed in 2018, up 45%. The threshold of 2,000 cumulative treatments for historical pathologies, thyroid nodules and breast adenofibroma has been crossed. In 2019, Theraclion will capitalize on its historical know-how to deploy its technology on varicose vein treatment and offer an innovative solution: non-invasive, without postoperative pain and without anesthetist. "*

### Results of Theraclion SA in 2018

<i>In thousands of euros</i>	31/12/2018	31/12/2017	Change
Sales	1,928	2,429	-21%
Subsidies	11	393	-97%
Other revenues	1	0	n.a.
<b>Total operating revenue</b>	<b>1,940</b>	<b>2,822</b>	<b>-31%</b>
Purchases of goods	(1,080)	(1,436)	-24%
External costs	(3,386)	(3,790)	-10%
Personnel costs	(3,766)	(4,104)	-8%
Other operating expenses	(685)	(592)	16%
<b>Total operating costs</b>	<b>(8,918)</b>	<b>(9,922)</b>	<b>-10%</b>
<b>Operating income/(loss)</b>	<b>(6,977)</b>	<b>(7,098)</b>	<b>-2%</b>
Net financial items	(274)	(256)	7%
Net non-recurring items	(72)	(18)	300%
Research tax credit	1,179	1,148	3%
<b>Net income/(loss)</b>	<b>(6,144)</b>	<b>(6,224)</b>	<b>-1%</b>
<b>Average headcount (FTE)</b>	<b>29</b>	<b>32</b>	<b>-9%</b>

Accounts approved by the Board of Directors on March 18, 2019. The audit procedures for the financial statements for fiscal year 2018 have been completed and the certification report will be issued after verification of the management report.

## **2018 sales: € 1.9 million**

Theraclion's sales amounted to € 1,928,000 at the end of 2018. Equipment sales, which represent more than 77% of the business (€ 1,495,000), were impacted by an unfavorable base effect. 2017 was marked by a significant one-off sale of 5 machines to the Chinese subsidiary. The number of sold machines restated for this exceptional sale remains relatively stable: 7 Echopulse® machines sold in 2018, compared to 6 in 2017.

Recurring revenue, consisting of the sale of consumables and services, doubled in 2018, from 154 K € to 306 K €, in line with the increase in installed capacity. Consumable turnover came to € 180,000. It is growing faster (+ 97%) than the number of treatments (+ 45%), as treatment centers are restoring their stocks. Services revenue reflects the underwriting of system maintenance contracts at the end of the warranty period.

Equipment rental revenue amounted to € 127,000 at the end of 2018.

External revenue generated by Theraclion SA and its subsidiaries rose by 8% to K€ 1,932.

## **Stable net income due to strict and sustainable cost control**

In line with its strategy to develop an innovative treatment for varicose veins using echotherapy, Theraclion reorganized in 2018 by concentrating its sales forces on its historically exploitable markets and adapting its Echopulse® solution to varicose veins. This reorganization made it possible to adapt the cost structure to the strategic needs of the company and thus reduce salary expenses by 20% on an annual basis, while maintaining the R & D investments required for the company's strategic ambitions. Total R & D costs amounted to € 3.6 million (versus € 3.8 million in 2017), with more than 50% of the workforce dedicated to it.

In 2018, operating expenses were reduced by € 1.0 million. Merchandise purchases declined by 24%, a little more than the decline in sales (-21%), illustrating the productivity gains made. External expenses decreased by 10% to € 3.4 million, even though clinical expenses rose sharply as a result of the finalization of the clinical study on the treatment of varicose veins and continued recruitment in the Multicenter trial in the United States on breast fibroadenoma treatment. Staff costs amounted to € 3.8 million, down 8%. During the year, Theraclion reduced its team to the only resources needed to implement its refocused strategy. The workforce at the end of 2018 is 22 employees, compared with 33 at the end of 2017.

After taking into account the financial loss of € 281,000 for the year, mainly related to interest on the repayable advance TUCE, and a research tax credit of € 1,179,000, up 3%, the net result 2018 shows a loss of € 6,144,000, stable compared to 2017.

## **Evolution of cash flow and continuity of operations**

At December 31, 2018, Theraclion's available cash position amounted to € 0.9 million.

On February 12, 2019, the company announced the setting up of a € 4.8 million financing, which could be raised to € 11.8 million on investors' option. This funding agreement, in tranches, has been calibrated to give Theraclion the ability to finance its developments in the treatment of varicose veins, as it progresses.



The cash injection of € 4.8 million in February 2019, expected sales growth in 2019, the reimbursement of tax credits and the financing line put in place in June 2018 with Nice & Green will allow to provide funding for Theraclion for the next 12 months.

## **Outlook 2019**

2018 was a year of transition towards the development of a new varicose vein treatment. The clinical study conducted on the exercise gave very good results. At the end of 2018, Theraclion applied for a market access authorization, via the filing of an application for CE marking in Europe and via starting discussion with the FDA in the United States.

In 2019, supported by the additional cash contribution of February 2019 and a strengthened board of directors, Theraclion will begin to deploy its operational objectives:

- Reinforce the efficacy of varicose vein treatment with Echopulse® via a significant clinical study of more than 200 treatments on European and American sites;
- Encourage the membership of Key Opinion Leaders (KOL), mainly in Germany and the United States;
- Finalize the adaptation to the pathology of varicose veins in the high intensity Echopulse® ultrasound treatment robot, which is now specifically developed for the non-invasive ablation of breast adenofibromas and thyroid nodules.

The company anticipates for 2019 to obtain the CE marking and the recruitment of the first patients for its clinical study.

On its historical activities (thyroid nodules and breast fibroadenoma), Theraclion intends to continue the commercial dynamic based on the existing commercial system, which should result in a slight increase in sales over the year. The company will also finalize the recruitment of its multicentric study in the United States.

## **About Theraclion**

Theraclion is developing an innovative high-tech echotherapy solution using therapeutic ultrasound for the treatment of varicose veins. With its expertise in echotherapy for the non-invasive ablation of breast adenofibromas and thyroid nodules, pathologies for which the company has obtained CE marking and for which it commercializes treatments, Theraclion is adapting its solution to provide an innovative solution – non-invasive, with no post-operative pain and without an anesthetist – for the treatment of varicose veins. This venous pathology is highly prevalent worldwide and is the cause of approximately 5 million procedures per year according to the Millennium Research Varicose Vein Device Market Study 2015. Theraclion's Echopulse® technological solution is a high-tech, precise, easy-to-use and easy-to-handle ultrasound medical imaging tool for practitioners.

Located in Malakoff, near Paris, Theraclion brings together a team of 25 people, more than half of whom are dedicated to R&D and clinical trials.

**For more information, please visit Theraclion's website: [www.theraclion.com](http://www.theraclion.com)**



Theraclion is traded on Euronext Growth Paris

Eligible for the PEA-PME equity investment plan

Ticker: ALTHE - ISIN code: FR0010120402

LEI: 9695007X7HA7A1GCYD29



### **Contacts**

Theraclion

David Caumartin

CEO

Tel.: +33 (0)1 55 48 90 70

[David.caumartin@theraclion.com](mailto:David.caumartin@theraclion.com)

**Translation for information purposes only. In case of discrepancy between the French and English versions of this press release, only the French version should be deemed valid.**