

Six-Month 2013 Financial Results

- Revenue growth up 27% to €2.3 million
- Reduction of operating loss
- Diminution in working capital
- Very solid gross margin at 87.5%
- Cash position: €7.8 million

PARIS and SAN FRANCISCO, October 17, 2013 – SpineGuard (FR0011464452 – ALSGD), an innovative company that designs, develops and markets disposable medical devices intended to make spine surgery safer, announced today financial results for the half year ended June 30, 2013, as approved by the Board of Directors on October 14, 2013.

€ thousands - IFRS	June 30 2013	June 30, 2012	Δ
Revenue	2,318	1,827	+27%
Gross margin	2,028	1,611	+26%
<i>Gross margin (% of revenue)</i>	87.5%	88.2%	
<i>Sales, distribution, marketing</i>	-2,276	-2,219	
<i>Administrative costs</i>	-769	-913	
<i>Research & Development</i>	-484	-381	
<i>Other expenses</i>	-3	-1	
Operating profit / loss	-1,504	-1,903	
Pre-tax profit / loss	-1,611	-1,934	
Net profit / loss	-1,650	-1,934	

Note: Unaudited

Revenue up by +27%, results in line with company's expectations

With more than 3,000 units sold, 49% of them in the United States, SpineGuard reported half year 2013 revenue of €2,318,093 a 27% increase over the first half 2012.

The gross margin remained very solid over the period, at 87.5%, reflecting the evolution of the product mix and, in particular, the increasing weight of the Cannulated PediGuard whose manufacturing cost could eventually be reduced as volumes keep growing.

SpineGuard's operating expenses were €3,532,541 in 2013 compared to €3,514,108 in 2012 resulting in a 21% reduction of the operating loss.

The Company reported a net loss of €1,650,019 for the half year compared to a net loss of €1,933,676 for the first half 2012 after interest and other expenses of €106,778.

Working Capital was €13,653 at June 30, 2013 compared to €134,624 at December 31, 2012 and €392,283 at June 30, 2012. Inventory was €378,996 at the end of the first half compared to €498,180

at December 31, 2012. This atypical working capital for the medical industry highlights the Company's low cash requirements with regard to the financing of its growth.

At June 30, 2013, cash and cash equivalents were €7,835,238, substantially up compared to previous year at €2,314,293, essentially as a result of the funds raised in the IPO.

The Company's workforce remained stable at June 30, 2013 with 22 staff. Since then, three of the recruitments announced during the IPO process were completed.

Recent events: a very positive news flow

The success of April's IPO enabled the Company to raise €8.1 million to finance its development and establish the PediGuard platform as a standard of care. In less than 6 months, SpineGuard obtained tangible results, notably through:

- The granting of the US patent for its "Smart Screw", a major strategic stake;
- FDA approval in the US for 3 new extensions of the PediGuard platform: the miniaturized versions of the Classic and Curved ranges, as well as a directional version of the Cannulated PediGuard;
- Regulatory approval, in Japan ("Ninsho") to market the Classic and Curved versions of the PediGuard platform. Japan represents the world's second-largest market for spine surgery after the United States and one of the most demanding countries in terms of regulatory clearance;
- Granting in China of the second part of the "Smart Screw" patent, following the granting of the first part in 2010;
- Approval of the Cannulated PediGuard by the healthcare regulatory authorities in Mexico, a major Latin American market, and of the entire range by the health regulatory authorities in Columbia;
- First publication on the PediGuard in *Coluna Columna*, a respected scientific journal for spine surgery in South America;
- Recruitment of an Area Sales Manager for the United States covering the West of the country, as well as a Product Specialist for the South;
- Recruitment of an Area Sales Manager for German-speaking countries and Russia.

Pierre Jérôme, CEO and co-founder of SpineGuard, said: *"SpineGuard has recorded solid revenue growth in the first half-year while controlling its cost structure and working capital requirements. We are rolling out our business plan in accordance with what we announced during the IPO. Some major breakthroughs have been made in the last few months, notably in the United States, Asia and Latin America. They are reinforcing our vision to 'establish the PediGuard technology as a standard of care to make spine surgery safer.'"*

Next financial press release: 2013 annual revenue, January 23, 2014

About SpineGuard

Founded in 2009 and based in Paris and San Francisco, SpineGuard is an innovative company that designs, develops and markets disposable medical devices intended to make spine surgery safer. Its PediGuard® core technology allows orthopedic spine surgeons and neurosurgeons to insert pedicle screws with unparalleled accuracy. Equipped with a sensor at its tip and electronics in its handle, PediGuard® measures changes in the electrical conductivity of surrounding tissue in real time and alerts the surgeon using audio feedback and a flashing light. Several key clinical studies have established the reliability and accuracy of PediGuard® for pedicle screw placement, demonstrating significantly less radiation exposure of medical teams and shorter surgery time when it is used. The PediGuard® platform is protected by eight international patent families, approved and sold in 45 countries, CE Marked in Europe, and has received 510(k) clearance from the FDA in the United States. Over 28,000 surgical procedures have been performed worldwide using PediGuard®. The company was awarded "innovative business" status by Oséo in 2009.

For further information, please go to www.spineguard.fr

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