

## SpineGuard reports 1H 2014 revenues €2.1 million Company accelerates the development of its Smart Screw

**PARIS and SAN FRANCISCO, July 17, 2014** – SpineGuard (FR0011464452 – ALSGD), an innovative company that designs, develops and markets disposable medical devices intended to make spine surgery safer, today announced its revenues for its first half through June 30, 2014.

€ thousands - IFRS	H1 2014	H1 2013	Variance % Constant Currency	Variance % As Reported
Revenue (June 30)	2,108	2,318	-6%	-9%

*Unaudited data*

The Company generated revenue of €2.1 million for the first half of 2014, down 6% CC over the same period last year, a negative impact of 300 bps due to the euro/dollar parity. This first half-year underperformance was essentially due to a short-term unfavorable context in the United States, which account for 50% of units sold and 71% of revenue.

The implementation of the Affordable Care Act (“ACA”) has resulted in American hospitals increasing the control of their spending and tightening the conditions for adopting innovative medical technologies such as PediGuard. However, the main aim of the ACA is to improve the quality of care, prevent complications and avoid revision surgeries. Consequently, financial incentives are gradually being put into place to encourage American hospitals to implement the most efficient and reliable available technologies. The PediGuard is perfectly aligned with these dynamics and trend.

To quickly adapt to the market context, SpineGuard recruited a marketing director in the United States in order to best capitalize on its clinical data and reference centers as well as to intensify the medico-economic messages aimed at surgeons and hospitals. Simultaneously, the Company continued to focus its R&D effort on the potentially disruptive Smart Screw and is running ahead of its initial development plan.

Elsewhere in the world, the Asia-Pacific and Middle East regions recorded satisfactory progress, particularly in Japan and Saudi Arabia with new positive prospects expected during the second half of the year. Latin American revenue was penalized by the Brazilian distributor’s reorganization in response to changing market conditions. In Europe, growth continued in several countries such as France, Germany and Switzerland. The growth of the whole region was tempered by lower sales in Russia related to the first stocking order invoiced in February 2013.

Pierre Jérôme, CEO of SpineGuard, said: *“The disappointing revenue figure recorded over the first half of 2014 does not reflect yet the major progress accomplished by the Company in recent months and in no way alters our ambitions. We have continued to execute our roadmap through the strengthening of our marketing team, the initiation of new clinical trials, PediGuard’s adoption by more than 20 US-Spine Surgery teaching institutions, an increased presence on the podiums of international scientific congresses, the launch of the Bevel-Cannulated PediGuard and the acceleration of the Smart Screw project.”*

Stéphane Bette, SpineGuard's Chief Technical Officer and US General Manager, added: *"The Smart Screw's development is progressing much faster than expected thanks to the support of our Scientific Advisory Board and the work of our R&D team. By achieving to miniaturize the sensor, we reached a decisive milestone in terms of our technology's compatibility with the numerous screw systems available in the Spine Fixation market. With the Smart Screw concept, our technology will be accessible to hospitals through the implant itself while allowing surgeons to become even more efficient when inserting pedicle screws."*

Pierre Jérôme concluded: *"Our Dynamic Surgical Guidance platform is intended to become a standard of care for making spine surgery safer. Within a difficult context, the sales trajectory of a company dedicated to a disruptive medical technology such as ours cannot be totally linear. Following a delicate start to the year, June's growth was back up at around 20% over June 2013 and, with the help of our partners, we are relentlessly pursuing our technological, clinical and commercial deployment."*

**Next financial press release: the financial statements for the 1<sup>st</sup> half of 2014, on September 24, 2014**

**SpineGuard to participate in the *Healthcare & Biotechnologies Conference organized by Société Générale on September 24, 2014 in Paris.***

#### **About PediGuard®**

Co-invented by Maurice Bourlion, Ph.D., Ciaran Bolger, M.D., Ph.D., and Alain Vanquaethem, Biomedical Engineer, PediGuard is the world's first and only handheld device capable of alerting surgeons to potential pedicular or vertebral breaches. Real-time feedback is provided via audio and visual signals. Over 30,000 procedures have been performed with PediGuard worldwide. Several studies published in peer-reviewed medical and scientific journals have demonstrated that PediGuard detects 98% of pedicle breaches, presents an average screw placement accuracy of 97% (vs. 92% on average for surgical navigation), provides 3-fold less pedicle perforations than with free-hand technique and a 3-fold reduction in neuro-monitoring alarms. It also limits radiation exposure by 25-30% and decreases by 15% the time for pedicle screw placement.

#### **About SpineGuard®**

Co-founded in 2009 by Pierre Jérôme and Stéphane Bette, former executives at Medtronic Sofamor-Danek and SpineVision, SpineGuard's primary objective is to establish its FDA-cleared and CE-marked PediGuard® device as the global standard of care for safer screw placement in spine surgery. SpineGuard's mission is to make spine surgery safer. The company is also exploring other applications for its Dynamic Surgical Guidance technology platform. SpineGuard has offices in San Francisco and Paris. For further information, visit [www.spineguard.com](http://www.spineguard.com).

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For further information, please go to [www.spineguard.com](http://www.spineguard.com)

#### **Contacts**

##### **SpineGuard**

Pierre Jérôme  
Chief Executive Officer  
Tel: +33 (0)1 45 18 45 19  
[p.jerome@spineguard.com](mailto:p.jerome@spineguard.com)

Manuel Lanfossi  
Chief Financial Officer  
[m.lanfossi@spineguard.com](mailto:m.lanfossi@spineguard.com)

##### **Europe NewCap.**

Investor relations & Financial communication  
Florent Alba / Pierre Laurent  
Tel: +33 (0)1 44 71 94 94  
[spineguard@newcap.fr](mailto:spineguard@newcap.fr)

##### **US**

Ronald Trahan, APR, Ronald Trahan Associates Inc.  
+1-508-359-4005, x108

