

## SpineGuard posts H1 2019 revenue

- First half 2019 revenue 3.5M€
- New products sales growth of 74%%
- Net consolidated operating result by +50% at -0.4M€
- Restructured US subsidiary to report net profit in H1
- Cash available: 1M€ plus secured convertible bond facility of 1.8M€

**Paris (France) and Boulder (CO, USA), July 11, 2019** – 18:30 CEST – SpineGuard (FR0011464452 – ALSGD), an innovative company that deploys its DSG® (Dynamic Surgical Guidance) sensing technology to secure and streamline the placement of bone implants, announced today that its first half 2019 revenue was 3.5M€, a decrease of -5%, and that its preliminary non audited operating result improved by close to +50% at -0.4M€ compared to the first half of 2018.

Stéphane Bette, Co-founder and CEO of SpineGuard, declared: *“These results highlight our strategic moves and are in line with our expectations. The company’s priority is to deploy the innovations of the DSG technology platform while leveraging the legacy PediGuard business. In the highly competitive US market, which continues to be the main area of commercial focus for SpineGuard, we reorganized and relocated our US subsidiary to Boulder (Colorado) to further enhance profitability and concentrate our efforts towards our four strategic objectives: robotic applications for DSG; prepare the launch of the DSG-Connect visual solution; continue the growth of the DSG “smart” screws and support dental application success. We also want to maintain financial discipline to minimize our cash burn. As announced in our last letter to shareholders, the mandate to Healthios Capital Market is now effective. The objective is the signature of strategic alliances to continue expanding the scope of DSG technology and create enterprise value for our shareholders by maximizing the new market opportunities.”*

### H1 and Q2 2019 revenues

| € thousands – IFRS (Unaudited) | 2019         | 2018         | Variance   |
|--------------------------------|--------------|--------------|------------|
| <b>First Quarter</b>           | <b>1,648</b> | <b>1,769</b> | <b>-7%</b> |
| <b>Second Quarter</b>          | <b>1,797</b> | <b>1,857</b> | <b>-3%</b> |
| <b>Half-Year</b>               | <b>3,445</b> | <b>3,626</b> | <b>-5%</b> |

In the United States, the revenue of the second quarter 2019 decreased by 7% to 1,688K\$ from 1,807K\$. The revenue of the first half 2019 decreased by 11% to 3,238K\$ from 3,652K\$. The competitive landscape on the US market maintains significant pressure on the PediGuard legacy business. Business lost to large hospitals that are eager to acquire navigation and robotic platforms has not been fully compensated by new accounts, typically smaller hospitals. DSG “smart” screw surgeries crossed the 300 threshold and new products sales growth (DSG Screw and PediGuard Threaded) remains solid at +74%. In the first half of the year, the United States accounted for 83% of the company’s revenue. In constant currency, the revenue decreased by -5%.

Outside the United States, sales activity was stabilized with good performances in Europe, China and certain countries in Latin America. Activity in Middle East was behind expectations as the opportunities identified in Turkey and Saudi Arabia have yet to materialize.

3,875 DSG units were sold in the first half of 2018 (from 4,352 units in 2018) of which 2,256 units (58%) were sold in the United States.

### **Preliminary analysis of first half 2019 non audited financial result<sup>1</sup>**

In the first half of 2019, SpineGuard estimates that its net operating loss improved by approximately +50% and should reach -0.4M€ (vs. -0.8M€ in H1 2018).

The company also estimates that the American subsidiary SpineGuard Inc. will generate net income (non-audited) in the first half of 2019.

In the USA, under the leadership of industry veteran Steve McAdoo, the Company restructured its operations in order to be aligned with market trends and optimize profitability. After the outsourcing of its logistic platform in mid-2018, the management team was downsized and offices were relocated from San Francisco to Boulder (CO) as of July 1<sup>st</sup>. SpineGuard continues to commercialize its range of products via a network of 84 agencies throughout the USA supported by a team of field clinical experts.

The cash position as of June 30, 2019 of 1.0M€ plus the secured convertible bond facility for €1.8M means that the total cash available to the Company is 2.8M€.

Considering the current cash position, the secured convertible bond facility and the recurring expected business, the Company estimates that it can fund its needs until April 2020. To cover future need, the Company is actively working on the signature of strategic alliances, researching new investors through private placements and discussing the rescheduling of its existing financial debt (Bpifrance, Norgine Ventures and Harbert European Capital Growth)

These preliminary results are unaudited and based on management's initial analysis of operations for the period ended June 30, 2019, and are therefore subject to change. The company expects to announce its half-year 2019 financial results on September 18, 2019.

### **PERSPECTIVES**

The Company remains focused on the four objectives presented in the letter to shareholders in May 2019:

1. Continue to publicize the scientific evidence for the value of DSG in surgical robotics and create one or several strategic alliances in this field.
2. Beta-launch a new generation of PediGuard equipped with the DSG-Connect wireless module, a tablet that adds visual to auditory feedback. The value is in maximizing the usefulness of the PediGuard signal to the user and to enable data recording for medico-legal purposes. In addition, the device may assist in clinical studies of bone quality.
3. Double the number of surgeries performed with DSG "smart" screws in the USA, publish the first clinical data to support their clinical value and seek the right partnership to sell "smart" screws plus DSG-connect to non-robot equipped hospitals and ambulatory surgery centers.
4. Execute a successful market test with the first generation SafeGuard products for dental implantology with our partner ConfiDent ABC, and prepare future DSG products to be fully integrated into dental equipment.

**Next financial press release:** 2019 Half-year financial results on September 18, 2019

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<sup>1</sup> Preliminary non-audited results based on the first estimates by company's management through June 30th, 2019

## About SpineGuard®

Founded in 2009 in France and the USA by Pierre Jérôme and Stéphane Bette, SpineGuard is an innovative company deploying its proprietary radiation-free real time sensing technology DSG® (Dynamic Surgical Guidance) to secure and streamline the placement of implants in the skeleton. SpineGuard designs, develops and markets medical devices that have been used in over 70,000 surgical procedures worldwide. Fourteen studies published in peer-reviewed scientific journals have demonstrated the multiple benefits DSG® offers to patients, surgeons, surgical staff and hospitals. Building on these solid fundamentals and several strategic partnerships, SpineGuard has expanded its technology platform in a disruptive innovation: the « smart » pedicle screw launched late 2017 and is broadening the scope of applications in dental implantology and surgical robotics. DSG® was co-invented by Maurice Bourlion, Ph.D., Ciaran Bolger, M.D., Ph.D., and Alain Vanquaethem, Biomedical Engineer.

For further information, visit [www.spineguard.com](http://www.spineguard.com)

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