

SpineGuard reports solid improvements in its full-year 2018 financial results

- Positive EBITDA in the fourth quarter of 2018
 - EBITDA improved by 79% in 2018
 - Net loss reduced by 43%
 - Net Income positive US operations

PARIS and SAN FRANCISCO, March 14, 2019 – 18:00 CET – SpineGuard (FR0011464452 – ALSGD), an innovative company that deploys its DSG® real time digital technology for surgical guidance intended to secure and streamline skeletal implant placement, reported today its full-year 2018 financial results as approved by the Board of Directors on March 13, 2019.

€ thousands – IFRS audited	Dec 31, 2018	Dec 31, 2017
Revenue	7 575	8 174
Gross Margin	6 553	6 952
<i>Gross margin (% of revenue)</i>	<i>86,5%</i>	<i>85,1 %</i>
<i>Sales, distribution & marketing</i>	<i>4 840</i>	<i>6 116</i>
<i>Administrative costs</i>	<i>1 853</i>	<i>2 116</i>
<i>Research & Development</i>	<i>932</i>	<i>1 267</i>
Operating profit / (loss)	-1 073	-2 547
Non-recurring operating costs	-37	-415
Financial Result	-1 205	-1 163
Income Tax	19	0
Net profit / (loss)	-2 334	-4 125
EBITDA	-586	-2 770

Stephane Bette, CEO of SpineGuard said: « *The entire SpineGuard team is proud to report the company's full-year results demonstrating both the achievement of our target of operational profitability by the end of 2018 and the first net profitable year for SpineGuard's American operation. These results are a reward for all our stakeholders and validate both our goals for 2018 and our change in strategy to position SpineGuard as an innovator in robotics with a focus on partnerships. We enter 2019 with confidence. Our objective is to accelerate the creation of value for our DSG technology into robotic surgery and to launch our DSG-Connect visualization module this year.* »

EBITDA improved by 79% and is positive in the fourth quarter

EBITDA improved by 79% at € -586k compared to € -2 770k in 2017 while operating cash flow was reduced at €-669k (vs. € -2,513k). The fourth quarter was EBITDA positive and the second half of 2018 was close to EBITDA breakeven.

The operating loss was reduced by 56% to € - 1,073k (vs € -2,547k).

Gross margin remains improved by 1.4% at 86.5% thanks to stable average selling price in the USA and continuous improvements in manufacturing costs.

Operating expenses decreased by 20% or € 1,872k reflecting both the full impact of the company reorganization initiated in the second half of 2017 and the rigorous control of operational expenses.

At Dec. 31, 2018, cash and cash equivalents were € 1.1M, plus the secured € 2.8M of convertible bonds (OCAP) for a total of € 3.9M. Working capital requirement were € 782k vs. € 706k in 2017.

Financial expenses correspond to the interest charges of the venture loans with IPF Partners, Norgine Venture and Harbert European Growth Capital and the corresponding early termination costs incurred with the former. There are € 201k of the total financial expenses are non-cash and related to the compliance with IFRS accounting principles.

2018: A successful strategic turn

Robotics: In 2017, the company achieved two critical milestones for the smooth integration of DSG® technology into surgical robots: i) a functional prototype of a DSG® equipped drill and ii) the world's first experimental validation in the laboratory Institut des Systèmes Intelligents et de Robotique of the Paris Sorbonne University (ISIR). This experiment demonstrated how DSG® technology stops a surgical robot automatically when an impending bone breach is detected. In 2018, SpineGuard concluded a three-year partnership with Carnot Interfaces. It will allow the company to demonstrate the efficacy and adequacy of DSG® as applied to robotic surgeries in order to automate breach detection. The long-term goal is to automate skeletal implant placements.

Visualization of the signal (DSG® Connect): The next generation of products will be enabled by visualization software embedded into a tablet coupled with 'bluetooth like' technology. The Company is aiming for pre-commercial launch in the USA by the end of 2019. With DSG®-Connect, we hope to increase surgeon adoption by adding visual features to audio feedback. SpineGuard will deliver a sophisticated, simple and affordable guiding solution to hospitals looking for alternatives to expensive and complex navigation solutions. DSG®-Connect will also allow data recording for clinico-legal audit and will prepare the path for data collection of bone quality measurement. This project is complementary to the integration of DSG® into surgical robots.

Dental Implantology (worldwide licensing): the partnership with ConfiDent ABC (a member of Adin Group) is fruitful. In 2018, we achieved two important milestones, the CE mark and the manufacturing of the first generation of products ('SafeGuard') dedicated to the dental market. ConfiDent ABC will use these products for a market test and clinical studies throughout 2019.

Optimize Legacy Business (PediGuard®): with over 9,000 units sold in 2018, the Company built a profitable commercial business with its range of single use drilling probes for spine surgeries equipped with DSG®. The Company intends to leverage the business for continued innovation in 2019.

2019: Continued development of DSG technology and focus on new growth drivers

- Bringing scientific evidence of DSG technology applied to robotic surgery and signing additional partnerships in this field
- Successful launch of the DSG Connect visualization module by the end of 2019
- Growing adoption of DSG 'smart screw' supported by clinical publications
- The successful market test for dental implantology in collaboration with ConfiDent ABC

Next financial press release: 2019 first quarter revenue on April 11, 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 real-time digital 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

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Contacts

SpineGuard

Stéphane Bette
Chief Executive Officer
Tel: +33 (0) 1 45 18 45 19
s.bette@spineguard.com

Manuel Lanfossi
Chief Financial Officer
Tel: +33 (0)1 45 18 45 19
m.lanfossi@spineguard.com

NewCap

Investor Relations & Financial Communication
Mathilde Bohin / Pierre Laurent
Tel: +33 (0)1 44 71 94 94
spineguard@newcap.eu

