

SpineGuard Reports Six-Month 2021 Financial Results

- EBITDA improves 23% and Net Operating Result 32%
- Cash runway through 2023

Paris (France) and Boulder (CO, USA), September 15, 2021 – 18:00 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 financial results for the half year ending June 30, 2021, as approved by the Board of Directors on September 15, 2021.

Pierre JEROME, Chairman & CEO of SpineGuard, said: *“Our collective determination, the sustained global commercial performance, and the great strides we made on the innovation front, allowed us to significantly recover financially. SpineGuard’s cash runway is secured through 2023 and we have successfully exited from Chapter 11 both in France as well as in the USA. We now have the necessary means to keep deploying our R&D pipeline and strengthening our commercial operations, all the more so as our net operating result continues to improve. The data from our developments in robotics announced last week are truly outstanding and the perspectives ahead of us for clinical and corporate value creation are very exciting.”*

€ thousands – IFRS	H1 2021	H1 2020
Revenue	2,227	2,275
Gross margin	1,814	1,915
<i>Gross margin (% of revenue)</i>	<i>81.5%</i>	<i>84,1%</i>
<i>Sales, distribution, marketing</i>	<i>-1,253</i>	<i>-1,309</i>
<i>Administrative costs</i>	<i>- 779</i>	<i>- 852</i>
<i>Research & Development</i>	<i>-474</i>	<i>-311</i>
Recurring operating profit / (loss)	- 692	- 557
Non-recurring operating costs	-90	-597
Operating profit / (loss)	-782	-1,153
Financial result	-50	-235
Income tax	-	-
Net profit / (loss)	-832	-1,389
EBITDA	-661	-854

NB: unaudited

EBITDA improves 23% and Net Operating Result 32%

EBITDA improved 23% at € -661 K compared to € -854 K at June 30, 2020.

The net operating loss improved as well by 32% at € -782 K vs. € -1,153 K at June 30, 2020.

Operating expenses were € 2,506 K for H1 2021, compared with € 2,472 K, an increase of € 34 K compared with June 30, 2020.

Gross margin of 81.5% at June 30, 2021 decreased 2.6%. While ASP remained globally stable, the company faced some higher costs of manufacturing in the context of the pandemic and also had to scrap € 41 K of obsolete inventory in the USA.

For H1 2021, the Company reported revenues of € 2,227 K, up 4% in constant currency and down 2% as reported compared with H1 2020. Revenue was still impacted by the COVID-19 pandemic. Revenue in the United States decreased 8% cc (-16% reported) to € 1,575 K in the first half of 2021, compared with € 1,864 K in the first half of 2020. In the rest of the world, revenue increased by 59% during the first half of 2021 to € 652 K compared with € 411 K in the first half of 2020. The revenue of the second quarter grew by 39% cc (+31% as reported), 22% cc in the US (13% as reported) and +146% in the rest of the world.

2,731 DSG units were sold in the first half of 2021 compared with 2,422 in the first half of 2020, including 1,293 in the United States, representing 47% of total units sold.

Working capital requirements were € -246 K compared with € -176 K at December 31, 2020.

At June 30, 2021, cash and cash equivalents were € 5,137 K compared with € 1,222 K at December 31, 2020, and is explained as follows:

- Operating cash flow of € -620 K compared with the same period last year of € -436 K.
- Equity funding using the equity lines for a gross amount of € 5,300 K throughout the period.
- The payment of interests to Norgine Ventures and Harbert European Growth of € 156 K.
- The exit of the French 'procédure de sauvegarde' (equivalent of Chapter 11 in the USA) led to the resuming of the creditors including for the reimbursement of the principal of the venture loans for € 256 K over the half-year.

Update on US Chapter 11 procedure:

On August 24, 2021, the United States Bankruptcy Court for the District of Delaware entered an order confirming SpineGuard Inc.'s exit from Chapter 11. The plan of reorganization proposed by SpineGuard, calling for payment in full of all creditors including the bond holders, is now effective and Spineguard Inc. is no longer a debtor-in-possession in a bankruptcy case.

Extraordinary Shareholders' Meeting held in a closed session on September 23, 2021

In compliance with recent French legislation related to the pandemic situation and per the recommendations of the French AMF (Autorité des Marchés Financiers or AMF), SpineGuard will hold its Extraordinary Shareholders' Meeting on September 23, 2021 at 10:00 am CEST in a closed virtual session. **It is hereby reminded that AMF strongly encourages the shareholders to vote, such right being a fundamental prerogative of each shareholder.**

The Extraordinary Shareholders' Meeting will be webcasted (in French) at:

https://us02web.zoom.us/webinar/register/WN_KhgKKmCPTQ6Y2tGBtXlycQ

Shareholders are invited to pre-register for the Extraordinary General Meeting via this link, indicating their name, first name and e-mail address. They will then receive a confirmation of registration with the possibility to add the event to their agenda.

2021 Perspectives

The cash position as of August 31, 2021 of € 6.2 M plus the secured equity line facility for € 5.0 M means that the total cash available to the Company is € 11.2 M. Considering the current cash position, the secured convertible bond facility and the recurring expected business, the Company estimates that it can fund its needs throughout 2023.

For 2021 SpineGuard focuses on the following priorities while striving to remain close to breakeven:

1. Boost commercial activities with the launch of the DSG-Connect visual interface.
2. Accelerate the implementation of the DSG digital technology in ortho-robotics through the deployment of AI algorithms, new scientific evidence, and additional patents.
3. Intensify the collaboration with ConfiDent ABC for the dental application and co-develop a new generation of products embedding the DSG technology.
4. Affirm the company's technological shift and sign strategic partnerships, in particular, for the use of DSG technology in the robotic field.

The company's half-year financial report is available in the Investors > Exchange filings section of the www.spineguard.com website in French only.

Next financial press release: Third quarter 2021 revenue on October 14, 2021.

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 85,000 surgical procedures worldwide. Seventeen 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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