

SpineGuard reports third-quarter 2020 revenue

- Q3 consolidated revenue growing 47% over Q2
- 10% growth outside the US in Q3 vs. last year

Paris (France) and Boulder (CO, USA), October 15, 2020 – 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 that its third-quarter revenue was €1.3 million.

Pierre JEROME, Chairman & CEO of SpineGuard, said: ‘SpineGuard sales continue to recover in Q3 in a market which remains unstable, with important disparities from one country to another related to various health and economic conditions, primarily caused by the COVID-19 pandemic. Our double digit growth outside the US reflects a solid performance in Europe, especially in France and Germany, as well as our partnership with the company Confident ABC for the dental implantology DSG application. In the United States, some patients prefer to delay elective surgery, either due to the loss of healthcare coverage or for their concern for safety in hospital settings, both driven by the effect of the pandemic. However the financial analysts covering the medtech sector are reporting gradual improvement in patient sentiment and expect the recovery in elective procedures to go on in the coming months.’

€ thousands – IFRS Unaudited	2020	2019	Variance
First Quarter	1,376	1,692	-19%
Second Quarter	902	1,797	-50%
Half-Year	2,278	3,445	-34%
Third Quarter	1,328	1,721	-23%
Year to Date 9 Months	3,603	5,166	-30%

SpineGuard’s consolidated revenue decreased 23% as reported and 20% in constant currency (cc) in Q3 compared to last year but increased 47% vs. Q2 which was significantly impacted by the outburst of the COVID-19 pandemic throughout the world.

In the USA, the decrease was 29% as reported and 26% cc. Outside the USA, the revenue increased by +10% at €306k compared with €279k in the third quarter of 2019.

Over the first 9 months of the financial year, revenue decreased by 30% to €3,603k compared to €5,166k for the same period in 2019.

3,846 DSG equipped units were sold in the first nine months of 2020 (2,299 in the USA, 60% of total units sold) compared with 6,014 in the first nine months of 2019.

Impact of COVID-19 on SpineGuard's revenue:

The company has been impacted by the health and economic crisis resulting from the COVID-19 pandemic throughout the world. As for many industry peers, SpineGuard's revenue is directly linked to surgical procedure volume. This volume has been greatly affected by the postponement of elective surgeries caused by the influx of COVID-19 patients in the hospitals. The monthly impact of COVID-19 can be summarized as follows and expressed as a % of 2020 revenue vs. the same month in 2019.

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
% 2020 vs. 2019	100 %	94 %	64%	14%	54%	76%	81%	66%	84%

Updates on French 'safeguard' and US Chapter 11 procedures:

An audience is scheduled on October 21 at the French Court of Commerce as part of the "observation phase" for which the end is planned on November 12 and to prepare the presentation of the safeguard plan which is currently being drafted with the assistance of the French Trustee ('administrateur') Maître Thévenot. It will be the opportunity for SpineGuard to inform the judge of the latest discussions with its main creditors and new potential strategic partners.

The presentation of the safeguard plan will be made in coordination with the American procedure which already had several hearings in March and June. Pending the finalization of the safeguard plan, the payment of debts prior to the opening of the procedure are frozen. It should also be remembered that the safeguard procedure freezes any ability to exercise existing securities or collateral. As a reminder, as at January 31, 2020, the outstanding capital amounted to € 3.8 M compared to € 4.5 M at the conclusion of the 'venture' bond debt and of € 0.9 M against € 1.5 M for the FEI Innovation loan.

Outlook:

In addition to the completion of the safeguard plan, SpineGuard remains focused on the following objectives for the fourth quarter:

1. Continue the pre-launch in Europe of the new generation of PediGuard equipped with the DSG-Connect module, a wireless interface which adds the visual signal to the audio to optimize signal processing, allowing data recording as forensic evidence to perform clinical studies on bone quality.
2. Obtain DSG-Connect clearance and initiate its pre-launch in the US before the end of 2020.
3. Continue to provide scientific evidence of the value of DSG for surgical robotics.
4. Maintain, as feasibly possible, the course of operational profitability in the context of COVID-19.
5. Intensify collaboration with ConfiDent ABC on dental applications with the co-development of a new generation of products incorporating DSG technology.
6. Close other industrial and strategic partnerships, specifically for the robotic application, assisted by the investment bank *Healthios Capital Markets*.

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 80,000 surgical procedures worldwide. Fifteen 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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