

SpineGuard: information on the safeguard proceedings

PARIS and BOULDER (CO), March 24, 2020 – 9:00 CET - SpineGuard (FR0011464452 – ALSGD), an innovative company that deploys its DSG® (Dynamic Surgical Guidance) sensing technology to secure and streamline the placement of bone implants, provides today an update following the initiation of “safeguard” proceedings in France (article L 620-1 of the French “code of commerce”) and concomitant commencement of a voluntary Chapter 11 case for its US subsidiary both announced on February 14, 2020.

Pierre Jérôme, co-founder, Chairman and CEO of SpineGuard, said: *“We are already working on the elaboration of a safeguard plan and are confident that it will enable the amendment of our debt. In parallel, we are pursuing the deployment of our DSG technology and the set-up of strategic partnerships on a sound basis while taking the necessary measures to cope with the propagation of the COVID-19 virus and its consequences on our activities.”*

Information on the safeguard proceedings

SpineGuard’s Board of directors and management deem that the safeguard proceedings will allow for negotiation of the repayment of its debt and thus decrease its burden on the company.

This protection, effective both in France and in the United States, grants the company the possibility to focus more effectively on its activities, its customers and to conduct successfully its strategy centered on its DSG technology deployment through industry partnerships.

The safeguard proceeding in France is now in the so-called “observation” phase awarded by the French Court of commerce. The observation phase lasts 6 months and can be extended by the Court. Its main purpose is to prepare a safeguard plan enabling the amendment of the company’s debt. At the end of this observation phase, the French Court of commerce will review the safeguard plan, hopefully validate it and enforce its execution according to a defined schedule.

In the United States, the chapter 11 case filed by SpineGuard, Inc., the Boulder, Colorado based subsidiary, is also in its initial phase. The company will present a preliminary Chapter 11 plan on May 1st 2020 to the US Court of commerce.

The same plan will be proposed by SpineGuard in France and in the USA. Both the parent and the subsidiary company wish to negotiate a consensual and coordinated amendment of the debt in these parallel proceedings.

Now assisted by Maître Thevenot, the trustee designated by the French Court of commerce, SpineGuard is in discussions with its main creditors to amend the venture debt and FEI Innovation loan and more generally propose a safeguard plan. By January 31 2020, the outstanding capital amount was €3.8M vs. €4.5M at the venture debt initiation and €0.9M vs. €1.5M for the FEI Innovation loan. Of note, the safeguard process freezes all capabilities to exercise existing warranties and pledges.

The ongoing safeguard proceedings do not exclude an agreement that could shorten the process.

Pending the execution of the safeguard plan, the payment of invoices received prior to the initiation of the safeguard proceedings is frozen.

The non-audited financial liabilities as of January 31, 2020 are as follows:

Long term financial liabilities:	€5.2M
<i>Of which Norgine Harbert:</i>	<i>€3.8M</i>
<i>Of which BPI:</i>	<i>€0.9M</i>
Other operating liabilities (vendors, tax, benefits, ...):	€1.1M
<i>Of which frozen by the safeguard process¹:</i>	<i>€0.2M</i>
Cash and cash at end:	€1.4M
Net financial liabilities:	€4.9M

The company will communicate later on the resumption of its stock trading (Ticker: ALGSD and ISIN: FR0011464452).

2020 perspectives

The collaboration with our industry partner Adin Dental/ ConfiDent on the dental application will intensify in 2020 with the co-development of a next generation DSG embedded product, fruit of the feedback on the first generation tested in 2019.

The search for strategic alliances with industry players notably for the robotic application continues with the venture bank Healthios Capital Markets.

Lastly, the DSG Connect platform should soon be CE Marked cleared and the FDA filing is progressing. This strategic high-value innovation is already used experimentally by the company to guide surgical robots. It will be deployed to the full PediGuard range and Smart Screw products. The company believes that it will bring a renewed sales momentum in particular in Europe and the USA, but also in other high potential geographies such as Brazil, Saudi Arabia and Turkey. Of course, the pace will highly depend on the containment of the COVID-19 outbreak and the resuming of a normal activity in the hospitals. For now, in a growing number of countries, most of the electives surgeries are being postponed to prepare for and focus on COVID-19 patients.

¹ Under evaluation by the judicial representative

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 75,000 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 Burlion, Ph.D., Ciaran Bolger, M.D., Ph.D., and Alain Vanquaethem, Biomedical Engineer.

For further information, visit www.spineguard.com

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