

SpineGuard reports Q1 2020 revenue

- Revenue : €1,4m
- Strongly impacted by COVID-19 in March
- Annual Shareholders Meeting scheduled on May 14 in a closed virtual session

PARIS and BOULDER (CO), April 23, 2020 – 18:00 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, reported today its first-quarter 2020 revenue.

Pierre Jérôme, Chairman & CEO of SpineGuard, said: « *Our smart drilling instruments being mainly used to secure elective spine surgeries, SpineGuard sales, since March, have been significantly impacted by the postponement of those interventions due to the massive influx of COVID-19 patients in European and American hospitals in particular. Before that we had well started the year, ahead of plan by the end of February. Given the current trend, analyst reports and customer feedback, our Q2 revenue will be soft. However, we anticipate a strong catch-up effect in the coming months as patients, whose surgery has been postponed, are in pain and will be operated on. The simplicity and autonomy of our PediGuard single use sterile devices as well as the innovative nature of the recently CE marked DSG Connect interface will be real assets when the backlog of elective spine surgeries will resume. For now, to face the crisis triggered by the virus outbreak, our priority is to protect the team and preserve cash in the context of the Safeguard procedure initiated in France and the Chapter-11 proceedings initiated in the USA in mid-February to amend our debt. We are working on both processes while preparing the launch of DSG Connect and advancing discussions for the set-up of structuring strategic partnerships.* »

Global revenue in the first quarter of 2020 was €1,376k vs. €1,692k in Q1 2019, a 16.5% decrease.

SpineGuard sold 1,536 DSG units in the first quarter of 2020 vs. 2,028 units in Q1 2019.

871 units were sold in the USA vs. 1,056 units during the same period in 2019. The COVID-19 impact on the second half of March was significant with quasi complete stop of orders and shipments. Overall, US revenue decreased 20% as reported (-23% cc) at €1,088k vs. €1,365k.

Outside the USA, revenue grew 2% at € 288k vs € 283k in the first quarter of 2019. The solid start of the year allowed for this performance. However, the activity also strongly dropped during the second half of March in the vast majority of the areas covered by our distributors. Notably, there was no revenue recorded for China or the Middle-East over the quarter.

In order for the company to protect the team and manage its cash in the best possible way during this unprecedented crisis and, at this point, with very scarce visibility about its duration and magnitude, the Company took the following steps:

- Work from home and partial activity for most of the workforce in France and the USA.
- In France, as allowed by the government, differed payments of social benefits to the public agencies.
- Anticipated filing requesting the payment of the R&D tax credit scheme (CIR) for an amount of €174k.
- Cost saving programs: the company has taken various measures to reduce its costs while reinforcing its rules of engagement policies. Many congresses and events have been cancelled or postponed and all travel has been suspended.

Safeguard procedure in France and Chapter 11 proceedings in the US

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 proceedings 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 June 15, 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 from Bpifrance and more generally propose a safeguard plan.

It is reminded that both the 'sauvegarde' and Chapter 11 processes have frozen the possibility to exercise pledges and warranties allowed to creditors. The ongoing safeguard proceedings do not exclude an agreement that could shorten the process.

Reminder of the 2020 perspectives

The collaboration with our industry partner Adin Dental Implant Systems / ConfiDent on the dental application will intensify in 2020 as soon as the COVID-19 pandemic decreases 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, despite the crisis, led by venture bank Healthios Capital Markets.

Lastly, the DSG Connect platform is now CE Marked cleared and the FDA filing is progressing. We are preparing for its European launch. 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.

Annual Shareholders Meeting of 14 May 2020

In compliance with recent legislation (bill of 23 March 2020 to respond to COVID-19 and decree dated 25 March) and per the recommendations of the French SEC (Autorité des Marchés Financiers or AMF), SpineGuard confirms that the Annual Ordinary and Extraordinary Shareholders Meeting will take place on May 14, 2020 at 8:45 am (CET), yet it will not be held in public. It is hereby reminded that AMF strongly encourages the shareholders to vote, such right being a fundamental prerogative of each shareholder. Such right shall be exercised through a vote by proxy in case of a non-publicly held shareholders meeting and, except for particular cases, prior to the said shareholders meeting.

As of the date of this news release, the logistics details are being worked out for the Shareholders meeting to be held in perfect conditions with the on-going pandemic situation. The Shareholders Meeting will be held via web conference. The shareholders presentation will be released on the company's web site at 8:45 am (CET) on the day of the meeting at

<https://www.spineguard.com/fr/investisseurs/documentation/>

Connection details to the web conference will be provided at a later date.

Questions will be possible using the available chat during the conference or be sent in advance at either of investors@spineguard.com or spineguard@newcap.eu

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 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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