



2018 half-year results
Revenue for first nine months at €4.8M
Moving forward in the US

<i>In thousands of euros</i> <i>Consolidated accounts</i>	HY1 2018	H1 2017
Revenue	3 352	6 016
Gross margin	2 214	4 122
<i>% revenue</i>	<i>66.1 %</i>	<i>68.5 %</i>
Operating revenue	593	283
Operating expenses	-5 565	-5 600
Operating income	- 1 619	698
Net income	- 1 926	650

Spineway's Board of Directors, chaired by Stéphane Le Roux, met on 23 October 2018 and closed the accounts for the first half of 2018.

Results reflect the drop in activity

Spineway confirms its strategic repositioning with revenue for the first half of the year at €3.4M compared with €6M the previous year following the decrease in sales in the United States. Outside the US, Group revenue for the half year amounted to €3.2M, up 7%.

As expected, the drop in activity automatically affected Spineway's half-year accounts, which nevertheless posted a Gross Margin that was kept under control at €2 214k, i.e., 66.1% of revenue. However, Operating income was at -€1 619k compared with €698k last year despite operating expenses being under control. It was impacted by non-recurring expenses amounting to €581k. Such non-recurring expenses were a provision for a tax dispute (€211k) and the depreciation of a receivable from a US distributor in difficulty (€370k). After taking into account financial expenses, net income for the first six months of the year was of -€1 926k.

At the end of June, the Group's equity was at €286k, encumbered by the losses from prior financial years. Likewise, the cash position suffered from the decrease in revenue during the six-month period and was at €48k.

Since the closing of the accounts for the first half of the year, the Group has strengthened its financial structure thanks to the signature of a financing agreement for the issue of OCEANE (bonds convertible into new or existing shares) with attached warrants representing a maximum of €14.5M. To date, the Group has issued two OCEANE tranches, representing a total of €3M, the conversion of which will strengthen the company's equity.

Implementation of the strategic plan and moving forward in the US

Currently in a new development phase, the Group posted **revenue of €4.8M** at the end of September, **up 9% without including the US** (-35% as published). Latin America continued to show sustained growth with a 35% increase in activity, at €2.5M. For this same period, Europe posted €734k and Asia remained stable at €579k.

In accordance with the main directive of its new strategic plan, Spineway launched its Mont-Blanc Evo line at the Eurospine International Conference and is now looking to distribute it in the US. This incremental innovation of its flagship product line shows the Group's commitment to expanding its current range of products in order to conquer new markets and win back the US market.

To this end, Spineway should soon be reorganizing its US subsidiary in order to redeploy its offer and benefit once again from growth in the US.

In addition, the Group is pursuing its strategy to conquer Asia in the medium term as this remains a territory with high growth potential for Spineway. Implementation should start in 2019 pursuant to the registration of its products with the CFDA (*China Food and Drug Administration*).

Spineway will continue to implement its new strategy aimed at refocusing its activities on territories with the most growth potential and reorganize its US subsidiary in order to enter into new partnerships or distribution agreements.

Meeting: presentation of the new strategic plan on 13 December 2018

SPINEWAY IS ELIGIBLE FOR THE PEA-PME (EQUITY SAVINGS PLANS FOR SMES)

Find out all about Spineway at www.spineway.com

The half-year accounts will be available on the company's website on 30 October 2018, after market closes.

This press release has been prepared in both English and French. In case of discrepancies, the French version shall prevail.

Spineway designs, manufactures and markets innovative implants and surgical instruments for treating severe disorders of the spinal column.

Spineway has an international network of over 50 independent distributors and 90% of its revenue comes from exports.

Spineway, which is eligible for investment through FCPIs (French unit trusts specializing in innovation), has received the OSEO Excellence award since 2011 and has won the Deloitte Fast 50 award (2011). Rhône Alpes INPI Patent Innovation Award (2013) – INPI Talent award (2015). ISIN: FR0011398874 - ALSPW

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