



Revenue for the first half of 2020

- Gradual recovery
- Cash position of €3.2M secure through end of June

The first half of this year was understandably affected by the health crisis caused by the worldwide Coronavirus pandemic, which led to the cancellation of all non-essential surgeries. During this unprecedented period, the Spineway group was fully committed to providing the best possible services to its direct clients in France and its international distribution partners. These efforts allowed the Group to keep its revenue for the second quarter at close to 30% of that of the previous year despite a very complicated international situation, resulting in half-year revenue of €1 432K as at 30 June 2020 (-45% compared with HY1 2019).

<i>In thousands of euros</i>	2020*	2019	Percent change
<i>Q1 revenue</i>	1 045	1 349	-23%
<i>Q2 revenue</i>	387	1 274	-70%
<i>HY1 revenue</i>	1 432	2 623	-45%

* Figures not audited

Over this period, the Group's territories had varied results. Asia posted €337K at the end of June, up 9% compared with the previous year, whereas Latin America generated €614K (-48%) as it has been particularly hard-hit by the health crisis plus some countries are also dealing with complicated geopolitical and economic situations. Europe generated €340K (-50%) over the six-month period and showed signs of recovery with revenue for the second quarter level with that of the previous year thanks to a very strong month of June outside France. The Middle East and USA posted marginal amounts of €109K and €31K.

Sequential recovery

Currently, the lack of visibility as to when hospital surgeries around the world will return to normal means that the Group cannot anticipate being able to make up for the second quarter during the 2020 financial year. Indeed, the health crisis also delayed the implementation of partnerships the Group entered into before the crisis, such as the distribution agreement with the Muranaka group in Japan, which should nevertheless begin contributing to revenue starting in the fall of 2020. Likewise, in Latin America, the public-health and geopolitical situations also make the upcoming months unclear and impede the development that had been expected in this area for 2020.

Nonetheless, the return to activity in Europe should steadily increase over the second half of the year and have a positive impact on the Group's overall revenue. Likewise, Asia, which has continued to maintain its level of activity despite the delay with Muranaka, should contribute more to the 2020 revenue.

Spineway continues to be well-positioned in its core areas and benefits from a growing reputation for innovation. Its Mont-Blanc 3D+ line, in particular, was written up in a recent issue of an international scientific magazine specializing in the spine that will be presented in further detail in a future press release. Furthermore, Spineway is pursuing the development and approval of its high-added-value product lines such as its minimally invasive line, Mont-Blanc MIS, which has been very well-received by surgeons who use the products.

The Spineway teams also focused on the goal of certification under the New EU MDR and, to this end, worked with surgical groups in several countries to analyze the clinical data required for such certification.

A solid financial base

Expecting a return to standard-setting activity in 2021, Spineway set up the necessary financing to allow it to calmly weather the crisis and adapted its cost structure to limit its losses during the first half of the year. In particular, Spineway obtained the entire amount possible in a government-backed loan amounting to €1 270K, thereby confirming its banking partners' confidence in the Groups prospects. This loan, in conjunction with the internal measures taken and aid packages, in particular for salaries, resulted in a cash position for the Group of over €3.2M at the end of June. Negma's support also contributes to securing the financial position while still preparing for the future by giving Spineway the means necessary to continue its development.

Thanks to a comfortable cash position, an international footprint, well-known innovative product lines and solid partnerships, Spineway will be able to benefit from the return to activity in the various areas in which it does business and take advantage of opportunities for external growth that could offer great synergies.

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

Find out all about Spineway at www.spineway.com

Upcoming: 27 October 2020 – 2020 half-year results

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).

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