

Semester report at June 30th 2023

- Revenue growth in H1 (+75%)
- Gross margin of €3.9m (72% of revenue)
- Continued investment
- New financing to support development

<i>In thousands of euros</i> <i>Consolidated accounts</i>	H1 2023	H1 2022
Revenue	5,432	3,113
Cost of sales	(1,509)	(1,036)
Gross margin* <i>% of revenue</i>	3,923 72%	2,077 67%
Net operating expenses	(5,556)	(2,948)
<i>Of which running costs</i>	(2,355)	(1,329)
<i>Of which personnel expenses</i>	(2,977)	(1,874)
Operating income/(loss)	(1,256)	(871)
Financial income/(expense)	(64)	125
Non-recurring income/(expenses)	(573)	(56)
Net income/(loss)	(1,893)	(803)

* The accounting gross margin in the six months to end-June 2022 includes inventory adjustments. Adjusted for this impact, the management gross margin was 72% in H1 2022.

The Board of Directors of Spineway, meeting on September 18, 2023, under the chairmanship of Stéphane Le Roux, approved the financial statements for the six months to June 30, 2023.

Spineway's total revenue for the first half of 2023 is €5.4 million, up 75% compared with the first half of 2022. Organic growth remains strong (+12% in H1 2023). However, this growth is primarily due to the consolidation of the revenue of Spine Innovations, acquired in July 2022, thereby confirming the relevance of Spineway's strategy of combining organic growth and targeted acquisitions. Revenue growth is expected to slow slightly in the second half.

Results reflecting the consolidation of Spine Innovations

Revenue growth is accompanied by a good gross margin of €3.9 million in the first half, taking the gross margin rate to 72%. *

In line with its roadmap, the Group has continued to invest to support its development in regulatory affairs (alignment with MDR requirements, product approvals, etc.) and surgeon training (creation of the “Spineway Academy” medical training department).

As such, the 53% increase in average headcount since the end of June 2022, following the integration of Spine Innovations and the strengthening of the management team, pushes personnel expenses up to €3.4 million over which 0,4 M€ non-recurring expenses (from €1.9 million).

However, tight control of operating expenses limits the operating loss to €1.6 million in the six months to June 30, 2023. The net loss is €1.9 million.

New funding to support development

During the first half, as an innovative company, Spineway received an 8-year €1.5 million “*Prêt Participatif Relance*” (PPR, Participatory Stimulus Loan) to support its innovation strategy and R&D investments.

The Group also concluded an agreement for the issue and subscription of bonds convertible into shares¹ (OCA) in a total maximum nominal amount of €10,990,000 and for a duration of 24 months. An initial tranche of €500,000 (200 OCAs) was issued on the date the agreement was signed. As of June 30, 2023, 148 OCAs had been converted into 721,181 shares; an increase of €39,059.05 in share capital has been recorded. Share capital totaled 218,168.95 euros as of June 30, 2023, broken down into 4,363,379 shares with a par value of 0.05 euros each.

This funding contributes to the implementation of new projects such as the proprietary manufacturing of the Spine Innovations ESP prosthesis.

With these new contributions, Spineway’s cash position was €3.6 million at the end of June. The financial situation accordingly remains healthy, with cash flow net of financial debt still positive at €0.5 million on shareholders’ equity of €20.5 million, i.e. gearing² of -2.4% as of June 30, 2023.

Geographic rollout of new ranges and start of new projects

In line with its strategic plan, Spineway is pursuing its commercial development in Europe and its regulatory procedures for the approval of Spine Innovations and Distimp products for major export markets. The Group also plans to expand its premium range of implants and instruments to address more broadly the segment of degenerative spinal conditions and is continuing its efforts to gain access to the US market with its range of cervical disc prostheses.

The development of new strategic projects and the ramp-up of premium ranges in new geographies should enable Spineway to return to operating breakeven³ in the medium term.

Spineway confirms its aim of becoming the innovative player in France and internationally, leader in less invasive spine treatments.

¹ Press release of May 25, 2023

² Ratio of net debt to equity

³ Positive operating income