



## 2017 annual results

- Strong revenue growth
- Improved results

### Mixed activity for the 1<sup>st</sup> quarter of 2018: €1.8M

<i>In thousands of euros</i> <i>Consolidated accounts</i>	2017*	2016
Revenue	9 138	4 643
Gross margin	6 151	3 074
% Revenue	67%	66%
<b>Gross operating surplus</b>	<b>150</b>	<b>- 1 227</b>
Operating income	- 845	- 2 257
Current income before taxes	- 1 013	- 2 432
<b>Net income</b>	<b>- 965</b>	<b>- 2 690</b>

\* Audited accounts

Spineway's Board of Directors, chaired by Stéphane Le Roux, met on 24 April 2018 and closed the 2017 annual accounts. The Group's Statutory Auditors performed their auditing duties on these accounts and their reports are being prepared.

### Improved results

Spineway, specialist in surgical implants and instruments for treating disorders of the spinal column (spine), confirms the strong growth of its consolidated revenue for the 2017 financial year, at €9.1M (+97%). This increase in activity logically resulted in the all-around improvement of the Group's results.

Spineway's consolidated accounts, which include those of the US subsidiary, showed a gross margin of 67.3% compared with 66.2% the previous year. Thanks to dynamic sales, the gross operating surplus was once more in the black at €150k, compared with a loss of -€1 227k at the end of 2016.

Operating income was of - €845k, showing an improvement of €1.4M compared with 31 December 2016. As announced, during the second half of the year the Group required heavier costs in order to strengthen teams in both France and the United States to accompany this strong growth. The operating income takes into account the increases in purchases and changes in inventory (+€1 419k), other purchases and external expenses (+€501k) and personnel expenses (+€1 190k).

The net income reaped the benefits of a positive extraordinary income of €47k (-€258k in 2016) and amounted to -€965k compared with a loss of €2 690k the previous year.

The WCR expressed as days of revenue also improved greatly, at 143 days compared with 221 days as at the end of 2016. This improvement is due, in particular, to a decrease in inventory and trade receivables while revenue increased sharply.

The Group's financial structure was strengthened during the second half of 2017 thanks to the reserved issue of *ORNANE* (tranche warrants for notes) with warrants representing €1M and the exercise of €1.6M in warrants by the Chinese company Tinavi Medical Technologies.

These events brought the shareholders' equity to €1 773k at the end of December 2017 compared with €1 300k at the end of December 2016. Available cash at the end of December amounted to €2.4M, allowing for a gearing (net debt/equity) of 174% compared with 207% the previous year.

### A mixed start to 2018

As per its strategy, the Group will be reinforcing its R&D investments in order to offer surgeons implants and instruments that meet their needs. For the first quarter of 2018, the Group posted revenue of €1.8M, down 41% from Q1 2017, with, in particular, an unfavorable comparison base in the US (a \$2M order initially scheduled for 2016 was delayed until Q1 2017).

Without this basis, the Group showed a 17% increase in its consolidated activity.

The US activity represented €105k for the period, with poor visibility following the replacement of its main US distributor's CEO.

In the rest of the world (outside the US), Spineway continued its commercial growth, particularly in Latin America where, at the end of March, it posted €914k in activity, up 14%. This growth is driven by the success of the Mont-Blanc product lines. The Middle-East sector remains on the right track, with revenue of €234k, up 80%, and Europe generated €303k compared with €340k in Q1 2017, with the drop due mainly to Spain, where Spineway recently closed its subsidiary.

Asia continues its climb with a 63% growth in activity, representing revenue of €277k. While awaiting approval Spineway's products in China, which is expected by the end of 2018, the Group is working on developing implants and instruments for the surgical robot developed by its Chinese partner, Tinavi.

***Current sales in the United States, which could affect the 2018 roadmap and goals, are pushing Spineway to study possible changes to its strategic plan in order to accelerate profitable development.***

### **SPINEWAY IS ELIGIBLE FOR THE PEA-PME**

Find out all about Spineway at [www.spineway.com](http://www.spineway.com)

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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