



Stéphane Bette,
CEO



Pierre Jerome,
Chairman

Dear Shareholders,

A few days away from our annual shareholder meeting, we would like to warmly thank you for your trust since we became a publicly traded company and wish to express that we fully share your frustration and understand perfectly the questions that our current stock price can raise. This letter aims to comprehensively present the key progress we made and the strategic directions we implemented in order to reach operational profitability by year end while pursuing the deployment of our DSG® technology in forms of incremental innovation and health economic value.

When we founded the company in 2009, the DSG technology was early stage with only three models of PediGuard®, less than 500 units sold per quarter and one scientific article published. The « smart » screw and the robotic applications were only long term perspectives.

Nine years later, PediGuard has helped to make more than 60,000 spine surgeries safer globally. We are approaching 2,500 units sold per quarter, more than half in the USA, and we are penetrated in more than a third of the teaching institutions where the most reputable surgeons operate and train their younger fellows. We now have a dozen models in our product range that are adapted to the patient anatomies and to various surgical techniques. Ten studies have been published in peer-reviewed journals, the PediGuard is now cleared in the majority of high market potential countries and we recently launched it in China, the second largest market in the world after the USA.

« In nine years, the sales of PediGuard were multiplied by 5 and approach 2,500 units per quarter »



In 2017, the « smart » screw became a commercial reality in the USA. It offers three key benefits. On the clinical front, a safe and rapid implantation. From the economic standpoint, an enhanced value proposition to hospitals for equivalent pricing within existing reimbursement schemes. Lastly, in strategic terms, a powerful differentiation in a saturated commoditized market. These benefits compelled our partner Zavation with whom we signed a co-development and co-marketing deal in 2015.

« SpineGuard sells to its partner Zavation the « DSG kit » that makes the screw « smart »



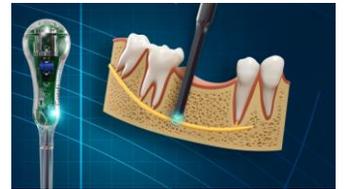
In order to well understand this North American partnership, we manufacture and sell the « DSG kit » (composed of an electronic handle and a bipolar sensing pin, both disposable) to Zavation who adds it to its classical « set » of implants and instruments to make it « smart ». These « sets » contain two tool trays containing all instruments necessary to perform the procedure, as well as a large range of implants of various sizes. In terms of revenue per surgery, the sale of the « DSG kit » represents for SpineGuard a comparable margin to the sale of a PediGuard. Zavation on its part bills the hospital for the implants utilized in each patient.

Practically, after a phase of design and regulatory clearance in 2015-2016, Zavation started to manufacture the « sets » in the first half of 2017, allowing them to perform approximately one hundred surgeries between May and October, the month of the commercial launch at the NASS congress in Orlando. In 2016 and 2017, we sold enough « DSG kits » to Zavation to cover the needs of the product fine tuning and early release, hence the absence of « smart » screw » revenue in the first quarter of 2018.

Furthermore, early in 2018 we negotiated with Zavation a co-distribution agreement which gives us the opportunity to reinforce the commercialization of the « smart » screw in the US while doubling our net margin when PediGuard users switch to it. In parallel, the surgeries continue at satisfactory pace and a clinical study is ongoing.

Beyond the PediGuard business and the launch of the « smart » pedicle screw, we continue to broaden the scope of our DSG technology platform by developing new applications and new markets, clearly taking the « Digital Health » turn.

In 2017, we concluded an exclusive licensing deal with the company *Adin Dental Implant Systems* for the exploitation of the DSG technology in dental implantology. We identified together three major clinical applications that represent a total cumulative potential market of 8 million implants annually worldwide. Our partner Adin was so compelled by the pre-clinical validation of our technology that they decided to create a dedicated subsidiary: *Confident ABC*.



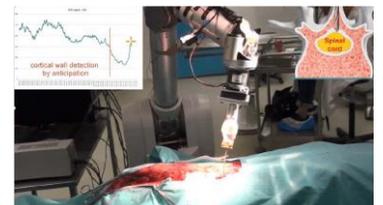
Dental application in partnership with Adin Dental Implant Systems



**Current robot for spine surgery:
The surgeon is in charge of the drilling**

In parallel, we have grand ambitions with the robotic application of our technology in spine surgery, an emerging sector with very high potential. The current robots developed in this field are « blind », which limits their safety level and their capacity to work in an autonomous manner. The DSG technology provides extremely precious digital information, in-situ and in real-time, to fill this gap and also to allow for decreasing the X-Ray exposure related to the procedure.

The insertion by a robot of DSG sensor-equipped pedicle screws, seems very compelling as we believe it could bring not only a determining and differentiating safety factor in this promising market, but also the materialization of the unique captive link between the recurring revenue (the screw) and the platform (the robot). In the past year we demonstrated in collaboration with the surgical robotics lab of the science university Pierre and Marie Curie in Paris, how a robot equipped with a DSG drill can be safer thanks to an automatic stop feature in case of near-breach detection. This leap forward allows us to envision strategic partnerships in the sector and an ambitious R&D program.



**Experiment at UPMC lab with DSG technology integrated in the robot:
Automatic stop**

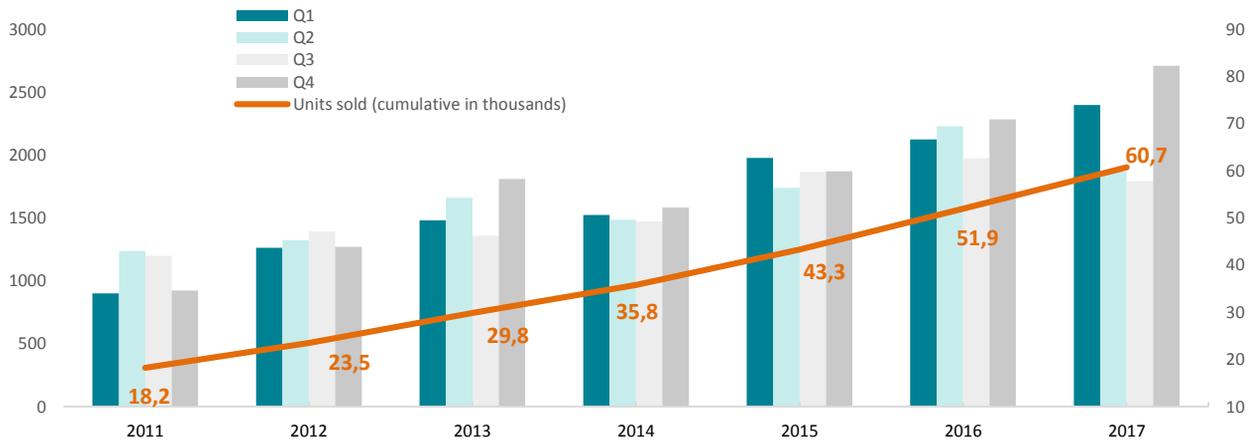
In conclusion, SpineGuard possesses a proven technology and a well established business especially in the USA. Strengthened by these solid fundamentals, we are evolving our business model in deploying a disruptive innovation: the « smart » pedicle screw and in broadening the scope of our digital technology platform to dental implants; and surgical robotics. All while aiming toward operational profitability in the short term.

Please be assured, dear shareholders, that the leadership team at SpineGuard is ambitious, invested in the venture and firmly believes in its success. Your interest and ours are one. We are proud to contribute to make surgery safer, day after day, and determined to establish our DSG technology as an indisputable standard of care.

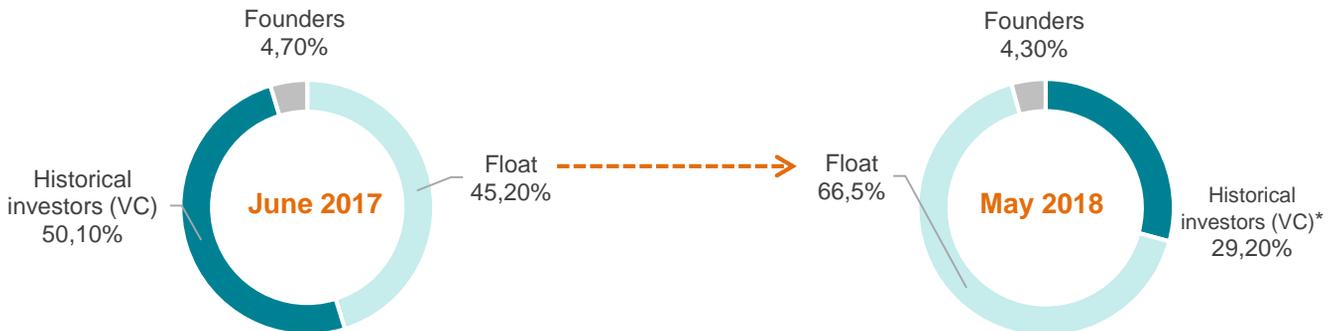
With all our thanks again for your continued trust and support,

Stéphane Bette, CEO Pierre Jérôme, Chairman

CONTINUED ADOPTION: HEADING TOWARD STANDARD OF CARE



SHAREHOLDER STRUCTURE



* Historical investors (VC): total exit in 2017 of IPSA (fund end of life)

SPINEGUARD IN STOCK EXCHANGE

Code ISIN	FR0011464452
Ticker	ALSGD
Marché	Euronext Growth Paris
Nb de titres	6 159 349



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