



Financing plan

New tranche of Negma convertible bonds

In keeping with its development strategy, Spineway wishes to be in a position to take advantage of any and all external-growth opportunities that could create value and new synergies. To this end, Spineway decided to launch a new subscription phase for Convertible Bonds with warrants.

Background on the Negma financing agreement:

In accordance with:

- the delegation of power granted by the Extraordinary General Shareholders' Meeting held by Spineway (the "**Company**") on 3 October 2019,
- the Company's Board of Directors' decision of 17 October 2019 approving the issue of 16 000 warrants (the "**Tranche Warrants**") the exercise of which gives access to the issue of a maximum of 16 000 bonds convertible into new ordinary shares (the "**Convertible Bonds**") with warrants (the "**Warrants**"), representing a bond issue for a maximum total par value of 40 000 000 euros, with cancellation of the shareholders' preferential subscription right in favor of NEGMA GROUP LTD (the "**Investor**"),¹

two tranches of Convertible Bonds have thus been subscribed to date:

- 1st tranche of €5.3M² in two phases (24 December 2019 and 31 March 2020), corresponding to a total of:
 - a cash contribution of €2.3M;
 - a bond issue pursuant to the Commitment Fees representing €1.45M;
 - settlement of all compensations as per the contract terms and conditions amounting to €1.5M.
- 2nd tranche initially planned for a maximum of €6M, to be spread out into several phases from April to September 2020³. Due to the public-health crisis, the scope and duration of which could not be predicted at the time of this tranche's launch, the schedule was modified, and it ended in November 2020. Likewise, the amount was slightly modified, resulting in a total amount of €6.55M, as follows:
 - 1 120 Convertible Bonds, i.e., €2.8M in compensation on 16 April 2020;
 - 300 Convertible Bonds, i.e., €0.75M via an all-cash contribution on 18 May 2020;
 - 800 Convertible Bonds, i.e., €2M via a cash contribution of €1.3M, and €0.7M via the settlement of contractual compensations on 7 September 2020;
 - 400 Convertible Bonds, i.e., €1M, of which €0.98M for contractual compensations, on 13 November 2020.

¹ Cf. press release dated 18 October 2019

² Cf. press release dated 24 December 2019

³ Cf. press release dated 16 April 2020

- In addition, a capital increase of €4.6M reserved for Negma took place on 26 May 2020⁴ as settlement of a portion of the contractual compensations resulting from the issue of the first two tranches.

As a result of these first two tranches, Spineway has therefore received a total of €4.4M in cash since entering into this financing agreement with Negma. The additional amounts of Convertible Bonds have been posted as financial costs pursuant to the settlement of contractual compensations.

All the compensations that led to both the issue of bonds and a reserved capital increase are indeed a result of the agreement between Spineway and Negma, which provides for indemnification if the market price of the share falls below its par. As market trends in 2020 were very unfavorable for Spineway stock, the exercise of tranches was accompanied by major compensations. In order to protect this mechanism, Spineway lowered the share's par value twice during the financial year.

Overall, these compensations resulted in a **financial burden of €12M for 2020, with €10.6M recorded for the first half of 2020**⁵. **This financial cost did not result in any cash outflow** for the Group and was financed entirely by Spineway shares.

Subscription of a new tranche of Convertible Bonds:

In this context, where the risk of compensation has been secured by the par-value decrease, Spineway is launching a third tranche of subscription to Convertible Bonds that will represent an estimated maximum of €6M by the end of Q1 2021. The use of this estimated amount will be subject to the needs of necessary projects, and only those.

The first phase of this issue therefore took place on 22 December 2020, for a total of €1M, corresponding to 400 Convertible Bonds.

The Company would like to recall the following:

- The Convertible Bonds have a par value of 2 500 euros each and are subscribed at 100% of par.
- The Convertible Bonds have a maturity of 12 months from their date of issuance. In the event of default⁶, a significant adverse event⁷, a change in control or failure to deliver new shares in accordance with the Issuance Agreement, the Convertible Bonds that have not been converted shall be redeemed by the Company at par. Upon maturity, the Convertible Bonds shall be converted by their bearer into SPINEWAY shares. The Convertible Bonds shall not bear interest.
- At its discretion, the Investor may, at any time, convert all or any of the Convertible Bonds into new ordinary shares (a "**Conversion**"). Upon a Conversion, the Investor shall determine the number of Convertible Bonds to be converted and the total par value to be converted (the "**Conversion Amount**").
- A compensation mechanism is applied if there is a difference between the Conversion Amount and the last trading price.⁸

Please note that further information on the characteristics of the Tranche Warrants, Convertible Bonds and Warrants is available on the Company's website and in the press release dated 18 October 2019.

⁴ Cf. press release dated 20 May 2020

⁵ Cf. press release dated 24 October 2020

⁶ Events of default include, in particular, the suspension of the listing of the SPINEWAY shares, the announcement of a takeover of the Company and any significant adverse change.

⁷ Any and all events or circumstances constituting a significant adverse change affecting the assets or the Company's financial or commercial situation, subject to such change being considered materially adverse only if it had or could reasonably have an unfavorable net impact on the Company's financial situation or assets exceeding 1 000 000 euros.

⁸ In accordance with clause 8.3 of the Negma financing agreement.

For reference, assuming the Company decides to remit only new shares upon Conversion of the Convertible Bonds, the impact of the issuance of the Convertible Bonds with Warrants attached would be as follows:

- Impact of the issuance on the consolidated net assets per share (based on the shareholders' equity as at 30 June 2020, plus the various capital transactions that might have taken place in the meantime, i.e., €3.75M and the number of shares making up the Company's share capital as at 22 December 2020, i.e., 12 632 759 445 shares):

	Consolidated net assets per share (non-diluted basis)	Consolidated net assets per share (fully diluted basis) ^(a)
Before issuance	€0.0009	€0.0010
After issuance of a maximum of 1 111 111 111 ordinary new shares upon conversion of Convertible Bonds alone (400 third-tranche Convertible Bonds)	€0.0009	€0.0010
After issuance of a maximum of 1 216 111 111 ordinary new shares upon conversion of Convertible Bonds and exercise of the Warrants attached to the second tranche (400 third-tranche Convertible Bonds)	€0.0009	€0.0010
After issuance of a maximum of 6 000 000 000 ordinary new shares (for 2 400 Convertible Bonds), upon conversion of only a portion of the Convertible Bonds in accordance with the applicable ceiling	€0.0009	€0.0010
After issuance of a maximum of 6 000 000 000 ordinary new shares (for 2 400 Convertible Bonds), upon conversion of only a portion of the Convertible Bonds and without exercise of the attached Warrants, for all tranches in accordance with the applicable ceiling	€0.0009	€0.0010

^(a) assuming the exercise/conversion of all the dilutive instruments existing to date that could result in the creation of a theoretical maximum of 812 683372 including the exercise of the 137 805 Warrants issued pursuant to the issuance of ORNANE with Warrants in favor of the YA II PN, LTD investment fund and the 80 916 666 Warrants issued pursuant to the issuance of OCEANE with Warrants in favor of the European High Growth Opportunities Manco S investment fund, as well as the 731 628 901 Warrants issued pursuant to the issuance of Convertible Bonds with Warrants in favor of the Park Capital investment fund. Such dilution is without prejudice to either the final number of shares to be issued or their issue price, which shall be set based on the market price in accordance with the terms and conditions set forth above.

- Impact of the issuance on the situation of a shareholder currently owning 1% of the Company's capital, based on the number of shares making up the Company' share capital as at 22 December 2020, i.e., 12 632 759 445 shares):

	Consolidated net assets per share (non-diluted basis)	Consolidated net assets per share (fully diluted basis) ^(a)
Before issuance	1%	1%
After issuance of a maximum of 1 111 111 111 ordinary new shares upon conversion of Convertible Bonds alone (400 third-tranche Convertible Bonds)	0.92%	0.92%
After issuance of a maximum of 1 216 111 111 ordinary new shares upon conversion of Convertible Bonds and exercise of the Warrants attached to the second tranche (400 third-tranche Convertible Bonds)	0.91%	0.91%
After issuance of a maximum of 6 000 000 000 ordinary new shares (for 2 400 Convertible Bonds), upon conversion of only a portion of the Convertible Bonds in accordance with the applicable ceiling	0.64%	0.65%
After issuance of a maximum of 6 000 000 000 ordinary new shares (for 2 400 Convertible Bonds), upon conversion of only a portion of the Convertible Bonds and without exercise of the attached Warrants, for all tranches in accordance with the applicable ceiling	0.64%	0.65%

^(a) assuming the exercise/conversion of all the dilutive instruments existing to date that could result in the creation of a theoretical maximum of 812 683372 including the exercise of the 137 805 Warrants issued pursuant to the issuance of ORNANE with Warrants in favor of the YA II PN, LTD investment fund and the 80 916 666 Warrants issued pursuant to the issuance of OCEANE with Warrants in favor of the European High Growth Opportunities Manco S investment fund, as well as the 731 628 901 Warrants issued pursuant to the issuance of Convertible Bonds with Warrants in favor of the Park Capital investment fund. Such dilution is without prejudice to either the final number of shares to be issued or their issue price, which shall be set based on the market price in accordance with the terms and conditions set forth above.

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

Find out all about Spineway at 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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