SPINEWAY

Limited company with capital of 663 161,26 euros
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COMBINED GENERAL SHAREHOLDERS' MEETING OF 8th MARCH 2021

Management and Group Report of the Board of Directors

Ladies and Gentlemen,

In accordance with the law and the statutes, we have summoned you to a mixed general meeting in order to report to you on the situation and activity of our Company during the financial year closed on 31 December 2020, and to submit the social and consolidated corporate financial statements for said financial year, approved by the Board of Directors on the 25th of January 2021 and on the 11th of February 2021, and various resolutions which fall within the scope of the Extraordinary General Meeting of the shareholders.

We will give you all the details and any additional information concerning the documents and documents provided for by the regulations in force and which have been kept at your disposal within the legal deadlines.

You will then take notice:

- reports from your Statutory Auditors,

- the supplementary report of the Board of Directors on the motions for resolutions not related to the approval of the financial statements for the past financial year.

- the report of the Board of Directors on the corporate governance established in accordance with the provisions of Article L. 225-37 of the French Commercial Code, which includes, in particular, the list of all the mandates and functions exercised in any company by each of the corporate officers of the company, during the past fiscal year, and the summary table of the valid delegations granted by the General Meeting of Shareholders to the Board of Directors in the area of capital increases.

In addition, we inform you that the following information and reports are attached to this report, in accordance with Article R. 225-102 of the French Commercial Code, the table showing the results of the company over the past five financial years.

I. ACTIVITY AND SITUATION OF THE GROUP

A. Scope of consolidation

This is the Group's first consolidation exercise, (hereinafter the "Group").

The Group includes SPINEWAY, the parent company of the Group, and its US subsidiary SPINEWAY USA Inc., which is wholly owned and fully consolidated.

B. Group activity during the year

The Group generated a total revenue of 3 380K euros on 2020 versus 5 081K euros on 2019.

The company showed a sharp increase in sales for the month of December 2020 (+30% compared with December 2019), allowing it to post revenue of €1 068K for the fourth quarter, up 21% compared with the third quarter of 2020. This positive dynamism brought the Group's annual revenue to €3 379K and decreased the gap with 2019 (-33%) for a year that was deeply affected by the COVID crisis.

Sales in Latin America, an area particularly hard-hit by the health crisis, continued to be impacted by the restrictions in place due to the pandemic and the poor performances of Colombia, Mexico and especially Peru, whose planned growth in 2020 is now expected for 2021. Nevertheless, the main client in the area (Brazil) managed to maintain his activity level and remained remarkably stable (drop in activity limited to 1% compared with 2019). Moreover, activity for the area as a whole improved during the fourth quarter compared with the two previous quarters and posted a measured decline of 23% compared with 2019. Annual revenue for Latin America thus amounted to €1 494K at the end of 2020 (-42%) and represents 44% of the total revenue.

Asia, however, showed very strong growth in 2020 (+167% compared with 2019) thanks to the implementation of the contract with Japan as from the third quarter of 2020 in the midst of the COVID crisis. Another positive is the solid performance of Thailand, a longstanding client on a territory less affected by the virus. This growth allowed Asia to post overall revenue of €841K for 2020 (+19%) and its contribution to the Group's revenue increased to 25% (compared with 14% the previous year) thanks to the fourth quarter, which was up 71% compared with the fourth quarter of 2019.

Middle East/Africa had mixed performances from the different countries and posted a limited decrease of 31% for 2020, with close to €300K.

Activity in Europe remains limited and amounted to almost €700K for 2020 (-39% compared with 2019). The upturn in France noted during the third quarter decelerated due to market conditions and did not last through the end of the year. Likewise, sales in Lithuania and Italy slowed due, in part, to the halting of non- urgent surgeries in these countries.

The gradual return to activity from one quarter to the next, the increased sales in Asia and the new prospects in Latin America due to the delay for certain markets should allow the Group to return to normal activity gradually. Boosted by the dynamism of the year's end, Spineway will continue its sales efforts on its existing territories and remain on the lookout for any and all opportunities for developments in new strategic territories and for external growth that would create value.

Consolidated operating profit amount to –1 910 K€ as of December 31, 2020 compared to –2 325 K€ in 2019,

Current profit before tax is -14 189 K€ at December 31, 2020 compared to -2 466 K€ in 2019

The Group's net income stands at -14 105 K€ as of December 31, 2020 compared to -2 876 K€ in 2019.

C. Significant events at Group level during the year

Since a few months, the Coronavirus epidemic has affected many countries. France is concerned via the containment measures taken since mid-March, but also the US subsidiary and more generally most of the countries in which the Spineway group operates. This worldwide crisis is unprecedented.

The extent and exact nature of its consequences remain unclear today.

The impact of the drop-in turnover, amplified by an export presence in countries which are very heavily affected, is slightly attenuated in terms of results by cost savings, particularly in connection with:

- The elimination of trade fairs and conferences as well as travel for salespeople and surgeons;

- The implementation from March 2020 of partial activity and load deferrals for a total of 399K euros on 2020;

- The implementation of sanitary protocols at group level has generated specific expenses, such as those essential for securing sites and employees: revised signage, purchase of gel, purchase of masks and purchase of disinfectant in particular. These remain however limited.

Nevertheless, the Spineway teams are fully mobilized to ensure business continuity, they adjust action plans in real time so that they were prepared for the recovery on the third trimester in order to minimize the impact of this health crisis.

Thus, as part of the government measures intended to support businesses, Spineway obtained the agreement of its banks for the granting of a State Guaranteed Loan in the amount of 1 270 000 euros, i.e. the maximum that can be granted. This loan thus strengthens the Group's cash flow and allows it to maintain its activities until the resumption of surgeries in all of its areas of operation.

The subsidiary SPW INC has benefited from a subvention of 42 000 euros in this context of COVID.

In view of the drop-in turnover, the company continued its actions to rationalize inventories and seek to improve working capital.

Various potential additional impacts could affect the group in the medium term, including:

- Solvency problems of some of our customers or at least an increase in payment terms, problems not encountered in 2020;

- Generally speaking, a decrease or delay in expected turnover compared to the 2020-2021 organic growth plan;

- Delays and difficulties in collecting clinical and regulatory data.

The continuity of operation is therefore not a question, on the basis of the elements known to date, in any way. In particular, the group can rely on its Negma funding. Spineway also studies each way to optimize short-term cash flow requirements according to government decrees and measures published over time.

In addition, the group, concerned about the health of employees, subcontractors and suppliers, had implemented new procedures and developed home office work as much as possible during the confinement period and remains flexible depending on the evolution of the situation.

D. Research and development activity

The Group is working on several innovation projects that it does not want to detail, for reasons of confidentiality, given the highly competitive market situation.

Research and development expenses amounted to 902 K€ in 2020 regarding those projects.

As of December 31st, 2020, the research tax credit (CIR) of 220 K€ corresponds to the CIR to be received for the 2020 financial year. Research tax credits and innovation tax credit have been classified as “Other income " for a total of 232 K€.

In the same way, the Group continues its intellectual property policy and regularly files patent and trademark applications.

E. Significant event since the end of the year

No particular important event has been reported since the end of the financial year, with the exception of the issuance of the second tranche of phase 3 for a total of 6,000,000 euros of Negma financing which took place on 4 January 2021 for 400 issue warrants giving the right to 400 convertible bonds with a nominal value of 2,500 euros, i.e. a total amount of 1,000,000 euros of bond loan, amount fully contributed in cash for 1,000,000 euros and fully converted since that date.

Also in connection with this 3rd phase of Negma financing, a 3rd tranche was carried out on January 19, 2021. It gives the right to a total amount of 1,500,000 euros of bond loan fully provided in cash (i.e. 600 issue warrants giving right to 600 convertible bonds with a par value of 2,500 euros).

F. Predictable evolution and future perspectives

The main uncertainty in all the geographical areas where the group operates remains the risk of getting a third epidemic wave. Today, the group remains very strict in respecting the health protocol, in particular the wearing of a compulsory mask except for difficult and isolated workstations and / or when wearing a mask is inoperative.

The second uncertainty or opportunity for the Group, linked to the misdeeds of Covid-19 is the evolution of policies between States and the impact on world trade.

Finally, global macroeconomic uncertainty remains the impossibility and difficulty of properly targeting the level of resumption of activity in the coming months. We must at the same time be cautious and anticipate a more or less lasting prolongation of the market disruption, while being ready to face a brutal and violent recovery which cannot be ruled out and thus ensure the necessary financing means to working capital fast needs.

II. ACTIVITY AND SITUATION OF THE COMPANY DURING THE FINANCIAL YEAR

A. Situation and development of the company's activity during the year

1. Characteristics of the company and a reminder of the legal and financial operations carried out in previous years

Spineway is a public limited company that has been listed on the Euronext Growth (formerly Alternext) market since 13 February 2013.

On December 14, 2017, Spineway obtained the visa of AMF No. 17-638 following the filing of the Prospectus in order to transfer its shares to the "Offer to the public" compartment of the Euronext Growth market.

During the 2017, 2018 and 2019 financial years, it is recalled that the company consolidated its equity and quasi-equity through (i) the issue and exercise of the Ornane reserved for the benefit of the fund. investment YA II PN, LTD, managed by Yorkville SPV Ltd, of (ii) the capital increase reserved for the company Tinavi Medical Technologies, (iii) the issue and exercise of the Oceane reserved for the benefit of the European fund High Growth Opportunities Securization Fund, of (iv) the issue and exercise of OCABSA for the benefit of Negma Group Ltd, of (v) the capital increase subscribed by the fund YA II PN, LTD and of (iv) the capital increase for the benefit of Park Capital. A detail of these different operations is provided in the accounting appendices.

In addition, by decisions dated April 15th, 2020, the Board of Directors, making use of the delegation of authority conferred by the General Meeting of April 4th, 2019 in its ninth resolution, noted the creation of 76 333 333 new shares. and the correlative capital increase of 763 333,33 euros resulting from the conversion of 76 OCEANE bonds and the exercise of 333 333 BSA by the European fund European High Growth Opportunities Securization Fund. Consequently, the share capital was increased to 4 545 710,79 euros.

By decisions dated May 19th, 2020, the Chairman and Chief Executive Officer, making use of the powers sub-delegated to him by the Board of Directors on October 3rd, 2019, noted a capital increase of 4 565 217 euros through the creation of 456 521 700 new shares with a par value of 0.01 euro each. Consequently, the share capital was increased to 9 110 927,79 euros.

By deliberations of the Combined General Meeting of May 25th, 2020, the Board of Directors, making use of the delegation of authority conferred by the General Meeting of October 3rd, 2019 in its first resolution noted the creation of 805 000 000 new shares and the corresponding capital increase of 8 050 000 euros resulting from the conversion of 3 220 OCA by Negma Group Ltd. As a result, the share capital was increased to 17 160 927,79 euros.

By deliberations of the Combined General Meeting of May 26th, 2020, the share capital was reduced by 12 012 649.45 euros, to reduce it from 17 160 927.79 euros to 5 148 278.24 euros, by reducing the par value of the shares of 0.01 euro to 0.003 euro.

Then, by decisions dated September 10, 2020, the Board of Directors, making use of the delegation of authority conferred by the General Meeting of October 3, 2019 in its first resolution, noted the creation of 916 666 666 new shares and the corresponding capital increase of 2 750 000 euros resulting from the conversion of 1 100 OCA by Negma Group Ltd. As a result, the share capital was increased to 7 898 278,34 euros.

Finally, by deliberations of the Combined General Meeting of September 19th, 2020, the share capital was reduced by 7 635 002,40 euros, to reduce it from 7 898 278,34 euros to 263 275,94 euros, by reducing the par value of the shares of 0.003 euro to 0.0001 euro.

As of December 31, 2020, the (legal) share capital still amounted to 263 275,94 euros, while the (accounting) share capital, through the effect of the regular conversion of OCAs by Negma Group Ltd, amounted to 463 275,94 euros with a share premium of 1,8M€.

2. Analysis of the company's activity during the past financial year

In 2020, the company achieved a turnover of 3 379 K€ compared to 5 082 K€ in 2019.

Operating profit amounted to -1 753 K€ compared to -1 719 K€ in 2019.

Current profit before tax amounts to -14 011 K€ (-1 876 K€ in 2019).

Finally, after an exceptional result of 188 K€, the financial year ended December 31, 2020 resulted in a net book loss of 13 591 K€ compared to -3 332 K€ in 2019.

B. Significant events since the end of the year

We refer you to the developments contained in paragraph I.E above.

C. Research and development activity

We refer you to the developments contained in paragraph I.D above.

D. Predictable evolution and future propects

We refer you to the developments contained in paragraph I.F above.

E. Information about the payment terms of suppliers

Articles L.441-6-1 and D.441-4 of the French Commercial Code provide you with information concerning the payment terms of our suppliers and our customers. You will find them in appendix.

	Article D441 L1 - Factures reçues non réglées à la date de clôture de l'exercice dont le terme est échu						Article D441 L1 - Factures émises non réglées à la date de clôture de l'exercice dont le terme est échu					
	0 JOUR	1 0 30 JOURS	31 0 60 JOURS	61 0 90 JOURS	91 JOURS ET PLUS	TOTAL (1 JOUR ET PLUS)	0 JOUR	1 0 30 JOURS	31 0 60 JOURS	61 0 90 JOURS	91 JOURS ET PLUS	TOTAL (1 JOUR ET PLUS)
(A) Tranches de retard de paiement												
Nombre de factures concernées	17					53	13					54
Montant total des factures concernées HT	41 934 €	71 475 €	148 €	39 500 €	69 777 €	180 900 €	211 948 €	206 197 €	100 163 €	1 519 €	44 203 €	352 082 €
Pourcentage du montant total des achats HT de l'exercice	1%	2%	0%	1%	2%	6%						
Pourcentage du chiffre d'affaires HT de l'exercice							6%	6%	3%	0%	1%	10%
(B) Factures exclues du (A) relatives à des dettes et créances litigieuses ou non comptabilisées												
Nombre des factures exclues	-						-					
Nombre total des factures exclues	-						-					
© Délais de paiement de référence utilisés (contractuel ou délai légal - article L441-6 ou article L443-1 du code de commerce)												
Délais de paiement de référence utilisés pour le calcul des retards de paiements	60 jours date de facture - Sauf 2 fournisseurs réglés par traite à 90 et 120 jours le 10 du mois						Délais contractuels propres à chaque client					

II. SUBSIDIARIES AND PARTICIPATIONS

In 2020, the American subsidiary, Spineway USA Inc., generated sales of 54 KUSD. The result is a loss of $ -531 KUSD.

The Company has decided, given the complexity of the situation in this region, to carry out a plan to optimize the expenses of this subsidiary.

III. RESULTS - ASSIGNMENT

A. Review of accounts and results

We will now present to you in detail the annual accounts that we submit for your approval and which have been drawn up in accordance with the rules of presentation and valuation methods provided for by the regulations in force.

During the fiscal year ended December 31st, 2020, revenue amounted to 3 379 615 euros compared to 5 081 929 euros for the previous fiscal year.

The amount of other operating income is 1 751 078 euros.

The amount of purchases and inventory changes amounted to 1 314 415 euros compared to 1 676 411 euros for the 2019 financial year.

The amount of other purchases and external charges amounts to 2 090 390 euros.

The amount of taxes and duties amounted to 46 0999 euros compared to 82 230 euros for the previous year.

The amount of wages and salaries amounts to 1 450 645 euros and the amount of social charges amounts to 579 405 euros for an average salaried workforce amounting, at the end of the fiscal year, to 25 people.

The amount of depreciation and provisions is 1 250 972 euros.

Operating expenses for the financial year totaled € 6 883 978 compared to € 8 122 321 for financial year 2019.

The operating profit for the financial year was -1 753 285 euros.

As for the current profit before tax, taking into account the financial result of -12,257,410 euros in connection with the financial compensation under the Negma contract, charges that did not involve any cash outflow, but the issuance of new shares (- 156 905 euros for the previous year), it stands at -14 010 695 euros.

After taking into account:

- exceptional profit of 188 441 euros,

- corporate tax of -231 620 euros,

the result for the year ended December 31st, 2020 shows a net accounting loss of -13 590 634 euros.

As of December 31st, 2020, the total balance sheet of the Company amounted to 14 904 112 euros compared to 12 423 771 euros for the 2019 financial year.

B. Allocation of income

We kindly ask you to approve the financial statements (balance sheet, income statement and notes) as presented to you which show a net accounting loss of – 13 590 634,39 euros which we also suggest that you allocate this loss as follow:

- In the “Regulated Reserves” account of ……………………………………….- 13 064 949,60 euros
- The balance, i.E an amount of ……………………………………………….…- 525 684,79 euros

to the "retained earnings" account.

Given this allocation, the equity of the company would be 10 001 377 euros.

C. Previous dividend distributions

In order to comply with the provisions of article 243 bis of the French General Tax Code, we remind you that no dividend has been paid in respect of the last three financial years.

D. Non tax deductible expenses

In accordance with the provisions of Articles 223 quater and 223 quinquies of the French General Tax Code, we ask you to approve the expenses not included in the tax deductible expenses, which amounted to 22 172 euros and which, taking into account the result fiscal deficit, have reduced the reportable deficit.

E. Analysis of the evolution of the results and the financial situation of the company

As previously explained, the company saw its turnover decrease from 5 085 K€ in 2019 to 3 379 K€.

Borrowings and debts amounted to almost 4 314 K€ as of December 31st, 2020 (5 930 K€ as of December 31st, 2019).

The “Availability” item at December 31st, 2020 amounted to 4 838 K€ compared to 2 530 K€ at December 31st, 2019.

IV. RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS CONFRONTED

The Group operates in a demanding, particularly regulated and constantly changing environment. This requires it to constantly take care to identify and control the risks whose occurrence would be likely to have an unfavorable effect for the Group, its activities, its financial situation, its results or the price of its title. This section presents the main risks to which the Group believes it is exposed.

The Group has carried out a review of the risks that could have a significant unfavorable effect on its activity, its financial situation, its results or its ability to achieve its objectives and considers that there are no other significant risks than those presented. below. Other risks of which the Group is not currently aware or which it does not consider significant at the date of this report could have a negative effect.

Type of risk	Description	Impact	Risk management
Economic risk			
Health situation and global pandemic	From the onset of the covid crisis, the group was confronted with a sharp decline and then stopping a number of non-vital surgeries. The recovery is very gradual. The main impact of this crisis is therefore a significant drop in turnover in 2020 and uncertainties as to the level of recovery and the outlook for 2021 despite a 4th quarter almost at the level of 2019.	Moderate	The company has thus activated all government mechanisms and secured its current cash requirements so that it can weather the crisis. Actions to rationalize stocks and improve working capital have also been carried out in this direction. The group has also managed to adapt by developing new agile sales and marketing practices in order to maintain customer proximity. The company has finally taken advantage of this time to complete many internal projects and continue its innovation efforts to prepare for the future.
Financial risks			
Operating working capital requirement	High inventory levels linked to a significant range of ranges, high customer settlement times in relation to client countries and suppliers concentrated in France maximize working capital requirements. These needs become much more pressing in times of growth	Significant, high incidence	The company has thus set up short-term cash lines and may still have recourse to other financing methods such as factoring not yet deployed to date to limit this risk. Better proximity and monitoring of customers with the deployment of a new commercial policy underway have made it possible to impose cash payments for certain customers and large orders, the sale of instruments instead of making them available. These measures have already helped improve the time to settlement despite the covid crisis. Likewise, new customers include payment terms that reduce this risk.
Need funding	The company, given the high operating costs, in particular in connection with costly regulatory issues and critical economic difficulties, has needed significant funding for several years. To do this, it uses dilutive instruments of the OCABSA type via financing provided by funds of the equity line type which are not intended to remain long-term shareholders. Obtaining such funds is to some extent contingent on market liquidity	Significant	This risk is addressed over an MT horizon via the signing of a financing contract with the Negma fund for a total envelope of € 40 million intended not only to finance external growth projects but also to meet cash requirements. This contract was thus able to be used for the sustainability of the company given a very good level of liquidity despite the pandemic situation. Negotiations also took place with various banks in order to secure cash flow needs, which made it possible to bring in a new quality banking partner ready to scale up to finance working capital.

Customer dependence	The company is globally dependent on a limited number of historical customers. In particular, in major export, the company uses a network of distributors over which the company has no real control. In addition, given the significant turnover achieved in Latin America, an area subject to recurring geopolitical and economic challenges, the group is exposed to the risk of default by its distributors. It is also faced with long settlement times in these countries, making the need for working capital requirements high in times of growth.	Significant for some customers	The company is currently studying with new partners (bank, insurance, specialized company) factoring options and large export cover so as to shorten the problem of payment delays and reduce the financial risk of default. In addition, the company is actively working to diversify its customer portfolio in new territories (Japan, Ecuador, Armenia contract, etc.) which makes it possible to dilute this risk, especially as the criteria adopted by the company have been tightened up for the entry of new contracts. In order to reduce this risk, the company is also looking for new distributors both in its historical areas and in new territories with a more favorable geopolitical and economic situation. Finally, the company has postponed to 2021, due to the crisis, the study of new partners (bank, insurance, specialized company) of factoring options and major export coverage so as to shorten the problem of payment deadlines and reduce the risk. financial failure. It works in particular with the BPI for the implementation of guarantees in the 2nd quarter.
Risk of change	Sales are mainly made for export and in particular in areas exposed for local currency to exchange rate fluctuations which may be significant.	Not significant, theoretical risk	The majority of sales are in dollars or euros, which limits the risk of exposure to foreign exchange, its currencies being stable. In addition, the decline in activity of the US subsidiary de facto reduces this risk.
Interest rate risk	Short-term financial debt (financial notes and mobilization of foreign receivables) is mainly indexed on Euribor and therefore at a variable rate. A rise in rates would have a negative impact on the Company's financial expenses.	Not significant	However, given the decrease in this funding, this impact would remain very limited.

Inventory management	Part of the stock is made up of sterile products and therefore with an expiration date, which makes sound stock management essential so as to minimize the risk of depreciation. This risk is amplified by the practice in the sector of stocks in deposit and consignment in hospitals making more difficult the rotation of stocks and expiration dates.	Significant	The group has implemented procedures to minimize this risk and optimize its stocks. Significant inventory review work has been carried out since 2019 which should bear full fruit from 2021. The review of processes with hospitals aims to reduce stocks in depots and consignments, in particular through the implementation of more frequent reporting and inventories aimed at reducing the immobilization of instrument kits and the problems of expiration by more pedagogy and follow-up. Likewise, the new commercial policy based on more DDI sales will limit the amount of instrument kits on deposit. This risk of regulatory change remains present, however, particularly in connection with the expiration dates for private label certificates and the disposal of the stocks concerned.
Regulatory risks			
Regulatory constraints	The regulatory and legislative issues related to obtaining certifications and approvals are very important. This is particularly true in the event of a change of benchmarks such as the CE one, which requires a heavy and costly approval process. But also in general to have access to markets and have the possibility of selling its products or future products. The company can rely on a structured and competent team to limit the risk of loss of authorizations, certifications or non-renewal.	Critical for CE marking and 510 K (US)	The company, aware of the challenges, has mobilized significant budgets by 2022 in order to guarantee the passage under the new CE MDR standard. Likewise, the company changed its notifying body (now working with the TUV) which enabled it to be able to request the extension of all of these ranges under the private label. The process is underway and will secure approvals until May 2024. Resource efforts have also been maintained with recourse to external stakeholders (fixed-term contract, freelance, service provider), particularly for the clinical data collection part. These reinforcements thus make it possible to secure the entire MDRR process with a 1st file (instruments) which should see the 1st MDR certification before summer 2021.
Environmental risks			

Competitive environment	The market is shared between multiple players, 10 of which are major, which makes competition very strong both in terms of prices and in the territories, as well as in the search for partnerships with distributors or surgeons / hospitals as “end customers”. Barriers to entry are significant, however, limiting the entry of new competitors. The challenge is more about concentration risks, adapting to market needs, in particular via a significant capacity for innovation.	Not significant given the relationship history and Spineway positioning	A new marketing plan and a new sales policy are being rolled out although slowed down by the covid crisis. These are based on the creation of a strengthened partnership with customers, which has already made it possible to reduce this risk through better listening and presence in the field. Reporting to customers has thus been put in place as well as numerous digital projects (webinars, training, product presentations, etc.) in order to strengthen this link and provide genuine win-win support. The company has also initiated an action plan aimed at strengthening its links with the referring surgeons (KOL) prescribing in our markets. The company is also currently carrying out projects to create value and guarantee its market share through product / innovation partnerships in particular.
Medical device reimbursement policy	The selling prices of Spineway products are highly correlated with the reimbursement amounts for medical devices. A worldwide trend towards a decrease in support increases this sensitivity and increases the challenges of product mixes, customers and distribution channels so as to maintain sufficient margin levels. Managing this risk requires monitoring market conditions, finding distributors-partners with whom to better distribute efforts, as well as optimizing cost prices.	Not significant	256 / 5000 Résultats de traduction The group nevertheless has a significant margin, still having few sales in areas with higher profitability and reorienting its ranges towards better valued premium. The new customers oriented more Premium thus allow to increase the margins.

International development policy	In a global market with multiple small players and very different market realities, choosing an export orientation presents a risk of equity dilution and insufficient return on investment.	Significant in theory	In order to limit this risk and compensate for a limited sales team due to its size, the company has set up decision-making processes in order to prioritize its actions according to 3 main criteria: • market and / or Premium customers in connection with the sustained innovation policy (MIS / MISTI range) in order to have differentiating technical competitive arguments • market with high turnover potential but often presented significant barriers to regulatory entry (China) by being accompanied by country experts (Business France, BPI) in these territories • high-margin market via the search for partnerships with local companies in order to better understand economic models (US market for example).
Capital and legal risks			
Risk of capital dilution	The status of listed company as well as the use of dilutive financing tools via securities financing contracts giving immediate or future access to the company's share capital, presents a risk of significant capital dilution.	Significant	The company is aware of this risk and has implemented appropriate governance to secure, through delegations of authority to the Board of Directors, the decision-making process and the implementation of strategic and operational plans. The company is also seeking to develop closer relationships with its shareholders in order to enable them to support the legal and operational needs of the group.

V. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICY

As of December 31st, 2019, the company's debt is mainly made up of short-term debts, these being composed of short-term financial notes and Mobilization of Claims Born Abroad (“MCNE”). These short-term tools are indexed to the 3-month Euribor rate. The company has not considered it opportune for the moment to hedge on a rise in the Euribor 3 months but remains vigilant as for its evolution and does not deny this possibility in the future.

Medium and long-term loans are at fixed rates and have been taken out in euros except for a loan of 500 K$ used to capitalize the American subsidiary.

Financial notes and MCNEs are at variable rates.

The details of the short-term tools used at December 31st, 2020 are as follows:

MCNE : 529 867 euros out of a total of 1 040 000 euros MCNE expire upon payment of the invoice by the customer.

BF: 350 000 euros out of a total of 350 000 euros. Financial notes are taken out for 90 days. The maturity dates of the notes used on December 31st, 2020 range from January 1st, 2021 to March 31st, 2021 and are then renewed.

Continuity of operation 2021 is based on:

- Assumptions of receipts related to the budget of turnover,
- The financing lines of the WCR given the banking pool. At the date of December 31st, 2020, 46% of the financing lines were renewed. A line of financial notes has been reduced for a total of 380 000 euros over the year. These financing lines will be renegotiated during the financial year 2021
- Funding guaranteed under the Negma contract (see note 1.2) dedicated to cash flow requirements linked to activity and organic growth which secure at least cash requirements for the coming year.

VI. TABLES OF RESULTS FOR THE LAST FIVE YEARS

To this report is annexed, in accordance with the provisions of Article R. 225-102 of the French Commercial Code, the table showing the results of the company during the last five financial years closed by the company.

VII.SHAREHOLDING

A. Main shareholders

In accordance with the provisions of Article L. 233-13 of the French Commercial Code and according to the best knowledge of the company, you will find below the identity of natural and legal persons holding directly or indirectly more than twentieth , the tenth, three-twentieth, fifth, quarter, third, half, two-thirds or nineteen-twentieth of the capital or voting rights at General Meetings, as of December 31, 2020 :

	Number of shares	% du capital
Stéphane LE ROUX	1 331 334	0,05%
Tinavi Medical Technologies	746 044	0,03%
Others	2 630 682 067	99,92%
Total	2 632 759 445	100,00%

B. Auto-holding – Share Buyback program

The treasury shares held as of December 31, 2020 represent a total of 705 496 treasury shares, for a total of 144 050 euros.

Over the year, 7 297 732 shares were purchased (average price of 0,0043€), and 6 887 597 shares sold (average price of 0,0045€).

A liquidity contract was signed with Portzamparc Stock Exchange Company.

A share buyback program was authorized by the Shareholders' Meeting May 26th 2020, in accordance with the provisions of Article L. 225-209 of the French Commercial Code and the General Regulation of the Autorité des Marchés Financiers, in accordance with following:

Securities concerned: ordinary shares.

Mnemonic code / ISIN code: ALSPW / FR0011398874

Authorization of the transaction: Ordinary General Meeting of May 26th 2020.

Maximum share of capital whose purchase was authorized by the General Meeting: 10% of the shares making up the share capital.

Maximum purchase price: 5 € (five euros)

Maximum amount of funds available for the purposes of this program: two hundred twenty seven million deux hundred eighty five thousand five hundred thirty five euros (227 285 535,00 euros).

Objectives in order of priority:

- promote liquidity and facilitate the price of the Company's securities through an Investment Service Provider acting independently under a liquidity agreement in accordance with the Association's Code of Conduct French Financial Markets recognized by the Autorité des Marchés Financiers,

- cancel the shares thus redeemed by way of capital reduction, subject to the adoption by the General Meeting of shareholders, ruling on extraordinary matters, of a specific resolution relating to this capital reduction,

- allocate shares to employees or corporate officers of the company and to French or foreign companies or groups related to it in accordance with legal and regulatory conditions, in particular, as part of the participation in the fruits of the company's expansion employee share ownership plans or company savings plans, the stock option plan or by way of free allocation of shares or in any other condition permitted by the regulations,

- remit, within the limit of five percent (5%) of the share capital, the shares in payment or exchange, in particular, in the context of external growth operations,

- allot the shares upon the exercise of rights attached to transferable securities giving right by reimbursement, conversion, exchange, presentation of a warrant or in any other way, to existing shares of the company.

Redemption Method : Purchases, transfers or transfers may be made by any means, on one or more occasions, on or off the market, including block transactions (the maximum portion of the redemption program may be by way of acquisition or transfer of block of securities that can reach the totality of the authorized program.

Duration of the program: 18 months

VIII. OPERATIONS OF OFFICERS AND PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE ON THE SECURITIES OF THE COMPANY

In accordance with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulations, we remind you that shareholders must be informed of the transactions referred to in Article L. 621-18-2 which were carried out during the past financial year, by the persons referred to in that Article.

During the past financial year, no transaction referred to in Article L. 621-18-2 of the French Monetary and Financial Code was carried out.

IX. EMPLOYEE PARTICIPATION

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we hereby indicate the statement of employee profit-sharing on the last day of the financial year, ie December 31, 2019.

The proportion of capital represented by the shares held by employees as of December 31, 2019, as defined in Article L. 225-102 of the French Commercial Code, is nil.

X. ALLOCATION OF FREE SHARES AND STOCK OPTIONS

Nothing Ness

XI. AGREEMENTS REFERRED TO IN ARTICLES L. 225-38 AND FOLLOWING OF THE CODE DE COMMERCE

We ask you, in accordance with Article L. 225-40 of the French Commercial Code, to approve the agreement referred to in Article L. 225-38 of the French Commercial Code and entered into during the financial year just ended after having been regularly authorized by your Board of Directors.

Your Statutory Auditors have been duly informed of this agreement which they have described in their special report.

XII. ADMINISTRATION AND CONTROL OF THE COMPANY

A. Choice of the method of exercise of the general direction

In accordance with Article R. 225-102 of the French Commercial Code, we remind you that the Board of Directors, in its meeting of November 22, 2012, decided that the general management of the company is assumed by the Chairman of the Board of Directors. 'Administration.

B. Status of the terms of office of the Directors and the Statutory Auditors

1. Administrators' mandates

No term of office expires at this General Meeting.

2. Statutory Auditors' mandates

No auditor's mandate will expire at this General Meeting

3. Attendance fees

We propose to allocate an annual amount of up to 2 000 € in attendance fees in order to remunerate directors (independent) for the current and subsequent financial years, until a new decision by the General Meeting of Shareholders decides otherwise.

C. Internal control procedures

The Company has put in place internal control provisions to ensure rigorous financial management and control of risks.

A description of the main existing provisions on internal control is presented below.

The Group's internal control system consists of a set of control mechanisms and external services set up by management to ensure the sound and efficient management of the company's business and assets.

Accounting and financial information:

The accounting of the company is governed by the Commercial Code and, more generally, by the legal and regulatory environment, in accordance with the provisions of the General Accounting Plan.

In this context, and in addition to the mandatory documents, are established:

- daily monitoring of banking positions and weekly forecasts;

- a weekly billing situation;

- a monthly turnover by customer and by range, receipts and outstanding customer as well as stocks;

- quarterly management financial statements.

The financial function is managed internally by the Administrative and Financial Director. The accounting function is provided with the assistance of an external and independent public accountant (BBM Baker Tilly 4 rue Paul Valerien Perrin, 38 170 Seyssinet).

The realization of the payroll and the tax review are entrusted to this accountant.

Accounts prepared in accordance with French standards are produced with the assistance of the accounting firm and are submitted for audit to the Company's statutory auditors. The administrative and financial department reports to the Chief Executive Officer of the Company.

D. Social and environmental consequences of the company's activity

The nature of the Group's activities does not pose a significant risk to the environment.

However, the Company is mindful of environmental and sustainable development issues and is developing a digital approach (priority area of the 2021 marketing plan).

Thus, Spineway is developing a digital catalog project and dematerialization of technical brochures. The constant evolution of products requires frequent updates. Likewise, the Company provides computerized models of its documentation to its distributors and offers them to print documentation locally, in order to reduce energy costs associated with transporting documents. In addition, the Company has designed, internally, a scalable and reusable stand structure (conferences, exhibitions), which reduces the waste associated with the destruction of single-use joinery (the most widespread practice). The reuse of an evolving structure also allows the Spineway booth to be given a new look, as its convention booths evolve, adding to the previous structure. Likewise, an electronic signature management project will speed up the dematerialization project and limit printing to the strict minimum.

Your Board invites you, after reading its supplementary report and the reports presented by your Statutory Auditors, to adopt the resolutions it submits to your vote.

Made in Ecully,
25th of January 2021

Board of Directors,
Stéphane LE ROUX

This report is available in both English and French. In case of discrepancy, the French version shall prevail.

SPINEWAY

Limited company with capital of 3 463 275,94 euros
Head office : 7 Allée du Moulin Berger, Bâtiment 7
69130 Ecully

484 163 985 RCS Lyon

COMBINED GENERAL SHAREHOLDERS' MEETING OF 8th MARCH 2021

Financial results table for the last five years

SPINEWAY
Société Anonyme au capital de 3 463 275,94 euros
Siège social : 7 Allée du Moulin Berger, Bâtiment 7 69130 Ecully
484 163 985 RCS Lyon

TABLEAU DES RESULTATS FINANCIERS	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020
Capital social	390 784,60	429 863,00	1 684 407,00	4 545 710,79	2 263 276,00
Nombre d'actions ordinaires	3 907 846	4 298 630	16 844 070	454 571 079	22 632 759 788
Nombre d'actions à dividende prioritaire	0	0	0	0	0
Nombre maximal d'actions futures à créer	390 786	523 133	87 500 000	673 377 878	6 230 016 123
* par conversion d'obligations	0	255 754	70 000 000	492 857 142	5 632 759 446
* par exercice de droits de souscription	390 786	267 379	17 500 000	180 520 736	597 256 677
Chiffres d'affaires hors taxes	5 118 469	8 759 745	6 516 892	5 081 929	3 379 615
Résultat avant impôts, participation, dotations aux amort. et prov.	-1 727 799	-914 790	-3 175 503	-1 876 090	-13 067 167
Impôt sur les bénéfices	-451 063	-448 086	-396 497	-210 362	-231 620
Participations des salariés	0	0	0	0	0
Résultat après impôts, participations et dotations aux amort. et prov.	-2 264 457	-419 205	-5 247 525	-3 331 938	-13 590 634
Résultat distribué	0	0	0	0	0
Par action résultat après impôts avant dotations aux amort. et prov.	-0,33	0,15	-0,12	0,37	-0,0006
Par actions résultat après impôts et dotations aux amort. et prov.	-0,58	-0,10	-0,31	0,73	-0,0006
Dividende attribué à chaque action	0,00	0,00	0,00	0,00	0,00
Effectif moyen des salariés de l'exercice	35	42	42	28	25
Montant de la masse salariale	1 648 817	2 072 876	2 127 123	1 524 001	1 450 645
Cotisations sociales et avantages sociaux	663 552	818 412	857 059	674 558	579 405