SPINEWAY

Limited company with capital of 4 545 710,79 euros
Head office : 7 Allée du Moulin Berger, Bâtiment 7
69130 Ecully

484 163 985 RCS Lyon

COMBINED GENERAL SHAREHOLDERS' MEETING OF 26th MAY 2020

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 2019, and to submit the social and consolidated corporate financial statements for said financial year, approved by the Board of Directors on the 15th of April 2020, 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

In 2019, the Group generated a turnover of 5 018 K€ versus 6 515 K€ in 2018 with a 13% increase in Europe, posting its highest historic level. This progression was ensured by the development of sales in France (+ 10%), but also in Northern Europe.

In a fragile geopolitical context, Latin America remains the most dynamic area of the group with a turnover of 2.6 M€ (against 3.4 M € in 2018). The 2019 financial year saw the consolidation of certain partnerships in Mexico following the strong commitment of local teams (+ 14%) and in Brazil. Sales growth in these countries should continue in 2020. Likewise, the stabilization of the political situation in Peru and Chile should enable Spineway to resume growth in these historic countries. Spineway's regulatory affairs also remain very active in this area in order to obtain new product registrations and deploy the Mont-Blanc MIS range across the continent.

Asia, for its part, stood at 705 K€ in 2019 (compared to 1 283 K€ including India in 2018) with customer loyalty in Southeast Asia and a turnover in China of 145 K€ compared to 506 K€ in 2018. This drop in Chinese sales is notably linked to an over-storage of products last year and the extension of the approval of the group's products by the Chinese authorities. In Japan, following the approval of its Mont-Blanc MIS range, the Group is currently in advanced discussions with distributors for the import of its products. The latter should soon lead to the signing of a partnership on the territory.

The Middle East / Africa zone, for its part, stood at 412 K€ this year with a market mainly focused on Mont Blanc.

Sales in the United States amounted to 148 K€ and now represent only 3% of 2019 turnover. Spineway was penalized by the bankruptcy of its main distributor in 2018, the reorganization initiated by the new CEO and product referencing work. The group obtained a patent for the Mont-Blanc MIS range, a rapidly growing technique with spine surgeons, and the American teams continued their promotional activities with American distributors and surgeons. Spineway, which invested in and engaged in active prospecting in 2019, should gradually resume growth in this high-potential territory.

Consolidated operating profit amounted to -2 325 K€ as of December 31, 2019 compared to –3 878 K€ in 2018, an improvement of 40%.

Current profit before tax was -2 466 K€ at December 31, 2019 (-3 749 K€ in 2018).

The Group's net income stood at -2 876 K€ as of December 31, 2019 compared to -4 124 K€ in 2018, an improvement of 30%.

C. Significant events at Group level during the year

2019 was a particularly active year for the Group Spineway, which continued to redeploy its activities in its historic areas, led a major reorganization of its teams and renewed half of its Management Committee at the end of 2019. This reorganization was notably reflected in the implementation of a PSE in May 2019 and the dismissal of eight employees.

Noting the difficulties in implementing the operational side associated with the merger with IMS and its affiliates, Spineway has entered into negotiations with the Strategos Group in order to interrupt the program to buy back shares of IMS initiated in May 2019 and of which it holds , to the best of the Company's knowledge, 6.9% of the capital, and is considering mergers with other market players more directly linked to its activity.

To carry out these mergers and continue to develop its activities in its historic areas, Spineway signed a financing agreement in the form of bonds convertible into shares with stock warrants (hereinafter the “OCABSA”) with Negma Group Ltd for a maximum amount of 40 million euros, the exercise of which is in the hands of Spineway and will allow it to finance its activity over several years.

Spineway has decided to launch the 1st subscription phase of OCABSA on December 24, 2019. The 1st tranche of this phase occurred on the same date by the issuance of 800 issue warrants giving the right to 800 convertible bonds a nominal value of 2 500 euros, for a total bond amount of 2 000 000 euros.

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 648 K€ in 2019. This represents 13% of the 2019 turnover.

The amount of investments remains stable, their proportion increases since the turnover has decreased.

The Group is thus working, in conjunction with the creation of a Marketing and innovation products team, on various projects aimed at supporting the migration strategy to Premium, promoting new technological concepts and supporting market needs.

As of December 31st, 2019, the research tax credit (CIR) of 204 000 € corresponds to the CIR to be received for the 2019 financial year. Research tax credits and innovation tax credit have been classified as “Other income ".

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

In recent weeks, the Coronavirus epidemic has affected many countries. France is concerned via the containment measures taken since mid-March, but also the American subsidiary and, more broadly, most of the countries in which the Spineway Group operates. This global crisis is unprecedented. The extent and exact nature of its consequences remain unclear today.

Nevertheless, the Spineway teams are fully mobilized to ensure business continuity and adjust action plans in real time so that they can best prepare for the recovery and minimize the impact of this health crisis.

Different potential impacts could affect the group, including:

• solvency problems of some of our customers or at least an increase in payment times,

• in general, a drop or delay in expected turnover compared to the organic growth plan, in particular in connection with the cancellation of numerous congresses in the first half of 2020,

• delays in the collection of clinical data necessary for the approval of our products according to the new CE certificate; however, it should be noted that a request has been made at European level to extend this deadline.

Continuity of operation is not in any way questioned on the basis of elements known to date. The group can notably rely on the financing set up with the company Negma and on the support of its pool of banks by increases in the short-term financing line. Spineway is also studying each device to optimize short-term cash requirements according to government decrees and measures published on the fly.

In addition, the group concerned about the health of employees, subcontractors and suppliers has implemented new procedures and has developed telework as much as possible. The group has also entered the partial activity scheme in connection with the drop-in activity, a scheme accepted by Direccte.

At the financial level, the second tranche of OCABSA subscription took place on March 31, 2020 and gave rise to the issue of 720 bond warrants giving the right to 720 convertible bonds with a nominal value of 2 500 euros, i.e. a total amount bond loan of 1 800 000 euros.

F. Predictable evolution and future perspectives

The Group is continuing to implement its Newway 2021 strategic plan, which, for the record, revolves around four main axes :

1 - A reinforced commercial strategy

This new commercial policy confirms Spineway's strategy based on:

- a wide range of ranges to be able to address all of the surgeons' needs whatever the pathology,
- a broad territorial base. The group's global presence will be supplemented and optimized through merger operations generating relevant territorial complementarity. A search for diversification of distribution channels, in particular through growth projects and in line with country logic and realities,
- a commercial policy, in particular a revised and optimized tariff policy

Historically based on large export and mainly positioned in emerging countries such as Latin American countries or China, the Group thus wishes to deploy a new commercial policy in order to improve its product / country profitability:

- The group thus continues its referencing work on the American territory in connection with the new team set up at the end of 2018, as well as by finalizing product ranges dedicated to this market. The group is also studying any solution that would speed up its presence in this territory.

- Similarly, in early 2020, the Group concluded an agreement with a distributor, a major player in Japan in the spine sector.

2- A strong customer partnership

In order to maintain a high level of quality, the Group pursues its actions aimed at:

- guarantee its efficiency and the quality of its customer service,

- develop local actions for customers in coordination with sales and marketing.

A marketing team has therefore been set up focusing on product innovation and local proximity.

This priority allows upgrading and will be accompanied by regular changes in the group's best-selling products in order to adapt them to new market demands, such as the Mont-Blanc Évo range which offers surgeons more maneuverability and comfort.

Concomitantly with its commercial policy, the group aims to increase awareness of its products and operating techniques. Thus, the new ranges of Spineway implants will be the subject of medical publications or clinical trials, essential tools of recognition and guarantees of reliability of the products with all the surgeons' users.

Finally, always in this logic of partnership, the group strengthens its presence by offering support to surgeons during training, cadaver courses adapted to their needs.

3- A willingness to anticipate

In order to always be able to provide a quality offer and in line with market needs, the group is developing numerous projects in coordination between the research and development department and product and innovation marketing aimed at supporting:

- the migration of ranges to a premium positioning,

- constantly being a force for proposals with innovations and new products.

Indeed, driven by the desire to address in particular mature markets such as the USA, Japan or even Europe, in demand for premium products, the Group, not only is carrying out an overhaul of its commercial policy, seeks to strengthen in the short term, setting up in these target markets, but also putting innovation back at the heart of society.

4- An overhaul and optimization of its organization

The Group has thus renewed the majority of its board of directors with the objective of carrying out structuring projects in order to implement this strategy as quickly as possible and ensuring that it has the appropriate resources so as to:

- guarantee the financial means necessary for organic growth,
- ook for external growth drivers,
- ensure regulatory obligations and quality processes,
- adapt human organization and support individual developments.

In continuation of the actions carried out for several years, and in connection with the coming into force of new European regulations, the Group thus pursues its policy of regulatory affairs in order to increase the product registrations.

More generally and as recalled in paragraph E above, the foreseeable development and the short-term prospects of the Spineway Group are directly impacted by the current health crisis.

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.

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

In 2019, the company achieved a turnover of 5 082 K€ compared to 6 517 K€ in 2018.

Operating profit amounted to 1 719 K€ compared to 2 643 K€ in 2018, an improvement of 35%.

Current profit before tax amounts to 1 876 K€ (-3 175 K€ in 2018).

Finally, after an exceptional result of 1 166 K€, the financial year ended December 31, 2019 resulted in a net book loss of 3 332 K€ compared to 5 248 K€ in 2018, an improvement of 37%.

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	25					103	5					96
Montant total des factures concernées HT	68 878 €	51 879 €	45 975 €	62 971 €	16 690 €	177 515 €	41 118 €	104 444 €	165 659 €	8 021 €	15 694 €	293 818 €
Pourcentage du montant total des achats HT de l'exercice	2%	2%	1%	2%	0%	5%						
Pourcentage du chiffre d'affaires HT de l'exercice							1%	2%	3%	0%	0%	6%
(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 2019, the American subsidiary, Spineway USA Inc., generated sales of 166,901 USD. The result is a loss of $ 1,326,958.

The company has not yet concluded any significant new contracts with a distributor following the liquidation of its main client in 2018 and the necessary restructuring of its subsidiary.

In view of this development, the company has entered all trade receivables in receivables attached to equity interests for an amount of 1 709 K€. These receivables, as well as the current account of the Spineway Inc. subsidiary, which amounted to 1 492 K€ as of December 31st, 2019, are fully impaired, for a total impairment of 3 201 K€.

The company thus depreciated in 2019 : 555 K€ in trade receivables and 679 K€ in current accounts, for a total depreciation over the year of 1 234 K€.

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, 2019, revenue amounted to 5 081 929 euros compared to 6 516 892 euros for the previous fiscal year.

The amount of other operating income is 962 911 euros.

The amount of purchases and inventory changes amounted to 1 676 411 euros compared to 2 274 384 euros for the 2018 financial year.

The amount of other purchases and external charges amounts to 2 076 427 euros.

The amount of taxes and duties amounted to 82 230 euros compared to 89 117 euros for the previous year.

The amount of wages and salaries amounts to 1 524 001 euros and the amount of social charges amounts to 674 558 euros for an average salaried workforce amounting, at the end of the fiscal year, to 28 people.

The amount of depreciation and provisions is 1 744 631 euros.

Operating expenses for the financial year totaled € 8 122 321 compared to € 9 553 208 for financial year 2018.

The operating profit for the financial year was -1 719 185 euros.

As for current profit before tax, taking into account the financial result of -156 905 euros
(-532 296 euros for the previous year), it stood at -1 876 090 euros.

After taking into account:

- exceptional profit of -1 666 210 euros,

- corporate tax of -210 362 euros,

the result for the year ended December 31st, 2019 shows a net accounting loss of -3 331 938 euros.

As of December 31st, 2019, the total balance sheet of the Company amounted to 12 423 771 euros compared to 7 422 843 euros for the 2018 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 – 3 331 938,09 euros which we also suggest that you allocate this loss in full to the "retained earnings" account, which would amount to – 8 579 436,07 euros.

Given this allocation, the equity of the company would be 6 226 794 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 24 772 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 6 517 K€ to 5 082 K€.

Borrowings and debts amounted to almost 5 930 K€ as of December 31st, 2019 (5 932 K€ as of December 31st, 2018).

The "Availability" item at December 31st, 2019 amounted to 2 530 K€ compared to 81 K€ at December 31st, 2018.

Loans and debts, net of cash, decreased to 3 400 K€ (5 851 K€ as of December 31st, 2018).

The BFR went from 4 888 K€ to 3 891 K€. Returned to sales, the BFR / turnover ratio increased to 76% as of December 31st, 2019 from 75% as of December 31st, 2018.

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
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 non-ink factoring financing methods deployed to date to limit 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 eliminated 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 flow needs. Negotiations are also underway with various banks in order to secure cash requirements.
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.
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.
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.	Not significant	The group has put in place procedures to minimize this risk and optimize its stocks as much as possible. A process review project with hospitals aims to reduce stocks in deposits and consignment. Likewise, a new commercial policy based on more DDI sales will limit the amount of instrument kits on deposit.

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, being aware of the challenges, has mobilized significant budgets by mid-2021 and mainly for 2020. The teams have also been reinforced by external contributors (fixed-term contract, freelance, service provider) notably for the clinical data collection part.
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 commercial policy are being rolled out. These are based on the creation of a strengthened partnership with customers which would reduce this risk by better listening and presence in the field.
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	The group nevertheless has a significant margin, having still few sales in areas with higher profitability and redirecting its ranges towards better valued premium.

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, the majority of which mature in 2021, 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, 2019 are as follows:

MCNE : 949 513 euros out of a total of 1 490 000 euros MCNE expire upon payment of the invoice by the customer.

BF: 730 000 euros out of a total of 730 000 euros. Financial notes are taken out for 90 days. The maturity dates of the notes used on December 31st, 2019 range from January 1st, 2020 to March 31st, 2020 and are then renewed.

Continuity of operation 2020 is based on:

- revenue assumptions linked to the turnover budget,
- the maintenance of working capital lines by the banking pool; these lines and their amounts were renegotiated with the banks over the period June-September 2019; as of December 31, 2019, 73% of the lines had been renewed; note that a line of financial notes has been reduced for a total of 800 K € but these financing lines are being renegotiated,
- financing guaranteed under the Negma contract dedicated to cash requirements linked to activity and organic growth which secure current cash requirements at least for the coming year and the financing of growth projects funding still possible under this contract is 36,2 M€.

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, 2019 :

	Number of shares	% du capital
Park Capital	100 000 000	22,00%
Stéphane LE ROUX	1 331 334	0,29%
Tinavi Medical Technologies	746 044	0,16%
Others	352 493 701	77,55%
Total	454 571 079	100,00

B. Auto-holding – Share Buyback program

The treasury shares held as of December 31, 2019 represent a total of 295 361 treasury shares, for a total of 145 819 euros.

Over the year, 4 566 045 shares were purchased, and 4 378 339 shares sold.

A liquidity contract was signed with Portzamparc Stock Exchange Company.

A share buyback program was authorized by the Shareholders' Meeting on July 24th 2019, 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 July 24th 2019.

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

Maximum purchase price: 22 € (twenty-two euros)

Maximum amount of funds available for the purposes of this program: 69 718 286 euros (sixty-nine million seven hundred and eighteen thousand two hundred and eighty-six 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 concerned about environmental issues and sustainable development.

For example, Spineway voluntarily prints small series of documentations produced to reduce the risk of having to destroy obsolete documents. The constant evolution of products requires frequent updates. Similarly, the Company provides computerized models of its documentation to its distributors and offers them to print documentations locally, in order to reduce energy costs related to the transportation of documents. In addition, the Company has designed, internally, a scalable and reusable booth structure (congress, trade show), which reduces the waste associated with the destruction of single-use joinery (the most widespread practice). The reuse of a scalable structure also gives a new look to the Spineway booth, as the evolution of its convention stands, adding to the previous structure.

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,
15th of April 2020

Board of Directors,
Stéphane LE ROUX

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