



Reinforcement of the balance-sheet structure with a reserved issue of Notes with Warrants

Spineway, specialist in surgical implants and instruments for treating disorders of the spinal column (spine), announces that it is setting up an issue of Tranche Warrants for Notes with Warrants to finance the acceleration of its development.

Legal framework

In accordance with the delegation of power granted to the Board of Directors and approved by the Ordinary and Extraordinary General Meeting of Spineway (the “**Company**”) shareholders held on June 19, 2017, Spineway’s Board of Directors approved – on July 20, 2017 – the plan for an issue of 200 warrants (the “**Tranche Warrants**”), the exercise of which gives access to the issue of 200 notes redeemable in cash and/or convertible into new and/or existing shares (the “**Notes**”) with warrants to subscribe shares (the “**Warrants**”), representing a bond issue in the amount of €2M in favor of the YA II PN, LTD investment fund (the “**Investor**”), a fund managed by the US management company Yorkville Advisors, and empowered the CEO to decide to launch this transaction, approve its final terms and conditions, and issue the Tranche Warrants.

Pursuant to an issuance agreement entered into today between the Investor and Spineway, the Investor has agreed to subscribe – during a period of 36 months as from the date of issue of the Tranche Warrants – up to 200 Notes with Warrants, representing a total par value of €2M, in several successive tranches (each referred to as a “**Tranche**”), which investor is not, however, intended to remain as Spineway capital in the long term.

This issuance is subject to the transfer of the Spineway shares to the “Public Offering” compartment of Euronext Growth and obtaining prior approval from the *Autorité des Marchés Financiers* of the prospectus to be prepared by the Company by December 31, 2017, at the latest. Therefore, if this condition precedent is met, the issuance of the Tranche Warrants and subscription for the first Tranche should take place by the end of 2017.

Purpose of the transaction

The purpose of the issuance of these Notes with Warrants is to provide Spineway with the financial means necessary to carry out its international-development plan and launch new innovative products. It could result in a capital investment of approximately €3.96M: €1.96M corresponding to the subscription of all the Notes and €2M corresponding to the exercise of all the Warrants.

Stéphane Le Roux, CEO of the Spineway Group, commented on this potential €3.96M in additional financial resources: “We are thrilled about this agreement with Yorkville Advisors that will allow us to diversify the financing we have to support our growth. The issuance of a first tranche of €1M by the end of the year will allow us to finance our development in new areas, such as in the USA, and accelerate the launch of our new products.”

Characteristics of the Tranche Warrants, Notes and Warrants

The main characteristics of the Tranche Warrants, Notes and Warrants (the detailed terms and conditions of which are available on the Company’s website) are as follows:

- **Main characteristics of the Tranche Warrants**

The Tranche Warrants require their bearer, at the Company's request⁽¹⁾ (a "**Request**") or on the Investor's initiative⁽²⁾, to subscribe Notes with Warrants attached, i.e., one Note per Tranche Warrant exercised, at a price set at 98% of the par value of a Note. The Company can therefore request the exercise of the Tranche Warrants in order to allow the issuance of Notes in several tranches. Each exercise date of each Tranche Warrant is a "**Tranche Warrant Exercise Date.**"

The Tranche Warrants are freely transferable to any other fund managed by Yorkville Advisors but cannot be transferred to a third party without the Company's prior approval, shall not be the subject of a request for admission to trading on Euronext Growth and therefore shall not be listed.

- **Main characteristics of the Notes**

The Notes shall be issued in several Tranches. The aggregate principal amount of the first Tranche will be equal to €1M. The aggregate principal amount of each of the following Tranches shall, in principle, be equal to €0.5M, unless otherwise mutually agreed by the Investor and the Company.

The Notes have a par value of €10,000 each and are subscribed at 98% of par.

The Notes have a maturity of 12 months from their date of issuance. Upon maturity or an event of default⁽³⁾, the Notes that have not been converted shall be redeemed by the Company at par (plus accrued interest, if any). The Notes do not bear interest (except in the event of default).

At its discretion, the Investor may convert all or any of its Notes into new and/or existing shares (a "**Conversion**"). Upon a Conversion, the Investor shall determine the number of Notes to be converted and the corresponding aggregate principal amount and interest (if any) so converted (the "**Conversion Amount**"). The number of shares to be issued to the Investor upon each Conversion will be equal to the Conversion Amount divided by 92% of the Market Price (as defined below) on the Conversion Date.

Upon a Conversion, the Company shall have the right at its sole discretion to remit to the Investor: (1) the corresponding new and/or existing shares (as described above), (2) the value in cash or (3) an amount in cash and new and/or existing shares.

If the Company chooses to remit a cash amount, such amount shall be equal to:

$$M = (V_n / P) * C$$

"M": cash amount payable to the Note bearer;

"Pv": bond claim that the Note represents (par value of a Note, plus accrued interest, if any);

"P": 92% of Market Price;

"C": daily volume weighted average price of the Company's share on the Conversion Date.

The market price (the "**Market Price**") shall be the lowest daily volume weighted average price of the Company's share over the ten (10) consecutive trading days immediately preceding the applicable date (the "**Pricing Period**"). By way of exception, in the case of a Conversion, or upon exercise of Tranche Warrants on the Investor's initiative, Pricing Period shall mean the trading days during which the Investor has not sold any share of the Company in the market among the ten (10) consecutive trading days immediately preceding the applicable date.

The Notes, which are freely transferable to any other fund managed by Yorkville Advisors but cannot be transferred to a third party without the Company's prior approval, shall not be the subject of a request for admission to trading on Euronext Growth and therefore shall not be listed.

- **Main characteristics of the Warrants**

Each Note shall be issued with a number of Warrants equal to the par value of a Note divided by the applicable strike price of the Warrants (the “**Strike Price**”). The Warrants shall immediately be detached from the Notes and each Warrant shall give its bearer the right to subscribe for one (1) new share in the Company, subject to possible adjustments.

The Strike Price of the Warrants attached to the Notes of the first Tranche shall be equal to 115% of the lower of (1) the Market Price on the issuance date of the Tranche Warrants (2) the Market Price on July 13, 2017, i.e., 3.2572 euros.

The Strike Price of the Warrants attached to the Notes of the subsequent Tranches shall be equal 115% of the Market Price on the date of the applicable Request (or Tranche Warrant Exercise Date in the case of an exercise of Tranche Warrants on the Investor’s initiative).

The Warrants shall be exercisable in new shares for a period of 5 years from their respective issuance dates.

The Warrants, which are freely transferable to any other fund managed by Yorkville Advisors but cannot be transferred to a third party without the Company’s prior approval, shall not be the subject of a request for admission to trading on Euronext Growth and therefore shall not be listed, unless the Company and the Investor agree otherwise.

For reference, based on the share’s closing price on July 27, 2017 (i.e., €3.66), the theoretical value of a Warrant would be between €0.78 and €1.69 depending on the volatility applied (between 30% and 60%). The theoretical value of a Warrant is obtained using the Black & Scholes formula based on the following hypotheses:

- maturity: 5 years;
- risk-free interest rate: 0%;
- dividend payout rate: 0%.

New shares resulting from the Conversion of Notes or the exercise of Warrants

The new shares issued upon conversion of the Notes and/or exercise of the Warrants shall be admitted to trading on Euronext Growth as from their issuance, will carry immediate and current dividend rights and will be fully assimilated to and fungible with the existing ordinary shares.

The Company shall update a summary table on its website showing the Tranche Warrants, Notes, Warrants and number of shares outstanding.

Theoretical impact of the issuance of the Notes with Warrants attached (based on the Company share’s closing price on July 27, 2017, i.e., €3.66)

For reference, assuming the Company decides to remit only new shares upon Conversion of the Notes, the impact of the issuance of the Notes 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 December 31, 2016, and the number of shares making up the Company's share capital as at July 27, 2017, i.e., 3,907,846 shares):

	Consolidated net assets per share (in €)			
	Non-diluted basis		Diluted basis ⁽¹⁾	
	1 st tranche	Total tranches	1 st tranche	Total tranches
Before issuance	€0.47		€0.80	
After issuance of a maximum of 296 982 (1 st tranche) or of 593 964 (total tranches) new shares resulting from the Conversion of the Notes	€0.65	€0.82	€0.95	€1.08
After issuance of a maximum of 564 361 (1 st tranche) or of 1 099 438 (total tranches) new shares resulting from the Conversion of the Notes and the exercise of the Warrants	€0.84	€1.13	€1.10	€1.35

⁽¹⁾ assuming the exercise of all the dilutive instruments existing to date that could result in the creation of a maximum of 390,786 new shares.

- Impact of the issuance on the investment of a shareholder currently holding 1% of the Company's share capital (based on the number of shares making up the Company's share capital as at July 27, 2017, i.e., 3,907,846 shares):

	Consolidated net assets per share (%)			
	Non-diluted basis		Diluted basis ⁽¹⁾	
	1 st tranche	Total tranches	1 st tranche	Total tranches
Before issuance	1.00%		0.91%	
After issuance of a maximum of 296 982 (1 st tranche) or of 593 964 (total tranches) new shares resulting from the Conversion of the Notes	0.93%	0.87%	0.85%	0.80%
After issuance of a maximum of 564 361 (1 st tranche) or of 1 099 438 (total tranches) new shares resulting from the Conversion of the Notes and the exercise of the Warrants	0.87%	0.78%	0.80%	0.72%

⁽¹⁾ assuming the exercise of all the dilutive instruments existing to date that could result in the creation of a maximum of 390,786 new shares.

The Company specifies that, upon Conversion of the Notes, it shall have the right to remit a cash amount and/or existing shares instead of new shares in order to limit dilution for its shareholders.

(1) The following conditions must be met on the day of the Request and the day the Warrants are exercised:

- more than then (10) calendar days have passed since the conversion or the redemption in full of the Notes from the previous Tranches;
- no material adverse change shall have occurred;
- the closing price of the Company's share is greater than or equal to €1.60;
- no event of default or event that could constitute an event of default that is not resolved shall have occurred;
- no impossibility for the holders of Notes to convert the Notes into shares shall have occurred in the previous 90 days;
- no suspension of the listing of the Company's shares (other than an intraday suspension by Euronext) shall have occurred in the previous 90 days;
- the Company will have a number of authorized and available shares equal to at least (i) 2 times the number of shares to be issued upon conversion of the Notes to be issued and outstanding (based on the conversion price applicable on the date of the Request) plus (ii) 1 time the number of shares to be issued upon exercise of the Warrants to be issued.

(2) The following conditions must be met if a Tranche is issued on the Investor's initiative:

- the Company will have a number of authorized and available shares equal to at least (i) 2 times the number of shares to be issued upon conversion of the Notes to be issued and outstanding (based on the conversion price applicable on the date of the Request) plus (ii) 1 time the number of shares to be issued upon exercise of the Warrants to be issued;

- the closing price of the Spineway share on the trading day prior to the Tranche Warrant Exercise Date is greater than or equal to €3.50. It is specified that if the closing price is between €3.50 (excluded) and €4.50 (included), the Investor may exercise up to 50 Tranche Warrants on its own initiative. If the closing price exceeds €4.50 (excluded), the Investor may exercise up to 100 Tranche Warrants on its own initiative.

(3) Events of default include, in particular, the suspension of the listing of the Company's shares (other than a suspension of less than five (5) consecutive days at the Company's request) and the Company's failure to remit shares or cash owed to the Investor pursuant to the terms of the Issuance Agreement.

This press release is entered into in both English and French languages. In case of discrepancies, French language shall prevail.

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

Find out all about Spineway at www.spineway.com

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 turnover comes from exports.

Spineway, which is eligible for investment through FCPIs (French unit trusts specializing in innovation), received the OSEO Excellence award as well as the Deloitte Fast 50 award in 2011. Rhône Alpes INPI Patent Innovation Award (2013) – Talent INPI award (2015).

ISIN code: FR0011398874 – Euronext Growth

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