

SpineGuard establishes two-year €2.4m Convertible Bonds Facility with Nice & Green

PARIS and SAN FRANCISCO, Oct. 2, 2017 – 6:00 PM CET – SpineGuard (FR0011464452 – ALSGD), an innovative company that designs, develops, and markets disposable medical devices intended to make spine surgery safer, announced today that it has entered into a two-year € 2.4 million convertible bond facility with Nice & Green as authorized by the Shareholders' Meeting of June 8, 2017.

The financing is provided by Nice & Green, a private company that specializes in financing solutions tailored to the requirements of listed companies.

The facility provides secured and scheduled monthly draws of € 100,000 each during a period of 24 months.

OBJECTIVES OF THE FACILITY

This equity financing provides funding to right size SpineGuard's operations as it aims to reach operating break-even by the end of 2018. In addition, it increases the financial resources available to develop the R&D strategic projects, in particular regarding robotics and the DSG™ screw.

The facility also secures short term financing of the company and extends the cash runway until June 2018 at least with monthly cash injections going further after this date.

In order to cover the financing gap after June 2018, the Company is pursuing:

- The opportunity to mobilize the third tranche of € 1.5M of the venture loan under certain terms and conditions and;
- the search of other investors under a private placement of equity or through partnerships similar to the recent one executed for the exclusive licensing for dental implantology.

MAIN TERMS AND CONDITIONS

The shareholders meeting held on June 8 2017 in its 13th resolution authorized the Board of Directors to issue securities providing access to capital, without preferential right of subscription (*'avec suppression du droit préférentiel de souscription'*) reserved to qualified investors under the terms of paragraph II of article L.411-2 of the French 'Code monétaire et financier'.

A meeting of the Board of Directors, held on 13 September 2017, acting upon the delegation granted by the General Shareholders Meeting has approved the concept of the facility, without preferential right of subscription, in favor of Nice & Green of one hundred and twenty (120) OCA with a nominal value of twenty thousand (20,000) euros each and delegated to the CEO (*'Directeur Général'*) the authority to execute each of the draws contemplated under the facility agreement.

MAIN CHARACTERISTICS OF THE CONVERTIBLE BONDS (OCA) – SHARE DISPOSALS AFTER CONVERSION OF THE BONDS

Nominal value of the OCA: 20.000 € each at 100% of the par value.

Maturity and interest rate of the OCA: The OCA will bear no interest and will have a maturity 12 months starting with each issue date. Unless a case of default occurs, the non-converted OCA at the maturity date will then convert automatically.

In the event of a default, Nice & Green will have the right to request reimbursement by the Company for the OCA in cash and/or to suspend or refuse to subscribe the OCA not yet issued.

Identification – Timetable for the issuance of the OCA:

The OCA are numbered from 1 to 120 and shall be issued and subscribed by Nice & Green in several monthly tranches of 100.000 euros each according to the following timetable:

DATE	OCA	AMOUNT
Wednesday 4 October 2017	1 to 5	100,000 €
Friday 3 November 2017	6 to 10	100,000 €
Monday 4 December 2017	11 to 15	100,000 €
Thursday 4 January 2018	16 to 20	100,000 €
Friday 2 February 2018	21 to 25	100,000 €
Monday 5 March 2018	26 to 30	100,000 €
Wednesday 4 April 2018	31 to 35	100,000 €
Friday 4 May 2018	36 to 40	100,000 €
Thursday 7 June 2018	41 to 45	100,000 €
Friday 6 July 2018	46 to 50	100,000 €
Monday 6 August 2018	51 to 55	100,000 €
Wednesday 5 September 2018	56 to 60	100,000 €
Thursday 4 October 2018	61 to 65	100,000 €
Monday 5 November 2018	66 to 70	100,000 €
Tuesday 4 December 2018	71 to 75	100,000 €
Friday 4 January 2019	76 to 80	100,000 €
Monday 4 February 2019	81 to 85	100,000 €
Tuesday 5 March 2019	86 to 90	100,000 €
Wednesday 3 April 2019	91 to 95	100,000 €
Monday 6 May 2019	96 to 100	100,000 €
Thursday 6 June 2019	101 to 105	100,000 €
Monday 8 July 2019	106 to 110	100,000 €
Tuesday 6 August 2019	111 to 115	100,000 €
Thursday 5 September 2019	115 to 120	100,000 €

Conversion of the OCA: OCA can be converted into SpineGuard shares upon their holder request, at any time, according to the following conversion formula:

$$N = V_n / [92\% \times \text{Min} [VWAP_{Q/10jrs}]] \text{ where}$$

« N »: the number of new ordinary shares to be issued under one OCA conversion

« V_n »: the nominal value of one OCA

« Min [VWAP_{Q/10jrs}] »: Lower daily VWAP of the last 10 trading stock days during the period fixation of the price of conversion (i.e. the 10 stock days immediately preceding the date of the request of conversion for a specific OCA).

Communication: the number of shares issued pursuant to the OCA conversions will be communicated by the Company on its web site under the category of regulated information relative to the existing number of shares and their associated voting rights. Should the case of significant conversion of OCA occur, thus with a potential impact on the stock price, the Company will proceed to an ad-hoc communication in respect.

Cases of default: The agreement includes standard provisions for cases of defaults under similar contracts that allow the solicitation of an anticipated reimbursement or a stop of the OCA issuances and subscriptions.

Collaterals: no collateral is attached to the OCA.

- Sale, listing of the OCA - Prospectus:
- The OCA are non-transferable, except to companies controlled by Nice & Green.
- The OCA will not trade on Euronext Growth and thus will not be listed.
- The conversion of the OCA is at Nice & Green's discretion, without a predetermined schedule.
- The facility does not require the establishment of a prospectus requiring a visa by the AMF.

Governance:

Nice & Green policy is not to be part of the governance of the companies in which it has invested. Therefore, it will not require any seat at SpineGuard's Board of Directors.

NEW SHARES RESULTING FROM THE OCA CONVERSION

The new shares issued upon the conversion of the OCA shall be immediately eligible for dividends, bear the same right of all other existing ordinary shares and will trade on Euronext Growth under Code ISIN FR0011464452 - ALSGD.

THEORETICAL EFFECT OF THE ISSUANCE OF THE OCA

The theoretical effect of the issue of the OCA for a total nominal amount of € 2400,000 would be as follows:

- Effect of the issue on the equity per share (on the bases of the net equity per the financial statements as of 30 June 2017 and of the total issued shares i.e. 5 601 215 shares):

Equity per share (in euros)	Base non diluted	Base diluted (1)	Number of shares
Before the issue of the OCA	€0,19	€0,16	5 601 215
After the issue of 120 OCA	€0,17	€0,15	6 210 723

(1) Calculations are made on the assumption that all warrants, stock-options and free shares are exercised prior to the issue of the OCA.

- Incidence of the issue on a 1% stake of a shareholder:

Equity per share (%)	Base non diluted	Base diluted (1)	Number of shares
Before the issue of the OCA	1,00%	0,83%	5 601 215
After the issue of 120 OCA	0,90%	0,76%	6 210 723

The calculation of the number of new issued shares and its subsequent dilution for the shareholders has been made on the base of 10 Day VWAP as of 20 Sep. 2017 (€ 4.28) adding 8% discount. Should the stock price evolve, the resulting number of shares to be issued could increase or decrease in proportion.

PROFIT SHARING PROGRAM

Nice & Green has embedded a profit sharing scheme designed to grant SpineGuard a stake of the potential financial gains made by Nice & Green.

This profit sharing scheme consists in a cash allowance to SpineGuard as a percentage of realized gains from the sale by Nice & Green of shares issued from the OCA conversion.

Such a scheme comes out from the principle where the proper use of the resources transferred by Nice & Green to the Company will bring a favorable impact on the value creation, will improve liquidity and will make the share's trading easier.

The profit sharing will be calculated over two periods and will be subject to two payments.

The first payment corresponding to the gains that may have been realized over a period of 12 months will be paid not later than 21 working days after the issue of the 12th tranche of the OCA. This first payment will be final even if Nice & Green were to bear a loss on the subsequent period.

A second payment corresponding to the gains that may have been realized between the issue of the 13th OCA tranche and the sale of the last share resulting from the OCA conversion, will be paid not later than 21 working days after this sale.

This profit sharing scheme is an easier-to-implement alternative compared to the modification of the discount terms for shares issued from the conversion of the OCA should the share price increase significantly.

Next financial press release: 2017 third quarter revenue, October 5, 2017

About SpineGuard®

Founded in 2009 in France and the USA, by Pierre Jérôme and Stéphane Bette, SpineGuard's mission is to make spine surgery safer by bringing real-time digital technology into the operating room. Its primary objective is to establish its proprietary DSG™ (Dynamic Surgical Guidance) technology as the global standard of surgical care, starting with safer screw placement in spine surgery and then in other surgeries. PediGuard®, the first device designed using DSG, was co-invented by Maurice Bourlion, Ph.D., Ciaran Bolger, M.D., Ph.D., and Alain Vanquaethem, Biomedical Engineer. It is the world's first and only handheld device capable of alerting surgeons to potential pedicular or vertebral breaches. Over 55,000 surgical procedures have been performed worldwide with DSG™ enabled devices. Numerous studies published in peer-reviewed medical and scientific journals have demonstrated the multiple benefits that PediGuard® delivers to patients, surgical staff and hospitals. SpineGuard is expanding the scope of its DSG™ platform through strategic partnerships with innovative medical device companies and the development of smart instruments and implants. SpineGuard has offices in San Francisco and Paris. For further information, visit www.spineguard.com.

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