

FINANCIAL STATEMENTS

Ended December 31st, 2022

SA SPINEWAY

7 allée Moulin Berger

69130 Ecully

France

NOTES ON THE FINANCIAL STATEMENTS

ASSETS

Statement in euros		31/12/2022			31/12/2021
		Gross	Depreciation and provisions	Net	Net
<i>Suscribed capital uncalled (1)</i>					
FIXED ASSETS	INTANGIBLE FIXED ASSETS				
	Establishments costs				
	Research and development costs	961 174	222 848	738 326	218 899
	Concessions, patents, right and similar assets	176 570	161 083	15 487	16 932
	Goodwill (1)				
	Other intangible fixed assets	1 523 334	12 500	1 510 834	1 248 083
	Prepayments				
	TANGIBLE FIXED ASSETS				
	Land				
	Constructions	146 086	99 450	46 636	19 499
	Technical installations, machinery and equipments	2 246 750	1 962 573	284 177	294 523
	Other tangible fixed assets	445 901	414 140	31 761	28 520
	Tangible fixes assets in progress				
	Prepayments				
	FINANCIAL FIXED ASSETS (2)				
Participating interests					
Portfolio long term investment securities					
Debts receivable related to participating interests	11 048 755	468 779	10 579 976	4 999 861	
Other long-term investment securities	10 337 197	3 867 459	6 469 738	-	
Loans					
Other financial fixed assets	43 504	-	43 504	94 543	
TOTAL		26 929 271	7 208 834	19 720 438	6 920 860
CURRENT ASSETS	STOCK AND WORK IN PROGRESS				
	Raw materials and other consumables	25 808		25 808	17 401
	Work in progress (goods)				
	Work in progress (services)				
	Intermediate and finished products				
	Goods	2 401 580	852 293	1 549 287	1 700 082
	Advances and prepayments on orders				
	RECEIVABLES (3)				
	Trade receivable	2 125 843	68 407	2 057 436	1 626 502
	Other debts receivable	334 605		334 605	1 155 636
Subscribed capital - called but not paid					
MARKETABLE SECURITIES				5 000 000	
CASH AND CASH EQUIVALENT	3 657 423		3 657 423	8 693 853	
ACCOUNT ADJUSTEMENT	Deferred charges	139 337		139 337	108 908
	TOTAL	8 684 595	920 700	7 763 895	18 302 383
	Loans redemption premiums				
	Bond redemption premiums				
Realisable exchnage losses	210		210	24 753	
TOTAL ASSETS		35 614 076	8 129 534	27 484 543	25 247 996

(1) Of which lease premium

(2) Of which due within one year

(3) Of which due after more than one year

166 510

LIABILITIES

Statement in euros		31/12/2022	31/12/2021
Shareholder's equity	Capital stock	182 110	1 576 030
	Premium on shares issued, mergers, contributions	24 488 392	21 617 077
	Revaluation reserve		
	RESERVES		
	Legal reserves	33 955	33 955
	Statutory or contractual reserves		
	Regulated reserves	970 767	
	Other reserves		
	Retained earnings		
	Accumulated profit / loss		- 525 685
	Net profit / loss		
Investment grants	- 1 757 551	- 1 512 848	
Regulated provisions			
TOTAL EQUITIES		23 917 673	21 188 528
Other Equities	Proceeds from issues of participating securities		
	Conditional advance	- 10 094	137 266
	TOTAL OTHER EQUITIES		- 10 094
Provisions	Provisions for liabilities	52 534	53 537
	Provisions for charges		
	TOTAL PROVISIONS		52 534
DEBTS PAYABLE	FINANCIAL DEBTS		
	Convertible bond loans		
	Other bond debts payable		500 000
	Loans and debts payable to credit institutions (2)	1 319 696	1 660 154
	Loans and sundry financial debts payable	15 863	9 396
	Payments on account received on orders in progress		
	TRADE DEBTS PAYABLE		
	Suppliers and related accounts	1 025 643	794 919
	Tax and social debts payable	938 825	860 162
	MISCELLANEOUS DEBTS		
	Creditors for fixed assets and related accounts	- 90	- 90
Other debts payable	12 699	12 840	
Deferred income (1)	1 428	31 125	
TOTAL DEBTS PAYABLE		3 314 063	3 868 505
	Realisable exchange gains	210 365	159
TOTAL LIABILITIES		27 484 543	25 247 996
Net profits / loss (cents)		- 1 757 551	- 1 512 848
(1) Of which due within one year		2 775 999	2 776 100
(2) Of which current bank advances and credit balances towards bank		202 718	135 918

INCOME STATEMENT 1/2

Statement in euros

		31/12/2022	31/12/2021
OPERATION INCOME	Sales of goods	4 246 311	3 891 735
	Production sales (goods)		
	Production sales (services)	1 009 853	380 690
	Net turnover income	5 256 163	4 272 426
	Inventoried products		
	Production capitalized	874 087	572 244
	Operation grants	116 331	
	Provisions and depr written back and charges transferred	422 732	345 864
	Other income	605	364
TOTAL OPERATING INCOME		6 669 919	5 190 898
OPERATING CHARGES	Purchase of goods	1 111 557	928 949
	Change in inventory	185 730	164 433
	Purchase of raw material and other consumables	122 381	142 335
	Change in inventory	- 8 406	27 303
	Other purchases and external charges	2 540 046	1 804 203
	Taxes and similar payments	133 470	72 815
	Gross wages and perquisites	2 741 085	1 711 609
	Social charges	1 043 146	684 326
	on operating charges to allocate	511 112	739 788
	Other Charges	213 224	3 763
TOTAL OPERATION CHARGES		8 593 345	6 279 524
OPERATIONG RESULT		- 1 923 426	- 1 088 626

INCOME STATEMENT 2/2

Statement in euros

		31/12/2022	31/12/2021
OPERATIONG RESULT		- 1 923 426	- 1 088 626
Opera-activities	Allocated income or transferred loss		
	Appropriate loss or transferred income		
Income financial	From investments in affiliates (3)	972	1 429
	Other short term investments and titles (3)		
	Other interests and similar income (3)	262 793	329 723
	Provisions and depreciations written back and charges transferred	167 486	
	Realized exchange gains	53	241
	Net income on realized short term investments		
TOTAL FINANCIAL INCOME		431 304	331 393
Charges financial	Provisions, depreciations, amortizations	212	1 589
	Interests and similar charges (4)	38 014	50 930
	Realized exchange losses	17 400	17 306
	Net charges on realized short term investments		
TOTAL FINANCIAL CHARGES		55 626	69 825
FINANCIAL RESULT		375 677	261 568
CURRENT RESULT BEFORE TAXES		- 1 547 749	- 827 058
Income extraordinary	Total of extraordinary income	448 643	278 137
	Total of extraordinary charges	884 218	1 136 443
EXTRAORDINARY RESULT		- 435 575	- 858 306
Employee participation			
Corporate income tax		- 225 773	- 172 516
TOTAL INCOME		7 549 867	5 800 428
TOTAL CHARGES		9 307 418	7 313 276
NET PROFIT / LOSS		- 1 757 551	- 1 512 848

Rules and accounting methods

Company name: SPINEWAY SA

The financial statements for the period ended 12/31/2022 are characterized by a total net asset of 27 484 543 € and a net income profit before taxes of -1 757 551 €. The Board of Directors approved the accounts on February 9th, 2023.

These financial statements covered a 12-month period, beginning on the 01/01/2022 and ending on the 12/31/2022.

The following notes and tabs are an integral part of the financial statements.

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

General rules and principles

The annual accounts for the year on 12/31/2021 have been drawn up and presented in application of the ANC regulation 2014-03 and ANC regulations 2015-06 and 2016-07.

The accounting standards used are compliant with the prudence principle and have been based on the following assertions:

- continuity of business activity:

Spineway's business induces a significant need for working capital related to the collection delays of receivables, health facilities in France and distributors outside France, and a high level of inventory made necessary by the availability of implant ranges.

The 2023 continuity of business activity is based on:

- A cash level which raises 3.7 M€ at the closure,
- 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, 2022, a line of financial notes amounts 200 000 euros.

The company applies ANC regulation no. 2015-05 relating to forward financial instruments and hedging transactions.

- continuity of accounting rules and principles:

There have been no changes in accounting methods.

However, a change in estimate should be noted for the financial year. The amortization period for instrument kits has been increased from 3 years to 7 years from January 1, 2022, a period corresponding to the average useful life of the instruments according to quality data and analyses.

Impact :

Over 3 years amortization of 187 936.10 euros

Over 7 years amortization of 178 213.29 euros

Impact of 9 722.81 euros

- separation and independence of accounting periods:

And in accordance with the GAAP regarding the elaboration and the presentation of annual financial statements. Assets and liabilities are recorded in compliance with the historical cost principle.

Only material information is reported in the notes to the financial statements. All amounts are reported in euros, unless otherwise specified.

Intangible and intangible fixed assets

Both tangible and intangible fixed assets are recorded at their purchase price when they are purchased, at their production cost when they are produced by the company, at their fair market value when they were given to the company.

The depreciations are calculated by the straight-line method for the duration of their expected useful life.

- * Development fees : 3 to 5 years
- * Establishment fees : 5 years
- * Concessions and similar rights, patents, licenses : 1 to 2 years
- * Software : 1 to 3 years
- * Other intangible assets : 10 years (patents)
- * Equipment testing/controls : 1 to 2 years
- * Industrial machinery and equipment : 3 to 7 years, including instrument kits provided to customers
- * Other installations and equipment : 3 to 10 years
- * Office equipment : 3 to 10 years
- * IT equipment : 3 years
- * Office furniture : 3 to 10 years

The depreciable life withheld for goods that are not decomposable is their expected useful life.

Accreditation fees are capitalized when they are related to current accreditation reports owned by a third party.

Financial assets

Financial assets are recorded at their purchase price.

Financial assets are impaired (where appropriate) through a provision for impairment to reflect their market value at the end of the period, when the latter is inferior to the net book value.

Stocks

The inventories are recorded at their purchase price.

The acquisition cost is made up of its purchase price, including custom duties and non-refundable taxes, as well as transport costs, handling costs and all direct set up costs, together with production costs of raw materials, merchandises, work in progress and finished products costs. Commercial discounts, rebates, cash discounts and assimilated items are deducted from the purchase price.

The inventories are impaired (where appropriate) through an impairment provision to reflect their market value at the end of the period, when the latter is inferior to the net book value.

The inventories mainly consist of merchandize for sale; except a limited inventory of raw materials the company acquires for its subcontractors for regulation reasons.

Receivables

Trade receivables are valued at their nominal value, less (where appropriate) an allowance to write them down to their estimated net realizable value.

Provisions for impairment on trade receivables are calculated on the following basis:

- Risks of litigation, insolvency, or legal liquidation.
- Analysis per customer together with its country of implementation assessment

Generally, trade receivables between 4 and 6 months are depreciated by 50% and those over 6 months are depreciated at 100%.

As of December 31, 2022, trade receivables represented 2 057 436 € for sales of goods essentially.

In 2022, the company classified the debt of eleven distributors as doubtful customers for a total amount of 34 316.25 € and written off debts accrued the last previous years for a total of 209 032 euros. The total amount doubtful customers on December 31, 2022, amounted to 68 407.05 €, amount fully depreciated.

Debts

The medium- and long-term debt bonds have a fixed interest rate and have been subscribed in euros, apart from one loan of 500K\$ which has been subscribed to capitalize the American subsidiary.

The MCNE (cross border claims mobilized) have floating rates.

The details of short-term instruments used at the 12/31/2022 are as follows:

MCNE (cross border claims mobilized): 199 571 euros used on a total of 200 000 euros.

The contract signed in October 2019 with Negma Group LTD by issuing OCAs with attached BSAs for a total potential amount of 40 million euros has allowed a cash contribution of 22.6 M€ since its conclusion. It expired in September 2022.

As of December 31st, 2022, Spineway has recorded 5 bank loans in progress including 4 State Guaranteed Loans which were subscribed in the context of COVID-19 for a total of € 1 270 000 over 12 months at a rate of 0% with its banks. Given the continuing pandemic context and the latest government measures, the company has opted to defer the start of repayment of these loans to one year. Those State Guaranteed Loans are therefore more than a year away. Those 4 State Guaranteed Loans began to be reimbursed in June 2022.

The other bank loan covers 10% of the remaining amounts at the date of December 31st, 2022.

The two main loans contracted by Spineway were taken out by BPI for 400K and 600K respectively have been fully reimbursed.

The obligatory loan has been settled in December 2022.

The company mobilizes cross border claims, these claims are not subject to any deconsolidation as the Group keeps the risk of non-payment linked to those claims.

The Coface guarantee is a subvention received for prospecting expenses incurred on geographical areas where the company had no turnover, which are some European and some Asian countries.

This subvention will be reimbursed on the basis of a commission calculated on 7% of the realized turnover made by the company in these countries, the reimbursement will occur from October 1st, 2017.

The total amount of subvention received since 2015 reaches 267K€.

The company has reimbursed 23 K€ in 2018, 44K€ in 2019, 7 K€ in 2020, 60K€ in 2021 and 31K€ in 2022.

The company reclassified 116 K€ as an operating subsidy following the liquidation of the Europe contract in December 2022. Indeed, the balance of the provisional indemnities paid are definitively acquired by the company.

Statutory auditor fees

The amount of the statutory auditors' fees relating to the certification of the accounts amounts to 39 448 €.

Extraordinary income and expenses

Extraordinary income and expenses are related to transactions and events with no direct relation with the activity of the company.

As of December 31, 2021, other exceptional charges mainly include the loss related to the share repurchase program.

Financial result

The financial result includes interest on bank loans, provisions, and reversals of provisions.

Foreign currency transactions

Foreign currency transactions are converted at the day exchange rate or the hedge exchange rate (where appropriate). Related hedging fees are included in the purchase price.

Foreign currency debts, receivables and available resources are stated on the balance sheet for their counter value at the end of the period. The occurring spread is stated as an exchange rate difference on the balance sheet.

The net amount of unrealized exchange loss is booked under a provision for contingent liabilities in compliancy with regulation.

Pension liability

The retirement benefit is made up of the termination benefits of the employees, legislation requires that lump sum retirement indemnities be paid employees based upon their years of service and their salary at the time of their retirement.

The calculating assumptions are based on the number of years of service and the salary at the time of the retirement date of the employee.

The main assumptions used for the calculation of the pension liability are :

- the discount rate : 3.77% at December 31st 2022 (versus 0.98 % at the December 31st 2021)
- the mortal rate INSEE 2016-2018
- moderate staff turnover

	December 31, 2022	December 31, 2021
Retirement age	62 years – CEO 67 years old	62 years – CEO 67 years old
Discount rate	3.77	0.98
Wages growth rate	0%	0%
Rate of social security	44% (C), 22% (E)	44% (C), 22% (E)
Mortality table	INSEE 2016-2018	INSEE 2016-2018

The Group does not expect any significant change in its pension commitments over the next few years.

Research and development costs

The costs are capitalized only if the projects initiated meet the following criteria:

- The project or process is clearly defined and the related costs are measured reliably and clearly identified,
- Technical feasibility is demonstrated
- The product or process has a serious chance of being marketed or used internally,
- The assets generate future economic benefits,
- Adequate technical and financial resources and other resources necessary for the completion of the project are available.

The company, since the second semester of 2019, has fulfilled all the criteria for activating development projects.

Any development costs incurred for projects that do not meet these criteria would be recognized in the income statement as soon as they are committed.

Development expenses include direct and indirect costs incurred on projects and in particular the salaries of researchers, engineers and technicians as well as subcontracting costs incurred for development activities.

The development effort gives rise in the second half to the recognition of capitalized production of development costs in the Intangible assets in progress account for an amount of 874 086 € in 2022 against 572 244 € for 2021.

When the costs are activated, they will be amortized on a straight-line basis.

Over 2022, 572 244 euros of R&D project costs were activated, they are amortized on a straight-line basis over 5 years (249 611 euros for 2021).

When there is an indication of impairment, and at each year-end, the development projects entered on the assets side of the balance sheet are analyzed to ensure that each project still meets the criteria activation. Where applicable, impairment is recognized.

Over 2022, 19 269 euros were depreciated following project stoppages.

As of 12/31/2022, total activated R&D project costs amounted 838 258 euros, amortized for 99 932 euros.

It should be noted that, in accordance with French rules in this area, the existence of assets in the balance sheet of development costs not yet amortized and greater than the amount of free reserves is an obstacle to distribution.

Research and development costs give rise to a recognized research tax credit at the end of the year in which the expenditure was recorded.

Revenue

For direct sales to hospitals (mainly domestic, France), the gross revenue is booked as of the transfer of propriety on the merchandize to the customer. In most cases, the customer, hospital, or clinic, informs the company of the references used in the provided stock (by loan or consignment) to the customer. Following which, an invoice is issued for the used merchandize. The revenue is realized at the moment the invoice is issued.

For sales towards abroad distributors, the bookkeeping is compliant with INCOTERM regulations. Where appropriate, an adjustment is calculated, in order to factor in the specific conditions regarding the transfer of propriety stated in the orders or agreements. The main INCOTERM used is EXW (Ex WORKS).

The revenue is made up of the invoicing after deduction of discounts and rebates. Transport fees are charged back and are also included in the revenue.

Finally, the revenue also includes income from charged backed expenses directly related to operating expenses such as congress or conference fees when paid by the company for its distributors or services realized for the company SPW Inc. These are charged back to them.

Significant events of the period

- Growth in turnover

Following the acquisitions of Distimp (2021) and especially Spine Innovations (2022), the Group was able to strengthen its geographical positions, to develop its sales in France in particular, and to extend its ranges premium. The Group turnover thus increased by 73% to reach €7.4 million, i.e. €10 million pro forma 1 year, its highest historical level. Spineway's contribution is €4.4 million, up +13%.

- Reinforcement of shareholders' equity and consolidation of shares

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from January 2022 to September 15, 2022 resulted in a capital increase of 1 615 380 euros through the creation of 14 713 624 332 shares of 0.0001 euro and an issue premium of 1 128 637.60 euros.

On September 15, 2022, by decision of the Extraordinary General Meeting of July 25, 2022, Spineway had recourse to a consolidation of its shares by exchange of 1 new share of 4.00 euros of nominal value against 40 000 old shares with a nominal value of 0.0001 euros.

Following this reverse stock split, Spineway carried out a capital reduction on September 19, 2022 resulting in the reduction of the legal nominal value of the share from 4.00 euros to 0.05 euro. At the end, the share capital amounted to 38 092 euros, made up of 761 848 ordinary shares.

From September 19 to December 31, 2022, the conversion of convertible or exchangeable bonds into new or existing ordinary shares resulted in a capital increase of 2 880 350 shares of 0.05 euros each and an issue premium of 1 742 677 euros.

The capital as of December 31, 2022 amounts to 182 110 euros and is composed of 3 642 198 shares of 0.05 euros each.

- Group strategic growth plan

The strengthening of cash and equity has enabled the group to continue in 2022 its growth plan to become a medium-sized European spine specialist. At this title, the group acquired a second company SPINE INNOVATIONS on July 21, 2022, a company specializing in cervical and lumbar disc prostheses (see Financial assets).

Positioned in a segment and territories complementary to those of Spineway, Spine Innovations offers many synergies to be developed. In line with its growth strategy, this new acquisition allows Spineway to add a new segment to its product offering, strengthen its positions in France and internationally and to expand its teams.

Significant post balance-sheet events

- IMS participation

The company has initiated the procedure for recognition of the decision of the Geneva Arbitral Tribunal in the United States, IMS's headquarters are in Delaware. IMS not having responded to the "petition", Spineway continued the proceedings in the US for IMS to be in default, prior to any collection process.

Fixed assets

Statement in euros		Assets Value Opening	Financial year fixed assets movements				Assets Values Closing 31/12/2022
			Increase		Decrease		
			Re-evaluations	Additions	Reclassifications	Disposals	
Intangible assets	Establishment fees	372 527		607 916		19 269	961 174
	Other intangible fixed assets	1 419 648		900 275	607 916	12 103	1 699 904
	Total Intangible fixed assets	1 792 175	0	1 508 191	607 916	31 372	2 661 078
Tangible assets	Land						
	Buildings - owned land / installations						
	Buildings, Installations and fitting	107 231		38 856			146 086
	Technical installations, machinery and equipment	5 480 193		193 954		3 427 397	2 246 750
	Other installations and equipment	131 047					131 047
	Returnable containers and other packaging						
	Office equipment	295 498		19 356			314 854
	Construction work in progress	3 360			3 360		
Advance payments							
Total tangible assets	6 017 328	0	252 166	3 360	3 427 397	2 838 737	
Financial assets	Investments in associates (equity method)						
	Other affiliated investments	9 135 740		12 351 106	100 894		21 385 952
	Other investments						
	Loans and other financial assets	237 274				193 770	43 504
Total financial assets	9 373 014	0	12 351 106	100 894	193 770	21 429 456	
Total	17 182 517	0	14 111 463	712 170	3 652 538	26 929 271	

Intangible assets

Following is the breakdown of the intangible assets:

- Patents acquired for a total of 12 500 €
- Accreditations acquired for 122 916 €
- Software for 54 141 €
- Operating software for 122 429 €
- R&D expenses for 838 258 €
- Intangible assets in progress for a total of 1 510 834 €.

Intangible assets in progress correspond to R&D costs capitalized during the year.

Tangible assets

At December 31st, 2022, the company capitalized 252 166 € of tangible assets, including 193 954 € of technical installations, machinery and equipment.

The breakdown is as follows:

- 136 666 € as instrument kits, provided to customers
- 57 288 € as equipment for testing/controls

The maintenance and reparation costs are booked as expenses on the period.

Financial assets

As of December 31, almost all of the increase in impairment relates to shareholdings and related receivables (US subsidiary). This depreciation is recognized as an exceptional.

Integral Medical Solutions (IMS) not having deployed the operational plan when taking stake in the Spineway Group, the latter had initiated proceedings at the arbitration tribunal of Geneva, which rendered an award dated January 20, 2022 in favor of Spineway, ordering IMS to pay the full acquisition price of the securities, i.e. €4,160,000 plus interests, and to reimburse the arbitration costs incurred. The IMS company has never responded to the various, that continue as a result. (See Financial debts)

Depreciation

		Depreciation Opening	Financial year depreciation movements		Depreciation Closing 31/12/2022
			Increase	Decrease	
Statement in euros					
INTANGIBLE ASSETS	Establishment costs	153 629	69 219		222 848
	Other intangible assets	157 993	15 590		173 583
	TOTAL INTANGIBLE ASSETS	311 622	84 809		396 431
TANGIBLE ASSETS	Land				
	Building - owned land				
	. Leasehold land				
	Installations	87 731	11 719		99 450
	Technical installations, machinery and equipment	5 185 669	204 301	3 427 397	1 962 573
	Other installations and equipment	131 047			131 047
	Transport equipment				
	Office equipment	266 977	16 116		283 093
Returnable containers and packaging					
TOTAL TANGIBLE ASSETS	5 671 425	232 135	3 427 397		2 476 164
TOTAL	5 983 047	316 944	3 427 397		2 872 595

	Movement distribution for degressive depreciation scheme						Net Variations
	Increase			Decrease			
	Differential time and other	Degressif method	Fiscal de p. Extraordinary	Differential time and other	Degressif method	Fiscal de p. Extraordinary	
Establishment cost							
Otehr intangible assets							
TOTAL INTANGIBLE ASSESTS							
Land							
Building - owned land							
Leasehold land							
Installations							
Technical installations, machinery and equipment							
Other installations and equipment							
Transport equipment							
Office equipment							
Returnable containers and packaging							
TOTAL TANGIBLE ASSETS							
Cost of investment in affiliates							
TOTAL							
TOTAL UNDISTRIBUTED MOVEMENTS							

At December 31st, 2022, the company booked an amortization expense of 316 944 € regarding technical installations, machinery and equipment:

- * 1 101 € for industrial machinery
- * 203 200 € for industrial equipment, including:
 - 178 213 € for instrument kits
 - 24 987 € for equipment testing/controls

Financial assets situation

The increase in financial fixed assets is mainly due to the recognition of securities stake following the integration at the end of July 2022 of the Spine Innovations entity acquired for 5 430 K€ expenses acquisition included.

The acquisition protocol for the Distimp entity acquired at the end of June 2021 provides that the acquisition price is function of earn-out clauses. These may possibly lead to price supplements payable in 2022, 2023 and 2024 in based on actual revenue, gross margin, working capital requirement and budget expenses specific to the activity (regulatory costs, loans of instrument kits) recognized at the end of June. No supplement is due in 2022.

Financial fixed assets are not subject to any amortization.

Receivables and Debts

Receivables

Statement in euros		31/12/2022	Due under 1 year	Due over 1 year
RECEIVABLE	Receivables from affiliates	10 337 197		10 337 197
	Loans (1) (2)			
	Other financial assets	43 504		43 504
	Doubtful or disputed trade receivables	68 407	68 407	
	Other trade receivables	2 057 436	2 057 436	
	Receivables on securities lent			
	Employees and other assimilated accounts	7 500	7 500	
	Social institutions and social security contributions			
	Income tax	225 773	225 773	
	Value added tax	91 279	91 279	
	Other tax receivables			
	Miscellaneous receivables			
	Affiliates and shareholders (2)			
	Other receivable	10 053	10 053	
	Prepaid expenses	139 337	139 337	
TOTAL RECEIVABLES	12 980 486	2 599 785	10 380 701	
(1) Loans granted during period				
(1) Loans paid period				
(2) Loans granted to shareholders (persons)				

Debts

		31/12/2022	Due under 1 year	1 to 5 years	Due over 5 years
DEBTS	Convertible bonds (1)				
	Other bonds (1)				
	Loans to credit institutions - less than 1 year from origin (1)	202 718	202 718		
	Loans to credit institutions - over 1 year from origin (1)	1 116 978	578 913	538 065	
	Other loans and financial debts (1) (2)	6 467	6 467		
	Trade payables and other assimilated accounts	1 025 643	1 025 643		
	Employees and other assimilated account	414 974	414 974		
	Social institutions and social security contributions	418 490	418 490		
	tax payables	58 998	58 998		
	Other tax payables	46 363	46 363		
	Debts on assets and assimilated accounts	-90	-90		
	Affiliates and shareholders (2)	9 396	9 396		
	Other liabilities	12 699	12 699		
	Debts on securities lent				
	Unearned revenue	1 428	1 428		
TOTAL DEBITS	3 314 064	2 775 999	538 065		
(1) Loans contracted during period					
(1) Loans reimbursed during period		408 048			
(2) Loans contracted toward shareholders (persons)		9 396			

Accrued income

Statement in euros

31/12/2022

Total accrued income		373 306
Other account receivables		353 990
Invoices to be established	353 990	
Other receivables		19 316
<i>Outstanding debits</i>	<i>19 316</i>	

Provisions

Statement in euros		Opening	Increase	Decrease		31/12/2022
				Used	Not used	
REGULATED PROVISIONS	Reconstituion of mines and oil fields					
	Provisions for investments					
	Provisions for price increases					
	Provisions for capital cost allowance					
	Provisions allowance for start-up loans					
	Other Provisions					
REGULATED PROVISIONS						
PROVISIONS FOR CONTINGENT LIABILITIES	Litigation					
	Warranties					
	Futures market loss					
	Penalties and fines	24 753	210	24 753		210
	Exchange loss					
	Pensions and assimilated obligations					
	Tax related					
	Investment renewal					
	Provisions for repairs and maintenance					
	Pay roll taxes					
	Other Provisions	28 783	23 541			52 324
PROVISION FOR RISKS AND CHARGE		53 536	23 751	24 753		52 534
PROVISIONS FOR DEPRECIATION	<ul style="list-style-type: none"> ● Intangible ● Tangible ● Investments in associates (equity method) ● Investments in associates ● Other financial assets 	4 135 879	301 253	100 894		4 336 238
		142 730	2	142 732		0
		887 228	127 527	162 463		852 292
		243 124	43 100	217 816		68 408
	Inventory and works in progress					
	Trade receivables					
Other provisions						
PROVISIONS FOR IMPAIRMENT		5 408 962	471 882	623 905		5 256 939
TOTAL		5 462 499	495 633	648 659		5 309 473

Increases and reversals	Operating	194 167	380 279	
	Financial	212	167 486	
	Extraordinary	301 253	100 894	
Investments in associates (equity method) : the depreciation amount at year end is calculated in compliance with the rules under article 39-1.5e C.G.I				

Accrued debts

Statement in euros

31/12/2022

Total accrued debts		1 072 795
Loans and other debts to credit institutions		4 973
Accrued interests to credit institutions	1 827	
Accrued interest payable	3 147	
Trade payable and other assimilated accounts		403 731
Suppliers - Invoices outstanding	403 731	
Social and fiscal debts		664 091
Accrued charges payable for holiday pay	193 433	
Other accrued charges payable	221 540	
Contributions for holiday pay	81 752	
Contributions for AGA	53 960	
Other accrued charges payable	88 713	
State - Accrued charges payable	19 280	
Other creditors - charges payable	5 413	

Items – affiliated companies and Investments in associates

December 31st, 2022		
Statement in Euros	Affiliated companies	Companies with shared interest
Fixed assets		
Advance payments on assets		
Investments in affiliates	6 628 826	4 419 929
Receivable from affiliates	10 337 197	
Loans and other financial assets		
Current assets		
Advance payments given		
Trade receivables and assimilated account		
Other receivable		
subscribed shares called, unpaid		
Liabilities		
Convertible bonds		
Other bonded debts		
Loans and debts to credit institutions		
Other loan and financial debts		
Advance payments received		
Trade payables and assimilated accounts		
Debts and assets and assimilated accounts		
Other debts		
Financial revenue		
Investment in affiliates revenue		
Other financial revenue		
Financial expenses		
Financial expenses		
Miscellaneous		

The company Spineway owns 100% of Spineway Inc., 100% Distimp, 100% of Spine Innovations and 5% of IMS.

Prepaid expenses

Statement in euros	Amount	31/12/2022
Prepaid expenses - OPERATING		139 337
Building rental	46 176	
Matériel rental	3 299	
Homologations	20 978	
Insurance	13 916	
Marketing and communication	14 357	
Professional fees	24 944	
Travel expenses	5 182	
Other	10 485	
Prepaid expenses - FINANCIAL		
Prepaid expenses - EXTRAORDINARY		
TOTAL		139 337

Changes in equity

Statement in euros	Equity capital closing 31/12/2021	Last year's income appropriation (1)	Retroactive contributions	Changes During period (2)	Equity capital closing 31/12/2022
Share Capital	1 576 030			-1 393 920	182 110
Premiums, share premiums	21 617 077			2 871 315	24 488 392
Goodwill					
Legal reserve	33 955				33 955
Statutory reserves					
Regulated reserves				970 767	970 767
Other reserves					
Unappropriated retained earnings	-525 685	-1 512 848		2 038 533	1 512 848
Income summary	-1 512 848	1 512 848		-1 757 551	-3 270 399
Investment grants					
Régulated provisions					
Total	21 188 529			2 729 144	23 917 673

Date of annual general meeting : 09/02/2023

Distributed dividends

Including dividends of last year's income

Opening share capital after last year's income appropriation 21 188 529

Opening share capital after retroactive contributions 21 188 529

Including change from structural modifications

Changes in equity during period excluding structural modifications 2 729 144

Self-owned shares

At the 31st of December 2022, Spineway holds 67 self-owned shares for a total of 70.35 euros. During the period, 3 327 754 shares were bought, and 364 757 shares were sold.

Operations on capital

The conversion of convertible or exchangeable bonds into new or existing ordinary shares has generated over the period from:

- January to August 2022 a capital increase of 1 615 380 euros through the creation of 14 713 624 332 shares of 0.0001 euro and an issue premium of 1 128 637.60 euros

- September to December 2022 a capital increase of 2 880 350 shares of 0.05 euros each and a issue premium of 1 742 677 euros

On September 15, 2022, the reverse stock split increased the number of shares outstanding on the stock exchange to 761 848 shares, following this operation the company carried out a capital reduction, which did not change the number of shares. The capital consisted of 761 848 shares at 0.05 euros each.

The capital as of December 31, 2022 is 182 110 euros and is composed of 3 642 198 shares of 0.05 euro each.

Cash flow statement

Statement in K euros

	12/31/2022	12/31/2021
<u>Operating activities</u>		
Self financing cash flow	-1 646	-1 335
Net result	-1 758	-1 513
Allowances and reversals of depreciation allowances	131	450
Charges without any impact on cash	-148	-272
Net book value of fixed assets transferred or out of order	129	0
Change in working capital requirements	561	-184
Inventory variations	177	192
Receivables variations	-258	-552
Other debts and receivables variations	415	215
Payables variations	227	-39
<u>Operating activities cash flow (A)</u>	-1 085	-1 519
<u>Investing activities</u>		
Tangible and intangible asset expenditures	-1 118	-490
Tangible and intangible asset disposals	0	0
Financial asset expenditures	-10 316	-582
Financial asset disposals	0	0
<u>Investing activities cash flow (B)</u>	-11 434	-1 072
<u>Financing activities</u>		
Share capital increase	3 987	13 200
Bank loans	-407	-289
Treasury instruments (MCNE & promissory notes)	66	-746
Other financing debts	-1 159	-723
<u>Financing activities cash flow (C)</u>	2 487	11 446
Impact of variation of currency rates		0
Change in cash flow and cash equivalents (A+B+C)	-10 031	8 851
Cash at the beginning of the period (D)	13 690	4 839
Cash at the end of the period (A+B+C+D)	3 659	13 690

Extraordinary Income

Statement in euros

30/12/2022

Total extraordinary income		448 643
Extraordinary items in operating income		10 499
<i>Prior period income</i>	10 499	
Extraordinary income on capital operations		2
<i>Book values of transferred assets</i>	2	
Provision reversals and expenses transfers		438 142
<i>Reversals on other regulated provisions</i>	100 894	
<i>Reversals on provision for risks and charges</i>	337 248	
Total extraordinary expenses		884 218
Provisions for extraordinary liabilities and charges		9 319
<i>Penalties and fines</i>		
<i>Prior period charges</i>	9 319	
Provisions for extraordinary capital operations		554 377
<i>Book values of transferred assets</i>	128 695	
<i>Loss on shares repurchase program</i>	337 248	
<i>Provisions for extraordinary liabilities and charges</i>	88 434	
Extraordinary depreciation provisions		320 522
<i>Allocation to other regulated provisions</i>	19 269	
<i>Provision for risks and charges</i>	301 253	
Extraordinary result		-435 575

Corporate income tax allocation

Statement in euros	Erning before after taxes - 31/12/2022	Income taxes (1)	Erning after taxes
Operating income	-1 547 749		-1 547 749
Extraordinary income (and equity investments)	-435 575		-435 575
Net income	-1 983 324		-1 983 324

(1) Including allowances / disallowances

<u>Taxe Credit</u>
Taxe credit for research and devolpment (CIR): 233 256 €
Taxe credit for innovation: 2 516 €

Financial commitments

statement in euros	31/12/2022	Financial commitments given	Financial commitments received
Notes receivable discounted			
Sureties			
Financial lease commitments			
<i>Financial lease liabilities</i>			
Pension plan commitments			
<i>Pension liabilities</i>		132 853	
		132 853	
Other commitments			
<i>Surety on inventory</i>		300 000	
<i>Surety on business capital</i>		560 000	
<i>Other commitments</i>			
Bank credit lines allowed			
		860 000	0
Total financial commitments (1)		992 853	
(1) Including :			
Executive			
Subsidiaries			
Investments in affiliates			
Other affiliates companies			

Financial commitments given :

The supported retirement commitment is constituted by the retirement indemnities (IFC) of the staff of the French entity, the legislation providing those indemnities are paid to employees at the time of their retirement, according to their seniority and of their salary at retirement age.

The 300 K€ of surety on inventory are held by banks against short term promissory notes (3 months renewable).

The 560 K€ of surety on business are granted against the 500K\$ loan taken out with Crédit Agricole.

In addition, within the framework of the acquisition of Distimp, price supplements (earn-out) are planned and depend on specific financial criteria (see financial fixed assets).

Average personnel (per head)

		31/12/2022	Internal staff	External staff
Average personnel by category	Executives		27	
	Middle level employees		5	
	Employees		3	
	Labourers		0	
	Total		35	

Average personnel including trainees : 37

Average personnel excluding trainees : 35

Executives' compensation

Statement in Euros

		31/12/2021
Members compensation		
- Of the administrative board		
- Of the executive board		
- Of the supervisory board		

In conformity with the protection of individual rights, this information is not always provided, as it would indirectly result in giving individual information.

This information is not provided as it allows the situation of the executives to be known.