

**CONSOLIDATED FINANCIAL STATEMENTS  
SPINEWAY GROUP**

**Period ending December 31<sup>st</sup>, 2022**

## Consolidated balance sheet

ASSETS (K €)	December 31, 2022	December 31, 2021
Intangible assets	9 303	2 044
<i>Goodwill</i>	5 402	507
Tangible assets	1 777	384
Financial assets	4 491	4 513
<b>fixed assets</b>	<b>15 571</b>	<b>6 941</b>
Inventory	3 929	2 415
Accounts receivable	1 884	1 673
Deferred tax assets	-	-
Other accounts receivable	787	649
Cash and cash equivalent	5 525	13 890
<b>Current assets</b>	<b>12 125</b>	<b>18 627</b>
<b>total assets</b>	<b>27 696</b>	<b>25 568</b>

Liabilities (K €)	December 31, 2022	December 31, 2021
Share capital	182	1 576
Premiums, share premium	24 502	21 617
Reserves	90	-730
net income	-3 137	-1 583
Exchange differential	372	
<b>Total shareholder's equity - Attributable to group</b>	<b>22 008</b>	<b>20 881</b>
<b>total equity</b>	<b>22 008</b>	<b>20 881</b>
Supplies	238	176
Loans and financial debts	1 430	2 398
Suppliers debts & related accounts	2 535	1 207
Fiscal & social debts	1 259	863
Other debts	226	44
<b>total debts</b>	<b>5 688</b>	<b>4 688</b>
<b>total liabilities</b>	<b>27 696</b>	<b>25 568</b>

## Consolidated profit & loss

PROFIT AND LOSS (K €)	December 31, 2022	December 31, 2021
<b>Revenue</b>	<b>7 432</b>	<b>4 290</b>
Provision written back	575	358
Other income	343	195
Capitalised production	874	572
<b>Other operating income</b>	<b>1 792</b>	<b>1 125</b>
Purchase of goods and changes in inventory	-2 320	-1 398
Other external expenses and purchases Single	-3 699	-1 941
Taxes and similar payments	-148	-74
Salaries and wages	-4 875	-2 479
Depreciation and amortizations are fixed assets	-565	-490
Depreciation and write-down allowances	-469	-396
Other expenses	-358	-47
<b>Operating expenses</b>	<b>-12 434</b>	<b>-6 825</b>
<b>Operating result</b>	<b>-3 210</b>	<b>-1 410</b>
Financial income	231	281
Financial expenses	-46	-58
<b>Financial result</b>	<b>184</b>	<b>223</b>
<b>Current result before taxes</b>	<b>-3 026</b>	<b>-1 187</b>
Extraordinary income	386	325
Extraordinary expenses	-498	-722
<b>Extraordinary result</b>	<b>-112</b>	<b>-397</b>
Corporate income tax	-	-
<b>Consolidated result</b>	<b>-3 137</b>	<b>-1 584</b>
<b>Result Attributable to controlled group</b>	<b>-3 137</b>	<b>-1 584</b>
<b>Not Controlling result</b>		
Earnings per share (€ / share)	-0,0001	-0,0001
Diluted earnings per share (€ / share)	-0,0001	-0,0001

## Variation in the consolidated equity capital

CHANGES IN EQUITY (K €)	Number of shares	Share capital	Premium, share premium	Reserves	Income	Foreign currency translation	Shares of Consolidating company	Share Attributable to equity group	Non controlling interests	TOTAL EQUITY
<b>Balance as of December 31, 2021</b>	<b>15 760 297 542</b>	<b>1 576</b>	<b>21 617</b>	<b>-698</b>	<b>-1 583</b>	<b>-35</b>	<b>-1</b>	<b>20 875</b>	<b>-</b>	<b>20 875</b>
Net income Allocated 2021				-1 583	1 583			0		-
Net income					-2 450			-2 450		-2 450
Share Capital increase	14 716 504 602	1 615	2 885					4 500		4 500
Reduction of capital	-30 473 159 946	-3 009		3 009						0
Changes in self owned shares								0		0
Currency variations				-372		372		0		0
Other variations				-269		35	1	-233		-233
<b>Balance as of December 31, 2022 without SI</b>	<b>3 642 198</b>	<b>182</b>	<b>24 502</b>	<b>87</b>	<b>-2 450</b>	<b>372</b>	<b>-</b>	<b>22 692</b>	<b>-</b>	<b>22 692</b>
Net income Allocated 2021								-		-
Net income					-687			-687		-687
Share Capital increase								-		-
Reduction of capital								-		-
Changes in self owned shares								-		-
Currency variations				-		-		-		-
Other variations				3				3		3
<b>Balance as of December 31, 2022 with SI</b>	<b>3 642 198</b>	<b>182</b>	<b>24 502</b>	<b>91</b>	<b>-3 137</b>	<b>372</b>	<b>-</b>	<b>22 008</b>	<b>-</b>	<b>22 008</b>

## Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT (K €)	December 31, 2022	December 31, 2021
Net consolidated income	-3 137	-1 583
Amortizations, depreciations and provisions	442	178
Charges without any impact on the operating income	-110	-272
Net Gains Losses gold is disposal of fixed assets	130	
<b>adjusted cash flow</b>	<b>-2 675</b>	<b>-1 677</b>
Change in inventory	-380	-137
Change in trade receivables and other accounts receivable	520	-531
Change in trade and other payable accounts payable	578	526
Variation in suppliers debts	339	25
<b>Operating activities cashflow</b>	<b>-1 620</b>	<b>-1 795</b>
Asset expenditures	-12 273	-1 085
Asset Disposals	2 078	507
Consolidating Change in scope impacts		
<b>Investing activities cash flow</b>	<b>-10 195</b>	<b>-578</b>
Increases mainly related to capital ans bond loans :	<b>4 209</b>	<b>13 200</b>
<i>Share capital increase (net of capital increase costs)</i>	4 487	
<i>Share premium</i>	4 000	1 113
<i>Bond loans issues</i>	-4 500	11 587
<i>Bond issues included in capital</i>	222	13 200
<i>Various funds received and reimbursed over the year</i>	0	-12 700
Treasury instruments (MCNE & promissory notes)	<b>66</b>	<b>-746</b>
Other reimbursements	<b>-558</b>	<b>-337</b>
<i>of which of new loans credit institutions</i>		
<i>of which repayment of loans credit institutions</i>	-411	-298
<i>COFACE third-party reimbursment</i>	-147	-60
<i>Various reimbursements</i>	0	
Impacts of changes in scope	0	21
Increase (Decrease) in FEDER repayable advances		
Advance in current accounts		-663
Own shares		
<b>Financing activities cash flow</b>	<b>3 717</b>	<b>11 454</b>
<b>Foreign currency translation</b>	<b>-268</b>	<b>-47</b>
<b>Change in cash flow and cash equivalents</b>	<b>-8 366</b>	<b>9 033</b>
Cash at the Beginning of the period	13 890	4 857
Cash at the end of the period	5 525	13 890

## Notes to the consolidated financial statements

These consolidated financial statements of SPINEWAY group cover a 6-month period, beginning on the 01/01/2022 and ending on the 31/12/2022.

All amounts are expressed in K euros unless otherwise specified.

These consolidated financial statements have been built up as if the Group has always existed.

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

### **Note 1. Presentation of the Group and significant events of the period**

#### 1.1 Information regarding the Group

These consolidated financial statements include SPINEWAY, its American subsidiary SPINEWAY INC, the company DISTIMP and the company SPINE INNOVATIONS fully acquired on July 21<sup>st</sup> 2022 (all these four entities called « the Group »).

Spineway SA is a company incorporated under French law, it is the mother company of the group. It is registered on the Register of Commerce and Companies in Lyon, under the number 484 163 985. The headquarters are located 7 allée Moulin Berger – 69130 Ecully.

Spineway Inc is a company incorporated under American law, created on the 1st of August 2016. It has a share capital of 500K\$ and is based in Miami, Florida, 990 Biscayne Blvd, in the United States.

DISTIMP is a company incorporated under French law, a subsidiary of the Group. It is registered on the Register of Commerce and Companies in Lyon, under the number 843 516 782. The headquarters are located 7, allée Moulin Berger - 69130 Ecully.

SPINE INNOVATIONS is a company incorporated under French law, a subsidiary of the Group. It is registered on the Register of Commerce and Companies in Lyon, under the number 887 534 501. The headquarters are located 11 rue St Jean de Dieu – 69007 Lyon.

Spineway Group is a specialized company in surgical solutions for the spinal column. It designs, manufactures and markets innovative implants and surgical instruments for treating severe disorders of the spinal column (lumbar, thoracic and cervical)

The use of surgical implants is recommended by specialized orthopedics and neurologic surgeons, after a diagnostic of severe disorders which require a surgical operation to correct and stabilize the spinal column of the patient.

## 1.2 Significant events from 2022

- A dynamic year

Following the acquisitions of Distimp (2021) and especially Spine Innovations (2022), the Group has been able to strengthen its geographical positions, develop its presence on the French market in particular, and extend its premium ranges. Its Group turnover thus increased by 73% to reach 7.4 M€, or 10 M€ pro forma 1 year, its highest level ever. Spineway's contribution is 4.4 M€, up +13%.

- Reinforcement of equity

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from January 2022 to September 15, 2022 generated 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 reversed its shares by exchanging 1 new share with a nominal value of 4.00 euros for 40 000 old shares of 0.0001 euro nominal value.

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 generated a capital increase of 2 880 350 shares of 0.05 euros each and an issue premium of 1 755 982 euros.

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

- Group strategic growth plans

On July 21<sup>st</sup>, 2022, the Spineway Group announced the acquisition of 100% of the capital of the French company Spine Innovations, a company specializing in cervical and lumbar disc prostheses. The company has developed, in collaboration with renowned French surgeons, and after more than 10 years of Research & Development, the first viscoelastic lumbar prosthesis called "LP-ESP" which was implanted in 2004 at the University Hospital of La Pitié Salpêtrière in Paris. Patented one-piece ESP viscoelastic (shock-absorbing core) disc prostheses allow surgeons to implant a device that mimics the movement and behavior of a natural disc. They are now used in more than 15 countries and Spine Innovations aims to become a key player in the field of disc prostheses worldwide thanks to this innovative technology.

Based in Lyon and Mulhouse, Spine Innovations relies on a team of 15 people and mainly markets its products in France, Europe and Australia. Over the 2020/2021 financial year, the company achieved a turnover of €4.2 million, of which 76% internationally. Positioned in a segment and territories complementary to those of Spineway, Spine Innovations offers numerous 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 expand its teams.

- IMS participation

Since Integral Medical Solutions (IMS) did not deploy the operational plan provided for when it acquired a stake in the Spineway Group, the latter had initiated proceedings before the Geneva Arbitral Tribunal, which rendered an award dated January 20, 2022 in favor of Spineway, ordering them to pay the full purchase price of the shares, ie €4,160,000 plus interest, and to reimburse it for the arbitration costs incurred. IMS has never responded to the various ongoing procedures that are continuing as a result.

To date, there is no indication of loss of value of IMS shares.

#### 1.4 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 31<sup>st</sup>, 2022, a line of financial notes amounts 200 000 euros.

#### 1.5 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.



## **Note 2. Accounting principles and consolidation rules**

### 2.1 Basis of preparation of the financial statements

These consolidated financial statements beginning on the 01/01/2022 and ending on the 31/12/2022 were approved by the board of Direction on February 9<sup>th</sup> 2023.

### 2.2 Accounting standards

The consolidated accounts were prepared in accordance with the French general rules and principles.

The accounting rules and methods applied comply with ANC regulation n ° 2020-01 applicable since January 1<sup>st</sup>, 2021.

The financial statements of consolidated foreign companies, prepared in accordance with the rules in their respective countries, are restated to comply with Group principles.

The consolidated accounts have been approved by the Chairman of the Board of Directors in accordance with the principle of going concern.

### 2.3 Consolidation method

The consolidation methods are the following:

- The companies over which the Group has exclusive control are consolidated through full integration.
- Jointly controlled companies are consolidated by the proportional method
- Entities over which the Group has significant influence are accounted for using the equity method.

Non-significant subsidiaries or shareholders and about to be sold were not consolidated.

These consolidated financial statements include SPINEWAY, its 100% owned American subsidiary SPINEWAY Inc, fully owned, its French subsidiary DISTIMP fully owned since June 25<sup>th</sup>, 2021, and , its French subsidiary SPINE INNOVATIONS fully owned since July 21<sup>st</sup>, 2022. Those 3 subsidiaries are consolidated under the full integration method.

No change in method is to be noted for the 2022 financial year.

### 2.4 Rules and accounting methods

The consolidated accounts respond to the following principles:

- Historical cost convention
- Continuity of business activity
- Continuity of accounting rules and principles
- Separation and independence of accounting periods.

## 2.4.1 Consolidation adjustments

After harmonization, the following rules were respected:

- The use of accounts covering a 12-month period beginning on the 01/01/2022 and ending on the 31/12/2022 for all the Group entities,
- The application of homogeneous accounting methods for all the Group entities
- The elimination of intercompany transactions between the Group entities

### 2.4.1.1 Goodwill

The difference between the acquisition cost and the acquiring company's share in the fair value of the identifiable assets and liabilities of the acquired company is recorded on the assets side of the consolidated balance sheet under the heading "Intangible assets" when it is positive, on the liabilities side of the balance sheet in a specific item when it is negative.

When a business is acquired, the cost of acquiring the securities is allocated, based on their fair value, to the identifiable assets and liabilities of the business acquired. The fair value of identifiable intangible assets, such as brands and licenses, is determined by reference to generally accepted methods, such as those based on revenues, costs, or market value.

The Group determines the useful life, whether limited or not, of the goodwill, based on a documented analysis of the relevant characteristics of the relevant acquisition transaction, on technical, economic, and legal aspects.

Where there is no foreseeable limit to the period during which the goodwill will provide economic benefits to the group, the latter is not amortized.

When, upon acquisition, there is a foreseeable limit to its useful life, goodwill is amortized on a straight-line basis over this period, or, if it cannot be determined reliably, over 10 years.

Any significant change in the useful life of goodwill is treated prospectively.

The Group identifies, at each closing of accounts, whether there is an indication that goodwill may have lost value. When there is an indication of impairment, an impairment test is performed: the net book value of the goodwill is compared to its current value. If its present value falls below its net book value, the latter is reduced to the present value through depreciation.

When the useful life of goodwill is unlimited, the impairment test is performed at least once per fiscal year, whether or not there is an indication of impairment.

The recorded depreciations are never reversed.

When the period of use of the goodwill, originally estimated as unrestricted, becomes limited with regard to one of the criteria mentioned in the second paragraph of this article, an impairment test is carried out; goodwill, if applicable impaired, is amortized over the remaining useful life.

### 2.4.1.2 Foreign currency transactions

The accounts of subsidiaries whose functional currency is different from the euro have been converted using the historical cost method. According to this method, the conversion is carried out as follows:

- Non-monetary items, including shareholders' equity, are converted at the historical rate, i.e. the exchange rate on the date of entry of the items into the consolidated assets and liabilities;
- Monetary items are converted at the exchange rate on the closing date;

- Income and expenses are, in principle, converted at the exchange rate in force on the date they are recorded; in practice, they are converted at the average rate for the year.

The application of this method is effective for the first half of 2022 due to the strengthening of the traceability of the information involved in the calculation of the equity translation difference. This generates an impact in equity of 372 k€.

#### 2.4.1.3 Deferred taxes

In accordance with the requirements ANC 2021-01, the Group recognizes deferred taxes in the event of temporary differences between the tax and book values of assets and liabilities on the consolidated balance sheet. If the amounts are significant.

In accordance with the liability method of tax allocation, the effect of any changes in tax rates on deferred taxes recorded earlier is entered in the income statement for the financial year in which the changes in rates became known.

The taxes restatements for foreign affiliates are estimated at the tax rate in force in the country concerned. The tax rate in the United States of America is progressive and depends on numerous factors (amount of prior losses ...).

Total deferred tax assets resulting from temporary differences and tax loss must not exceed the estimated value of the tax that may be recovered. This probability is estimated at each year end closure.

Over the presented periods, the tax loss carryforwards are not capitalized as there is no visibility on their imputation against future revenues.

#### 2.4.2 Accounting principles

##### 2.4.2.1 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 first half to the recognition of capitalized production of development costs in the Intangible assets in progress account for an amount of 874 086 € for the year 2022 against 572 244 € for 2021.

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

Over 2022, 588 647 euros of R&D project costs were activated, they are amortized on a straight-line basis over 5 years. On 2021, the Group activated 249 611 euros of R&D projects costs.

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 2021, 326 496 euros were depreciated following project stoppages.

As of December 31<sup>st</sup>, 2022, total activated R&D project costs amounted to 838 258 euros, their amortization amounts 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.

#### 2.4.2.2 Tangible and intangible 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.

- \* Research and developments costs : 3 to 5 years
- \* Establishment fees: 5 years
- \* Concessions and similar rights, patents, licenses: 1 to 2 years
- \* Software: 1 to 5 years
- \* Other intangible assets: 8 to 10 years (patents)
- \* Equipment testing/controls: 1 to 2 years
- \* Industrial machinery and equipment: 3 years 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

By simplification, the depreciable life withheld for goods that are not decomposable is their expected useful life.

A change in estimate has been made on tangible assets regarding the instrument kits. The amortization period for instrument kits is increased from 3 years to 7 years from January 1<sup>st</sup>, 2022, a period corresponding to the average duration of use of the instruments according to quality data and analyses. The impact of this change is 31 731 euros.

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

**Lease :**

Goods acquired via financial lease are booked as tangible assets against the corresponding debt recognized in borrowings for the same amount. The corresponding assets are depreciated over a useful life identical to that of property, plant and equipment acquired.

The amortizations of the CB in progress are linear over the duration of the contract.

The capitalization of leasing contacts, if significant, leads to rise a deferred tax asset, when appropriate.

#### 2.4.2.3 Financial assets

This item largely consists of:

- equity interests in companies that are not included in the scope of consolidation
- guarantees and deposits paid

A provision for depreciation is booked if the book value of the participations is less than the acquisition cost. The value at year-end is the value in use which represents what a company would agree to pay to acquire these securities if it had to acquire them. Among the elements taken into consideration : profitability, a cost-benefit perspective, shareholders' equity, ...

#### 2.4.2.4 Stocks

- Group without Spine Innovations

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, merchandizes, 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.

Inventories were, where applicable, depreciated by means of a provision for depreciation to take account of their net realizable value on the closing date of the accounts, if the latter is lower than the net book value.

The inventories mainly consist of merchandize for sale.

The company reviewed and readjusted its inventory values as of December 31, 2021 (the expiration date of certain batches of products) and in particular:

- 100% depreciation of expired, obsolete, waste, unusable products (CE 0434 marking) and whose expiration is less than 1 year
  - 50% depreciation of expiries between 1 and 2 years
  - Depreciation between 95% and 100% of slow-moving stocks
  - Depreciation at 91% of isolated products.
- Spine Innovations

As the company was acquired during the second half of 2022, the inventory valuation method applied (Weighted Average Unit Cost recalculated at each inventory entry invoice) has not been modified.

#### 2.4.2.5 Receivables

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

As part of its trading activity, the Group ensures its working capital requirements by the use of short-term instruments such as cross border claims mobilized (MCNE).

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

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

#### 2.4.2.6 Provisions and contingencies

A provision is recorded as soon as there is an obligation (legal or implied) in relation to a third party, insofar as it may be reliably estimated, and it is likely to be reflected in an outflow of resources for the Group.

A contingent liability is either:

- a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events, that are not under the full control of the business
- a present obligation arising from past events, but which is not recognized either because an outflow of resources is unlikely or because the amount of the obligation cannot be measured with sufficient reliability.

#### 2.4.2.7 Retirement benefits

The Group does opt for application of the preferred method: the commitments of the Group's entities are booked as a liability on the balance sheet under provisions for risks and expenses.

The retirement benefit imposed on the Group is made up of the termination benefits of the French 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 used are identical for both compared periods.

#### 2.4.2.8 Long-term liabilities

Loans are valued at their nominal value.

The costs relating to the issue of bonds are directly absorbed.

Accrued interests are recorded in the liabilities, at the interest rate specified in the contract.

Guarantees and advances given by public entities to support research activities of the company or commercial prospection, and for which repayments are conditional, are recognized in financial liabilities.

In case of failure, the debt write-off granted is recorded as a grant.

#### 2.4.2.9 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 when 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 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.

#### 2.4.2.10 Lease contracts

The Group uses some long-term leasing contracts regarding the vehicles fleet and computer equipment. Given the frequency of renewal of the goods in use, no adjustment has been made.

The goods involved in leasing contacts are not included in the assets.

#### 2.4.2.11 Professional fees

The fees of the French statutory auditors' amount, for the year 2022, to 73 779€ for all of the Group's entities.

#### 2.4.2.12 Financial income

The financial income is mainly due to interests on loans and Forex losses and gains.

#### 2.4.2.13 Extraordinary income

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

#### 2.4.2.14 Tax credits

In application of the general principle of the predominance of substance over form in the consolidated accounts and, in particular, of restatement of tax entries provided for in ANC regulation 2020-01, tax credits (research tax credits and innovation tax credits) are presented under “Other income”.

#### 2.4.2.15 Earning per share

Net income per share is calculated dividing the net income attributable to equity holders by the smoothed average number of outstanding stocks during the financial period.

Diluted earnings per share is computed in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents.

#### 2.4.2.16 Receivable under assignment

Assignments of receivables guaranteed by the factoring company are recognized on the day of the assignment of receivables.

### 2.5 The use of judgements and estimates

The preparation of financial statements requires the use of judgements and estimates by the management of the Group; which may affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and of revenue and expenses for the financial year.

These estimates assume the business will continue to operate as a going concern and are measured using information available at the time of preparation. They are continuously assessed based on past experience, as well as various other factors deemed to be reasonable that represent the basis for the assessments of the carrying amount of assets and liabilities. Estimates may be revised if the circumstances on which they are based change or if new information arises. Actual results could differ significantly from these estimates under different assumptions or conditions.

In the preparation of these consolidated financial statements, the main estimates and assumptions made by the Direction and the principal assumptions are:

- the evaluation and depreciation of tangible and intangible assets
- the calculation of deferred taxes
- the calculation of provisions

### 2.6 Segment information

The Group only identified one operational segment which corresponds to the design, the manufacturing and the marketing of innovative implants and surgical instruments for treating severe disorders of the spinal column.



## Note 3. Notes on the consolidated balance sheet

### 3.1 Intangible assets

INTANGIBLE ASSETS GROSS (K €)	Probate fees	R&D expenses	Software	Goodwill	Other intangible assets	Assets in progress & advances	total gross
<b>Balance as of Dec 31, 2020</b>	<b>123</b>		<b>152</b>		<b>13</b>	<b>1 241</b>	<b>1 528</b>
Increase		569	11			3	583
Decrease		-319					-319
transfers			75	507	3		585
Currency translation							-
<b>Balance as of Dec 31, 2021</b>	<b>123</b>	<b>250</b>	<b>238</b>	<b>507</b>	<b>16</b>	<b>1 245</b>	<b>2 377</b>
Increase		589	14				603
Decrease						266	266
transfers			2 094	4 745			6 839
Currency translation				150			150
<b>Balance as of Dec31, 2022</b>	<b>123</b>	<b>838</b>	<b>2 346</b>	<b>5 402</b>	<b>16</b>	<b>1 511</b>	<b>10 234</b>

INTANGIBLE ASSETS GROSS (K €)	Probate fees		Software		Other intangible assets	Assets in progress & advances	total gross
<b>Balance as of Dec 31, 2020</b>	<b>-114</b>		<b>-129</b>		<b>-12</b>	<b>-</b>	<b>-255</b>
Amortizations	-9	-24	-26		-1		-60
Decrease		-326					-326
transfers		319					319
Changes in scope			-10		-2		-12
Depreciation							-
Currency translation							-
<b>Balance as of Dec 31, 2021</b>	<b>-123</b>	<b>-31</b>	<b>-165</b>	<b>-</b>	<b>-15</b>	<b>-</b>	<b>-334</b>
Amortizations		-69	-35		-1		-104
Decrease							-
Depreciation							-
Changes in scope			-493				-493
Currency translation							-
<b>Balance as of Dec 31, 2022</b>	<b>-123</b>	<b>-100</b>	<b>-693</b>	<b>-</b>	<b>-16</b>	<b>-</b>	<b>-932</b>

intangible assets NET (K €)	0		0		0	0	Net total
Balance as of Dec 31, 2021	0	219	72	507	1	1 245	2 044
Balance as of Dec 31, 2022	-	738	1 653	5 402	-0	1 511	9 303

\*The amount of 1 511K€ of assets in progress are related to the R&D costs.

The breakdown by geographical area, sector of business activity or currency (which represents over 10% of the total consolidated) for the tangible assets is not relevant as the amount of assets of the American subsidiary are not significant.

The probate fees represent the costs incurred to get commercialization allowances which already exist in order to avoid paying the project costs.

#### Goodwill of the company DISTIMP

SAS DISTIMP, 100% acquired on June 25<sup>th</sup>, 2021 for 580 K€ including acquisition costs, gave rise to the recognition of goodwill, adjusted where applicable by earn-out payable on the basis of the accounts at 30 June in 2022, 2023 and 2024. These earn-outs are based on actual revenue, gross margin, working capital requirement and activity-specific expenditure envelope (regulatory costs, loan of kits of instruments) noted at the end of June.

Thus, goodwill is adjusted each year when an earn-out is payable for the financial year concerned. No supplement is due in 2022.

#### Goodwill of the company SPINE INNOVATIONS

The company SPINE INNOVATIONS acquired at 100% on July 21, 2022 for 5,430 M€ including acquisition costs gave rise to the recognition of goodwill adjusted, where applicable, by any additional price based on the level of the turnover and margin from July 1<sup>st</sup> 2023 to June 30<sup>th</sup> 2024, and capped at 2 M€.

The Group believes that there is no foreseeable limit to the period during which goodwill will provide economic benefits to the Group. So the latter is not depreciated. The company will perform an impairment test annually to ensure the fair value of goodwill.

The impact of the acquisition of Spine Innovations on the summary statements is as follows:

ASSETS (K €)	Consolidated Group without Spine Innovations	Spine Innovations	December 31, 2022
Intangible assets	2 958	6 345	9 303
<i>Goodwill</i>	657	4 745	5 402
Tangible assets	708	1 069	1 777
Financial assets	14 650	-10 159	4 491
<b>fixed assets</b>	<b>18 317</b>	<b>-2 745</b>	<b>15 571</b>
Inventory	2 703	1 226	3 929
Accounts receivable	1 328	557	1 884
Deferred tax assets	-	-	-
Other accounts receivable	544	243	787
Cash and cash equivalent	3 765	1 759	5 525
<b>Current assets</b>	<b>8 340</b>	<b>3 785</b>	<b>12 125</b>
<b>total assets</b>	<b>26 657</b>	<b>1 040</b>	<b>27 696</b>

Liabilities (K €)	Consolidated Group without Spine Innovations	Spine Innovations	December 31, 2022
Share capital	182	-	182
Premiums, share premium	24 502	-	24 502
Reserves	87	3	90
net income	-2 450	-687	-3 137
Exchange differential	372	-	372
<b>Total shareholder's equity - Attributable to group</b>	<b>22 692</b>	<b>-684</b>	<b>22 008</b>
<b>Non controlling interest</b>			
<b>total equity</b>	<b>22 692</b>	<b>-684</b>	<b>22 008</b>
Supplies	188	50	238
Loans and financial debts	1 381	49	1 430
Suppliers debts & related accounts	1 169	1 366	2 535
Fiscal & social debts	1 001	259	1 259
Other debts	226	0	226
<b>total debts</b>	<b>3 964</b>	<b>1 724</b>	<b>5 688</b>
<b>total liabilities</b>	<b>26 657</b>	<b>1 040</b>	<b>27 696</b>

PROFIT AND LOSS (K €)	Consolidated Group without Spine Innovations	Spine Innovations	December 31, 2022
<b>Revenue</b>	<b>5 754</b>	<b>1 677</b>	<b>7 432</b>
Provision written back	555	21	575
Other income	343	0	343
Capitalised production	874	-	874
<b>Other operating income</b>	<b>1 772</b>	<b>21</b>	<b>1 792</b>
Purchase of goods and changes in inventory	-1 810	-510	-2 320
Other external expenses and purchases Single	-3 011	-688	-3 699
Taxes and similar payments	-136	-12	-148
Salaries and wages	-3 982	-892	-4 875
Depreciation and amortizations are fixed assets	-401	-164	-565
Depreciation and write-down allowances	-451	-18	-469
Other expenses	-217	-141	-358
<b>Operating expenses</b>	<b>-10 009</b>	<b>-2 425</b>	<b>-12 434</b>
<b>Operating result</b>	<b>-2 483</b>	<b>-727</b>	<b>-3 210</b>
Financial income	231	-	231
Financial expenses	-46	-0	-46
<b>Financial result</b>	<b>185</b>	<b>-0</b>	<b>184</b>
<b>Current result before taxes</b>	<b>-2 298</b>	<b>-728</b>	<b>-3 026</b>
Extraordinary income	348	39	386
Extraordinary expenses	-500	2	-498
<b>Extraordinary result</b>	<b>-152</b>	<b>41</b>	<b>-112</b>
Corporate income tax	-	-	-
<b>Consolidated result</b>	<b>-2 450</b>	<b>-687</b>	<b>-3 137</b>
<b>Result Attributable to controlled group</b>	<b>-2 450</b>	<b>-687</b>	<b>-3 137</b>
<b>Not Controlling result</b>			

The revenue and income of the entity included in the scope, for the period from the date of acquisition to the end of the financial year are as follows:

- Turnover from January 1 to December 31, 2022 : 3 934 129 euros
- Result from January 1 to December 31, 2022 : - 1 629 778 euros

### 3.2 Tangible assets

TANGIBLE ASSETS GROSS (K €)	constructions	Instal. Techn., Mat. & Out.	Other tangible assets	Assets in progress & advances	total gross
<b>Balance as of December 31, 2020</b>	<b>98</b>	<b>5 446</b>	<b>429</b>	<b>-</b>	<b>5 973</b>
Increase	9	217	30	3	260
Decrease		-3	-32		-35
change in scope		43	9		52
<b>Balance as of December 31, 2021</b>	<b>107</b>	<b>5 702</b>	<b>435</b>	<b>3</b>	<b>6 248</b>
Increase	39	463	21		524
Decrease		-3 427		-3	-3 430
change in scope					-
<b>Balance as of December 31, 2022</b>	<b>146</b>	<b>4 246</b>	<b>491</b>	<b>495</b>	<b>5 378</b>

Amortizations OF TANGIBLE ASSETS (K €)	constructions	Instal. Techn., Mat. & Out.	Other tangible assets	Assets in progress & advances	total Amortization
<b>Balance as of December 31, 2020</b>	<b>-78</b>	<b>-4 948</b>	<b>-398</b>	<b>-</b>	<b>-5 424</b>
Amortizations	-10	-386	-35		-431
Decrease		3	32		35
Changes in scope		-21	-2		-23
Currency translation		-20			-20
					-
<b>Balance as of December 31, 2021</b>	<b>-88</b>	<b>-5 373</b>	<b>-403</b>	<b>-</b>	<b>-5 864</b>
Amortizations	-12	3 263	-19		3 232
Decrease		-			-
Changes in scope		-812	-13		-825
Currency translation					-
					-
<b>Balance as of December 31, 2022</b>	<b>-100</b>	<b>-2 923</b>	<b>-435</b>	<b>-</b>	<b>-3 457</b>

tangible assets NET (K €)	constructions	Instal. Techn., Mat. & Out.	Other tangible assets	Assets in progress & advances	Net total
Balance as of December 31, 2021	19	329	33	3	384
Balance as of December 31, 2022	46	1 323	56	495	1 921

Technical installations are instruments kits provided to customers, either deposited either lent.

### 3.3 Financial assets

FINANCIAL ASSETS GROSS (K €)	Equity securities	Account receivables related to participante interests	Deposits and Guarantees	Other receivables	Gross total
<b>Balance as of December 31, 2020</b>	<b>4 420</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>4 510</b>
Increase	-	-	-	-	-
Decrease	-	-	-	-	-
Changes in scope			3		3
<b>Balance as of December 31, 2021</b>	<b>4 420</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>4 513</b>
Increase	-	-	-	-	-
Decrease	-	-	-50	-	-50
Changes in scope			28		28
<b>Balance as of December 31, 2022</b>	<b>4 420</b>	<b>-</b>	<b>70</b>	<b>-</b>	<b>4 490</b>

Amortization of financial assets (K €)	Equity securities	Account receivables related to participante interests	Deposits and Guarantees	Other receivables	total amortization
<b>Balance as of December 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Endowment					
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Endowment					
<b>Balance as of December 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Financial Assets NET (K €)	Equity securities	Account receivables related to participante interests	Deposits and Guarantees	Other receivables	Net total
Balance as of December 31, 2021	4 420	-	93	-	4 513
Balance as of December 31, 2022	4 420	-	70	-	4 490

Non-consolidated investments consist of a minority interest in INTEGRAL MEDICAL SOLUTIONS (IMS), the leading holding company of a group of companies in the health sector, heavily invested in hospital management in Latin America and Africa.

### 3.4 Stocks

Inventory (K €)	December 31, 2022	December 31, 2021
Inventory of goods	5 112	3 466
<b>Gross amount</b>	<b>5 112</b>	<b>3 466</b>
Depreciation and write-down	-1183	-1051
<b>Net amount</b>	<b>3 929</b>	<b>2 415</b>

The inventories mainly consist of merchandize for sale. The provision for depreciation concerns some batches of products that have reached the end of their expiry date, are obsolete, must be scrapped or whose CE marking number no longer allows them to be considered for sale. It also relates to impairments for slow rotation.

### 3.5 Trade and other receivables

Customers (K €)	Gross amount	Overdue under 2 months	Overdue entre 2 months and 1 year	Overdue past one year	depreciations	net amount
Balance as of December 31, 2021	1 864	1 382	219	263	-260	1 604
Balance as of December 31, 2022	1 984	1 790	282	11	-101	1 884

The end users of the company's products are hospitals and clinics who have particularly long payment terms, especially in certain countries. This explains the outstanding trade receivables.

On 2022, Spineway classified the debt of 11 distributors as doubtful customer for a total of 50 176 euros and wrote off receivables accrued in previous years for 209 033 euros. The total amount of doubtful customers as of December 31<sup>st</sup>, 2022 amounts to 100 673 euros fully depreciated.

### 3.6 Deferred tax assets

The tax loss carryforwards amount 28 M€ at December 31<sup>st</sup>, 2022. They were not activated in the absence of visibility as to their allocation to future results.

As a result, and in a sake of coherence, the total deferred tax assets resulting from consolidation adjustments and temporary differences (non-significant) has not been recorded.

### 3.7 Other receivables

TAX CREDITS AND OTHER CURRENT ASSETS (K €)	December 31, 2022	December 31, 2021
Tax credit for research and development	223	387
Tax credit for innovation	3	17
Tax credit for employee compétitivité		6
Tax receivables (VAT, ...)		74
Social receivables institution	375	7
Spineway Iberica	12	13
deferred expenses	0	113
Miscellaneous receivables	174	7
Currency translation		25
Shares intended to be distributed		
<b>Gross value</b>	<b>787</b>	<b>649</b>
Depreciation and write downs		
<b>Net value</b>	<b>787</b>	<b>649</b>

At December 31<sup>st</sup>, 2022 the research tax credit has an amount of 223 256 euros and the tax credit for innovation has an amount of 2 516 euros.

The research tax credits, and innovation tax credits are presented in the « Other income » caption.

### 3.8 Availabilities

CASH AND CASH EQUIVALENTS (K €)	December 31, 2022	December 31, 2021
Bank accounts	5 510	3 897
Short term deposits	15	4906
Factoring		61
Bonds investment		5000
<b>Cash and cash equivalents</b>	<b>5 525</b>	<b>13 864</b>
<b>Outstanding bank overdrafts</b>	<b>-</b>	<b>26</b>
<b>net cash</b>	<b>5 525</b>	<b>13 890</b>

### 3.9 Share capital

See paragraph 1.2

The capital on December 31<sup>st</sup>, 2022 was made up of 3 642 198 shares of 0,05 euro each. The capital amounts 182 100 euros.



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

The implementation of the financing plan was as follow :

In K€	Obligatory loan amount :	Of which :		Which generated :	
		Brought in cash	Issued for clearing compensations :	Commitment fees	Compensations for :
<b>Phase 1</b>					
Tranche 1 - Dec 23rd 2019	2 000	2 000	0	1 450	2 275
Tranche 2 - March 30th 2020	1 800	300	1 500		2 047
<b>Phase 2</b>					
Tranche 1 - April 16th 2020	2 800		2 800		2 324
Tranche 2 - May 21st 2020	750	750	0		251
Tranche 3 - September 77th 2020	2 000	1 314	686		976
Tranche 4 - November 13th 2020	1 000	24	976		
<b>Phase 3</b>					
Tranche 1 - Dec 21st 2020	1 000	1 000	0		
Tranche 2 - January 4th 2021	1 000	1 000	0		
Tranche 3 - January 19th 2021	1 500	1 500	0		
Tranche 4 - February 12th 2021	1 000	1 000	0		
Tranche 5 - February 17th 2021	1 000	1 000	0		
Tranche 6 - February 18th 2021	500	500	0		
<b>Phase 4</b>					
Tranche 1 - March 2nd 2021	3 000	3 000	0		
Tranche 2 - March 15th 2021	2 000	2 000	0		
Tranche 3 - March 24th 2021	1 500	1 500	0		
Tranche 4 – October 11th 2021	1 700	1 700	0		
Tranche 5 – April 12th 2022	1 500	1 500	0		
Tranche 6 – June 21st 2022	2 500	2 500	0		
	28 550	22 588	5 962	1 450	7 873
				9 323	

The Board of Directors of July 12<sup>th</sup>, 2021, upon delegation from the Combined General Meeting of March 8<sup>th</sup>, 2021, had decided to set up a free share allocation plan consisting of a maximum number of 1 458 278 239 free shares, ie 10% of the Company's share capital on the day of the decision in favor of all members of the Management Committee as composed on the date of the decision.

The conditions of presence on the expiry date of the vesting period on July 12<sup>th</sup>, 2022, and of the achievement of collective (50%) and individual (50%) performance conditions specific to each manager concerned by the plan having been met, the allocation of 100% of the shares was acquired on July 12<sup>th</sup>, 2022. A share buyback program made it possible to allocate the shares concerned. These have a retention period of one year (until July 12, 2023).

### 3.10 Provisions

PROVISIONS (K €)	Litigation HR	Pensions and Assimilated bonds	other	Accrual for foreign exchange variation	Total
<b>Balance as of December 31, 2020</b>	-	73	36	-	110
Adjustment				297	297
Increase		49		1	50
Reversal			-7	-274	-281
<b>Balance as of December 31, 2021</b>	-	123	29	25	177
Adjustment					-
Increase		13	24		37
Reversal					-
Write back of provision ot used	-39	-13		-25	-77
Change in scope	58	44			101
<b>Balance as of December 31, 2022</b>	19	167	53	-	238

The retirement benefits calculating assumptions are based on the following actuarial data:

	December 31, 2022	December 31, 2021
Retirement age	62 years old - president 67 years old	Between 62 and 67 years
discount rate	3,77%	0,98%
Wages growth rate	0%	0%
Rate of social security	44% ©, 22% (NC)	44% ©, 22% (NC)
Mortality table	Insee 2016-2018	Insee 2016-2018
Probability of presence at retirement age (Before mortality)	Less than 30 years 85% From 30 to 40 years: 90% From 40 to 50 years: 97% From 50 to 60 years: 100% More than 60 years: 100%	Less than 30 years 85% From 30 to 40 years: 90% From 40 to 50 years: 97% From 50 to 60 years: 100% More than 60 years: 100%

It should be remembered that the Group does opt for application of the preferred method: the commitments of the Group's entities are booked as a liability on the balance sheet under provisions for risks and expenses for 167K€ at December 31<sup>st</sup>, 2022 versus 123K€ at December 31<sup>st</sup>, 2021.

The retirement benefit imposed on the Group is made up of the termination benefits of the French 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 used are the following:

- Discount rate : 3.77% at June 30<sup>th</sup>, 2022 (0,98% at 31<sup>st</sup> of December 2021)
- Mortality table : according to the INSEE 2016-2018 at December 31<sup>st</sup>, 2022 as at December 31<sup>st</sup> 2021
- Staff turnover low

### 3.11 Borrowings and financial debts

Debt statements	Gross amount	Issued	Reimbursed	Changes in scope	Other variations	Balance as of December 31, 2022
Loans	1 623		-438			1 185
Accrued interest is loans	2	5				7
Jump	500	4 000			-4 500	-
Overdrafts - bank promissory notes	1		-1			-
Factoring of receivable abroad	134	729	-663			200
Guarantee COFACE	137		-31		-116	-10
Financial lease debts				49		49
						-
<b>TOTAL</b>	<b>2 397</b>	<b>4 734</b>	<b>-1 132</b>	<b>49</b>	<b>-4 616</b>	<b>1 430</b>

The maturity schedule for financial debts:

Debt statements	Gross amount	Under 1 year	Between 1 and 5 years	Over 5 years
Loans	1 185	567	618	
Accrued interest is loans	7	7		
Bond issue	-	-		
Overdrafts - bank promissory notes	-	-		
Factoring of receivables abroad	200	200		
COFACE guarantee	-10	-10		
Financial lease debts	49	8	32	8
<b>TOTAL</b>	<b>1 431</b>	<b>774</b>	<b>650</b>	<b>8</b>

The MCNE (cross border claims mobilized) and BL (promissory notes) have both floating rates.

The details of short-term instruments used at December 31<sup>st</sup> 2022 are as follows:

MCNE (cross border claims mobilized) : 199K€ used on a total of 200 K€. The MCNE reach maturity upon payment of the invoice by the customer.

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.

As of December 31<sup>st</sup>, 2022, Spineway has recorded 8 bank loans in progress.

In the context of COVID-19, the French company has subscribed to five State Guaranteed Loans for a total of 1 308 K€ 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 four loans to one year. The first reimbursements occurred in June 2022. The reimbursement of one State Guaranteed Loan has started in June 2021.

Regarding the 3 loans which cover 14% of the remaining amounts at the date of December 31<sup>st</sup> 2022 under the borrowings contracted by Spineway, the covenants for example are:

- To allow controls on the accuracy of evidence provided on the basis of records or on the spot
- Obligation to furnish information:
  - Accounting records (annual accounts, interim financial statements ...)
  - Major changes in the financial situation (any event likely to affect significantly the volume of financial commitments, any decision of breaking away or non-renewal regarding short term bank borrowings, ...) or legal (change in social form, change of representative, collective proceeding, loss of half the corporate capital, merger, ...)
- To wholly archive the purpose of the loan and to inform the lender of any change which leads to modify the initial purpose of the funded and financed project.
- To supply all evidences related to the purpose of the loan and the amount of the expenditure.

Regarding the borrowing contracted in dollars:

- To bear the exchange risk rate and establish the required reporting requested by the regulation of foreign exchange.

At December 31<sup>st</sup> 2022, Spineway anticipates no non-compliance of these covenants.

The two main loans contracted by Spineway were taken out by BPI for a global amount of 1 000 K€. They have both ended and fully repaid on the financial year 2022.

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, 60 K€ in 2021 and 32 K€ in 2022 and has reclassified 116 000 euros 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.

### 3.12 Liabilities

<b>SUPPLIERS AND OTHER DEBTS (K €)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Suppliers	2535	1207
Social institutions and contributions	1144	824
Tax payable	125	41
Other payable	5	12
Currency translation deferred revenues	210 1	31
<b>TOTAL</b>	<b>4 020</b>	<b>2 115</b>

<b>Maturity (K €)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
under 1 year	4 020	2 115
over 1 year		
<b>TOTAL</b>	<b>4 020</b>	<b>2 115</b>

## **Note 4. Notes on the consolidated profit and loss**

### 4.1 Revenue

Spineway designs, manufactures and markets innovative implants and surgical instruments for treating severe disorders of the spinal column.

Revenue (K €)	December 31, 2022		December 31, 2021	
Sales of goods France	1 902	26%	734	17%
Sales of goods - USA	4	0%	29	1%
Sales of goods - Abroad	5 526	74%	3 527	82%
<i>ASIA</i>	1 366	25%	1 003	28%
<i>EUROPE</i>	1 003	18%	229	6%
<i>AMLAT</i>	2 548	46%	1 983	56%
<i>MEA</i>	609	11%	312	9%
<b>Revenue</b>	<b>7 431</b>	<b>100%</b>	<b>4 290</b>	<b>100%</b>

### 4.2 Other products

Other operating income (K €)	December 31, 2022		December 31, 2021	
Tax credit for research and development	223	96%	167	86%
Tax credit for innovation	3	2%	6	3%
US subvention	116	0%		0%
Other income	1	0%	22	11%
<b>Other operating income</b>	<b>343</b>	<b>98%</b>	<b>195</b>	<b>100%</b>

The other income consists of the research tax credit from the French company.

### 5.3 Financial income

Financial result (€ K)	December 31, 2022	December 31, 2021
Exchange gains	2	
Other financial income	204	281
Reversal of provisions	25	
<b>Financial income</b>	<b>231</b>	<b>281</b>
Interest is loans	-14	-49
Exchange Losses	-9	-9
Other financial Losses	-24	
<b>Financial expenses</b>	<b>-47</b>	<b>-58</b>
<b>Financial result</b>	<b>184</b>	<b>223</b>

The financial result is mainly composed exchange gains and losses, interest on bank loans, provisions and reversals of provisions.

#### 4.4 Extraordinary income

EXTRAORDINARY RESULT (K €)	December 31, 2022	December 31, 2021
Income from previous years	10	51
Provision for Risks and costs written back	39	
Other extraordinary income	337	
<b>Extraordinary income</b>	<b>386</b>	<b>51</b>
Expenses from previous years	-55	
Provision for Risks and costs	-	-326
Other extraordinary expenses	-443	-395
<b>Extraordinary expenses</b>	<b>-497</b>	<b>-722</b>
<b>Extraordinary result</b>	<b>-112</b>	<b>-671</b>

Exceptional income and expenses take into account elements which are not linked to the current activity of the company.

As of December 31<sup>st</sup>, 2022, other exceptional charges mainly included exceptional consultancy fees and fees for 55K euros. Other exceptional income and other exceptional expenses include transactions related to the buyback of shares as part of the free share allocation for 337 K euros.

#### 4.5 Earning per share

This result per share has been determined with reference to the Avis OEC No. 27.

EARNINGS PER SHARE (€)	December 31, 2022	December 31, 2021
Net result (in K €)	-3 137	-1 583
Number of shares	3 642 198	15 760 297 542
Weighted average number of shares	22 903 081 777	13 292 503 178
Number of available share warrants (unused)	3 295 772 472	1 962 439 409
Number of shares available	6 127 451 970	2 656 746 048
<b>Earnings per share in EUR</b>	<b>-0,00000014</b>	<b>-0,0001</b>
<b>Diluted earnings per share in euros</b>	<b>-0,00000014</b>	<b>-0,0001</b>

Diluted earnings per share is computed in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents.

#### 4.6 Notes regarding affiliated companies

The related parties with which transactions are operated include the entities who dispose directly or indirectly an equity in the company.

The outstanding operations have been identified and their incidence of the Group’s financial statement is by nature and by related party the following:

##### **SCI ALLPA**

SCI (property company) in which Mrs LE ROUX (CEO) & LAURITO are co-managers.

This company consents a sublease contract to Spineway for a fixed duration of 9 years for an annual rent of 76 648€ (price excluding tax) the first year.

The 1st contract amendment brought the annual rent to an amount of 79 021,64 € (price excluding tax), then from an amount of 144 432 € (price excluding tax) to 146 805,64€ (price excluding tax) for the following years.

The 2nd contract amendment brought the annual rent from 146 805,64€ (price excluding tax) to 156 000€ (price excluding tax) from the 1st of January 2014.

The 3rd contract amendment brought the annual rent from 156 000 € (price excluding tax) to 158 000€ (price excluding tax) from the 1st of January 2015.

The 4<sup>th</sup> contract amendment brought the annual rent from 158 000 € (price excluding tax) to 171 670 € (price excluding tax) from the 1st of January 2022.

On the accounting first semester, the company booked a rent of 171 670 €, price excluding taxes and rental charges in compliance with this convention.

No security deposit adjustment has been recorded.

#### 4.7 Executives compensation

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

#### 4.8 Average personnel (per head)

Average staff	December 31, 2022	December 31, 2021
Executives	34	20
Employees	16	7
<b>Average staff</b>	<b>50</b>	<b>27</b>



#### 4.9 Financial commitments

FINANCIAL COMMITMENTS (In K €)	December 31, 2022	December 31, 2021
<b>Commitments Given</b>		
Financial lease liabilities	56	
Surety is inventories	300	985
Surety business is capital hedging instruments	560	560
Others	15	
<b>Commitments Given</b>	<b>931</b>	<b>1 545</b>
<b>Commitments received</b>		
Bank credit lines allowed	-	-
<b>Commitments received</b>	<b>-</b>	<b>-</b>
<b>Total financial Commitments</b>	<b>931</b>	<b>1 545</b>

##### 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 56K€ of commitments given relate to an ongoing finance lease contract.

The 300 K€ of surety on inventory are hold 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 order to guarantee an independent guarantee on first demand, Spine Innovations pledged an amount of 15K euros.

In addition, as part of the acquisition of Distimp, earn-outs are planned and depend on specific financial criteria (see 3.1).

##### Financial commitments received:

The commitments received at December 31<sup>st</sup> 2022 are null.