

**FINANCIAL STATEMENTS**

**Ended December 31<sup>st</sup>, 2021**

**SA SPINEWAY**

7 allée Moulin Berger

69130 Ecully

France

**NOTES ON THE FINANCIAL STATEMENTS**

**ASSETS**

Statement in euros		31/12/2021			30/12/2020
		Gross	Depreciation and provisions	Net	Net
<i>Suscribed capital uncalled (1)</i>					
FIXED ASSETS	<b>INTANGIBLE FIXED ASSETS</b>				
	Establishments costs				
	Research and development costs	372 527	153 629	218 899	9 116
	Concessions, patents, right and similar assets	162 485	145 553	16 932	22 540
	Goodwill (1)				
	Other intangible fixed assets	1 260 523	12 440	1 248 083	1 241 694
	Prepayments				
	<b>TANGIBLE FIXED ASSETS</b>				
	Land				
	Constructions	107 231	87 731	19 499	20 336
	Technical installations, machinery and equipments	5 480 193	5 185 670	294 523	491 003
	Other tangible fixed assets	426 545	398 024	28 520	11 139
	Tangible fixed assets in progress				
	Prepayments				
	<b>FINANCIAL FIXED ASSETS (2)</b>				
Participating interests					
Portfolio long term investment securities					
Debts receivable related to participating interests	5 468 640	468 779	4 999 861	4 419 929	
Other long-term investment securities	3 667 100	3 667 100	-	1 511	
Loans					
Other financial fixed assets	237 274	142 730	94 543	91 629	
<b>TOTAL</b>		<b>17 182 517</b>	<b>10 261 657</b>	<b>6 920 860</b>	<b>6 308 898</b>
CURRENT ASSETS	<b>STOCK AND WORK IN PROGRESS</b>				
	Raw materials and other consumables	17 401		17 401	44 704
	Work in progress (goods)				
	Work in progress (services)				
	Intermediate and finished products				
	Goods	2 587 310	887 228	1 700 082	1 867 281
	<b>Advances and prepayments on orders</b>				
	<b>RECEIVABLES (3)</b>				
	Trade receivable	1 869 626	243 124	1 626 502	1 081 531
	Other debts receivable	1 155 636		1 155 636	358 142
Subscribed capital - called but not paid					
<b>MARKETABLE SECURITIES</b>	5 000 000		5 000 000		
<b>CASH AND CASH EQUIVALENT</b>	8 693 853		8 693 853	4 838 512	
ACCOUNT ADJUSTEMENT	Deferred charges	108 908		108 908	107 640
	<b>TOTAL</b>	<b>19 432 734</b>	<b>1 130 352</b>	<b>18 302 383</b>	<b>8 297 810</b>
	Loans redemption premiums				
	Bond redemption premiums				
Realisable exchange losses	24 753		24 753	297 404	
<b>TOTAL ASSETS</b>		<b>36 640 005</b>	<b>11 392 009</b>	<b>25 247 996</b>	<b>14 904 112</b>

(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		31/12/2021	31/12/2020
<b>Shareholder's equity</b>	Capital stock	1 576 030	463 276
	Premium on shares issued, mergers, contributions	21 617 077	10 029 831
	Revaluation reserve		
	<b>RESERVES</b>		
	Legal reserves	33 955	33 955
	Statutory or contractual reserves		
	Regulated reserves		13 064 950
	Other reserves		
	Retained earnings		
	Accumulated profit / loss	- 525 685	
	<b>Net profit / loss</b>		
Investment grants	- 1 512 848	- 13 590 634	
Regulated provisions			
<b>TOTAL EQUITIES</b>		<b>21 188 528</b>	<b>10 001 377</b>
<b>Other Equities</b>	Proceeds from issues of participating securities		
	Conditional advance	137 266	197 577
	<b>TOTAL OTHER EQUITIES</b>		<b>137 266</b>
<b>Provisions</b>	Provisions for liabilities	53 537	333 366
	Provisions for charges		
	<b>TOTAL PROVISIONS</b>		<b>53 537</b>
<b>DEBTS PAYABLE</b>	<b>FINANCIAL DEBTS</b>		
	Convertible bond loans		
	Other bond debts payable	500 000	
	Loans and debts payable to credit institutions (2)	1 660 154	2 340 595
	Loans and sundry financial debts payable	9 396	359 396
	Payments on account received on orders in progress		
	<b>TRADE DEBTS PAYABLE</b>		
	Suppliers and related accounts	794 919	836 778
	Tax and social debts payable	860 162	823 524
	<b>MISCELLANEOUS DEBTS</b>		
	Creditors for fixed assets and related accounts	- 90	- 90
Other debts payable	12 840	10 542	
Deferred income (1)	31 125		
<b>TOTAL DEBTS PAYABLE</b>		<b>3 868 505</b>	<b>4 370 744</b>
	Realisable exchange gains	159	1 048
<b>TOTAL LIABILITIES</b>		<b>25 247 996</b>	<b>14 904 112</b>
Net profits / loss (cents)		- 1 512 848	- 13 590 634
(1) Of which due within one year		2 776 100	2 865 021
(2) Of which current bank advances and credit balances towards bank		135 918	535 160

**INCOME STATEMENT ½**

Statement in euros

		31/12/2021	31/12/2020
<b>OPERATION INCOME</b>	Sales of goods	3 891 735	3 331 144
	Production sales (goods)		
	Production sales (services)	380 690	48 470
	<b>Net turnover income</b>	<b>4 272 426</b>	<b>3 379 615</b>
	Inventoried products		
	Production capitalized	572 244	902 297
	Operation grants		
	Provisions and depr written back and charges transferred	345 864	847 728
	Other income	364	1 053
	<b>TOTAL OPERATING INCOME</b>		<b>5 190 898</b>
<b>OPERATING CHARGES</b>	Purchase of goods	928 949	625 837
	Change in inventory	164 433	444 300
	Purchase of raw material and other consumables	142 335	235 590
	Change in inventory	27 303	8 688
	Other purchases and external charges	1 804 203	2 090 390
	Taxes and similar payments	72 815	46 099
	Gross wages and perquisites	1 711 609	1 450 645
	Social charges	684 326	579 405
	on operating charges to allocate	739 788	1 250 972
	Other Charges	3 763	152 051
	<b>TOTAL OPERATION CHARGES</b>		<b>6 279 524</b>
<b>OPERATIONG RESULT</b>		<b>- 1 088 626</b>	<b>- 1 753 285</b>

**INCOME STATEMENT 2/2**

Statement in euros

		31/12/2021	31/12/2020
<b>OPERATIONG RESULT</b>		- 1 088 626	- 1 753 285
Opera- activities	Allocated income or transferred loss		
	Appropriate loss or transferred income		
Income financial	From investments in affiliates (3)	1 429	
	Other short term investments and titles (3)		
	Other interests and similar income (3)	329 723	52 489
	Provisions and depreciations written back and charges transferred		-
	Realized exchange gains	241	18 731
	Net income on realized short term investments		
<b>TOTAL FINANCIAL INCOME</b>		<b>331 393</b>	<b>71 220</b>
Charges financial	Provisions, depreciations, amortizations	1 589	297 625
	Interests and similar charges (4)	50 930	12 030 016
	Realized exchange losses	17 306	989
	Net charges on realized short term investments		
<b>TOTAL FINANCIAL CHARGES</b>		<b>69 825</b>	<b>12 328 630</b>
<b>FINANCIAL RESULT</b>		<b>261 568</b>	- 12 257 410
<b>CURRENT RESULT BEFORE TAXES</b>		- 827 058	- 14 010 695
Income extraordinar y	Total of extraordinary income	278 137	257 592
	Total of extraordinary charges	1 136 443	69 151
<b>EXTRAORDINARY RESULT</b>		- 858 306	188 441
Employee participation			- 231
Corporate income tax		- 172 516	620
<b>TOTAL INCOME</b>		<b>5 800 428</b>	<b>5 459 505</b>
<b>TOTAL CHARGES</b>		<b>7 313 276</b>	<b>19 050 139</b>
<b>NET PROFIT / LOSS</b>		- 1 512 848	- 13 590 634

## **Rules and accounting methods**

Company name: SPINEWAY SA

The financial statements for the period ended 12/31/2021 are characterized by a total net asset of 25 247 996 € and a net income profit before taxes of -1 512 848 €. The Board of Directors approved the accounts on January 31<sup>st</sup>, 2022.

These financial statements covered a 12-month period, beginning on the 01/01/2021 and ending on the 12/31/2021.

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 2022 continuity of business activity is based on:

- A cash level which raises 13.7 M€ at the closure,
- Assumptions of receipts related to the budget of turnover,
- Funding guaranteed under the Negma contract dedicated to cash flow requirements linked to activity and organic growth which secure at least cash requirements for the coming year
- The financing lines of the WCR given the banking pool. At the date of December 31<sup>st</sup>, 2021, a line of financial notes amounts 200 000 euros. These financing lines will be renegotiated by June 2022.

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.

#### **- 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 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, 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.

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

As of December 31, 2021, trade receivables represented 1 626 503 € for sales of goods essentially.

In 2021, the company classified the debt of one distributor as doubtful customer for 12 320 € and written off debts accrued the last previous years for a total of 10 369 euros. The total amount doubtful customers on December 31, 2021, amounted to 243 124 €, 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 12/31/2021 are as follows:

MCNE (cross border claims mobilized): 133 505 euros used on a total of 200 000 euros.

### **As a reminder**

On October 17<sup>th</sup>, 2019, Spineway signed a financing contract with Negma Group Ltd through the issuance of 16,000 warrants which give rise to the issuance of a maximum of 16,000 bonds convertible into new ordinary shares together with warrants subscription of shares representing a bond loan with a maximum total nominal amount of 40 000 000 euros.

As of December 31<sup>st</sup>, 2021, Spineway has recorded 7 bank loans in progress and one bond loan.

In the context of COVID-19, the French company has subscribed to four State Guaranteed Loans for a total of € 1 270 000 over 12 months at a rate of 0% with its banks. This health context continuing, the company has opted to defer the start of repayment of these loans to one year. Those 4 State Guaranteed Loans will begin to be reimbursed in June 2022.

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.

Regarding the 3 bank loans which cover 16% of the remaining amounts at the date of December 31<sup>st</sup>, 2021, under the borrowings contracted by Spineway, the covenants for example are:

- To allow controls on the accuracy of evidence provided based on 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 evidence 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.

On December 31<sup>st</sup>, 2021, 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€.

BPI Prêt Innovation contract subscribed on December 12<sup>th</sup>, 2014 :

Initial amount borrowed : 400 K€

Rate : 4,12% (fixed)

Length : 7 years

Initial deadline : 31/12/2021. Awaiting new timeline

Deadline : trimestral

Conditions of repayment : 8 trimesters of amortization deferred followed by 20 quarterly instalments (capital amortization + interests)

Purpose of the loan : reinforcement of the financial structure

Commitment of Spineway :

- To issue a capital increase of the minimum 1 240 K€ (realized on July 16th 2014)
- To allow controls

BPI Prêt Innovation contract subscribed on October 14<sup>th</sup>, 2014 :

Initial amount borrowed : 600 K€

Rate : 3,15% (fixed)

Length : 6 years and 9 months

Deadline : trimestral

Conditions of repayment : 7 trimesters of amortization deferred followed by 20 quarterly instalments (capital amortization + interests)

Purpose of the loan : the funding of immaterial expenditures linked to the industrial and commercial launch of the innovation

Commitment of Spineway :

- To subscribe to a death and invalidity Group insurance contract for Mr. Le Roux and Mr. Laurito. Amount insured : 300 K€ each. (These contracts have been subscribed).
- To allow controls

On December 31<sup>st</sup>, 2021 the total outstanding regarding those two loans amounts is 70 K€ on a total of 1 523 K€ of bank loans.

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 and 60K€ in 2021.

### **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 exceptional consulting expenses and fees. Other exceptional income includes a gain of exceptional change on the US subsidiary presented for a better understanding of the results at this level taking into account its exceptional amount.

Allocations to provisions for risks and charges relate to receivables related to the investment US.

Allocations to provisions for risks and charges on fixed assets relate to the depreciation of R&D costs.

### **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 : 0,98% at December 31<sup>st</sup> 2021 (versus 0.5 % at the December 31<sup>st</sup> 2020)
- the mortal rate INSEE 2016-2018

- moderate staff turnover

	December 31, 2021	December 31, 2020
Retirement age	62 years – CEO 62 years old	62 years
Discount rate	0.98	0,5%
Wages growth rate	0%	0%
Rate of social security	44% (C), 22% (E)	44% (C), 22% (E), 35% (other)
Mortality table	INSEE 2016-2018	TG05

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 572 244 € in 2021 against 902 297 € for 2020 (358 296 euros for the second semester of 2019).

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

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

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.

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.

### **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**

- Evolution of turnover in a pandemic context

In a context still disrupted by the pandemic, Spineway closed the 2021 financial year with a turnover of €4.3 million, up 27% compared to 2020, driven by a good commercial dynamic materialized by a 4th quarter at 1.3 M€, an increase of +26% compared to last year.

This growth benefited in particular from the good orientation of sales in the Group's historical regions. Thus, Latin America recorded a turnover of nearly €2 million, an improvement of +33% compared to the 2020 financial year, despite a still complicated situation; while sales in Asia amounted to €1 million, up 19% compared to 2020.

In addition, sales in Europe amounted to nearly €1 million and increased by + 38% compared to last year.

- Continuation of the securing of financing thanks to the NEGMA contract (see 3.9) and the obtaining of 100% of the EMPs (see 1.3), the repayment of which has been deferred by one year

This contract concluded in October 2019 with Negma GROUP LTD by issuing OCA with attached BSA for a total potential amount of 40 million euros corresponding to 16 000 Issue Warrants by June 2022 is intended to finance projects bringing together capital and supporting its strategy, as well as supporting cash flow requirements related to current activity, particularly in connection with the current pandemic.

At the date of this report, there is still 13.3 million euros in additional financing under this contract, which has enabled a cash contribution of 18.7 million euros since its conclusion.

- Reinforcement of equity

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from January 2021 to the end of December 2021 resulted in a capital increase of 1 112 753.81 euros through the creation of 11 127 538 097 shares of 0,0001 euros each and an issue premium of 11 587 246 euros.

The capital on December 31, 2021, was made up of 15 760 297 542 shares of 0,0001 euro each.

- Group strategic growth plans

The strengthening of cash and equity capital now allows the group to initiate its growth plan in order to constitute a medium-sized European player specializing in spine. As such, the group acquired a first company, DISTIMP, on June 25<sup>th</sup>, 2021 for €580 k including acquisition costs.

This acquisition allows Spineway to expand its products and services, by offering a wider range of implants and instruments for the treatment of severe spinal diseases as well as new high value-added surgical techniques for surgeons. This transaction will also enable the Group to strengthen its commercial positions, particularly in France, by relying on the large network of spine surgeons available to Distimp.

### **Significant events from 2020**

- Impact of Covid-19 on the main aggregates

In 2020, the Coronavirus epidemic affected many countries. France was concerned via the containment measures taken since mid-March, but also the US subsidiary and more broadly most of the countries in which the Spineway group operates.

As a reminder, the Group's turnover was strongly penalized in 2020 by the cessation of non-compulsory surgeries linked to the context of the pandemic, resulting in a decrease in turnover of 33%, particularly in connection with very strong underperformance in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2020.

The impact of the drop-in turnover, amplified by an export presence in very heavily affected countries, is slightly mitigated in terms of results by the initiation of a cost savings plan. And spending cuts directly related to the inability to travel. As part of government measures to support businesses, Spineway obtained the agreement of its banks to grant a State Guaranteed Loan in the amount of 1 270 000 euros, the maximum that can be granted. This loan thus strengthened the Group's cash flow and enabled it to maintain its activities until the resumption of surgeries in all of its areas of operation.

- Incidence of the Negma contract meeting unfavorable stock market context

In connection with a market price lower than the nominal per share (market underperformance, Covid context and heavily impacted financial markets), the application of the Negma contract resulted in financial charges for a total of € 12 million under the mechanism. contractual compensation and the option chosen by the Group to settle its compensation by issuing bonds and creating shares and not by cash payment so as not to penalize cash. The amount of compensation breaks down as follows:

- 1 450 000 euros in commitment fees
- 6 646 024 euros in compensation
- 2 905 559 euros for revaluation of the debt related to the capital increase of May 19<sup>th</sup>, 2020
- 976 208 euros for revaluation of the debt related to the capital increase of September 10<sup>th</sup>, 2020.

- Operations on capital

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from January to April 2020 generated a capital increase of 8 500 000 euros through the creation of 805 000 000 shares of 0.010 euros each.

By decisions dated May 19, 2020, the Chairman and Chief Executive Officer, making use of the powers sub-delegated to him by the Board of Directors on October 3<sup>rd</sup>, 2019, noted a capital increase of 4 565 217 euros through the creation of 456 521,700 new shares with a par value of € 0.01 each.

By deliberations of the Combined General Meeting of May 26, 2020, the share capital was reduced by 12 012 649.45 euros, from 17 160 927.79 euros to 5 148 278.24 euros, by way of a reduction of the nominal value of the shares from 0.01 euro to 0.003 euro.

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from May to mid-September 2020 generated a capital increase of 2 750 000 euros through the creation of 916 666 666 shares of 0.003 euros each.

By deliberations of the Combined General Meeting of September 16<sup>th</sup>, 2020, the share capital was reduced by € 7 635 002.40, to bring it down from € 7 898 278.34 to € 263 275.94, by reducing the par value of the shares from 0.003 euro to 0.0001 euro.

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from mid-September 2020 to the end of December 2020 generated a capital increase of 200 000 euros through the creation of 2 000 000 000 shares of 0,0001 euros each and an issue premium of 1 800 000 euros.

The capital on December 31, 2020 was made up of 4 632 759 445 shares of 0.0001 euro each.

- IMS participation

On May 6<sup>th</sup>, 2019, Spineway took a stake in the capital of INTEGRAL MEDICAL SOLUTIONS (IMS), the leading holding company of a group of companies in the health sector heavily invested in the management of hospitals in Latin America and in Africa.

Difficulties in implementing the operational side led the company to negotiate the outcome of this participation with IMS.

Proceedings have been initiated before the arbitral tribunal of Geneva. It should be noted that no factual element has been provided by IMS since the filing of the request for arbitration in early August 2020. SPINEWAY therefore remains the owner of the securities.

To date, there is no indication of a loss in value of IMS securities.

- Tax audit

The company was the subject of a tax audit in 2014, after which the administration sent a formal notice to Spineway for 191 K€.

The first judgment in the administrative court was unfavorable to the group, the company settled the total amount requested by the administration in July 2018. The company appealed the judgment.

The Lyon administrative court of appeal by judgment dated June 4<sup>th</sup>, 2020, quashed the judgment of the administrative court. Thus, the financial statements for the first half of 2020 consider an exceptional income from previous years of € 199K, amount received in September 2020.

### **Significant post balance-sheet events**

- IMS participation

The Geneva arbitral tribunal rendered its award dated January 20, 2022, in favor of the Company Spineway. INTEGRAL MEDICAL SOLUTIONS (IMS) is therefore ordered to pay Spineway the full acquisition price of the securities, i.e. 4 160

K€ plus interest at the legal rate from October 23, 2019 and to reimburse the company 105 000 € for the arbitration costs already supported directly by Spineway. IMS has a period of 30 days to appeal against this decision, it has been specified that this appeal, except in special cases, would not have a suspensive effect. In addition, this award remains subject to recovery procedures in the countries where the IMS group operates.



## Fixed assets

Statement in euros		Assets Value Opening	Financial year fixed assets movements				Assets Values Closing 31/12/2021
			Increase		Decrease		
			Re- evaluations	Additions	Reclassifications	Disposals	
Intangible e assets	Establishment fees	122 916		568 965		319 354	372 527
	Other intangible fixed assets	1 405 524		587 173	569 589		1 423 008
	<b>Total Intangible fixed assets</b>	<b>1 528 440</b>		<b>1 156 138</b>	<b>569 589</b>	<b>319 354</b>	<b>1 795 535</b>
Tangible assets	Land						
	Buildings - owned land / installations						
	Technical installations, machinery and equipment						
	Other installations and equipment	98 130		9 100			107 231
	Transport equipment	5 295 765		184 428			5 480 193
	Office equipment	131 047					131 047
	Returnable containers and other packaging						
	Construction work in progress	266 041		29 457			295 498
Advance payments							
<b>Total tangible assets</b>	<b>5 790 983</b>		<b>222 985</b>		<b>0</b>	<b>6 013 968</b>	
Financial assets	Investments in associates (equity method)						
	Other affiliated investments	8 138 919		996 822			9 135 740
	Other investments						
	Loans and other financial assets	234 030		3 244			237 274
	<b>Total financial assets</b>	<b>8 372 949</b>		<b>1 000 066</b>		<b>0</b>	<b>9 373 014</b>
<b>Total</b>	<b>15 692 372</b>		<b>2 379 189</b>	<b>569 589</b>	<b>319 354</b>	<b>17 182 517</b>	

### 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 53 912 €
- Operating software for 108 574 €
- R&D expenses for 249 611 €
- Intangible assets in progress for a total of 1 244 663 €.

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

### Tangible assets

At December 31<sup>st</sup>, 2021, the company capitalized 236 665 € of tangible assets, including 184 427 € of technical installations, machinery and equipment.

The breakdown is as follows:

- 174 007 € as instrument kits, provided to customers
- 10 421 € 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.

Regarding IMS shares, no indication of loss of value has been identified. It should be noted that the court of arbitration in Geneva has rendered its decision in the dispute between the company and the IMS group. This sentence was rendered in favor of Spineway, which is going to be able to initiate the procedures for the execution of this decision.

## Depreciation

		Depreciation Opening	Financial year depreciation movements		Depreciation Closing 31/12/2021
			Increase	Decrease	
<b>Statement in euros</b>					
<b>INTANGIBLE ASSETS</b>	Establishment costs	113 801	359 183	319 354	153 629
	Other intangible assets	141 190	16 803		157 993
	<b>TOTAL INTANGIBLE ASSETS</b>	<b>254 991</b>	<b>375 986</b>		<b>311 622</b>
<b>TANGIBLE ASSETS</b>	Land				
	Building - owned land				
	Leasehold land				
	Installations	77 794	9 938		87 732
	Technical installations, machinery and equipment	4 804 761	380 908		5 185 669
	Other installations and equipment	128 676	2 371		131 047
	Transport equipment				
	Office equipment	257 272	9 705		266 977
Returnable containers and packaging					
<b>TOTAL TANGIBLE ASSETS</b>	<b>5 268 502</b>	<b>402 924</b>		<b>5 671 425</b>	
<b>TOTAL</b>	<b>5 523 493</b>	<b>778 908</b>		<b>5 983 047</b>	

	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							
<b>TOTAL INTANGIBLE ASSESTS</b>							
Land							
Building - owned land							
Leasehold land							
Installations							
Technical installations, machinery and equipment							
Other installations and equipment							
Transport equipment							
Office equipment							
Returnable containers and packaging							
<b>TOTAL TANGIBLE ASSETS</b>							
Cost of investment in affiliates							
<b>TOTAL</b>							
<b>TOTAL UNDISTRIBUTED MOVEMENTS</b>							

At December 31<sup>st</sup>, 2021, the company booked an amortization expense of 451 410 € regarding technical installations, machinery and equipment:

\* 2 577 € for industrial machinery

\* 378 331 € for industrial equipment, including:

- 340 622 € for instrument kits

- 37 709 € for equipment testing/controls

### **Financial assets situation**

The increase in financial fixed assets is mainly due to the revaluation of receivables linked to the US subsidiary's interest linked to exchange rate effects and to goodwill following the integration at the end of June 2021 of the Distimp entity acquired for 503 000 € acquisition costs included. The acquisition protocol provides that the acquisition price is based on 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) recorded at the end of June.

The financial assets are not subject to amortizations.

An allowance on self-owned shares has been booked for 141 984 €, based on the market value on the 31<sup>st</sup> of December 2021.

## Receivables and Debts

### Receivables

Statement in euros		31/12/2021	Due under 1 year	Due over 1 year
<b>RECEIVABLE</b>	Receivables from affiliates	3 667 100		3 667 100
	Loans (1) (2)			
	Other financial assets	237 274		237 274
	Doubtful or disputed trade receivables	243 124	243 124	
	Other trade receivables	1 626 503	1 626 503	
	Receivables on securities lent			
	Employees and other assimilated accounts	6 500	6 500	
	Social institutions and social security contributions			
	Income tax	404 136	237 626	166 510
	Value added tax	46 267	46 267	
	Other tax receivables			
	Miscellaneous receivables	6 492	6 492	
	Affilites and sharholders (2)	671 429	671 429	
	Other receivable	20 812	20 812	
	Prepaid expenses	108 908	108 908	
	<b>TOTAL RECEIVABLES</b>	<b>7 038 544</b>	<b>2 967 660</b>	<b>4 070 884</b>
(1) Loans granted during period				
(1) Loans paid period				
(2) Loans granted to sharholders (persons)				

### Debts

		31/12/2021	Due under 1 year	1 to 5 years	Due over 5 years
<b>DEBTS</b>	Convertible bonds (1)				
	Other bonds (1)	500 000	500 000		
	Loans to credit institutions - over 1 year from origin (1)	135 918	135 918		
	Other loans and financial debts (1) (2)	1 524 236	431 831	1 092 405	
	Trade payables and other assimilated accounts	794 919	794 919		
	Employees and other assimilated account	281 653	281 653		
	Social institutions and social security contributions	509 498	509 498		
	tax payables	34 258	34 258		
	Other tax payables	34 752	34 752		
	Debts on assets and assimilated accounts	-90	-90		
	Affiliates and shareholders (2)	9 396	9 396		
	Other liabilities	12 840	12 840		
	Debts on securities lent				
	Unearned revenue	31 125	31 125		
<b>TOTAL DEBITS</b>	<b>3 868 505</b>	<b>2 776 100</b>	<b>1 092 405</b>		
(1) Loans contracted during period		500 000			
(1) Loans reimbursed during period		285 111			
(2) Loans contracted toward shareholders (persons)		9 396			

**Accrued income**

Statement in euros

31/12/2021

<b>Total accrued income</b>		<b>240 360</b>
<b>Other account receivables</b>		<b>195 526</b>
Invoices to be established	195 526	
<b>Other receivables</b>		<b>44 834</b>
<i>Outstanding debits</i>	12 637	
<i>Part-time work agreement</i>	6 492	
<i>State - Accrued revenue</i>	25 705	

## Provisions

Statement in euros		Opening	Increase	Decrease		31/12/2021
				Used	Not used	
<b>REGULATED PROVISIONS</b>	Reconstitution 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					
<b>REGULATED PROVISIONS</b>						
<b>PROVISIONS FOR CONTINGENT LIABILITIES</b>	Litigation					
	Warranties					
	Futures market loss					
	Penalties and fines	297 404	1 259	273 910		24 753
	Exchange loss					
	Pensions and assimilated obligations					
	Tax related					
	Investment renewal					
	Provisions for repairs and maintenance					
	Pay roll taxes					
	Other Provisions	35 961		7 178		28 783
<b>PROVISION FOR RISKS AND CHARGE</b>		<b>333 365</b>	<b>1 259</b>	<b>281 088</b>		<b>53 537</b>
<b>PROVISIONS FOR DEPRECIATION</b>	Fixed assets					
	Intangible					
	Tangible					
	Investments in associates (equity method)					
	Investments in associates	3 717 478	418 401			4 135 879
	Other financial assets	142 401	329			142 730
	Inventory and works in progress	884 462	275 057	272 290		887 228
Trade receivables	241 172	12 320	10 369		243 124	
Other provisions						
<b>PROVISIONS FOR IMPAIRMENT</b>		<b>4 985 513</b>	<b>706 108</b>	<b>282 659</b>		<b>5 408 961</b>
<b>TOTAL</b>		<b>5 318 878</b>	<b>707 366</b>	<b>563 747</b>		<b>5 462 499</b>
Increases and reversals		Operating		287 377	289 837	
		Financial		1 589	273 910	
		Extraordinary		418 401		
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

31/12/2021

<b>Total accrued debts</b>		<b>657 804</b>
Loans and other debts to credit institutions		<b>3 449</b>
Accrued interests to credit institutions	1 036	
Accrued interest payable	2 414	
<b>Trade payable and other assimilated accounts</b>		<b>233 724</b>
Suppliers - Invoices outstanding	233 724	
<b>Social and fiscal debts</b>		<b>420 630</b>
Accrued charges payable for holiday pay	133 853	
Other accrued charges payable	147 800	
Contributions for holiday pay	55 306	
Other accrued charges payable	59 179	
State - Accrued charges payable	24 492	



## Items – affiliated companies and Investments in associates

December 31st, 2021	Affiliated companies	Companies with shared interest
Statement in Euros		
<b>Fixed assets</b>		
Advance payments on assets		
Investments in affiliates	1 048 711	4 419 929
Receivable from affiliates	3 667 100	
Loans and other financial assets		
<b>Current assets</b>		
Advance payments given		
Trade receivables and assimilated account		
Other receivable		
subscribed shares called, unpaid		
<b>Liabilities</b>		
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		
<b>Financial revenue</b>		
Investment in affiliates revenue		
Other financial revenue		
<b>Financial expenses</b>		
Financial expenses		
<b>Miscellaneous</b>		

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

## Prepaid expenses

Statement in euros	Amount	31/12/2021
<b>Prepaid expenses - OPERATING</b>		<b>108 908</b>
Building rental	40 769	
Matériel rental	2 856	
Homologations	15 307	
Insurance	9 371	
Marketing and communication	11 525	
Professional fees	15 000	
Production	6 750	
Travel expenses	3 168	
Other	4 162	
<b>Prepaid expenses - FINANCIAL</b>		
<b>Prepaid expenses - EXTRAORDINARY</b>		
<b>TOTAL</b>		<b>108 908</b>

## Changes in equity

Statement in euros	Equity capital closing 31/12/2020	Last year's income approbation (1)	Retroactive contributions	Changes During period (2)	Equity capital closing 31/12/2021
Share Capital	463 276			1 112 754	1 576 030
Premiums, share premiums	10 029 831			11 587 246	21 617 077
Goodwill					
Legal reserve	33 955				33 955
Statutory reserves					
Regulated reserves	13 064 950			-13 064 950	
Other reserves					
Unappropriated retained earnings		-13 590 634		13 064 950	-525 685
Income summary	-13 590 634	13 590 634		-1 512 848	-1 512 848
Investment grants					
Régulated provisions					
<b>Total</b>	<b>10 001 377</b>			<b>11 187 152</b>	<b>21 188 528</b>

Date of annual general meeting : 25/01/2021

Distributed dividends

Including dividends of last year's income

Opening share capital after last year's income appropriation 10 001 377

Opening share capital after retroactive contributions 10 001 377

Including change from structural modifications

Changes in equity during period excluding structural modifications 11 187 152

### Self-owned shares

At the 31<sup>st</sup> of December 2021, Spineway holds 976 997 self-owned shares for a total of 144 293.78 euros. During the period, 2 084 503 shares were bought, and 1 753 002 shares were sold. The self-owned shares represent 0,006% of the total shares. The proportion of net income allocated to these self-owned shares during the period is a loss on sold short term investments for 244 euros and a reversal of a provision for realized loss on self-owned shares for 8 euros.

### Operations on capital

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from January 2021 to the end of December 2021 resulted in a capital increase of 1 112 754 euros through the creation of 11 127 538 097 shares of 0,0001 euros each and an issue premium of 11 587 246 euros.

The capital on December 31, 2021 was made up of 15 760 297 542 shares of 0,0001 euro each.

### Free share allocation plan

The Board of Directors of July 12, 2021, upon delegation from the Combined General Meeting of March 8, 2021, decided the implementation of a free share allocation plan consisting of a maximum number of 1,458,278,239 shares free, i.e. 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. This plan is subject to conditions of an allocation period of one year (i.e. July 12<sup>th</sup> 2022), presence on the expiry date of the vesting period, and achievement of conditions collective (50%) and individual (50%) performance specific to each manager concerned by the plan and a period of one-year retention (until July 12, 2023).

## Cash flow statement

	12/31/2021	12/31/2020
<b><u>Operating activities</u></b>		
<b>Self financing cash flow</b>	<b>-1 335</b>	<b>-685</b>
Net result	-1 513	
Allowances and reversals of depreciation allowances	450	
Charges without any impact on cash	-272	
<b>Change in working capital requirements</b>	<b>-184</b>	<b>485</b>
Inventory variations	192	
Receivables variations	-552	
Other debts and receivables variations	215	
Payables variations	-39	
<b><u>Operating activities cash flow (A)</u></b>	<b>-1 519</b>	<b>-200</b>
<b><u>Investing activities</u></b>		
Tangible and intangible asset expenditures	-490	-1 115
Tangible and intangible asset disposals	0	0
Financial asset expenditures	-582	-50
Financial asset disposals	0	2
<b><u>Investing activities cash flow (B)</u></b>	<b>-1 072</b>	<b>-1 163</b>
<b><u>Financing activities</u></b>		
Share capital increase	13 200	3 387
Bank loans	-284	1 084
Treasury instruments (MCNE & promissory notes)	-746	-800
Other financing debts		0
<b><u>Financing activities cash flow (C)</u></b>	<b>11 446</b>	<b>3 672</b>
<b>Impact of variation of currency rates</b>	<b>0</b>	<b>2</b>
<b>Change in cash flow and cash equivalents (A+B+C)</b>	<b>8 855</b>	<b>2 311</b>
<b>Cash at the beginning of the period (D)</b>	<b>4 839</b>	<b>2 528</b>
<b>Cash at the end of the period (A+B+C+D)</b>	<b>13 694</b>	<b>4 839</b>

**Extraordinary Income**

Statement in euros		30/12/2020
<b>Total extraordinary income</b>		<b>278 137</b>
Extraordinary items in operating income		<b>278 137</b>
<i>Prior period income</i>	4 227	
Extraordinary income on capital operations		<b>0</b>
<i>Book values of transferred assets</i>	273 910	
Provision reversals and expenses transfers		<b>0</b>
<i>Reversals on other regulated provisions</i>	0	
<i>Reversals on provision for risks and charges</i>	0	
<b>Total extraordinary expenses</b>		<b>1 136 443</b>
Provisions for extraordinary liabilities and charges		<b>391 546</b>
<i>Penalties and fines</i>		
<i>Prior period charges</i>	391 546	
Provisions for extraordinary capital operations		<b>0</b>
<i>Book values of transferred assets</i>	0	
Extraordinary depreciation provisions		<b>744 897</b>
<i>Allocation to other regulated provisions</i>	326 496	
<i>Provision for risks and charges</i>	418 401	
<b>Extraordinary result</b>		<b>-858 306</b>

## Corporate income tax allocation

Statement in euros	31/12/2021	Erning before after taxes	Income taxes (1)	Erning after taxes
Operating income	-553 149	-553 148		-553 149
Extraordinary income (and equity investments)	-1 132 216	-1 132 216		-1 132 216
Net income	-1 685 364	-1 685 364		-1 685 364

(1) Including allowances / disallowances

### Taxe Credit

Taxe credit for research and development (CIR): 166 510 €

Taxe credit for innovation: 6 006 €

## Financial commitments

statement in euros	31/12/2021	Financial commitments	Financial commitments
<b>Notes receivable discounted</b>			
<b>Sureties</b>			
<b>Financial lease commitments</b>			
<i>Financial lease liabilities</i>			
<b>Pension plan commitments</b>			
<i>Pension liabilities</i>		122 700	
		<b>122 700</b>	
<b>Other commitments</b>			
<i>Surety on inventory</i>		985 000	
<i>Surety on business capital</i>		560 000	
<i>Other commitments</i>			
Bank credit lines allowed			
		<b>1 545 000</b>	
<b>Total financial commitments (1)</b>		<b>1 667 700</b>	
(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 985 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)**

		31/12/2021	Internal staff	External staff
Average personnel by category	Executives		19	
	Middle level employees		5	
	Employees		2	
	Labourers		0	
	<b>Total</b>		<b>27</b>	

**Executives' compensation**

Statement in Euros

		31/12/2021
<b>Members compensation</b>		
- 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.