CONSOLIDATED FINANCIAL STATEMENTS
SPINEWAY GROUP

Period ending December 31st, 2020

Consolidated balance sheet

ASSETS (K €)	Notes	December 31, 2020	December 31, 2019
intangible assets	3.1	1 273	418
tangible assets	3.2	548	898
Financial assets	3.3	4 510	4 511
fixed assets		**6 332**	**5 828**
Inventory	3.4	2 018	2 584
Accounts receivable	3.5	1 079	1 286
Deferred tax assets	3.6	-	-
Other accounts receivable	3.7	355	375
Cash and cash equivalent	3.8	4 857	2 575
Current assets		**8 309**	**6 820**
Account adjustments'	3.7	**108**	**126**
total assets		**14 748**	**12 774**

Liabilities (K €)	Notes	December 31, 2020	December 31, 2019
Share capital	3.9	463	4 546
Premiums, share premium		10 030	8 230
Reserves		13 630	-3 406
net income		-14 105	-2 876
Total shareholder's equity - Attributable to group		**10 019**	**6 493**
Non controlling interest			
total equity		**10 019**	**6 493**
Supplies	3.10	110	107
Loans and financial debts	3.11	2 888	4 615
Suppliers debts & related accounts	3.12	848	1 162
Fiscal & social debts	3.12	871	387
Other debts	3.12	12	10
total debts		**4 729**	**6 281**
Accrued liabilities	3.12	0	**0**
total liabilities		**14 748**	**12 774**

Consolidated profit & loss

PROFIT AND LOSS (K €)	Notes	December 31, 2020	December 31, 2019
Revenue	4.1	**3 379**	**5 018**
Provision written back		852	990
Other income	4.2	277	211
Capitalised production		902	358
Other operating income		**2 031**	**1 559**
Purchase of goods and changes in inventory		-1 260	-1 174
Other external expenses and purchases Single		-2 269	-2 517
Taxes and similar payments		-46	-82
Salaries and wages		-2 278	-2 520
Depreciation and amortizations are fixed assets		-646	-810
Depreciation and write-down allowances		-656	-1 403
Other expenses		-165	-396
Operating expenses		**-7 320**	**-8 902**
Operating result		**-1 910**	**-2 325**
Financial income		39	35
Financial expenses		-12 318	-176
Financial result	4.3	**-12 279**	**-140**
Current result before taxes		**-14 189**	**-2 466**
Extraordinary income		563	33
Extraordinary expenses		-479	-444
Extraordinary result	4.4	**84**	**-411**
Corporate income tax		-	0
Consolidated result		**-14 105**	**-2 876**
Result Attributable to controlled group		**-14 105**	**-2 876**
Not Controlling result		**-**	**-**
Earnings per share (€ / share)	4.5	-0,0087	-0,06
Diluted earnings per share (€ / share)	4.5	-0,0018	-0,0005

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	TOTAL EQUITY
Balance as of December 31, 2017	**4 298 630**	**430**	**2 941**	**-422**	**-965**	**-18**	**-191**	**1 773**
Net income Allocated 2017				-965	965			-
Net income					-4 124			-4 124
Share Capital increase	12 545 436	1 255	2 116					3 371
Changes in self owned shares							-30	-30
Other currency						-43		-43
Balance as of December 31, 2018	**16 844 066**	**1 684**	**5 057**	**-1 387**	**-4 124**	**-61**	**-221**	**946**
Net income Allocated 2018				-4 124	4 124			-
Net income					-2 876			-2 876
Share Capital increase	437 727 013	5 277	3 173					8 450
Reduction of capital		-2 416		2 416				-
Changes in self owned shares								-
Other currency						-26		-26
Balance as of December 31, 2019	**454 571 079**	**4 546**	**8 230**	**-3 095**	**-2 876**	**-87**	**-221**	**6 494**
Net income Alloczated 2019				-2 876	2 876			-
Net income					-14 105			-14 105
Share Capital increase	4 178 188 366	15 565	1 800					17 365
Reduction of capital		-19 648		19 648				-
Changes in self owned shares							1	1
Other currency				-14		58	219	264
Balance as of December 31, 2020	**4 632 759 445**	**463**	**10 029**	**13 663**	**-14 105**	**-29**	**-1**	**10 019**

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT (K €)	December 31, 2020	December 31, 2019
Net consolidated income	-14 105	-2 876
Amortizations, depreciations and provisions	649	835
Charges without any impact on the operating income	12 062	-
Net Gains Losses gold is disposal of fixed assets	-	-
Adjusted cash flow	**-1 394**	**-2 041**
Change in inventory	566	772
Change in trade receivables and other accounts receivable	-156	720
Change in trade and other payable accounts payable	575	-612
Opertaing actvities cashflow	**-408**	**-1 161**
Asset expenditures	-981	-5 213
Asset Disposals	2	-
Investing activities cash flow	**-979**	**-5 213**
Increases mainly related to capital ans bond loans :	**3 387**	**10 460**
Share capital increase (net of capital increase costs)	5 387	8 450
Bond loans issues	11 350	9 139
Bond issues included in capital	-13 350	-7 129
Increase in current accounts	-	-
Increase (decrease) of advances	-	-
Treasury instruments (MCNE & promissory notes)	**-800**	**-1 086**
Other reimbursements	**1 082**	**-336**
of which of new loans credit institutions	1 270	
of which repayment of loans credit institutions	-183	-293
COFACE third-party reimbursment	-7	-43
Various reimbursements	2	-
Increase (Decrease) in FEDER repayable advances	**-**	**-79**
Refund of current accounts	-	-
Own shares	-	-
		-
Financing activities cash flow	**3 669**	**8 959**
Foreign currency translation	**-**	**-26**
Change in cash flow and cash equivalents	**2 282**	**2 559**
Cash at the Beginning of the period	2 575	15
Cash at the end of the period	4 857	2 575

Notes to the consolidated financial statements

These consolidated financial statements of SPINEWAY group cover a 12-month period, beginning on the 01/01/2020 and ending on the 31/12/2020.

All amounts are expressed in Keuros 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 and its American subsidiary SPINEWAY INC (both of these two 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 Ecully, 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.

Spineway 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.
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 2020

- Turnover

The Group generated a total revenue of 3 380K euros on 2020 versus 5 081K euros on 2019.

The company showed a sharp increase in sales for the month of December 2020 (+30% compared with December 2019), allowing it to post revenue of €1 068K for the fourth quarter, up 21% compared with the third quarter of 2020. This positive dynamism brought the Group’s annual revenue to €3 380K and decreased the gap with 2019 (-33%) for a year that was deeply affected by the COVID crisis.

Sales in Latin America, an area particularly hard-hit by the health crisis, continued to be impacted by the restrictions in place due to the pandemic and the poor performances of Colombia, Mexico and especially Peru, whose planned growth in 2020 is now expected for 2021. Nevertheless, the main client in the area (Brazil) managed to maintain his activity level and remained remarkably stable (drop in activity limited to 1% compared with 2019). Moreover, activity for the area as a whole improved during the fourth quarter compared with the two previous quarters and posted a measured decline of 23% compared with 2019. Annual revenue for Latin America thus amounted to €1 494K at the end of 2020 (-42%) and represents 44% of the total revenue.

Asia, however, showed very strong growth in 2020 (+167% compared with 2019) thanks to the implementation of the contract with Japan as from the third quarter of 2020 in the midst of the COVID crisis. Another positive is the solid performance of Thailand, a longstanding client on a territory less affected by the virus. This growth allowed Asia to post overall revenue of €841K for 2020 (+19%) and its contribution to the Group's revenue increased to 25% (compared with 14% the previous year) thanks to the fourth quarter, which was up 71% compared with the fourth quarter of 2019.

Middle East/Africa had mixed performances from the different countries and posted a limited decrease of 31% for 2020, with close to €300K.

Activity in Europe remains limited and amounted to almost €700K for 2020 (-39% compared with 2019). The upturn in France noted during the third quarter decelerated due to market conditions and did not last through the end of the year. Likewise, sales in Lithuania and Italy slowed due, in part, to the halting of non- urgent surgeries in these countries.

The gradual return to activity from one quarter to the next, the increased sales in Asia and the new prospects in Latin America due to the delay for certain markets should allow the Group to return to normal activity gradually. Boosted by the dynamism of the year's end, Spineway will continue its sales efforts on its existing territories and remain on the lookout for any and all opportunities for developments in new strategic territories and for external growth that would create value.

- Impact of Covid-19 on the main aggregates

Since a few weeks, the Coronavirus epidemic has affected many countries. France is concerned via the containment measures taken since mid-March, but also the US subsidiary and more generally most of the countries in which the Spineway group operates. This worldwide crisis is unprecedented. The extent and exact nature of its consequences remain unclear today.

The impact of the drop-in turnover, amplified by an export presence in countries which are very heavily affected, is slightly attenuated in terms of results by cost savings, particularly in connection with:

- The elimination of trade fairs and conferences as well as travel for salespeople and surgeons;
- The implementation from March 2020 of partial activity and load deferrals for a total of 399K euros on 2020;

- The implementation of sanitary protocols at group level has generated specific expenses, such as those essential for securing sites and employees: revised signage, purchase of gel, purchase of masks and purchase of disinfectant in particular. These remain however limited.

Nevertheless, the Spineway teams are fully mobilized to ensure business continuity, they adjust action plans in real time so that they were prepared for the recovery on the third trimester in order to minimize the impact of this health crisis.

Thus, as part of the government measures intended to support businesses, Spineway obtained the agreement of its banks for the granting of a State Guaranteed Loan in the amount of 1 270 000 euros, i.e. the maximum that can be granted. This loan thus strengthens the Group's cash flow and allows it to maintain its activities until the resumption of surgeries in all of its areas of operation.

The subsidiary SPW INC has benefited from a subvention of 42 000 euros in this context of COVID.

In view of the drop-in turnover, the company continued its actions to rationalize inventories and seek to improve working capital.

Various potential additional impacts could affect the group in the medium term, including:

- Solvency problems of some of our customers or at least an increase in payment terms, problems not encountered in 2020;
- Generally speaking, a decrease or delay in expected turnover compared to the 2020-2021 organic growth plan;
- Delays and difficulties in collecting clinical and regulatory data.

The continuity of operation is therefore not a question, on the basis of the elements known to date, in any way. In particular, the group can rely on its Negma funding. Spineway also studies each way to optimize short-term cash flow requirements according to government decrees and measures published over time.

In addition, the group, concerned about the health of employees, subcontractors and suppliers, had implemented new procedures and developed home office work as much as possible during the confinement period and remains flexible depending on the evolution of the situation.

The main uncertainty in all the geographical areas where the group operates remains the risk of getting a second epidemic wave. Today, the group remains very strict in respecting the health protocol, in particular the wearing of a compulsory mask except for difficult and isolated workstations and / or when wearing a mask is inoperative.

The second uncertainty or opportunity for the Group, linked to the misdeeds of Covid-19 is the evolution of policies between States and the impact on world trade.

Finally, global macroeconomic uncertainty remains the impossibility and difficulty of properly targeting the level of resumption of activity in the coming months. We must at the same time be cautious and anticipate a more or less lasting prolongation of the market disruption, while being ready to face a brutal and violent recovery which cannot be ruled out.

- Continuation of the financing contract with NEGMA GROUP LTD by issuing OCA with attached BSA

This financing plan was approved in October 2019 for a total potential amount of 40 million euros corresponding to 16 000 warrants by June 2022.

The purpose of this contract is to finance capital merger projects and support its strategy, but also to support cash flow requirements related to current activity, particularly in connection with the current pandemic.

To date Spineway has launched three subscription phases:

- <u>1st phase: December 2019 – March 2020 for a total amount of 5,250 M€</u>

. Commitment fees for a total amount of 1,450 M€ on December 24th, 2019 corresponding to 580 warrants;

. 1st subscription tranche on December 24th, 2019 for 800 Tranche Warrants granting rights to 800 Convertible Bonds with a par value of 2,500 euros, i.e a total amount fully converted and contributed in cash for 2 000 000 euros;

. the second subscription tranche took place on March 31st, 2020 for 720 Tranche Warrants granting rights to 720 Convertible Bonds with a par value of 2,500 euros, i.e a total amount fully converted for 1 800 000 euros and contributed in cash up to 300 000 euros. The delta corresponding to the compensation regulations under the application of contractual clauses when the nominal value of the shares is lower than the market price.

- <u>2nd phase: April 2020 – September 2020 for a total amount of 6 M€</u>

. The 1st subscription tranche took place on April 16th, 2020 for 1 120 issue warrants giving the right to 1 120 convertible bonds with a nominal value of 2 500 euros, i.e. a total converted amount of 2 800 000 euros, solely as compensation.

. The 2nd subscription tranche took place on May 22nd, 2020 for 300 issue warrants giving the right to 300 convertible bonds with a nominal value of 2 500 euros, i.e. a total amount fully converted in the subsequent period of 750 000 euros and fully contributed in cash.

. The 3rd tranche took place on September 10th for 800 warrants giving the right to 800 convertible bonds with a nominal value of 2 500 euros, for a total amount of 2 000 000 euros in bond loans, including 1 313 000 euros in cash.

. The 4th tranche took place on November 14th for 400 warrants giving the right to 400 convertible bonds with a nominal value of 2 500 euros resulting in 900 000 euros of share premium, for a total amount of 1 000 000 euros in bond loans, total amount fully converted and fully contributed in cash.

- 3rd phase: December 2020 – March 2021 for a total amount of 6 M€

. The 4th tranche took place on December 22nd for 400 warrants giving the right to 400 convertible bonds with a nominal value of 2 500 euros resulting in 900 000 euros of share premium, for a total amount of 1 000 000 euros in bond loans, total amount fully converted and fully contributed in cash.

The total amount of financial charges under the contractual compensation mechanism amounts to 11 977 792 euros for 2020. These financial charges did not generate any cash outflow but are the consideration for issuance of warrants and increase in capital following revaluation of receivables. In fact, the compensations can be cleared either by issuing new warrants, by increasing the capital, or by paying in cash; this last solution having been excluded by the company.

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 of revaluation of the receivable related to the capital increase of May 19th, 2020
- 976 208 euros of revaluation of the receivable related to the capital increase of September 10th, 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 resulted in 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 19th, 2020, the Chairman and Chief Executive Officer, making use of the powers sub-delegated to him by the Board of Directors on October 3rd, 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 euro each.

By deliberations of the Combined General Meeting of May 26th, 2020, the share capital was reduced by 12 012 649.45 euros, to reduce it from 17 160 927.79 euros to 5 148 278.24 euros, by reducing the par value of the shares of 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 resulted in 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 16th, 2020, the share capital was reduced by 7 635 002,40 euros, to reduce it from 7 898 278,34 euros to 263 275,94 euros, by reducing the par value of the shares of 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 to end of December 2020 resulted in a capital increase of 2 000 000 euros through the creation of 20 000 000 343 shares of 0.0001 euros each and a share premium of 1 800 000 euros.

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

- Participation IMS

On May 6, 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.
Legal proceeding has been initiated in front of the arbitral tribunal. Note that no factual element has been provided by IMS since the submission of the request for arbitration at the beginning of August 2020. SPINEWAY therefore remains the owner of the titles.
To date, there is no indication of 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 4th, 2020 quashed the judgment of the administrative court. Thus, the financial statements for the first half of 2020 take into account an exceptional income from previous years of € 199K, amount received in September 2020.

- Inventory depreciation

The company reviewed and readjusted its inventory values as of December 31st, 2020 (the end of expiration of certain batches of products) and in particular:

- 100% depreciation of expired, obsolete, discarded products, unusable products (CE marking 0434) and whose expiration is less than 1 year
- 50% depreciation of lapses between 1 and 2 years
- Depreciation between 95% and 100% of slow-moving stocks
- 91% depreciation of single products.

For 2020, the amount of depreciation for inventories amounted to 950 K€.

1.3 Significant events from 2019

- Implementation of a social economic plan

The company has carried out a structural reorganization of its teams. This resulted in the establishment of a social economic plan in May 2019 and thus the dismissals of 8 employees.

- Capital increase of 1,3M euros to the benefits of a Luxembourg investment firm

On September 30th, 2019, Spineway announced the completion of a capital increase without preferential subscription rights to the benefit of Park Capital, a Luxembourg investment firm.

SPINEWAY issued 100 000 000 new shares with a par value per unit of €0,01, at the unit price of €0.01268, issue premium included, for a total amount of €1 268 000, representing 31.92% of SPINEWAY's capital before the increase on a non-diluted basis, i.e., dilution of 24%.

- Subscription of a tranche of 150 bonds convertible into new and/or existing shares (OCEANE) with attached warrants for a total par value of €1.5M as per the Additional Commitment.

In order to continue implementing the OCEANE issuance program reserved for the European High Growth Opportunities Securitization Fund, a fund managed by European High Growth Opportunities Manco SA (the "Investor"), a Luxembourg asset management company, SPINEWAY (the "Company") announces that today it bought back the 600 Tranche Warrants issued pursuant to resolution no. 2 of the General Shareholders' Meeting of 13 September 2018 for a symbolic euro, and (ii) the cancellation of said 600 Tranche Warrants.

Consequently, the Board of Directors met today and authorized the signature of an amendment to the issuance agreement (the "Issuance Agreement") for the tranche warrants ("Tranche Warrants" or "BEOCEANE") that, upon exercise, result in the issue of bonds convertible into new and/or existing shares (the "OCEANE") with attached warrants (the "Warrants") of 9 July 2018, the main changes being as follows:

The schedule and amounts of the OCEANE tranches upon exercise of the BEOCEANE set forth in the additional commitment have been amended as follows:

o 15 April 2019, exercise of the third tranche of BEOCEANE for a par value of 1,500,000 euros;

o 1 June 2019, exercise of the fourth tranche of BEOCEANE for a par value of 1,500,000 euros;

o 1 July 2019, exercise of the fifth tranche of BEOCEANE for a par value of 1,500,000 euros

o 1 August 2019, exercise of the sixth tranche of BEOCEANE for a par value of 1,500,000 euros

Moreover, a condition precedent for a request that a tranche of OCEANE be issued has been added requiring that no amount or delivery of shares be due pursuant to a conversion of OCEANE or the exercise of Warrants dating back more than two trading days;

The definition of “trading day” has been amended to exclude (i) trading sessions during which the Investor exchanges Company shares representing over 25% of volume (sale and purchase) and (ii) trading sessions during which the shares have been listed for less than 4.5 hours;

The OCEANE conversion price shall be carried out to one decimal point if the conversion price is higher than or equal to ten cents (€0.10). If the conversion price is less than ten cents (€0.10), the conversion price shall be carried out to two decimal points;

The Warrant exercise price shall be carried out to one decimal point if the conversion price is higher than or equal to ten cents (€0.10). If the conversion price is less than ten cents (€0.10), the conversion price shall be carried out to two decimal points;

A measure protecting Warrant holders has been added stating that if the Company issues new shares with a unit share price that is lower than the Warrant exercise price, the Warrant exercise price shall automatically be adjusted to match the issue price of the new shares, and such price shall be applicable immediately.

On the basis of this amendment to the Issuance Agreement executed today, the Board of Directors availed itself of resolution no. 9 of the General Shareholders’ Meeting of 4 April 2019 and proceeded with the allocation of 600 free new Tranche Warrants to the European High Growth Opportunities Securitization Fund. The characteristics of said 600 new Tranche Warrants, as well as the OCEANE and Warrants to which they grant rights, are identical to those set forth in the Company’s press release dated 10 July 2018.

Immediately following this allocation of 600 free new Tranche Warrants to the Investor, the Company announced the Investor’s exercise on 15 April 2019 of one hundred fifty (150) Tranche Warrants resulting in the issue of 150 OCEANE with Warrants, representing a bond issue with a total par value of €1.5M in favor of the Investor.

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 2021 continuity of business activity is based on:

- Assumptions of receipts related to the budget of turnover,
- The financing lines of the WCR given the banking pool. At the date of December 31st, 2020, 46% of the financing lines were renewed. A line of financial notes has been reduced for a total of 380 000 euros over the year;
- The obtainment of loans guaranteed by the State (PGE) up to 1 270 000 euros;
- Funding guaranteed under the Negma contract (see note 1.2) dedicated to cash flow requirements linked to activity and organic growth which secure at least cash requirements for the coming year.

1.5 Significant post balance-sheet events

A second tranche of subscription took place on January 4th for 400 warrants giving the right to 400 convertible bonds with a nominal value of 2 500 euros resulting in 900 000 euros of share premium, for a total amount of 1 000 000 euros in bond loans, total amount fully converted and fully contributed in cash.

On January 6th, 2021, an amendment was signed concerning the contract with Negma. This amendment grants a retrocession of 34,113,815 BSA to Spineway and a modification of the coverage of the BSA which increases to 20% (versus 30% previously).

A third tranche of subscription took place on January 19th for 600 warrants giving the right to 600 convertible bonds with a nominal value of 2 500 euros, for a total amount of 1 500 000 euros in bond loans, total amount fully converted and fully contributed in cash. This should result in 1 350 000 euros of share premium.

Following the Board of Directors meeting of January 25th, 2021, the company decided to set up a plan for the allocation of free shares.

Note 2. Accounting principles and consolidation rules

2.1 Basis of preparation of the financial statements

These consolidated financial statements beginning on the 01/01/2020 and ending on the 31/12/2020 were approved by the board of Direction on January 25th, 2021.

2.2 Accounting standards

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

The rules and accounting standards used are in compliance with the updated 99-02 legislation.

The financial statements of the foreign consolidated companies, prepared in accordance with local accounting principles, are adjusted to bring them into compliance with the accounting policies applied by the Group.

The interim consolidated accounts have been approved by the Chairman of the Board of Directors with due respect of the principle of continuity of business activity.

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 and its 100% owned American subsidiary SPINEWAY Inc consolidated under the full integration method.
The financial statements of the subsidiary SPINEWAY Inc are not representative.

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 01/01/2020 and ending on the 30/06/2020 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 Group is not affected by accounting for goodwill as all the investments in subsidiaries come from the creation of new entities.

2.4.1.2 Foreign currency transactions

Foreign currency transactions are converted at the day exchange rate and, when appropriate, at the coverage rate if subscribed before the operation.
All costs incurred to set up a coverage rate are integrated to the cost of acquisition.

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 Group has been using the average exchange rate of the first semester for the calculation of the turnover S1 and has proceeded the same way for the calculation of the turnover S2. The average of those two exchange rates has been used as the exchange reference rate for the calculation of amounts in the profit and loss.

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

2.4.1.3 Deferred taxes

In accordance with the requirements CRC n°99-02Deferred taxes reflect temporary differences between the book value and taxable value of assets or liabilities.

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 902 297 € for 2020.

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

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.

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.

* Establishment fees: 5 years
* Concessions and similar rights, patents, licenses: 1 year
* 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

By simplification, 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.

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 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 if 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 are profitability, a cost-benefit perspective, shareholders' equity …

2.4.2.4 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.

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) and promissory notes (BF).

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 the 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 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.

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 Financial income

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

2.4.2.12 Extraordinary income

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

2.4.2.13 Tax credits

A substance-over form rule is applied, and in particular for the reversal of accounting entries regarding tax provisions prescribed by the Regulation 99-02, tax credits (research tax credits and innovation tax credits) are therefore presented in the « Other income » caption.

2.4.2.14 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.

2.5 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 semester.

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	Software	Other intangible assets	Assets in progress & advances	Total gross
Balance as of December 31, 2018	**123**	**120**	**13**	**-**	**255**
Increase	-	31	-	358	390
Decrease	-	-	-	-	-
Balance as of December 31, 2019	**123**	**152**	**13**	**358**	**645**
Increase	-	-	-		
Decrease	-	-	-	883	884
Balance as of December 31, 2020	**123**	**152**	**13**	**1 241***	**1 528**

INTANGIBLE ASSETS GROSS (K €)	Probate fees	Software	Other intangible assets	Assets in progress & advances	total gross
Balance as of December 31, 2018	**-74**	**-108**	**-10**	**-**	**-193**
Amortizations	-25	-7	-1		-33
Decrease					-
Balance as of December 31, 2019	**-99**	**-115**	**-12**	**-**	**-226**
Amortizations	-15	-14	-1		-30
Decrease					-
Balance as of December 31, 2020	**-114**	**-129**	**-12**	**-**	**-255**

intangible assets NET (K €)	0	0	0	0	Net total
Balance as of Decembre 31 2019	24	36	1	358	419
Balance as of December 31, 2020	9	23	-	1 241	1 273

**The amount of 1 241K€ 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.

3.2 Tangible assets

TANGIBLE ASSETS GROSS (K €)	constructions	Instal. Techn., Mat. & Out.	Other tangible assets	Assets in progress & advances	total gross
Balance as of December 31, 2018	**94**	**4 966**	**415**	**-**	**5 474**
Increase	3	384	15	-	402
Decrease	-	-	-	-	-
translation difference	-	-	-	-	-
Balance as of December 31, 2019	**97**	**5 350**	**429**	**-**	**5 876**
Increase	1	96	-	-	97
Decrease	-	-	-	-	-
translation difference	-	-	-	-	-
Balance as of December 31, 2020	**98**	**5 446**	**429**	**-**	**5 973**

Amortizations OF TANGIBLE ASSETS (K €)	constructions	Instal. Techn., Mat. & Out.	Other tangible assets	Assets in progress & advances	total Amortization
Balance as of December 31, 2018	**-58**	**-3 790**	**-352**	**-**	**-4 200**
Amortizations	-11	-738	-29		-778
Decrease					-
Balance as of December 31, 2019	**-69**	**-4 528**	**-381**	**-**	**-4 978**
Amortizations	-9	-420	-18		-447
Decrease					-
Balance as of December 31, 2020	**-78**	**-4 948**	**-398**	**-**	**-5 424**

tangible assets NET (K €)	constructions	Instal. Techn., Mat. & Out.	Other tangible assets	Assets in progress & advances	Net total
Balance as of Decembre 31 2019	28	821	49	-	898
Balance as of December 31, 2020	20	497	31	-	548

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
Balance as of December 31, 2018	**-**	**-**	**90**	**-**	**90**
Increase	4 420	-	2	-	4 421
Decrease	- -	-	- -	-	-
Balance as of December 31, 2019	**4 420**	**-**	**92**	**-**	**4 512**
Increase	-	-	-2	-	**-2**
Decrease	-	-	-	-	**-**
Balance as of December 31, 2020	**4 420**	**-**	**90**	**-**	**4 510**

Amortization of financial assets (K €)	Equity securities	Account receivables related to participante interests	Deposits and Guarantees	Other receivables	total amortization
Balance as of December 31, 2018	**-**	**-**	**-**	**-**	**-**
Endowment					-
Balance as of December 31, 2019	**-**	**-**	**-**	**-**	**-**
Endowment					
Balance as of December 31, 2020	**-**	**-**	**-**	**-**	**-**

Financial Assets NET (K €)	Equity securities	Account receivables related to participante interests	Deposits and Guarantees	Other receivables	Net total
Balance as of December 31 2019	4 420	-	92	-	4 512
Balance as of December 31, 2020	4 420	-	90	-	4 510

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.

No indication of impairment has been identified.

3.4 Stocks

Inventory (K €)	December 31, 2020	December 31, 2019
Inventory of goods	2 968	3 903
Gross amount	**2 968**	**3 903**
Depreciation and write-down	-950	-1 318
Net amount	**2 018**	**2 584**

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, 2020	1 320	1 068	11	241	-241	1 079
Balance as of December 31, 2019	1 663	1 243	51	369	-377	1 286

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.

In 2020, the company classified the debt of one distributor as doubtful customer for 10 369 € and written off debts accrued the last previous years for a total of 146 067 euros. The total amount doubtful customers at December 31, 2020 amounted to 241 172 €, amount fully depreciated.

3.6 Deferred tax assets

The tax loss carryforwards amount 32 M€ at December 31st, 2020. They were not activated in the absence of visibility as to their allocation to future results. The company generated a deficit of € 14 million in 2020.

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, 2020	December 31, 2019
Tax credit for research and development	220	204
Tax credit for innovation	11	6
Tax credit for employee compétitivité	1	
Tax receivables (VAT, ...)	93	120
Social receivables institution	9	5
Spineway Iberica	16	
deferred expenses	4	
Miscellaneous receivables		40
Gross value	**353**	**375**
Depreciation and write downs		
Net value	**353**	**375**

At December 31st, 2020 the research tax credit has an amount of 220 128 euros and the tax credit for innovation has an amount of 11 492 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, 2020	December 31, 2019
Bank accounts	4 857	2 575
Short term deposits		
Cash and cash equivalents	**4 857**	**2 575**
Outstanding bank overdrafts	**-**	**-**
net cash	**4 857**	**2 575**

The excess cash balance comes from increases in capital following the conversion of warrants, the unconverted bond loan balance and the obtaining of PGEs.

3.9 Share capital

See paragraph 1.2

The capital at December 31st, 2020 was made up of 22 632 759 788 shares of 0.0001 euros each, ie a capital of 2 263 275,94 euros.

3.10 Provisions

PROVISIONS (K €)	Litigation	Pensions and Assimilated bonds	other	Total
Balance as of December 31, 2018	**-**	**82**	**-**	**82**
Increase	15		37	52
Reversal		-		-
Write back of provision ot used		-28		-28
Balance as of December 31, 2019	**15**	**54**	**37**	**107**
Increase	-	19	36	55
Reversal	-15	0	-37	-52
Reversal of unused				-
Write back of provision ot used				
Balance as of December 31, 2020	**-**	**74**	**36**	**110**

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

	December 31, 2020	December 31, 2019
Retirement age	Between 60 and 67 years	Between 60 and 67 years
discount rate	0,50%	1,00%
Wages growth rate	0%	1% (C), 1% (NC)
Rate of social security	44% (C), 35% (NC)	45% (C), 35% (NC)
Mortability table	TG05	TV 88-90
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 74K€ at the 31st of December 2020 versus 55K€ at the 31st of December 2019.

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 : 0,5% at 31st of December 2020 (1% at December 31st 2019)
- Mortality table TG05
- Staff turnover low

3.11 Borrowings and financial debts

Debt statements	Gross amount	Issued	Reimbursed	Other variations	December 31, 2020
Loans	718	1 270	-185		1 804
Accrued interest is loans	3	-	-2		2
Jump	2 010	11 350	-	-13 360	-
Overdrafts - bank	-	-	-		-
promissory notes	730	1 630	-2 010		350
Factoring of receivable abroad	950	2 767	-3 187		530
Advance ERDF	-	-	-		-
Guarantee COFACE	204	-	-7		198
Financial lease debts	-	-	-		-
TOTAL	**4 615**	**17 017**	**-5 390**	**-13 360**	**2 883**

The maturity schedule for financial debts:

Debt statements	Gross amount	Under 1 year	Between 1 and 5 years	Over 5 years
Loans	1 804	300	1 504	
Accrued interest is loans	2	2		
Bond issue	-	-		
Overdrafts - bank	-	-		
promissory notes	350	350		
Factoring of receivablesr abroad	530	530		
FEDER advance	-	-		
COFACE guarantee	198	198		
Financial lease debts	-	-		
TOTAL	**2 884**	**1 380**	**1 504**	**-**

The MCNE (cross border claims mobilized) and BL (promissory notes) have both floating rates.
The details of short-term instruments used at the 31/12/2020 are as follows:
MCNE (cross border claims mobilized): 529 867 euros used on a total of 1 040 000 euros. The MCNE reach maturity upon payment of the invoice by the customer.
BF (promissory note): 350 000 euros used on a total of 350 000 euros. The promissory notes are subscribed for 90 days. At the 31/12/2020, the taken promissory notes cover the period from 01/01/2021 to 31/03/2021 and will be renewed at maturity.

As of December 31st, 2020, Spineway has recorded 8 bank loans in progress.
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.
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 4 loans which cover 30% of the remaining amounts at the date of December 31st, 2020 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 31st, 2020, 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 12th 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 14th 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

At December 31st, 2020 the total outstanding regarding those two loans amounts is 270 K€ on a total of 1 804 K€ of 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 and 7 K€ at December 31st, 2020.

3.12 Liabilities

SUPPLIERS AND OTHER DEBTS (K €)	December 31, 2020	December 31, 2019
Suppliers	848	1 162
Social institutions and contributions	850	361
Tax payable	22	26
Other payable	10	10
deferred revenues		
TOTAL	**1 731**	**1 559**

Maturity (K €)	December 31, 2020	December 31, 2019
under 1 year	1 731	1 559
over 1 year		
TOTAL	**1 731**	**1 559**

The increase in social debts is linked to the delay in payment of charges during the confinement period for an amount of 399K euros.

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, 2020		December 31, 2019	
Sales of goods France (1)	414	12%	665	13%
Sales of goods - USA	47	1%	149	3%
Sales of goods - Abroad (2) :	2 917	86%	4 204	84%
ASIA	*841*	*29%*	*699*	*17%*
EUROPE	*287*	*10%*	*469*	*11%*
AMLAT	*1 491*	*51%*	*2 589*	*62%*
MEA	*298*	*10%*	*435*	*10%*
Revenue	**3 378**	**100%**	**5 018**	**100%**

(1) Sales mainly generated with hospitals and clinics
(2) Sales mainly realized towards abroad distributors

4.2 Other products

Other operating income (K €)	December 31, 2020		December 31, 2019	
Tax credit for research and development	220	79%	204	97%
Tax credit for innovation	11	4%	6	3%
US subvention	42	15%		
Other income	4	1%	1	0%
Other operating income	**277**	**100%**	**211**	**100%**

The other income consists of the research tax credit from the French company and a subsidy awarded to the American company in the context of COVID.

5.3 Financial income

Financial result (€ K)	December 31, 2020	December 31, 2019
Exhange gains	29	36
Other financial income	10	-1
Financial income	**39**	**35**
Interest is loans	-50	-52
Exchange Losses	-290	18
Other financial Losses	-11 978	-142
Financial expenses	**-12 318**	**-176**
Financial result	**-12 279**	**-141**

The financial result is mainly composed of financial charges under the contractual compensation mechanism, ie 11 977 792 euros for 2020. (See 1.2).
It also includes exchange gains and losses, interest on bank loans, provisions and reversals of provisions.

4.4 Extraordinary income

EXTRAORDINARY RESULT (K €)	December 31, 2020	December 31, 2019
Income from previous years	546	33
Provision for Risks and costs written back	15	
Other extraordianry income	2	
Extraordinary income	**563**	**33**
Expenses from previous years	-477	
Provision for Risks and costs		-15
Other extraordinary expenses	-2	-429
Extraordinary expenses	**-479**	**-444**
Extraordinary result	**84**	**-411**

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

Income from previous years mainly relates to the US subsidiary inventories, to an adjustment made on the assets in progress from 2019 and to the outcome of a tax audit of the French company.

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, 2020	December 31, 2019
Net result (in K €)	-14 105	-2 876
Number of shares	4 632 759 445	454 275 718
Weighted average number of shares	1 629 784 456	44 806 777
Number of available share warrants (unused)	6 172 194 158	6 133 455 736
Earnings per share in EUR	**-0,0087**	**-0,06**
Diluted earnings per share in euros	**-0,0018**	**-0,0005**

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 contact 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.

On the accounting year, the company booked an annual rent of 158 000€, 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, 2020	December 31, 2019
Executives	18	19
Employees	7	11
Average staff	**25**	**30**

4.9 Financial commitments

FINANCIAL COMMITMENTS (In K €)	December 31, 2020	December 31, 2019
Commitments Given		
Financial lease liabilities	-	-
Surety is inventories	985	2 105
Surety business is capital	560	560
hedging instruments	-	-
Others	-	-
Commitments Given	**1 545**	**2 665**
Commitments received		
Bank credit lines allowed	80	230
Commitments received	**80**	**230**
Total financial Commitments	**1 625**	**2 895**

Financial commitments given:

The supported retirement commitment is constituted by the retirement indemnities (IFC) of the staff of the French entity, the legislation providing that 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 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.

Financial commitments received:

The 80 K€ represent the total of the bank overdrafts authorized by Spineway banking partners. It is not used at the date of December 31st, 2020.