

**CONSOLIDATED FINANCIAL STATEMENTS
SPINEWAY GROUP**

AT 12/31/2024

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET - ASSETS

Consolidated financial statements

	31/12/2024	31/12/2023
Intangible assets	9 507	9 265
<i>Goodwill</i>	5 900	5 402
Tangible assets	2 529	2 405
Financial assets	4 477	4 488
Investments in associates		
Fixed assets	16 514	16 159
Inventories and work in process	4 731	4 402
Accounts receivable and related accounts	3 156	2 718
Other receivables and accruals	1 488	1 234
Cash	4 519	1 799
Current assets	13 894	10 153
TOTAL ASSETS	30 408	26 311

CONSOLIDATED BALANCE SHEET - LIABILITIES

Consolidated financial statements

	31/12/2024	31/12/2023
Share capital	58	286
Issue, merger and contribution premiums	29 417	27 043
Réserves et résultat consolidé	-5 231	-8 275
Others		
Shareholders' equity attributable to the group	24 243	19 054
Minority shareholdings		
Other stockholder equities		
Provisions for liabilities and charges	270	286
Loans and miscellaneous financial debts	1 817	2 603
Suppliers and related accounts	1 895	2 816
Other debts and accruals	2 183	1 553
Debts	5 895	6 971
TOTAL LIABILITIES	30 408	26 311

Consolidated income statement

CONSOLIDATED INCOME STATEMENT

Consolidated financial statements

	31/12/2024	31/12/2023
Net Sales	11 950	10 519
Total other operating income	795	842
Operating depreciation reversals	92	46
Operating provision reversals	1 324	670
Operating Related account	0	0
Operating income	2 211	1 558
Purchases and change in inventory	3 699	3 309
Other purchases and external expenses	3 691	5 585
Taxes	162	108
Personnel cost	4 890	5 734
Operating allowance	934	859
Operating provisions charges	1 300	991
Other operating expenses	370	7
Operating expenses	15 047	16 594
EBITDA	-887	-4 517
Goodwill impairment and amortization		
Net Operating Income	-887	-4 517
Financial income	0	6
Financial expenses	2 464	1 041
Net Financial Income	-2 464	-1 035
Current profit before tax	-3 350	-5 552
Net Extraordinary Income	-514	-957
Income taxes and related		
Deferred tax		
Net income in consolidated companies	-3 865	-6 510
Net result of affiliated companies		
Consolidated net income	-3 865	-6 510
Group net income	-3 865	-6 510
Net income of the minority interests		
Résultat par action	-0,00002653 €	-0,00040829 €
Résultat dilué par action	-0,00002653 €	-0,00040829 €

Consolidated statement of changes in shareholders' equity

CONSOLIDATED CHANGE IN EQUITY

	Capital	Premiums	Group net income	Reserves	INVESTISSEMENT GRANTS	Regulated provisions	Réserves de conversion	Group Shareholder's Equity
Solde December 2022	182	24 502		-3 044			369	22 008
Transfer movements	0	0		0			0	0
Changes in the scope of consolidation	0	0		0	0	0	0	0
Changes in capital	-1 531	1 531		0	0	0	0	0
Group net income			-6 510				0	-6 510
Dividends pay-out (-)							0	
Dividends paid by ME							0	
INVESTISSEMENT GRANTS	0	0		0	0	0	0	0
Regulated provisions							0	
Capital Subscription							0	
Changes in equity	0	-787		787	0	0	0	0
Exchange rate movements	0	0		0	0	0	122	122
Other movements	1 635	1 797		2			0	3 434
Solde December 2023	286	27 043	-6 510	-2 256			491	19 054
Transfer movements	0	0		333	0	0	0	333
Changes in the scope of consolidation	0	0		4 151	0	0	0	0
Changes in capital	-4 151	0		0	0	0	0	0
Group net income			-3 865				0	-3 865
Dividends pay-out (-)							0	
Dividends paid by ME							0	
Acquisition							0	
Repayment (-)							0	
INVESTISSEMENT GRANTS	0	0		0	0	0	0	0
Regulated provisions							0	
Capital Subscription							0	
Changes in equity	0	-2 987		2 987	0	0	0	0
Exchange rate movements	0	0		0	0	0	-229	-229
Other movements	3 922	5 360		-333			0	8 949
Solde December 2024	58	29 417	-3 865	-1 624			257	24 243

Consolidated cash flow statement

CASH FLOW STATEMENT	
Consolidated financial statements	
	31/12/2024
OPERATING OPERATIONS	
Net income in consolidated companies	-3 865
Reversal of depreciation and provisions	-43
Provisions and depreciation entered	1 058
Capital gains & losses on disposal	2
Elim of calculated profits and charges	0
CASH FLOW FROM OPERATIONS	-2 848
Change in financial expenses	0
Net change in operating	-1 682
Net change in off-operating	1 256
CHANGE IN WORKING CAPITAL REQUIREMENTS	-426
Net operating cash flow	-3 274
INVESTMENT OPERATIONS	
Net cash flow on investments	-1 011
FINANCING OPERATIONS	
Net cash on financing activities	7 010
Currency effect on cash and capital	-4
NON CASH VARIATION	2 720
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1 795
CASH AND CASH EQUIVALENTS AT PERIOD-END	4 515
NON CASH VARIATION	2 720

CONSOLIDATED CASH FLOW STATEMENT (K €)	December 31, 2023
Net consolidated income	-6 510
Amortizations, depreciations, and provisions	1 134
Charges without any impact on the operating income	-9
Financial charges without any impact on the operating income	963
Net Gains Losses gold is disposal of fixed assets	0
adjusted cash flow	-4 422
Change in inventory	-473
Change in trade receivables and other accounts receivable	-834
Change in trade and other payable accounts payable	-380
Variation in suppliers, debts	281
Operating activities cash flow	-5 828
Asset expenditures	
Capitalised R&D costs	-668
Fixed assets : instruments	-547
Production line	-247
Asset Disposals	
Other variations	71
Investing activities cash flow	-1 392
Increases mainly related to capital and bond loans :	2 800
<i>Share capital increase (net of capital increase costs)</i>	
<i>Share premium</i>	2 800
<i>Bond loans issues</i>	
<i>Bond issues included in capital</i>	
<i>Various funds received and reimbursed over the year</i>	
Treasury instruments (MCNE & promissory notes)	-199
Other reimbursements	891
<i>of which of new loans credit institutions</i>	1 500
<i>of which repayment of loans credit institutions</i>	-609
<i>COFACE third-party reimbursement</i>	
Own shares	-
Financing activities cash flow	3 492
Foreign currency translation	-
Change in cash flow and cash equivalents	-3 726
Cash at the Beginning of the period	5 525
Cash at the end of the period	1 799

Notes to the consolidated financial statements

These consolidated financial statements of the SPINEWAY group cover the period from January 1st 2024 to December 31st, 2024.

All amounts are in thousands of euros unless otherwise stated.

The consolidated financial statements have been prepared as if the Group had always existed

This document is written in English and French. In the event of any discrepancy, the French version shall prevail.

Note 1. Presentation of the Group and major events

1.1 Group information

These consolidated financial statements include SPINEWAY, its US subsidiary SPINEWAY INC, DISTIMP and SPINE INNOVATIONS, which was acquired on July 21, 2022 (together the "Group").

Spineway SA is a société anonyme with a Board of Directors, incorporated under French law, and is the parent company of the Spineway Group. It is registered with the Lyon Trade and Companies Registry under number 484 163 985. The company's registered office is at 7, allée Moulin Berger - 69130 Ecully.

Spineway Inc is a company incorporated in the United States, created on August 1st, 2016, with a share capital of \$500 K, whose registered office is located at 990 Biscayne Blvd, in Miami, Florida, USA.

DISTIMP is a French société par actions simplifiée unipersonnelle, a Group subsidiary. It is registered with the Lyon Trade and Companies Registry under number 843 516 782. The company's head office is located at 7, allée Moulin Berger - 69130 Ecully.

Spine Innovations is a French société par actions simplifiée (single-shareholder company), a Group subsidiary. It is registered with the Lyon Trade and Companies Registry under number 887 534 501. The company's registered office is at 7, allée Moulin Berger - 69130 Ecully.

The Group specializes in spine implants. It designs, develops and markets a range of cutting-edge surgical implants used at all levels of the spine (lumbar, thoracic and cervical).

The use of these surgical implants is indicated by surgeons specializing in orthopedics or neurosurgery, following diagnosis of severe pathology requiring surgical correction and stabilization of their patients' spine.

1.2 2024 events

○ Growing sales

The Spineway Group posted annual sales of €12.0 million in FY 2024, representing organic growth of 14% (excluding the scope of consolidation effect) compared with FY 2023. This acceleration benefits from the successful integration of the Distimp and Spine Innovations acquisitions, which have enabled the Group to strengthen its premium ranges and boost sales in this segment.

Latin America and Asia are driving overall annual growth, thanks to the introduction of these premium and innovative products to the Group's long-standing distributors. Continued sales growth in these territories over the 4th quarter, enabled the Group to achieve annual sales of €4.2 million in Latin America (+35% on 2023) and €1.9 million in Asia (+12%). In Europe, after a 4th quarter affected by the delayed start-up of new ranges, annual sales rose by 2.5% over the year to €5.3 million. Despite a mature market and competition exacerbated by stagnant economies and restrictive budgetary policies, this growth demonstrates the good positioning of Spineway products in this demanding market.

○ Effective date of Spineway share consolidation

Share consolidation

Following a decision by the Company's shareholders at the Extraordinary General Meeting held on November 10, 2023, on February 27, 2024 Spineway announced the completion of its reverse stock-split, through the exchange of 1 new share with a par value of 4.00 euros for 2,000 existing shares with a par value of 0.002 euros.

At February 27, 2024, Spineway's share capital comprised 832,962 shares with a par value of 4.00 euros each.

Share capital increase

Following conversions of Negma Group Ltd bonds between January 22, 2024 and February 9, 2024, the Company's Board of Directors, meeting on February 29, 2024, recorded the creation of 1,191,228,073 new ordinary shares and a corresponding increase in share capital of €2,382,456.15.

Share capital reduction

Following the reverse stock-split, the Company's Board of Directors decided on February 29, 2024 to reduce the share capital by reducing the par value of the Company's shares. Following this operation, the Company's share capital still comprises 832,962 ordinary shares, i.e. the number of shares making up the share capital following the above-mentioned reverse stock-split, effective since February 27, 2024.

Nominal value reduction

From October 14 to December 4, 2024, 496 convertible bonds were converted into 11,818,354 shares, representing a capital increase of 531,826.04 euros. On December 4, the share capital stood at 896,018.33 euros

On December 4, 2024, Spineway's Board of Directors, acting on a delegation of authority granted by the Combined General Meeting of March 25, 2024, decided to reduce the Company's share capital on the grounds of losses by reducing the par value of its shares. The par value of the Company's shares is thus reduced from 0.045 euros to 0.002 euros and the share capital is thus reduced by 856,195.29 euros, bringing the share capital from 896,018.33 euros to 39,823.04 euros. Following this operation, the Company's share capital remains made up of 19,911,518 ordinary shares.

- Continuation of €10.99m convertible bond financing agreement

On May 24, 2023, the Company entered into a contract for the issue and subscription of bonds convertible into shares (OCA) for a maximum total nominal amount of ten million nine hundred and ninety thousand euros (€10,990,000) and a term of 24 months.

Details of the financing are given in the appendix to the May 25, 2023 press release and are also available on the Company's website.

From January 1 to January 3, 2024, 14 convertible bonds were converted into 11,666,666 shares, representing a capital increase of 23,333.33 euros.

From January 4 to January 25, 2025, 170 convertible bonds were converted into 320,000,000 shares, representing a capital increase of 640,000 euros.

From January 26 to February 9, 2024, 452 convertible bonds were converted into 1,191,228,073 shares, representing a capital increase of 2,382,456.15 euros.

From March 1 to June 26, 2024, 1,052 convertible bonds were converted into 2,630,515 shares, representing a capital increase of 2,382,456.15 euros.

From June 28 to October 11, 2024, 670 convertible bonds were converted into 4,629,679 shares, representing a capital increase of 208,335.64 euros.

From October 14 to December 4, 2024, 496 convertible bonds were converted into 11,818,354 shares, representing a capital increase of 531,826.04 euros.

From December 5 to December 31, 2024, 272 convertible bonds were converted into 8,880,766 shares, representing a capital increase of 17,761.53 euros.

The share capital at December 31, 2024 was 57,584.57 euros, made up of 28,792,276 shares with a par value of 0.002 euros each.

- Group strategic growth plan

Spineway pursues its commercial development and regulatory initiatives dedicated to the approval of Spine Innovations and Distimp products for major export markets.

The company launches a premium range of implants and instruments to address the broader segment of degenerative spinal pathologies. It is also pursuing its efforts to access the US market with its range of cervical disc prostheses.

- Austerity plan

At its meeting on January 4, 2024, the Board of Directors approved the implementation of an austerity plan to enable the Group to return to profitability as quickly as possible, which is absolutely essential to ensure the sustainability of cash requirements and the deployment of its strategic plan for innovation and penetration of new markets. This austerity plan is accompanied by various measures, including a plan to cut operating expenses and a social component to reduce the workforce by more than 11% over the 1st quarter of 2024. The expenses of €193,000 associated with this plan are booked under exceptional expenses.

- IMS participation

The company initiated proceedings in the United States for recognition of the Geneva arbitral tribunal's decision, as IMS is headquartered in Delaware. As IMS did not respond to the petition, Spineway continued to take steps in the US to put IMS in default, a prerequisite for any recovery action.

In order to enforce the decision, the award must be recognized by the judicial authorities of the State of Delaware, where Strategos is headquartered. The award was thus recognized in the first instance, but Strategos lodged an appeal with the following court: United States District Court for the District of Delaware: United States District Court for the District of Delaware. Oral arguments on the petition were held on November 30, 2023. The decision handed down by the United States District Court for the District of Delaware on March 01, 2024 was unfavorable to Spineway, which has appealed.

Appeal proceedings are underway. After an exchange of written submissions, the judges have summoned the parties to an oral hearing. The final appeal decision is expected in the 4th quarter of 2025.

To date, there is no indication of any impairment in the value of IMS shares.

1.3 Business continuity

Spineway's business requires a high level of working capital, due to delays in the collection of receivables from customers (healthcare institutions in France and distributors outside France), and a high level of inventory, necessitated by the availability of implant ranges.

Going concern 2025 is based on :

- Closing cash position of €4.5 million;
- The cash budget derived from the Company's annual budget ;
- The Company's ability to raise additional financing if necessary.

1.4 Post-balance sheet events

In a ruling handed down on March 19, 2025, the United States Court of Appeals for the Third Circuit upheld the lower court's decision to dismiss Spineway's application for enforcement of the Geneva arbitration award, which had upheld Spineway's claim on the merits.

In 2019, the Group acquired a stake in Integral Medical Solutions (IMS), a company owned by Strategos. As Strategos had not implemented its operating plan, Spineway initiated proceedings before the Geneva arbitral tribunal, which issued an award on January 20, 2022 in favor of Spineway, ordering Strategos to repay the full purchase price of the shares, i.e. €4,160,000, plus interest, and to reimburse the arbitration costs incurred.

As Strategos never responded to Spineway's settlement requests, Spineway initiated the procedure for recognition of the Geneva arbitral tribunal's decision in the United States, a prerequisite for any recovery action. In order to enforce the decision, the award must be recognized by the judicial authorities of the State of Delaware, where the parent company, Strategos, is headquartered. In this context, Spineway applied to the United States District Court for the District of Delaware for recognition of the arbitral award, which rejected the application for confirmation of the award in an order dated March 1, 2024. Following this ruling, Spineway appealed to the Delaware Court of Appeals, which has now confirmed the lower court's decision.

Determined to have its rights recognized, the Spineway group is studying alternative legal avenues to enforce the Geneva arbitration award, which is in its favor on the merits.

In any case, this decision, which is not final, in no way affects the substance of the claim, its amount or the arbitral award and its enforceability.

Note 2. Accounting principles and consolidation rules

2.1 Basis of preparation

These consolidated financial statements for the period from January 1, 2024 to December 31, 2024 were approved by the Board of Directors on March 24, 2025.

2.2 Accounting standards

The consolidated financial statements have been prepared in accordance with the principles applicable in France.

The accounting rules and methods applied comply with ANC regulation no. 2020-01 applicable from January 1, 2021.

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

The consolidated financial statements have been prepared by the Chairman of the Board of Directors on a going concern basis.

2.3 Consolidation method

The following consolidation methods are used:

- Companies over which the Group exercises exclusive control are fully consolidated,
- Companies controlled jointly with other shareholders are proportionally consolidated,
- Companies over which the Group exercises significant influence are accounted for by the equity method.

Subsidiaries or equity interests that are not material and are in the process of being sold are not consolidated.

These consolidated financial statements include SPINEWAY, its 100%-owned US subsidiary SPINEWAY Inc, its 100%-owned French subsidiary DISTIMP since June 25, 2021, and its 100%-owned French subsidiary Spine innovations since July 2022. All 3 subsidiaries are fully consolidated.

2.4 Accounting policies

The consolidated financial statements comply with the following principles:

- Historical costs ;
- Business continuity ;
- Consistency of accounting policies from one year to the next ;
- Exercise independence.

2.4.1 Consolidation restatements

Thus, after harmonization, the following rules are respected:

- Use of financial statements to December 31, 2024 for all Group companies,
- Application of consistent methods for all Group companies,
- Elimination of intercompany transactions.

2.4.1.1 Goodwill

The difference between the acquisition cost and the acquirer's share of the fair value of the acquiree's identifiable assets and liabilities is recorded as an asset in the consolidated balance sheet under "Intangible assets" when positive, and as a liability in a specific line item when negative.

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

The Group determines the useful life, limited or unlimited, of goodwill based on a documented analysis of the relevant technical, economic and legal aspects of the acquisition concerned.

Where there is no foreseeable limit to the period over which goodwill will generate economic benefits for the Group, it is not amortized.

Where, at the time of acquisition, there is a foreseeable limit to its useful life, goodwill is amortized on a straight-line basis over this period, or, if this cannot be reliably determined, over 10 years.

Any significant change in the useful life of goodwill is treated prospectively, and the Group identifies at each balance sheet date whether there is any indication that goodwill may be impaired. Where the useful life of goodwill is open-ended, the impairment test is carried out at least once a year, regardless of whether there is any indication of impairment.

An overall impairment test is therefore carried out on the value of net assets. These assets include goodwill. If the present value falls below the net book value of net assets, they are written down to their present value. If necessary, this impairment is allocated to goodwill.

Impairment losses recognized are never reversed.

When the useful life of goodwill, originally estimated as open-ended, becomes limited with regard to one of the criteria mentioned in the second paragraph of this article, an impairment test is carried out; goodwill, if impaired, is amortized over its residual useful life.

Impairment tests did not lead to the recognition of any impairment for the year. It should be noted, however, that the results are highly sensitive to operational and actuarial assumptions.

2.4.1.2 Cumulative translation adjustment

The financial statements of subsidiaries whose functional currency is not the euro have been translated using the historical cost convention. In accordance with this method, translation is carried out as follows:

- Non-monetary items, including shareholders' equity, are translated at the historical rate, i.e. at the exchange rate on the date on which the items are included in consolidated assets and liabilities;
- Monetary items are translated at the exchange rate at the balance sheet date;
- In principle, income and expenses are translated at the exchange rate prevailing on the date they are recognized; in practice, they are translated at the average rate for the year.

2.4.1.3 Deferred taxes

In accordance with ANC regulation 2020-01, the Group recognizes deferred taxes on temporary differences between the tax and book values of assets and liabilities in the consolidated balance sheet. If the amounts are material.

Under the liability method, the effect of any changes in tax rates on previously recognized deferred taxes is recognized in the income statement in the year in which these changes become certain.

Foreign corporate income tax is restated at the tax rate applicable in the country concerned. The tax rate in the United States is progressive and depends on a number of factors (amount of previous losses, etc.). Deferred tax assets arising from temporary differences and tax losses are limited to the estimated amount of tax that is likely to be recovered. This probability is assessed at the end of each fiscal year.

For the periods presented, tax losses have not been capitalized in the absence of visibility as to their offset against future earnings.

2.4.2 Accounting policies

2.4.2.1 Research and development costs

Costs are capitalized only if the initiated projects meet the following criteria:

- The project or process is clearly defined and the associated costs are reliably measured and clearly identified,
- Proven technical feasibility
- The product or process has a good chance of being marketed or used internally,
- Assets generate future economic benefits,
- Adequate technical, financial and other resources are available to complete the project.

Since the second half of 2019, the company has met all the criteria for activating development projects.

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

Development expenditure includes direct and indirect costs incurred on projects, notably the salaries of researchers, engineers and technicians, as well as subcontracting costs incurred for development activities.

The development effort gives rise to the capitalization of development costs under intangible assets in progress in the amount of 200,999 euros for 2024, compared with 668,321 euros for 2023.

When the costs are capitalized, they will be amortized on a straight-line basis over 5 years.

Where there is an indication of impairment, and at each year-end, development projects recorded as assets on the balance sheet are analyzed to ensure that each project still meets the criteria for capitalization. Where necessary, an impairment loss is recognized.

It should be noted that, in accordance with French regulations, the existence of unamortized development costs on the assets side of the balance sheet in excess of the amount of unrestricted reserves precludes distribution.

2.4.2.2 Intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets are valued at acquisition cost in the case of assets acquired for valuable consideration, at production cost in the case of assets produced by the company, and at market value in the case of assets acquired free of charge or in exchange.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

- Development costs: 3 to 5 years
- Registration fees: 5 years, these are probate fees
- Concessions, software: 1 to 2 years
- Management software: 1 to 5 years
- Other intangible assets: 8 to 10 years (patents)
- Mat tests/trials: 1 to 2 years
- Industrial machinery and equipment: 3 to 7 years, including instrument kits made available to customers.
- Demonstration equipment: 5 years
- General installations, fixtures and fittings: 3 to 10 years
- Office equipment: 3 to 10 years
- Computer equipment: 3 years
- Furniture: 3 to 10 years

For simplicity's sake, the depreciation period used is the useful life for assets that cannot be broken down at the outset.

A change of estimate has been made in respect of instrument kits on property, plant and equipment.

Approval costs are capitalized when they relate to the acquisition of existing approval files held by third parties.

Leasing :

Leased assets are recorded under property, plant and equipment, with a corresponding financial liability. The corresponding assets are depreciated over a useful life identical to that of owned property, plant and equipment.

Current CB depreciation is calculated on a straight-line basis over the term of the contract.

The capitalization of leasing contracts leads, where material, to the recognition of deferred taxes.

2.4.2.3 Long-term investments

This item mainly comprises :

- Investments in companies not included in the scope of consolidation,
- Deposits and guarantees paid.

A provision for impairment is recognized when the carrying amount of an investment falls below its acquisition cost. This inventory value is the value in use, which represents what the entity would be willing to pay for the investment if it had to acquire it. Factors which may be taken into consideration include profitability, profitability prospects, shareholders' equity, etc., ...

2.4.2.4 Stocks

Inventories are valued at acquisition cost.

Inventory acquisition costs comprise the purchase price and other costs directly attributable to the cost of raw materials, merchandise, work-in-progress and finished goods.

Trade discounts, rebates, cash discounts and similar items are deducted to determine acquisition costs.

Where applicable, inventories are written down to their net realizable value at the balance sheet date, if this is lower than their net book value.

Inventories consist mainly of goods held for sale.

The company reviews and adjusts its inventory values (due to the expiry of certain product batches), in particular :

- 100% depreciation of expired, obsolete, scrap and unusable products (CE marking 0434) with a shelf life of less than 1 year.
- 50% depreciation on expiries between 1 and 2 years old
- Depreciation between 95% and 100% of slow-moving inventories
- 91% depreciation of isolated products.

2.4.2.5 Receivables and payables

Receivables and payables are valued at their nominal value (historical cost). Where necessary, a provision is booked to write down receivables to their estimated net realizable value.

In the course of its business, the Group finances its WCR through the use of short-term instruments, i.e. the mobilization of foreign receivables (MCNE).

Provisions for impairment of trade receivables are determined on the basis of :

- Risks relating to customers in litigation, receivership and liquidation (recognized as impairment).
- A case-by-case analysis of each customer's situation, combined with the situation in the countries concerned.

2.4.2.6 Provisions and contingent liabilities

A provision is recognized when there is a present obligation (legal or constructive) towards a third party, which can be reliably estimated and is likely to result in an outflow of resources for the Group.

A contingent liability is :

- Either a potential obligation of the entity to a third party resulting from events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
- An obligation of the entity to a third party that is not probable or certain to result in an outflow of resources without at least equivalent consideration from the third party.

2.4.2.7 Pension commitments

The Group has opted for the preferential method: the commitments of Group companies are shown as liabilities in the balance sheet under provisions for charges.

The pension obligation borne by the Group consists of end-of-career indemnities (IFC) for employees of the French entity, legislation providing for indemnities to be paid to employees on retirement, based on their length of service and salary at retirement age.

The calculation method used remains unchanged from the previous year. Calculation assumptions are detailed in note 3.10.

2.4.2.8 Borrowings and financial debt

Borrowings are stated at their nominal value. Loan issue costs are expensed immediately. Accrued interest is recognized as a liability at the contractual interest rate.

Advances and guarantees received from public bodies to finance the company's research activities or territorial business prospecting, for which repayment is conditional, are shown under financial liabilities. If the project fails, the waiver is recorded as a grant.

2.4.2.9 Sales figures

For direct sales to hospitals (mainly in France), sales are recognized when ownership of the goods is transferred to the customer. In most cases, the hospital or clinic customer declares to the company the references consumed under consignment or loan stocks. In such cases, the products consumed are invoiced. Sales are recognized at the time of invoicing.

Sales to foreign distributors are accounted for in accordance with INCOTERM rules. An adjustment is calculated, if necessary, to take account of the specific conditions of transfer of ownership defined in orders or contractual agreements.

Sales correspond to invoicing after deduction of commercial discounts and rebates. Transport costs are also included in sales.

2.4.2.10 Leases

The Group uses long-term leases for its vehicle fleet and IT equipment. Given the frequency with which the leased fleet is renewed, no restatement has been made. Leased assets are not capitalized.

2.4.2.11 Fees

Fees paid to the French statutory auditors for the year ended December 31, 2024 amounted to €57,000 for all Group entities.

2.4.2.12 Net financial expense

The financial result corresponds mainly to interest on borrowings, foreign exchange gains and losses, and financial expenses relating to the contractual subscription discount.

2.4.2.13 Exceptional items

Non-recurring income and expenses include items that do not relate to the company's ordinary activities.

2.4.2.14 Tax credits

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

2.4.2.15 Earnings per share

Earnings per share are calculated by dividing net income by the weighted average number of shares outstanding during the year.

In accordance with the "treasury stock" method, diluted earnings per share are calculated by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding, adjusted for the impact of maximum conversion of dilutive instruments into ordinary shares.

2.5 Use of judgments and estimates

In preparing the consolidated financial statements, estimates, judgments and assumptions have been made by Group management which may affect the reported amounts of assets, liabilities and contingent liabilities at the date of preparation of the financial statements, and the reported amounts of revenues and expenses for the year.

These estimates are based on the going-concern assumption, and are determined on the basis of information available at the time of preparation. They are continually assessed on the basis of past experience and various other factors deemed reasonable, which form the basis of the assessments of the carrying amount of assets and liabilities. Estimates may be revised if the circumstances on which they were based change, or if new information becomes available. Actual results could differ materially from these estimates under different assumptions or conditions.

In preparing these consolidated financial statements, the main judgments made by management and the main assumptions applied were as follows:

- Valuation and impairment of tangible and intangible assets, in particular R&D costs.
- Calculating deferred taxes.
- Valuation of provisions.

2.6 Segment information

The Group has identified a single operating segment corresponding to the design, manufacture and marketing of ranges of innovative surgical implants and ancillaries (instruments) designed to treat severe spinal pathologies.

Note 3. Notes to the consolidated balance sheet

3.1 Intangible assets

INTANGIBLE ASSETS										
Gross amounts in EUR	Opening	Acquisition	Disposition Investments	Construction work in progress activation	Operating allocation	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Uncalled subscribed capital	0								0	0
Goodwill gross value	5 402		498			498				5 900
Start-up costs										
Research and development costs	1 151			87		87				1 238
Software, concessions, patents	2 346	64				64				2 410
Leasehold										
Business Goodwill										
Other intangible assets	16									16
Other intangibles assets lease										
Intangible assets in progress	1 677	201		-87		114	-97			1 695
Intangible assets advances and deposit										
Gross intangible fixed assets	10 592	265	498			762	-97		0	11 258
Amortizations and provisions in EUR	Opening	Acquisition	Disposition Investments	Construction work in progress activation	Operating allocation	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Amortization of Goodwill										
Amortization of Start-up costs										
Amortization of Research and development costs	411				214	214				625
Amortization of Concessions, patents...	900				209	209				1 109
Amortization of Business Goodwill										
Amortization of Other intangible assets	16									16
Other intangible assets lease - Amort										
Goodwill Depreciation										
Impairment on Start-up costs										
Impairment on Research and development charges										
Impairment on Concessions, patents...										
Impairment on Leasehold										
Impairment on Business Goodwill										
Impairment on Other intangible assets										
Impairment on Intangible assets in progress										
Amortizations and provisions	1 327				423	423				1 750
Net amounts in EUR	Opening	Acquisition	Disposition Investments	Construction work in progress activation	Operating allocation	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Uncalled subscribed capital	0								0	0
Goodwill gross value	5 402		498			498				5 900
Start-up costs										
Research and development costs	740			87	-214	-127				613
Software, concessions, patents	1 446	64			-209	-146				1 300
Leasehold										
Business Goodwill										
Other intangible assets	0									0
Other intangibles assets lease										
Intangible assets in progress	1 677	201		-87		114	-97			1 695
Intangible assets advances and deposit										
Net intangible fixed assets	9 265	265	498		-423	339	-97		0	9 507

The breakdown of fixed assets by business segment and geographic or currency zone (representing more than 10% of the consolidated total) is not applicable, given the insignificant nature of the US subsidiary's assets. Approval costs represent the cost incurred by the Group in acquiring existing marketing authorizations, thus avoiding the cost of preparing the application.

Goodwill on acquisition of DISTIMP

SAS DISTIMP, which was acquired at 100% on June 25, 2021 for €580,000 including acquisition costs, gave rise to the recognition of goodwill, adjusted where appropriate by earn-outs payable on the basis of the financial statements at June 30 in 2022, 2023 and 2024. These earn-outs depend on actual sales, gross margin, working capital requirements and specific business expenditure (regulatory costs, instrument kit loans) recorded at the end of June

Accordingly, goodwill is adjusted each year when an earn-out is payable in the year concerned. An earn-out of €498,000 was booked for 2024, of which €132,000 was paid during the year.

Spine Innovations goodwill

SPINE INNOVATIONS, which was acquired at 100% on July 21, 2022 for €5,430,000 including acquisition costs, gave rise to the recognition of goodwill adjusted, where appropriate, by an earn-out based on sales and margins from 07/01/2023 to 06/30/2024, and capped at €2 million. No earn-out is expected.

The Group considers that there is no foreseeable limit to the period over which goodwill will generate economic benefits for the Group. Accordingly, goodwill is not amortized. The company performs an impairment test each year to ensure that goodwill is at fair value.

3.2 Property, plant and equipment

TANGIBLE ASSETS						
Gross amounts in EUR	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Lands						
Lands - Finance leases						
Buildings	214	25				240
Buildings - Finance leases						
Machinery and equipment	4 878	460	-11	0	6	5 334
Machineries and equipments - Finance leases	55					55
Other tangible assets	526	14				540
Other tangible assets - Finance leases						
Tangible assets in progress	720	157				877
Tangible assets advances and deposit	22	-22				
Gross tangible fixed assets	6 415	635	-11	0	6	7 045
Amortizations and provisions in EUR	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Amortization of lands						
Amortization of leased lands						
Amortization of Buildings	109	13				123
Buildings - Finance leases - Amortization						
Amortization of Machinery and equipment	3 418	459	-11	0	7	3 872
Machinery and equipment - Finance leases - Amortization	14	8				22
Amortization of Other tangible assets	469	31				499
Other tangible assets - Finance leases - Amortization						
Impairment on Lands						
Lands - Finance leases - Impairment						
Impairment on Buildings						
Buildings - Finance leases - Impairment						
Impairment on Machinery and equipment						
Impairment on Leasing Machinery and equipment						
Impairment on Other tangible assets						
Impairment on Leasing Other tangible assets						
Impairment on Tangible assets in progress						
Amortizations and provisions	4 010	510	-11	0	7	4 516
Net amounts in EUR	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Lands						
Lands - Finance leases						
Buildings	105	12				117
Buildings - Finance leases						
Machinery and equipment	1 460	2	0	0	0	1 462
Machineries and equipments - Finance leases	41	-8				33
Other tangible assets	57	-17				41
Other tangible assets - Finance leases						
Tangible assets in progress	720	157				877
Tangible assets advances and deposit	22	-22				
Net tangible fixed assets	2 405	124	0	0	0	2 529

Technical installations correspond mainly to instrument kits on deposit or loan with customers.

3.3 Long-term investments

FINANCIAL ASSETS

Gross amounts in EUR	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Investment securities	4 420	165			-165	4 420
Other investments held as fixed assets						
Treasury stocks						
Receivables rel. to subsidiaries & affiliated cies	0	-43			43	0
Receivables related to subsidiaries (Current Part)						
Loans						
Loans (current part)						
Deposits & guarantees	68	4	-15			57
Garantee deposits paid (current part)						
Other long-term investments	0		0		0	0
Other financial assets (Current part)						
Accrued interests on rec. related to sub.& affil.						
Interests on investment securities						
Interests on loans						
Interests on deposits & guarantees						
Interests on long-term investments						
Financial assets held to maturity						
Financial assets available for sale						
Derivatives (Assets current part)						
Gross financial assets	4 488	126	-15		-122	4 477
Provisions in EUR	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Impairment on Investment securities						
Impairment on Other long-term securities						
Impairment on Treasury stocks						
Impairment on Loans to related external company	0	0				0
Prov. Receivables related to subsidiaries (CP)						
Impairment on Loans						
Provisions on loans (Current part)						
Impairment on Deposits & guarantees						
Prov. Garantee deposits paid (current part)						
Impairment on Long-term investments	0					0
Prov. Financial assets (Current part)						
Prov. On assets held to maturity						
Assets available for sale						
Provisions	0	0				0
Net amounts in EUR	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Investment securities	4 420	165			-165	4 420
Other investments held as fixed assets						
Treasury stocks						
Receivables rel. to subsidiaries & affiliated cies	0	-43			43	0
Receivables related to subsidiaries (Current Part)						
Loans						
Loans (current part)						
Deposits & guarantees	68	4	-15			57
Garantee deposits paid (current part)						
Other long-term investments	0		0		0	0
Other financial assets (Current part)						
Accrued interests on rec. related to sub.& affil.						
Interests on investment securities						
Interests on loans						
Interests on deposits & guarantees						
Interests on long-term investments						
Financial assets held to maturity						
Financial assets available for sale						
Derivatives (Assets current part)						
Net financial assets	4 488	126	-15		-122	4 477

Non-consolidated investments correspond to a minority stake in INTEGRAL MEDICAL SOLUTIONS (IMS), the holding company at the head of a group of companies in the healthcare sector heavily invested in hospital management in Latin America and Africa.

3.4 Inventories

INVENTORIES AND WORK IN PROGRESS

	Gross figures	Depreciations	31/12/2024	Gross figures	Depreciations	31/12/2023
Raw materials and other supplies inventories	42		42	110		110
Work in progress						
Finished and semi-finished products inventories						
Goods Inventories	5 681	993	4 689	5 357	1 064	4 292
Total inventories and work in progress	5 723	993	4 731	5 466	1 064	4 402

Inventory corresponds to goods ready for sale.

The provision for depreciation concerns certain batches of products that have reached the end of their useful life, are obsolete, need to be scrapped, or whose CE marking number no longer allows them to be marketed. It also concerns depreciation for slow turnover.

Obsolete inventories (provisioned at 100% at December 31, 2022) were scrapped in the amount of 363 K€ at June 30, 2023.

3.5 Trade accounts receivable

By type	Gross figures	Depreciations	31/12/2024	Gross figures	Depreciations	31/12/2023
Advances and installments	274		274			
Trade receivables and related accounts	2 881	168	2 713	2 718	122	2 596
Doubtful accounts	168		168	122		122
Receivables - invoice to be drawn up	0		0	0		0
Notes receivable						
Receivables - credit note to be received						
OPERATING RECEIVABLES	3 324	168	3 156	2 840	122	2 718

The end-users of Group companies' products are hospitals and clinics, which have particularly long payment terms, especially in certain countries. This is the reason for the volume of trade receivables.

At December 31, 2024, total doubtful receivables amounted to €168,000, fully impaired.

3.6 Deferred tax assets

Tax losses amounted to €40.7 million at December 31, 2024. They have not been capitalized in the absence of visibility as to their allocation to future earnings.

Deferred taxes arising from consolidation adjustments and temporary differences (which are not material) have also not been recognized.

3.7 Other receivables

By type	Gross figures	Depreciations	31/12/2024	Gross figures	Depreciations	31/12/2023
Social receivables	130		130	26		26
Tax receivables	584		584	623		623
Receivables - credit note to be received	9		9	9		9
Sundry debtors	4		4	41		41
State - Income taxes	583		583	170		170
Prepaid expenses	178		178	140		140
Deferred charges				225		225
NON OPERATING RECEIVABLES	1 488		1 488	1 234		1 234

At December 31, 2024, the research tax credit (CIR) amounted to €581,689 (including €493,996 claimed by Spine Innovation for the years 2021 to 2024) and the innovation tax credit (CII) to €912.

Research tax credits and innovation tax credits have been classified under Other income.

3.8 Cash and cash equivalents

NET CASH		
	31/12/2024	31/12/2023
Marketable securities held to maturity		
Trading marketable securities		
MS on treasury stocks		
MS Available for sale		
Cash at bank and in hand	4 519	1 799
<i>Total assets cash</i>	<i>4 519</i>	<i>1 799</i>
Bank overdrafts	4	4
<i>Total liabilities cash</i>	<i>4</i>	<i>4</i>
Total	4 515	1 795

3.9 Share capital

The share capital at December 31, 2024 was 57,584.57 euros, made up of 28,792,276 shares with a par value of 0.002 euros each.

3.10 Provisions

PROVISIONS FOR LIABILITIES AND CHARGES						
	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Backwill						
For other risks	68	8	-16			60
Provision for risks	89	8	-37			60
For pensions and retirements	197	19	-6			210
Provisions for load	197	19	-6			210
Total	286	28	-43			270

Provisions for retirement indemnities are valued on the basis of the following main actuarial data:

	December 31, 2024	December 31, 2023
Starting age	Age 64 - Chairman Age 67	62 years old - Chairman 67 years old
Discount rate	3,38%	3,17%
Salary growth rate	0%	0%
Social security charges	44% to 45% executives - 28% to 37% employees	44% to 45% executives - 28% to 37% employees
Mortality table	Insee 2018-2020	Insee 2018-2020
Probability of presence at retirement age (before mortality)	Under 30s: 85 Aged 30 to 40: 90% of sales From 40 to 50 : 97 From 50 to 60: 100% Over 60 Over 60s: 100% of age	Under 30s: 85 Aged 30 to 40: 90% of sales From 40 to 50 : 97 From 50 to 60: 100% Over 60 Over 60s: 100% of age

As a reminder, the Group has opted for the preferential method: the commitments of Group companies are shown as liabilities in the balance sheet under provisions for charges in the amount of 210 K€ at December 31, 2024, compared with 197 K€ at December 31, 2023.

The pension obligation borne by the Group consists of end-of-career indemnities (IFC) for employees of the French entity, legislation providing for indemnities to be paid to employees on retirement, based on their length of service and salary at retirement age.

The commitments to be provisioned at the balance sheet date are calculated on the basis of employees' salaries at retirement age, and on the basis of each employee's length of service at the balance sheet date in relation to his or her length of service at retirement age. The assumptions used to calculate these commitments are as follows:

- Discount rate: 3.38% at December 31, 2024 (3.17% at December 31, 2023) ;
- Mortality table: according to Insee 2018-2020 at December 31, 2024 and 2023.
- Average staff turnover at December 31, 2024 and

3.11 Borrowings and financial liabilities

LOANS AND MISCELLANEOUS FINANCIAL DEBTS						
Values in Euro	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Other bond issues	490	7 463			-7 815	138
Banks and credit institutions loans	2 078		-436			1 642
Debts on employees participation	0	-18			18	0
Garanty	-10		10			0
Financial debts - Financial Leases	41		-8			33
Bank overdrafts	4	0			0	4
Loans and miscellaneous financial debts	2 603	7 444	-434		-7 796	1 817

Maturity schedule of financial liabilities :

LOANS AND MISCELLANEOUS FINANCIAL DEBTS

Maturity	Less than 1 year	1 to 2 years	More than 5 years
Other bond issues	138		
Banks and credit institutions loans	1 639	3	
Debts on employees participation	-9 694	9 694	
Financial debts - Financial Leases	8	25	
Bank overdrafts	4		
Emprunts et dettes financières par échéance	-7 906	9 723	

The bank loans mature between 2023 and 2031.

For 2023, the Group has taken out a new loan of €1.5 million. It bears interest at an annual rate of 5%. Certain bank loans are subject to covenant clauses.

The €138,000 bond issue is convertible in January 2025

3.12 liabilities

CURRENT LIABILITIES

	31/12/2024	31/12/2023
Accounts payable	984	1 607
Invoice to be received	911	1 209
Credit note		0
Social debts	1 069	1 146
Tax debts	450	322
Credit, current account	9	9
Other debts	336	3
Produits constatés d'avance		-13
Related account	0	9
Unrealized positive translation differences	319	76
By type	4 078	4 369

	Less than 1 year	1 to 2 years	More than 5 years
Accounts payable	984		
Invoice to be received	911		
Social debts	1 069		
Tax debts	450		
Credit, current account	9		
Other debts	336		
Related account	0		
Unrealized positive translation differences	319		
By maturity	4 078		

Note 4. Notes to the income statement

4.1 Sales

The Spineway Group designs, manufactures and markets innovative surgical implants and ancillaries (instruments) for the treatment of severe pathologies.

Sales (K€)	31/12/2024		31/12/2023	
Sales of goods France	3 122	26%	2 921	28%
Sales of goods Export, of which :	8 828	74%	7 596	72%
ASIA	1 901	16%	1 696	16%
EUROPE	2 182	18%	2 254	21%
LATIN AMERICA	4 242	35%	3 132	30%
MEA	503	4%	514	5%
Sales figures	11 950	100%	10 517	100%

4.2 Other products

DETAILS OF OPERATING PRODUCTS

	31/12/2024	31/12/2023
Fixed production	201	668
Other operating incomes	12	3
Research tax credit	582	170
Détails of operating products	795	842

Other income mainly comprises the French company's research tax credit and innovation tax credit.

4.3 Net financial expense

FINANCIAL RESULT		
	31/12/2024	31/12/2023
Other debtors & MS revenues	0	-3
Foreign exchange gains	2	5
Other financial income	-2	4
Total des produits financiers	0	6
Financial interest & expenses	-93	-66
Foreign exchange losses	-6	-12
Financial interests and expenses	-2 365	-963
Financial related account	0	0
Total des charges financières	-2 464	-1 041
Financial result	-2 464	-1 035

Net financial income includes interest on bank loans, provisions and reversals of provisions. At December 31, 2024, the financial result also includes financial charges for the "subscription discount" and the contractual compensation mechanism linked to the Negma contract.

4.4 Non-recurring items

EXCEPTIONAL RESULT		
	31/12/2024	31/12/2023
Extraordinary income on operating transaction	7	
Previous years extraordinary income		18
Capital gain on tangible assets	-2	
Intangible assets prov. writting back	20	0
Inventory provisions writting back		251
Total des produits exceptionnels	26	269
Management transactions extraordinary expenses	-37	-393
Previous period extraordinary expenses		-36
Other extraordinary expenses	-406	-481
Tangible assets sold NBV		1
Extraordinary charges and expenses provisions allo		-1
Intangible assets prov. allowance		-317
Tangible assets Prov. allowance	-97	
Total des charges exceptionnelles	-540	-1 226
Exceptional result	-514	-957

Non-recurring income and expenses include items that do not relate to the company's ordinary activities.

At December 31, 2024, non-recurring items included €193,000 in compensation for the austerity plan. Extraordinary expenses also include 123K in consulting fees.

4.5 Earnings per share

Earnings per share were determined with reference to OEC notice no. 27.

EARNING PER SHARE

	31/12/2024	31/12/2023
Consolidated net income	-3 865	-6 510
Group net income	-3 865	-6 510
Nombre d'actions	28 792 276	143 029 564
Nombre moyen pondéré d'actions	145 700 481	15 943 642
Nombre de bons attribués non encore exercés	86 974	86 919
Nombre d'actions nouvelles pouvant être créées	6 850	13 701 334
Résultat par action	-0,00002653 €	-0,00040829 €
Résultat dilué par action	-0,00002653 €	-0,00040829 €

4.6 Related party disclosures

Related parties with whom transactions are carried out include entities that directly or indirectly hold an interest in the Company.

All of these transactions have been identified and their impact on the Group's financial statements is as follows by nature and by related party:

SCI ALLPA

This SCI grants SPINEWAY a sublease for an annual rent of €192,000 excluding VAT.

4.7 Executive compensation

This information is not disclosed as it would enable us to identify the situation of the managers.

4.8 Average headcount

GROUP'S HEADCOUNT

	31/12/2024	31/12/2023
Senior executive	38	43
Technicians and supervisors	5	6
Employees	6	5
Workers		
Headcount	49	54

4.9 Financial commitments

OFF-BALANCE-SHEET COMMITMENTS

	31/12/2024	31/12/2023
Guarantees given		
Cautions given	15	631
Counterparty given		
Guarantees received		
Securities received		
Out of Balance Sheet Commitments	15	631

Concerning commitments given :

The Group's pension obligations consist of retirement indemnities for employees of the French entity. Legislation provides for indemnities to be paid to employees on retirement, based on their length of service and salary at retirement age.

The 56K€ in commitments given relate to a current leasing contract.

Spine Innovations has pledged 15,000 euros as collateral for an independent first demand guarantee.

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

Spineway is committed to providing Spine Innovations with all the financial resources necessary to maintain its business over the next 18 months.

Concerning commitments received :

Commitments received are nil at December 31, 2024