CONSOLIDATED FINANCIAL STATEMENTS
SPINEWAY GROUP

30/06/ 2024

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET - ASSETS		
	30/06/2024	**31/12/2023**
Intangible assets	9 604	9 265
Goodwill	*5 959*	*5 402*
Tangible assets	2 408	2 405
Financial assets	4 489	4 488
Investments in associates		
Fixed assets	**16 501**	**16 159**
Inventories and work in process	5 335	4 402
Accounts receivable and related accounts	3 528	2 718
Other receivables and accruals	1 579	1 234
Cash	1 632	1 799
Current assets	**12 074**	**10 153**
TOTAL ASSETS	**28 575**	**26 311**

CONSOLIDATED BALANCE SHEET - LIABILITIES		
	30/06/2024	**31/12/2023**
Share capital	156	286
Issue, merger and contribution premiums	26 579	27 043
Réserves et résultat consolidé	-5 482	-8 275
Others		
Shareholders' equity attributable to the group	**21 253**	**19 054**
Minority shareholdings		
Other stockholder equities		
Provisions for liabilities and charges	**351**	**286**
Loans and miscellaneous financial debts	1 905	2 603
Suppliers and related accounts	2 639	2 816
Other debts and accruals	2 427	1 553
Debts	**6 971**	**6 971**
TOTAL LIABILITIES	**28 575**	**26 311**

Consolidated income statement

CONSOLIDATED INCOME STATEMENT		
	30/06/2024	30/06/2023
Net Sales	**6 535**	**5 432**
Total other operating income	*128*	*599*
Operating depreciation reversals	*21*	*26*
Operating provision reversals	*517*	*236*
Operating Related account	*0*	*0*
Operating income	**665**	**860**
Purchases and change in inventory	2 059	1 509
Other purchases and external expenses	2 232	2 355
Taxes	60	118
Personnel cost	2 685	2 978
Operating allowance	482	402
Operating provisions charges	440	128
Other operating expenses	14	59
Operating expenses	**7 971**	**7 549**
EBITDA	**-770**	**-1 256**
Goodwill impairment and amortization		
Net Operating Income	**-770**	**-1 256**
Financial income	-1	3
Financial expenses	2 095	67
Net Financial Income	**-2 096**	**-64**
Current profit before tax	**-2 866**	**-1 320**
Net Extraordinary Income	**-515**	**-573**
Income taxes and related		
Deferred tax		
Net income in consolidated companies	**-3 381**	**-1 893**
Consolidated net income	**-3 381**	**-1 893**
Group net income	**-3 381**	**-1 893**
Net income of the minority interests		
Earning per share	**-0,00001213 €**	**-0,00103153 €**
Diluted earnings per share	**-0,00001213 €**	**-0,00103153 €**

Consolidated statement of changes in equity

	Capital	Premiums	Group net income	Reserves	Investisment grants	Regulated provisions	Réserves de conversion	Group shareholders 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	
Changes in the scope of consolidation	0	0		557	0	0	0	**557**
Changes in capital	-3 294	0		3 294	0	0	0	**0**
Group net income			-3 381				0	**-3 381**
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	-107	**-107**
Other movements	3 164	2 523		-557			0	**5 130**
Solde June 2024	**156**	**26 579**	**-3 381**	**-2 480**			**379**	**21 253**

Consolidated cash flow statement

CASH FLOW STATEMENT	30/06/2024	30/06/2023
OPERATING OPERATIONS		
Net income in consolidated companies	**-3 381**	**-1 893**
Reversal of depreciation and provisions	**-69**	**-79**
Provisions and depreciation entered	**712**	**419**
Capital gains & losses on disposal	**9**	**10**
Elim of calculated profits and charges	**0**	**0**
CASH FLOW FROM OPERATIONS	**-2 728**	**-1 544**
Change in financial expenses	**0**	**-2**
Net change in operating	**-2 153**	**-710**
Net change in off-operating	**1 565**	**-156**
CHANGE IN WORKING CAPITAL REQUIREMENTS	**-588**	**-868**
Net operating cash flow	**-3 316**	**-2 413**
INVESTMENT OPERATIONS		
Net cash flow on investments	**-373**	**-1 095**
FINANCING OPERATIONS		
Net cash on financing activities	**3 522**	**1 694**
Currency effect on cash and capital	**2**	**-2**
NON CASH VARIATION	**-166**	**-1 816**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1 795**	**5 321**
CASH AND CASH EQUIVALENTS AT PERIOD-END	**1 629**	**3 505**
NON CASH VARIATION	**-166**	**-1 816**

Notes to the consolidated financial statements

These consolidated financial statements of the SPINEWAY group cover the period from 1er January 2024 to 30 June 2024.

All amounts are expressed 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 Information about the Group

These consolidated financial statements include SPINEWAY, its US subsidiary SPINEWAY INC, DISTIMP and SPINE INNOVATIONS (together the "Group").

Spineway SA is a public limited company with a Board of Directors, incorporated under French law, and is the parent company of the 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 under the laws of the United States, created on 1er August 2016, with share capital of $500 K and its registered office at 990 Biscayne Blvd, Miami, Florida, United States.

DISTIMP is a single-member simplified joint stock company incorporated under French law, and is a subsidiary of the Group. It is registered in the Lyon Trade and Companies Register under number 843 516 782. The company's registered office is at 7, allée Moulin Berger - 69130 Ecully.

Spine Innovations is a simplified joint stock company (société par actions simplifiée) incorporated under French law, and is a subsidiary of the Group. 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 specialises in spinal 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 specialising in orthopaedics or neurosurgery, following diagnosis of a severe pathology requiring surgery to correct and stabilise the spine of their patients.

1.2 Significant events of the 1er half-year 2024

- Growth in 1st half sales

The Spineway Group continued to grow in Q2 2024, with sales of €3.4m. This good sales performance brings half-year sales to €6.5m, representing growth of 20% compared with H1 2023. As a reminder, organic growth stood at 12% in June 2023, demonstrating the positive trajectory embarked upon by the Group.

- Effective date of Spineway share consolidation

Grouping of shares
Following a decision by the Company's shareholders at an Extraordinary General Meeting on 10 November 2023, on 27 February 2024 Spineway announced the completion of its share consolidation by exchanging 1 new share with a par value of 4.00 euros for 2,000 existing shares with a par value of 0.002 euros.

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

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

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

- Continuation of the €10.99m bond financing agreement with bonds convertible into shares

On 24 May 2023, the Company entered into a contract for the issue and subscription of bonds convertible into shares (OCAs) 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 press release dated 25 May 2023 and are also available on the Company's website.

Between 1 January and 9 February 2024, 636 new bonds were converted into 1,522,894,739 shares, representing a capital increase of €3,045,789.
From 1 March to 30 June 2024, 1,052 convertible bonds were converted into 2,630,515 shares, representing a capital increase of 118,373.56 euros.
The share capital at 30 June 2024 was €155,856.65, made up of 3,463,477 shares with a par value of €0.045 each.

- The Group's strategic growth plan

Spineway is continuing its commercial development, and its regulatory procedures dedicated to the approval of Spine Innovations and Distimp products for major export markets.

The company is launching 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 4 January 2024, the Board of Directors agreed to implement an austerity plan to enable the Group to return to profitability as quickly as possible. This is absolutely essential to ensure the sustainability of cash requirements and to deploy its strategic plan for innovation and penetration of new markets. This austerity plan is accompanied by various measures, including a plan to cut operating costs and a social plan to reduce the workforce by more than 11% over the 1st quarter of 2024. The costs of €196k associated with this plan are recorded under exceptional expenses.

- IMS shareholding

As Integral Medical Solutions (IMS) had not implemented the operating plan envisaged when it acquired its stake in the Spineway Group, the latter initiated proceedings before the Geneva arbitration tribunal, which handed down an award on 20 January 2022 in favour of Spineway, ordering it to pay the full purchase price of the shares, i.e. €4,160k plus interest, and to reimburse the arbitration costs incurred. IMS has never responded to the various ongoing proceedings, which are therefore continuing.

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

To date, there is no indication that the value of IMS shares has been impaired.

1.3 Operating continuity

Spineway's business requires a high level of working capital, linked to the time taken to collect receivables from customers - healthcare institutions in France and distributors outside France - and a high level of inventory, which is necessary to ensure the availability of the implant ranges.

The Group's going concern assumption for 2024 is based on :

- Closing cash position of €1.6m;
- Assumptions about cash receipts linked to the sales budget;
- Financing guaranteed under the Negma contract, dedicated to business-related cash flow requirements, securing cash flow needs for a minimum of 12 months.

1.4 Post-balance sheet events

There are no significant post balance sheet events to report.

Note 2. Accounting principles and consolidation rules

2.1. Basis of preparation of the accounts

These consolidated financial statements for the period from 1er January 2024 to 30 June 2024 were approved by the Board of Directors on 23 September 2024.

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 2020-01 applicable from 1er January 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 policies.

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

2.3. Consolidation method

The consolidation methods are as follows:
- 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 using 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 wholly-owned US subsidiary SPINEWAY Inc, its wholly-owned French subsidiary DISTIMP since 25 June 2021 and its wholly-owned French subsidiary Spine innovations. All 3 subsidiaries are fully consolidated.

2.4. Accounting rules and methods

The consolidated financial statements comply with the following principles:
- Historical costs ;
- Business continuity ;
- Consistency of accounting policies from one period to the next ;
- Independence of exercises.

2.4.1. Consolidation restatement

After harmonisation, the following rules are respected:
- Use of the financial statements at 30 June 2024 for all Group companies,
- Application of uniform methods for all Group companies,
- Elimination of inter-company 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 on the assets side of the consolidated balance sheet under "Intangible assets" when it is positive, and on the liabilities side of the balance sheet under a specific heading when it is 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 licences, 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 on the basis of a documented analysis of the relevant characteristics of the acquisition transaction concerned, including technical, economic and legal aspects.

Where there is no foreseeable limit to the period over which goodwill will provide economic benefits to the Group, it is not amortised.
Where, at the time of acquisition, there is a foreseeable limit to its useful life, goodwill is amortised 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.
At each balance sheet date, the Group identifies whether there is any indication that goodwill may be impaired. Where there is an indication of impairment, an impairment test is performed: the net book value of goodwill is compared with its current value. If its current value falls below its net book value, goodwill is written down to its current value.
Where the useful life of goodwill is indefinite, an impairment test is performed at least once a year, regardless of whether there is any indication of impairment.
Impairment losses recognised are never reversed.
When the useful life of goodwill, originally estimated as open-ended, becomes limited in the light of one of the criteria referred to in the second paragraph of this article, an impairment test is carried out; any goodwill that has been written down is amortised over the remaining useful life.

2.4.1.2. Translation differences

The financial statements of subsidiaries whose functional currency is not the euro have been translated using the historical cost convention. Under this method, they are translated as follows:

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

2.4.1.3. Deferred tax

In accordance with ANC regulation 2020-01, the Group recognises deferred tax 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 deferred tax previously recognised is recognised in the income statement in the year in which these changes become certain.

Foreign corporation tax adjustments are made at the tax rate of 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 probable of being recovered. This probability is assessed at the end of each financial year.

For the periods presented, tax losses have not been capitalised as it is not known whether they will be offset against future profits.

2.4.2. Accounting principles

2.4.2.1. Research and development costs

Costs are capitalised only if the projects initiated 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,
- The 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 recognised in the income statement as soon as they are incurred.

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

The development effort gives rise over the year to the recognition of capitalised production of development costs in the intangible assets in progress account for an amount of 88,839 euros in respect of the first half of 2024 compared with 474,461 euros in 2023.

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

Where there is an indication that an asset may be impaired, an analysis is performed at each balance sheet date to ensure that each development project still meets the criteria for capitalisation. Where necessary, an impairment loss is recognised.

It should be noted that, in accordance with French rules in this area, the existence on the assets side of the balance sheet of development costs that have not yet been amortised and that exceed the amount of free reserves prevents the distribution.

2.4.2.2. Intangible and tangible fixed assets

Tangible and intangible fixed 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 expected useful life of the assets.

- 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.
- General installations, fixtures and fittings: 3 to 10 years
- Office equipment: 3 to 10 years

- IT equipment: 3 years
- Furniture: 3 to 10 years

Approval costs are capitalised 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 liability of the same amount. The corresponding assets are depreciated over a useful life identical to that of property, plant and equipment acquired outright.
Depreciation of the current CB is calculated on a straight-line basis over the term of the contract.
Where material, the capitalisation of finance leases leads to the recognition of deferred tax.

2.4.2.3. Long-term investments

This item mainly comprises :
- Equity interests in companies not included in the scope of consolidation,
- Deposits and guarantees paid.

A provision for impairment is recognised when the value in use 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 to obtain the investment if it had to acquire it. Factors that 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 include 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 appropriate, inventories are written down to their net realisable 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 is reviewing and adjusting its inventory values (due to the expiry of certain product batches), in particular :

- 100% depreciation of out-of-date, obsolete, scrap and unusable products (CE marking 0434) with an expiry date 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 recorded to write down receivables to their estimated net realisable value.

Provisions for impairment of trade receivables are determined on the basis of :
- Risks relating to customers in dispute, in receivership and in compulsory liquidation (recognised as an impairment loss).
- 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 recognised when there is a present obligation (legal or constructive) towards a third party that can be reliably estimated and is likely to result in an outflow of resources to the Group.

A contingent liability is :

- A potential obligation of the entity to a third party that arises 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 preferred method: the commitments of Group companies are shown as liabilities in the balance sheet under provisions for charges.

The Group's pension liability consists of end-of-career indemnities (IFC) 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 calculation method used remains unchanged from the previous year. The calculation assumptions are detailed in note 3.10.

2.4.2.8. Borrowings and financial debts

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

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

2.4.2.9. Sales figures

For direct sales to hospitals (mainly in France), sales are recognised when ownership of the goods is transferred to the customer. In most cases, the customer (hospital or clinic) declares to the company the items consumed under consignment or loan stocks. They are then invoiced for the products consumed. Sales are recognised 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 the orders or contractual agreements.

Sales correspond to invoiced amounts after deduction of trade discounts and rebates. Transport costs are also included in sales.

2.4.2.10. Leases

The Group uses long-term leases for its fleet of vehicles and IT equipment. Given the frequency with which the leased fleet is renewed, no restatement has been made. The assets covered by the leases are not capitalised.

2.4.2.11. Fees

erFees paid to the French statutory auditors for the first half of 2024 amounted to €15k for statutory audit work and €9k for other work.

2.4.2.12. Net financial income

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

2.4.2.13. Exceptional items

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

2.4.2.14. Tax credits

In accordance with the general principle of substance over form in the consolidated financial statements and, in particular, the restatement of tax entries under 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 profit attributable to equity holders of the parent by the weighted average number of shares in issue during the year.

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

2.5. Use of judgements and estimates

In preparing the consolidated financial statements, estimates, judgements and assumptions have been made by Group Management that 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 income and expenses during the year.

These estimates are based on the going concern assumption and are prepared using the information available at the time of preparation. They are continually evaluated on the basis of past experience and various other factors deemed reasonable, which form the basis for 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 judgements 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 tax.
- 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 column pathologies.

Note 3. Notes to the consolidated balance sheet

3.1. Intangible fixed assets

3

Gross amounts in EUR	**Opening**	*Acquisition*	*Acquisition Investments Elim*	*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		557			557				**5 959**
Start-up costs										
Research and development costs	1 151			87		87				**1 238**
Software, concessions, patents	2 346									**2 346**
Leasehold										
Business Goodwill										
Other intangible assets	16									**16**
Other intangibles assets lease										
Intangible assets in progress	1 677	89		-87		2	-97			**1 583**
Intangible assets advances and deposit										
Gross intangible fixed assets	**10 592**	**89**	**557**			**646**	**-97**		**0**	**11 142**

Amortizations and provisions in EUR	**Opening**	*Acquisition*	*Acquisition Investments Elim*	*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				104	104				**514**
Amortization of Concessions, patents...	900				107	107				**1 007**
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**				**211**	**211**				**1 538**

Net amounts in EUR	**Opening**	*Acquisition*	*Acquisition Investments Elim*	*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		557			557				**5 959**
Start-up costs										
Research and development costs	740			87	-104	-17				**723**
Software, concessions, patents	1 446				-107	-107				**1 339**
Leasehold										
Business Goodwill										
Other intangible assets	0									**0**
Other intangibles assets lease										
Intangible assets in progress	1 677	89		-87		2	-97			**1 583**
Intangible assets advances and deposit										
Net intangible fixed assets	**9 265**	**89**	**557**		**-211**	**435**	**-97**		**0**	**9 604**

The breakdown of fixed assets by business segment and geographical or currency area (representing more than 10% of the consolidated total) is not applicable given the immaterial nature of the US subsidiary's assets. Approval costs represent the cost incurred by the Group in acquiring marketing authorisations that already exist, thereby avoiding the cost of preparing the application.

<u>Goodwill on acquisition of DISTIMP</u>

SAS DISTIMP, which was acquired at 100% on 25 June 2021 for €580k 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 30 June 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 financial year concerned. An earn-out provision of €557k was recognized at 30 June 2024.

<u>Goodwill on acquisition of Spine Innovations</u>

SPINE INNOVATIONS, which was acquired at 100% on 21 July 2022 for €5,430k including acquisition costs, gave rise to the recognition of goodwill adjusted, where appropriate, for a potential earn-out based on the level of sales and margins from 01/07/2023 to 30/06/2024, and capped at €2m.

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 will carry out an impairment test each year to ensure that goodwill is at fair value.

3.2. Tangible fixed assets

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	13				**228**
Buildings - Finance leases						
Machinery and equipment	4 878	217	-7		3	**5 090**
Machineries and equipments - Finance leases	55					**55**
Other tangible assets	526	6				**532**
Other tangible assets - Finance leases						
Tangible assets in progress	720	60				**780**
Tangible assets advances and deposit	22	-22				
Gross tangible fixed assets	**6 415**	**274**	**-7**		**3**	**6 685**

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	6				**116**
Buildings - Finance leases - Amortization						
Amortization of Machinery and equipment	3 418	244	-7	0	4	**3 658**
Machinery and equipment - Finance leases - Amortization	14	4				**18**
Amortization of Other tangible assets	469	16				**485**
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**	**271**	**-7**	**0**	**4**	**4 277**

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	7				**112**
Buildings - Finance leases						
Machinery and equipment	1 460	-28		0	0	**1 432**
Machineries and equipments - Finance leases	41	-4				**37**
Other tangible assets	57	-10				**47**
Other tangible assets - Finance leases						
Tangible assets in progress	720	60				**780**
Tangible assets advances and deposit	22	-22				
Ner tangible fixed assets	**2 405**	**3**		**0**	**0**	**2 408**

Technical installations consist mainly of 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					**4 420**
Other investements held as fixed assets						
Treasury stocks						
Receivables rel. to subsidiaries & affiliated cies	0				0	**0**
Receivables related to subsidiaries (Current Part)						
Loans						
Loans (current part)						
Deposits & guarantees	68	1				**69**
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**	**1**	**0**		0	**4 489**

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					**4 420**
Other investements held as fixed assets						
Treasury stocks						

Receivables rel. to subsidiaries & affiliated cies	0	0		0	**0**
Receivables related to subsidiaries (Current Part)					
Loans					
Loans (current part)					
Deposits & guarantees	68	1			**69**
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**	**1**	**0**	**0**	**4 489**

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

3.4. Stocks

INVENTORIES AND WORK IN PROGRESS

	Gross figures	Depreciations	30/06/2024	Gross figures	Depreciations	31/12/2023
Raw materials and other supplies inventories	29		29	110		110
Work in progress						
Finished and semi-finished products inventories						
Goods Inventories	6 326	1 020	5 305	5 357	1 064	4 292

Stock corresponds to goods ready to be sold.
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 means that they can no longer be marketed. It also concerns depreciation for slow turnover.

3.5. Trade receivables and related accounts

OPERATING RECEIVABLES

By type	**Gross figures**	**Depreciations**	**30/06/2024**	**Gross figures**	**Depreciations**	**31/12/2023**
Advances and installments						
Trade receivables and related accounts	3 528	159	3 369	2 718	122	2 596
Doutful accounts	159		159	122		122
Receivables - invoice to be drawn up	0		0	0		0
Notes receivable						
Receivables - credit note to be received						
OPERATING RECEIVABLES	*3 687*	*159*	*3 528*	*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 30 June 2024, the total amount of doubtful customers was €159k, fully impaired.

3.6. Deferred tax assets

Tax losses amounted to €40M at 30 June 2024. They have not been capitalised, as there is no guarantee that they will be offset against future profits.

Deferred tax arising from consolidation adjustments and temporary differences (which are not material) has also not been recognised.

3.7. Other receivables

NON OPERATING RECEIVABLES						
By type	**Gross figures**	**Depreciations**	**30/06/2024**	**Gross figures**	**Depreciations**	**31/12/2023**
Social receivables	75		75	26		26
Tax receivables	849		849	623		623
Receivables - credit note to be received	9		9	9		9
Sundry debtors	41		41	41		41
State - Income taxes	209		209	170		170
Prepaid expenses	251		251	140		140
Deferred charges				225		225
Exchange rate adjustments assets	144		144	0		0
NON OPERATING RECEIVABLES	*1 579*		*1 579*	*1 234*		*1 234*

At 30 June 2024, the research tax credit (CIR) amounted to €39k.

3.8. Availability

NET CASH		
	30/06/2024	**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	1 632	1 799
Total assets cash	*1 632*	*1 799*
Bank overdrafts	3	4
Total liabilities cash	*3*	*4*
Total	**1 629**	**1 795**

3.9. Share capital

The share capital at 30 June 2024 was €155,856.65, made up of 3,463,477 shares with a par value of €0.045 each.

3.10. Provisions

PROVISIONS FOR LIABILITIES AND CHARGES

	Opening	Increases	Decreases	Changes in the consolidation scope	Other movements and translation adjustments	Year ended
Badwill						
For litigation	20					**20**
For losses on foreign exchange	0					**0**
For other risks	68	130	-24			**175**
Provision for risks	*89*	*130*	*-24*			***195***
For pensions and retirements	197	4	-45			**156**
Provisions for load	*197*	*4*	*-45*			***156***
Total	**286**	**134**	**-69**			**351**

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

	30 June 2024	31 December 2023
Age of departure	64 years old - Chairman 67 years old	64 years old - Chairman 67 years old
Discount rate	3,61%	3,17%
Salary growth rate	0%	0%
Social security contributions	44% to 45% managers - 28% to 37% employees	44% to 45% managers - 28% to 37% employees
Mortality table	Insee 2019-2021	Insee 2018-2020
Probability of presence at retirement age (before mortality)	Under 30s: 85% 30s to 40s: 90% 40s to 50s: 97% 50s to 60s: 100% Over 60s: 100	Under 30s: 85% 30s to 40s: 90% 40s to 50s: 97% 50s to 60s: 100% Over 60s: 100

As a reminder, the Group has opted for the preferential method: the commitments of Group companies are shown on the liabilities side of the balance sheet under provisions for charges in the amount of €156k at 30 June 2024, compared with €197k at 31 December 2023.

The Group's pension liability consists of end-of-career indemnities (IFC) 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.

3.11. Borrowings and financial debts

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	3 795			-4 220	**65**
Banks and credit institutions loans	2 078		-279		1	**1 800**
Debts on employees participation	0					**0**
Garanty	-10		10			**0**
Financial debts - Financial Leases	41		-4			**37**
Bank overdrafts	4	-1			0	**3**
Loans and miscellaneous financial debts	**2 603**	**3 794**	**-273**		**-4 219**	**1 905**

Maturity schedule of financial debts :

LOANS AND MISCELLANEOUS FINANCIAL DEBTS

Maturity	Less than 1 year	1 to 2 years	More than 5 years
Other bond issues	65		
Banks and credit institutions loans	293	1 507	
Financial debts - Financial Leases	8	29	
Bank overdrafts	3		
LOANS AND MISCELLANEOUS FINANCIAL DEBTS	**369**	**1 536**	

Bank overdrafts are due within one year.
The bank loans mature between 2024 and 2031.
The €65k bond issue is convertible in July 2024.

3.12. Operating liabilities

CURRENT LIABILITIES

	30/06/2024	31/12/2023
Accounts payable	1 514	1 607
Invoice to be received	1 125	1 209
Credit note		0
Social debts	978	1 146
Tax debts	525	322
Credit. current account	9	9
Other debts	560	3
Produits constatés d'avance	7	-13
Related account	14	9
Unrealized positive translation differences	334	76
By type	**5 066**	**4 369**

	Less than 1 year	1 to 2 years	More than 5 years
Accounts payable	1 514		
Invoice to be received	1 125		
Social debts	978		
Tax debts	525		
Credit. current account	9		
Other debts	560		
Produits constatés d'avance	7		
Related account	14		
Unrealized positive translation differences	334		
By maturity	**5 066**		

Sundry payables" includes earnouts relating to the acquisition of DISTIMP.

Note 4. Notes to the income statement

4.1. Sales figures

The Spineway Group designs, manufactures and markets a range of innovative surgical implants and ancillaries (instruments) designed to treat severe *spinal* pathologies.

Sales (k€)	30/06/2024		30/06/2023	
Sales of goods France	1 660	25%	1 497	28%
Sales of goods ROW	4 875	75%	3 935	72%
ASIA	*878*	*18%*	*920*	*23%*
EUROPE	*1 412*	*29%*	*1 105*	*28%*
AMLAT	*2 330*	*48%*	*1 547*	*39%*
MEA	*255*	*5%*	*363*	*9%*
Sales figures	**6 535**	**100%**	**5 432**	**100%**

4.2. Other products

DETAILS OF OPERATING PRODUCTS	30/06/2024	30/06/2023
Production in stock		
Fixed production	89	474
Other operating incomes	0	4
Research tax credit	39	120
Détails of operating products	**128**	**599**

Other income consists mainly of the research tax credit and the innovation tax credit for the French company.

4.3. Net financial income

FINANCIAL RESULT	30/06/2024	30/06/2023
Other debtors & MS revenues	0	-3
Foreign exchange gains	1	3
Other financial income	-2	3
TOTAL FINANCIAL INCOME	**-1**	**3**
Financial interest & expenses	-58	-20
Foreign exchange losses	-2	-3
Financial interests and expenses	-2 034	-45
Financial related account	0	0
TOTAL FINANCIAL CHARGES	**-2 095**	**-67**
Financial result	**-2 096**	**-64**

Net financial income includes interest on bank loans, provisions and reversals of provisions.
At 30 June 2024, the financial result also includes financial charges in respect of the contractual subscription discount.

4.4. Exceptional items

EXCEPTIONAL RESULT		
	30/06/2024	30/06/2023
Capital gain on tangible assets	-9	
Inventory provisions writting back		363
Total of extraordinary income	**-9**	**363**
Management transactions extraordinary expenses		-377
Other extraordinary expenses	-279	-549
Tangible assets sold NBV		-10
Extraordinary charges and expenses provisions allo	-130	
Intangible assets prov. allowance	0	
Tangible assets Prov. allowance	-97	
Total of extraordinary charges	**-506**	**-936**
Exceptional result	**-515**	**-573**

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

At 30 June 2024, exceptional items included €196k in compensation relating to the austerity plan.
Non-recurring expenses also include non-recurring consultancy costs and fees of €115k.

4.5. Earnings per share

This earnings per share was determined with reference to OEC notice no. 27.

RESULTAT PAR ACTION		
	30/06/2024	30/06/2023
Consolidated net income	-3 381	-1 893
Group net income	-3 381	-1 893
Number of shares	3 463 477	4 363 379
Nombre moyen pondéré d'actions	278 817 404	1 835 570
Nombre de bons attribués non encore exercés	86 974	3 318 997 132
Nombre d'actions nouvelles pouvant être créées	6 850	3 332 611 602
Earning per share	**-0,00001213 €**	**-0,00103153 €**
Diluted earnings per share	**-0,00001213 €**	**-0,00103153 €**

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 remuneration

This information is not disclosed as it would enable the situation of the directors to be identified.

4.8. Average headcount

GROUP'S HEADCOUNT	30/06/2024	31/12/2023
Senior executive	38	43
Technicians and supervisors	6	6
Employees	4	5
Workers		
Headcount	**48**	**54**

4.9. Financial commitments

OFF-BALANCE-SHEET COMMITMENTS	30/06/2024	31/12/2023
Guarantees given		
Cautions given	575	631
Counterparty given		
Guarantees received		
Securities received		
Out of Balance Sheet Commitments	**575**	**631**

Concerning commitments given :
The €560k pledge on the business was granted in return for the loan of $500k taken out with Crédit Agricole.
Spine Innovations has pledged 15K euros as collateral for an independent first demand guarantee.

Concerning commitments received :
Commitments received were nil at 30 June 2024.