SPINEWAY
Limited company with capital of 949,392.46 euros
Head office: 7 Allée du Moulin Berger, Bâtiment 7, 69130 Ecully
484 163 985 RCS Lyon

(the "**Company**")

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COMBINED GENERAL SHAREHOLDERS' MEETING OF MARCH 25TH, 2024

Management and Group Report of the Board of Directors

Ladies and Gentlemen shareholders,

In accordance with the law and the Company's bylaws, we have called this Combined General Meeting in order to report to you on the situation and activities of our Company and the Spineway Group during the year ended December 31, 2023, and to submit for your approval the parent company and consolidated financial statements for said year, as approved by the Board of Directors on February 6, 2024, as well as various resolutions falling within the ordinary and extraordinary authority of the Shareholders' Meeting.

We will provide you with all the details and additional information concerning the documents required by the regulations in force and which have been made available to you within the legal deadlines.

You will then take notice :

- the reports of your Statutory Auditor,

- the supplementary report of the Board of Directors on the proposed resolutions not related to the approval of the financial statements for the year just ended,

- the Board of Directors' report on corporate governance, drawn up in accordance with the final paragraph of Article L. 225-37 of the French Commercial Code, which includes, in particular, a list of all the offices and positions held in any company by each of the Company's corporate officers during the past year, together with a summary table of the currently valid delegations of authority granted by the Annual General Meeting to the Board of Directors in respect of capital increases.

In accordance with Article R. 225-102 of the French Commercial Code, a table showing the Company's results for the last five years is appended to this report.

I. ACTIVITY AND SITUATION OF THE GROUP

A. Scope of consolidation

This is the seventh year of consolidation for the Spineway Group (hereafter referred to as the "**Group"**).

The Group comprises Spineway, the Group's parent company, its 100%-owned, fully consolidated US subsidiary Spineway USA Inc. and its French subsidiaries Distimp, 100%-owned, acquired on June 25, 2021 and fully consolidated from that date, and Spine Innovations, 100%-owned, acquired on July 21, 2022 and fully consolidated from that date.

B. Group activity during the year

Over the past year, the Spineway Group generated total sales of 10 519 K€, compared with 7 432 K€ for the previous year.

Consolidated operating income was -4 517 K€ at December 31, 2023, compared with -3 210 K€ in 2022.

Income before tax and exceptional items was -5 552 K€ at December 31, 2023, compared with -3 026 K€ in 2022.

The Group's net income would be -6 510 K€ at December 31, 2023, compared with -3 137 K€ in 2022.

C. Significant events at Group level during the year

- Sales up 42%.

The Spineway Group posted 2023 sales of 10.5 M€, up 42% on 2022. This growth is driven by the strong sales performance of Distimp products and the integration of sales from Spine Innovations, acquired in July 2022.

- PPR innovation loan of €1.5 million.

In support of its innovation strategy and R&D investments, the Group has obtained an 8-year, €1.5 million Prêt Participatif Relance (PPR) under its status as an innovative company. This significant cash injection is a first step towards absorbing current developments.

- Strengthening shareholders' equity

On February 9, 2023, the Board of Directors recorded the conversion of bonds convertible or exchangeable for new or existing ordinary shares over the period from September 19, 2022 to December 31, 2022, resulting in a capital increase of 144 017.50 euros through the creation of 2 880 350 shares and a share premium of 1 755 982.50 euros.

In order to strengthen shareholders' equity and increase the Company's sources of financing, a new contract for the issue (the "Issue Agreement") of bonds convertible into new shares (the "OCAs") was signed with Negma Group Ltd (hereinafter referred to as "Negma") on May 24, 2023, pursuant to the delegation of authority granted by the eighth resolution of the Combined General Meeting of April 4, 2023.
On July 10, 2023, the Board of Directors noted the conversion of the bonds convertible or exchangeable for new or existing ordinary shares over the period from May 24, 2023 (signature of the Issue Agreement) to June 30, 2023, which resulted in a capital increase of 36 059.05 euros through the creation of 721 181 shares and a share premium of 333 940.95 euros.

On September 18, 2023, the Board of Directors recorded the conversion of bonds convertible or exchangeable for new or existing ordinary shares over the period from June 30, 2023 to September 15, 2023, resulting in a capital increase of 238 201.15 euros through the creation of 4 764 023 shares and additional paid-in capital of 656 798.85 euros.

On November 10, 2023, the Board of Directors recorded the conversion of bonds convertible or exchangeable for new or existing ordinary shares over the period from September 15, 2023 to November 9, 2023, resulting in a capital increase of 1 138 542.20 euros through the creation of 22 770 844 shares and a share premium of 31 155.90 euros.

Then, in accordance with the authority delegated by the Extraordinary General Meeting held on the same day, the Board of Directors decided to reduce the Company's capital from 1 594 912.30 euros to 63 796.49 euros, representing a total capital reduction of 1 531 115.81 euros, by offsetting the Company's probable losses and reducing the par value of the shares comprising the Company's capital from 0.05 euros to 0.002 euros.

The amount of the capital reduction of 1 531 115.81 euros is allocated within "Additional paid-in capital" to a special unavailable premium sub-account, from which the net loss for the year ended December 31, 2023 may be deducted, if so decided by the Company's Shareholders' Meeting.

At December 31, 2023, the legal share capital amounted to 63 796.49 euros, comprising 31 898 246 shares with a par value of 0.002 euro each.

At year-end, the share capital amounted to 286 059.13 euros, comprising 143 029 563 shares with a par value of 0.002 euros each.

- Group strategic growth plan

Spineway is pursuing its strategy of organic growth in order to benefit from cross-fertilization between the various Group entities acquired since June 2021 on the one hand, and the launch of a premium range of implants and instruments to address the degenerative spine pathologies segment more broadly on the other. The aim of this strategy is to strengthen the Group's position in the French and European markets, and seize new export opportunities in countries with high potential in terms of value or higher profitability. Implementation of this plan depends on export approval times, which can be fairly long.

- 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 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 before the United States District Court for the District of Delaware took place on November 30, 2023. A decision is expected in 2024, which will allow us to initiate the actual collection procedure.

D. Research and development activity

The Group is working on several innovation projects which it does not wish to detail, for reasons of confidentiality, given the highly competitive market situation.

Research and development expenses capitalized during the year for these projects amount to 668 000 € in 2023.

At December 31, 2023, the research tax credit (CIR) amounts to 166 K€ and the innovation tax credit (CII) to 5 K€.

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

Similarly, the Group continues to pursue its intellectual property policy, regularly filing patent and trademark applications.

E. Significant events since the year-end

- Strengthening shareholders' equity

On January 4 and January 25, 2024, the Board of Directors recorded the conversion of bonds convertible or exchangeable for new or existing ordinary shares over the period from November 10, 2023 to January 25, 2024, resulting in a capital increase of 885 595.97 euros through the creation of 442 797 983 shares and additional paid-in capital of 786 910.99 euros.

At January 25, the book value of the share capital was 949 392.46 euros, made up of 474 696 229 shares with a par value of 0.002 euros each.

- Share consolidation

At its meeting on January 4, 2024, Spineway's Board of Directors decided to implement the reverse stock-split approved by the Extraordinary General Meeting of November 10, 2023 in its 3rd resolution.

The main terms and conditions are as follows:

- Basis of consolidation: exchange of 2,000 existing shares with a par value of 0.002 euros for 1 new share with a par value of 4.00 euros.
- Number of shares subject to the reverse split: all Spineway shares, i.e. 154 696 229 shares with a par value of €0.002 each.
- Number of post-consolidation shares: 77 348 new shares with a par value of 4.00 euros each.

Indicative reverse split timetable

Share exchange period	
January 25, 2024	Start of exchange operations
February 26, 2024	End of exchange operations
Reverse split operations	
February 26, 2024	Last listing of the existing shares on Euronext Growth (ISIN code: FR001400BVK2)
February 27, 2024	First listing of the new shares on Euronext Growth (ISIN code: FR001400N2P2)
February 29, 2024	Allocation of the new shares
Management of fractional shares	
February 27, 2024	Start of compensation of fractional shares by financial intermediaries
March 28, 2024	Deadline for the compensation of fractional shares by financial intermediaries

- Austerity plan

At its meeting on January 4, 2024, the Board of Directors decided to implement 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.

F. Foreseeable trends and future prospects

The Group's and the Company's activities generate substantial working capital requirements due to delays in the collection of receivables from customers (healthcare institutions in France and distributors outside France), and high inventory levels necessitated by the availability of implant ranges.

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

- Closing cash position of 1.8 M€ ;

- Hypotheses:
  - of receipts linked to the sales budget ;
  - of contractual delivery times from production suppliers, it being noted that in 2023 the Group was penalized by late deliveries from its subcontractors;
  - expenditure savings in line with the austerity plan adopted in early January 2024

- Significant cash inflows:
  - mainly financing guaranteed under the Negma contract
  - to a lesser extent, additional research into bank financing in progress but not yet contracted

II. ACTIVITY AND SITUATION OF THE COMPANY DURING THE YEAR

A. Situation and development of the company's business during the year

1. Characteristics of the company and summary of legal and financial transactions carried out in previous years

Spineway is a public limited company whose shares have been admitted to trading on the Euronext Growth market since February 13, 2013.

On December 14, 2017, Spineway obtained AMF visa no. 17-638 following the filing of the Prospectus in order to transfer its shares to the "Public Offering" compartment of the Euronext Growth market.

Over the past few years, the company has consolidated its equity and quasi-equity through (i) the issue and exercise of Ornane reserved for the investment fund YA II PN, LTD, managed by Yorkville SPV Ltd, (ii) the capital increase reserved for Tinavi Medical Technologies, (iii) the issue and exercise of Oceane reserved for the European High Growth Opportunities Securization Fund, (iv) the issue and exercise of OCABSA reserved for Negma Group Ltd, (v) the capital increase subscribed by YA II PN, LTD, (vi) the capital increase reserved for Park Capital and (vii) the issue and exercise of OCA reserved for Negma Group Ltd.
In particular, the following transactions were carried out during the year:

- By decisions dated February 9, 2023, the Board of Directors recorded the conversion of bonds convertible or exchangeable for new or existing ordinary shares over the period from September 19, 2022 to December 31, 2022, which resulted in a capital increase of 144 017.50 euros through the creation of 2 880 350 shares and a share premium of 1 755 982.50 euros, resulting from the conversion of OCAs by Negma Group Ltd;

- By decisions dated July 10, 2023, the Board of Directors recorded a capital increase of 36 059.05 euros through the creation of 721 181 shares and a share premium of 333 940.95 euros, resulting from the conversion of OCAs by Negma Group Ltd;

- By decisions dated September 18, 2023, the Board of Directors recorded a capital increase of 238 201.15 euros through the creation of 4 764 023 shares and a share premium of 656 798.85 euros, resulting from the conversion of OCAs by Negma Group Ltd;

- By decisions dated November 10, 2023, the Board of Directors recorded a capital increase of 1 138 542.20 euros through the creation of 22 770 844 shares and a share premium of 31 155.90 euros, resulting from the conversion of OCAs by Negma Group Ltd;

- Then, in accordance with the authority delegated by the Extraordinary General Meeting held on the same day, the Board of Directors decided to reduce the Company's capital from 1 594 912.30 euros to 63 796.49 euros, representing a total capital reduction of 1 531 115.81 euros, by offsetting the Company's probable losses and reducing the par value of the shares comprising the Company's capital from 0.05 euros to 0.002 euros.

At December 31, 2023, the legal share capital therefore stood at 63 796.49 euros, while the (book) share capital, due to the regular conversion of OCAs by Negma Group Ltd, amounted to 286 059.13 euros.

2. Analysis of the company's business activity over the past year

In 2023, the Company generated sales of 7 568 000 €, compared with 5 256 000 € in 2022.

Operating income amounted to -1,726 K€ compared with -1,923 K€ in 2022.

Income before tax and exceptional items would come to -2 637 K€, compared with -1 548 K€ in 2022.

Lastly, after exceptional items of -520 K€, net income for the year ended December 31, 2023 will be -2 987 K€, compared with -1 758 K€ in 2022.

B. Significant events since the balance sheet date

On January 4, 2024, the Board of Directors recorded the conversion of bonds convertible or exchangeable for new or existing ordinary shares over the period from November 9, 2023 to January 3, 2024, resulting in a capital increase of 245 595,9660 euros (rounded to 245595,97 euros) through the creation of 122 797 983 shares and a share premium of 786 910.99 euros.

On January 25, 2024, the Board of Directors recorded the conversion of bonds convertible or exchangeable for new or existing ordinary shares over the period from January 5, 2024 to January 25, 2024, resulting in a capital increase of 640 000 euros through the creation of 320 000 000 shares.

The share capital was thus increased from 63 796.49 euros to 949 392.46 euros, divided into 474 696 229 shares with a par value of 0.002 euros each.

In addition, the Board of Directors has decided to implement a stock pooling plan.

The Board has therefore decided to opt for a 2,000-for-2,000 reverse stock-split, whereby two thousand (2,000) existing shares with a par value of €0.002 each will be exchanged for one (1) new share with a par value of €4.00.

Consolidation operations will begin on January 25, 2024 and the consolidation period will run from January 25, 2024 to February 26, 2024 inclusive.

C. Research and development activity

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 will give rise, over the year, to the capitalization of development costs in the "Intangible assets" account in progress for an amount of 668 000 € for 2023, compared with 874 000 € for 2022. When the costs are capitalized, they will be amortized on a straight-line basis.

In 2023, 184 000 € of R&D project costs previously classified as intangible assets in progress were brought into service, compared with €588,000 in 2022. They are amortized on a straight-line basis over five 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.

In 2023, 317 K€ were exceptionally depreciated and removed from fixed assets following project shutdowns.

At December 31, 2023, total R&D project costs capitalized and brought into service amounted to 1 023 000 €, of which 288 000 € has been amortized.

D. Foreseeable trends and future prospects

During the year, Spineway will continue to lead the Group, carrying out activities common to the Group, notably research and development, marketing, logistics and, more broadly, all support functions.

The company is also continuing its international sales development, while working on synergies with its Distimp and Spine Innovations subsidiaries, in order to address the entire market and as many value-added territories as possible, while securing its sales and historical customers.

E. Information on supplier and customer payment terms

In accordance with the provisions of Articles L.441-6-1 and D.441-4 of the French Commercial Code, the table below provides information on payment terms for our suppliers and customers.

	Article D441 L1 - Invoices received but not paid by the end of the fiscal year when due						Article D441 L1 - Invoices issued but not yet paid at year-end when due					
	0 DAY	1 0 30 DAYS	31 0 60 DAYS	61 0 90 DAYS	91 DAYS AND OVER	TOTAL (1 DAY OR MORE)	0 DAY	1 0 30 DAYS	31 0 60 DAYS	61 0 90 DAYS	91 DAYS AND OVER	TOTAL (1 DAY OR MORE)
(A) Late payment brackets												
Number of invoices concerned	40					74	5					108
Total amount of invoices concerned	67 289 €	132 770 €	3 428 €	18 179 €	105 158 €	259 565 €	236 216 €	257 048 €	386 014 €	305 828 €	2 111 299 €	3 060 191 €
Percentage of total purchases excluding VAT for the year	1 %	3 %	0 %	0 %	2 %	5 %						
Percentage of sales excluding VAT for the year							3 %	3 %	5 %	4 %	28 %	58 %
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables												
Number of invoices excluded	-						-					
Total number of excluded invoices	-						-					
Reference payment terms used (contractual or legal - article L441-6 or article L443-1 of the French commercial code)												
Reference payment periods used to calculate late payments	From 30 to 60 days' invoicing - Except 1 supplier paid by 90-day draft on the 15th of the month						Customer-specific contractual lead times					

III. SUBSIDIARIES AND AFFILIATES

In fiscal 2023, the US subsidiary Spineway USA Inc. generated sales of 3 KUSD. Net income for the year was -228 KUSD.

In fiscal 2023, the 100%-owned French subsidiary Distimp generated sales of 2 469 K€. Net income for the year was a loss of -781 K€.

In fiscal 2023, the 100%-owned French subsidiary Spine Innovations generated sales of 4 203 K€. Net income for the year amounted to -2 581 K€.

IV. RESULTS - ALLOCATION

A. Review of financial statements and results

We are now going to present to you in detail the annual financial statements which we are submitting for your approval, and which have been prepared in accordance with the presentation rules and valuation methods laid down by the regulations in force.

As a preliminary point, we would like to draw your attention to a change in accounting estimates during the year: the depreciation period for kit instruments has been increased from 3 years to 7 years, with effect from January 1er 2022, corresponding to the average useful life of the instruments based on quality data and analyses.

Sales for the year ended December 31, 2023 totaled 7 568 492 euros, compared with 5 256 163 euros for the previous year.

Other operating income amounted to 1 112 659 euros.

Purchases and changes in inventories amounted to 1 572 082 euros, compared with 1 411 262 euros for fiscal 2022.

Other purchases and external charges totaled 3 793 759 euros.

Taxes amounted to 146 216 euros, compared with 133 470 euros the previous year.

Salaries and wages amounted to 2 938 432 euros and social security charges to 1 176 608 euros, for an average workforce of 42 at year-end.

Depreciation, amortization and provisions totaled 773 555 euros.

Operating expenses for the year totaled 10 407 030 euros, compared with 8 593 345 euros for fiscal 2022.

Operating income for the year was therefore -1 725 880 euros.

Income before tax and exceptional items, including net financial expense of -911 140 euros, came to -2 637 019 euros.

After taking into account :
- Exceptional items of -520 285 euros,
- Corporate income tax of -170 311 euros,

The net income for the year ended December 31, 2023 amounted to -2 986 993 euros.

At December 31, 2023, the Company's balance sheet total amounted to 29 624 699 euros, compared with 27 484 543 euros at December 31, 2022.

B. Appropriation of profit

We ask you to approve the financial statements (balance sheet, income statement and notes) as presented, which show net income of -2 986 992.63, which we propose to allocate as follows :

- …….. 1 531 115.81 euros, to the special premium sub-account unavailable within the “Issue premiums” item, which would thus be reduced from 1 531 115.81 to zero euros,

- the balance of …….. 1 455 876.82 euros, to "Issue premiums, merger premiums", which would be as follows reduced from 27 029 863.52 euros to 25 573 986.70 euros.

Taking into account this allocation, the company's shareholders' equity would be 22 907 008.21 euros.

C. Previous dividend distributions

In accordance with the provisions of Article 243 bis of the French General Tax Code, no dividends have been distributed in respect of the last three years.

D. Expenses not deductible for tax purposes

In accordance with the provisions of Articles 223 quater and 223 quinquies of the French General Tax Code, we ask you to approve the expenses not deductible from taxable income, which amounted to 55 563 euros and which, in view of the tax loss, reduced the tax loss carryforwards by the same amount.

E. Analysis of the company's results and financial position

As explained above, the Company's sales are set to rise from 5 256 000 € in 2022 to 7 568 000 € in 2023.

Borrowings amounted to 5 192 K€ at December 31, 2023, compared with 3 314 K€ at December 31, 2022. Cash and cash equivalents at December 31, 2023 amounted to 947 K€, compared with 3 657 K€ at December 31, 2022.

V. RISKS AND UNCERTAINTIES FACING THE COMPANY

The Group operates in a demanding, highly regulated and constantly changing environment. As a result, it is constantly seeking to identify and manage risks whose occurrence could have an adverse effect on the Group, its business, its financial position, its results or its share price. This section presents the main risks to which the Group believes it is exposed.

The Group has reviewed the risks that could have a material adverse effect on its business, financial situation, results or ability to achieve its objectives, and considers that there are no significant risks other

than those presented below. Other risks of which the Group is currently unaware or which it does not consider significant at the date of this report could have a negative impact on its business, financial situation, results or ability to achieve its objectives.

A summary of these risks is presented in the table above.

A detailed description of the main risk factors likely to have a negative impact on the company, its business, financial situation, results or ability to achieve its objectives is appended to this report (**Appendix 1**).

Number	Risk name	Probability of occurrence	Risk impact
	1- Financial risks		
1	A sharply improved risk of dilution following the termination of a dilutive contract, and a proven risk of 2.2% of book capital if all dilutive instruments are exercised.	High	Low
2	Substantial liquidity risk, heightened by cyclical factors	High	High
	2- Risks related to development projects and organic growth based on innovation		
3	A risk related to Spineway's implementation of its growth strategy, which may turn out to be slower or more difficult than expected.	Medium	High
	3- Risks relating to the Company's business and markets		
4	Risks linked to the competitive environment, based on market characteristics, which could penalize gross margins in particular.	High	Medium
	4- Third-party risks		
5	Spineway's close dependence on its international distribution network	Medium	Medium
6	A risk of dependence on production suppliers for specific supplies and processes	Medium	Medium
	5- Legal risks		
7	Increased risks due to regulatory constraints, particularly at European level	Medium	High
8	Risks relating to the protection and control of the Company's intellectual property rights	Medium	Low
9	Risks relating to the Company's liability for defective products, reinforced by the business sector	Low	Medium

VI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICY

At December 31, 2023, the majority of the company's debt consisted of government-backed loans.

In this respect, five PGEs had been taken out in a COVID-19 context for a total of 1 270 k€, for which the company had opted for a one-year grace period. The residual amount of these PGEs at December 31, 2023 is 418 k€.

In May 2023, the company also obtained a PPR innovation loan, also guaranteed by the French government, for 1 500 k€ with a 4% grace period, bearing interest until full repayment at a fixed annual rate of 5%.

In addition, the company was forced to resort to bond financing in order to secure its financing needs. To this end, a contract was signed on May 24, 2023 with Negma Group LTD for the issue of OCAs, resulting in a cash injection of 2.8 M€ since its conclusion. This contract covers a total financing package of 10 M€ after application of a 9% subscription rate. This financing is spread over 5 periods of 4 months each, for a total possible amount of 2 M€ each. The conversion price resulting from this contract is set at 95% of the lowest VWAP of the last 15 days. The contract includes a compensation clause in the event of the share price falling below the legal par value. The company's preferred settlement option is the delivery of additional shares without cash contribution.

VII. FIVE-YEAR FINANCIAL SUMMARY

In accordance with Article R. 225-102 of the French Commercial Code, a table showing the Company's results for the last five years is attached to this report (**Appendix 2**).

VIII. SHAREHOLDERS

A. Major shareholders

The Company is not aware of any individual and/or legal entity holding, directly or indirectly, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds or nineteen-twentieths of the share capital or voting rights at Shareholders' Meetings as of December 31, 2023, whose identity should be disclosed in this report in accordance with the provisions of Article L. 233-13 of the French Commercial Code.

B. Treasury stock - Share buyback program

At December 31, 2023, the Company held 12 792 of its own shares for a total of 35.01 euros.

A liquidity contract was signed with Portzamparc Société de Bourse, which was terminated with effect from 1er quarter **2024.**

A share buyback program was authorized by the Annual General Meeting of April 4, 2023, in accordance with the provisions of Article L. 225-209 of the French Commercial Code and the General Regulations of the Autorité des Marchés Financiers, under the following terms and conditions:

Securities concerned: ordinary shares.

Mnemonic code / ISIN code: ALSPW / FR0011398874
Authorization for the transaction: Annual Shareholders' Meeting of April 4, 2023.
Maximum proportion of share capital authorized for purchase: 10% of the share capital.
Maximum purchase price: ten euros (€10.00)

Objectives in order of priority :

1. Promote the liquidity and share price of the Company's shares through an independent Investment Services Provider acting under a liquidity contract that complies with the code of ethics of the Association Française des Marchés Financiers (AFM), as recognized by the Autorité des Marchés Financiers (AMF),
2. Cancel the shares thus repurchased by way of a capital reduction, subject to the adoption by the Extraordinary Shareholders' Meeting of a specific resolution concerning this capital reduction,
3. Allocate shares to employees or corporate officers of the Company and of French or foreign companies or groupings affiliated to it, in accordance with legal and regulatory conditions, notably within the framework of profit-sharing schemes, employee shareholding plans, company savings plans, stock option plans, bonus share issues or any other conditions permitted by regulations,
4. Remit up to five percent (5%) of the share capital in payment or exchange for shares, notably in connection with external growth transactions,
5. Allocate shares upon the exercise of rights attached to securities giving entitlement, by redemption, conversion, exchange, presentation of a warrant or any other means, to existing shares in the Company.

Buyback method: Purchases, sales or transfers may be carried out by any means, on one or more occasions, on or off-market, including through block trades (the maximum portion of the buyback program that may be carried out through the purchase or sale of blocks of shares may reach the entire authorized program).

Program duration: 18 months

IX. TRANSACTIONS BY DIRECTORS AND PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE.

In accordance with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the General Regulations of the Autorité des Marchés Financiers (AMF), we remind you that shareholders must be informed of the transactions referred to in Article L. 621-18-2 which were carried out during the year just ended, by the persons referred to in the said Article.

No transactions governed by Article L. 621-18-2 of the French Monetary and Financial Code were carried out during the year.

X. EMPLOYEE PROFIT-SHARING

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we hereby inform you of the status of employee share ownership as at the last day of the fiscal year, i.e. December 31, 2023.

The proportion of capital represented by shares held by employees at December 31, 2023, as defined in Article L. 225-102 of the French Commercial Code, is zero.

XI. ALLOCATION OF BONUS SHARES AND STOCK OPTIONS

We refer you to the reports prepared by the Board of Directors in accordance with Articles L. 225-197-4 and L. 225-184 of the French Commercial Code.

XII. AGREEMENTS GOVERNED BY ARTICLES L. 225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE

We ask you to note that no new agreements falling within the scope of Article L. 225-38 of the French Commercial Code were entered into during the year ended December 31, 2009, and that agreements entered into and authorized in prior years remained in force during the year ended December 31, 2009.

Your Statutory Auditor has received all the information required to prepare his special report.

XIII. ADMINISTRATION AND CONTROL OF THE COMPANY

A. Choice of general management structure

In accordance with Article R. 225-102 of the French Commercial Code, we remind you that the Board of Directors, at its meeting on November 22, 2012, decided that the Chairman of the Board of Directors would be responsible for the Company's general management.

B. Directors' and Statutory Auditors' terms of office

1. Renewal of directors' terms of office

The directorships of Mr. Stéphane LE ROUX, Mrs. Bérangère BOGGIO and Mr. Joseph BRIGNEAUD, expiring at the end of the meeting of the General Assembly, we propose to renew them in their functions for a new period of six (6) years, which will end at the end of the Ordinary Annual General Meeting to be held in 2030 to approve the accounts for the financial year ending December 31, 2029.

2. Ratification of provisional appointment of Director

We remind you of the appointment as director of Mrs. Sophie BARATTE made on a provisional basis by the Board of Directors of the Company on April 24, 2023 to replace the company Tinavi Medical Technologies Co Ltd., for the remaining period. run from his mandate until the General Meeting called to approve in 2024 the accounts for the financial year ending December 31, 2023. In accordance with the legal and statutory provisions, we ask you to kindly ratify this decision and, moreover, to kindly renew, under the conditions of article 14 of the statutes, the mandate as director of Mrs. Sophie BARATTE for a period of six (6) years, which will end at the end of the Ordinary Annual General Meeting to be held in the year 2030 to rule on the accounts for the financial year ending December 31, 2029.

3. Statutory auditors' terms of office

The mandates of the company MAZARS, titular Auditor, and of Mr. Sylvain DOSSE, alternate Auditor, expire at the meeting of the General Assembly. Pursuant to the provisions of Article L. 823-1, I, paragraph 2 of the Commercial Code amended by Law No. 2016-1691 of December 9, 2016, the appointment of a substitute auditor is only necessary whether the auditor is a natural person or a one-person company. We therefore propose to renew the mandate of the MAZARS company for a new period of six financial years, i.e. until the end of the meeting of the Ordinary General Meeting of shareholders called to rule on the accounts for the closed financial year. on December 31, 2029 and to note that the Company is no longer required to appoint a substitute Statutory Auditor.

4. Fixed annual compensation paid to directors

We propose that you allocate an annual maximum of twenty-four thousands euros (€24,000.00) to remunerate the Directors in respect of the current and subsequent financial years, until a further resolution of the Annual General Meeting of Shareholders decides otherwise.

C. Internal control procedures

The Company has set up internal control procedures to ensure rigorous financial management and risk control.

A description of the main existing internal control provisions is given below.

The Group's internal control system consists of a set of control mechanisms and external services set up by management to ensure the sound and efficient management of the company's business and assets.

Accounting and financial information :

The Company's accounting procedures are governed by the French Commercial Code and, more generally, by the legal and regulatory environment, in accordance with the provisions of the French General Chart of Accounts.

In addition to the mandatory documents, the following documents are drawn up:

- Weekly monitoring of banking positions and monthly forecasts;
- a weekly billing statement;
- a monthly breakdown of sales and gross margin by customer and range,
- a monthly cash flow analysis, including a review of cash receipts and outstanding receivables
- monthly inventory reporting;
- monthly management financial statements in connection with the introduction of monthly accounting closings and the development of numerous management reports;
- the implementation of a corporate project management policy common to all departments;
- the implementation of quarterly budget monitoring (analysis of actual-budget variances) and a complete biannual forecasting process;
- the implementation of a sales and supply forecasting policy, including the collection of information from customers, drawn up in consultation with the sales, supply and finance departments.

The financial function is managed internally by the Chief Financial Officer. The accounting function is carried out with the assistance of an external, independent chartered accountant (BBM, 4 Rue Paul Valérien Perrin, 38170 Seyssinet).

Payroll and tax review are entrusted to this chartered accountant.

The French GAAP financial statements are produced with the assistance of the Company's chartered accountants, and are submitted for audit to the Company's statutory auditors. The Finance and Administration Department reports to the Company's Chairman and Chief Executive Officer.

D. Social and environmental consequences of the company's activities

The nature of the Group's activities does not entail any significant risk for the environment.

At the same time, the company is mindful of environmental and sustainable development issues, and is developing a digital approach.

For example, Spineway is pursuing its digital catalog and technical brochure dematerialization project, as well as the deployment of a mobile and tablet application to reduce the need for printed documentation. The constant evolution of our products requires frequent updates. Similarly, the Company provides its distributors with computerized models of its documentation, and offers them the option of printing documentation locally, in order to reduce the energy costs associated with transporting documents. In addition, the Company has designed an upgradeable and reusable stand structure (for conventions and trade shows), which reduces the waste associated with the destruction of single-use woodwork (the most widespread practice). The reuse of a scalable structure also enables Spineway to give its stand a new look as its convention stands evolve, by adding to the previous structure. Similarly, the company has deployed

electronic signature management throughout the Group, speeding up the dematerialization project and limiting all printing to a strict minimum. A Group-wide electronic document management project is also planned for 2023.

To coordinate all CSR actions, the Group has set up an operational CSR committee headed by the Human Resources Manager. The Company is also considering setting up a CSR Committee within the Board of Directors.

After reading its supplementary report and the reports presented by your Statutory Auditors, the Board invites you to adopt the resolutions submitted for your vote.

In Ecully, February 6, 2024.

The Board of Directors,
Stéphane LE ROUX.

SPINEWAY

Société anonyme with capital of 949,392.46 euros
Head office: 7 Allée du Moulin Berger, Bâtiment 7, 69130 Ecully

484 163 985 RCS Lyon

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COMBINED GENERAL MEETING MARCH 25, 2024

Notes to the management and group report

Appendix 1

Risks and uncertainties facing the company

1. Financial risks

1.1 A risk of dilution of 0.1% of the book value of the share capital in the event of exercise of all the dilutive instruments and a very substantial risk of additional dilution on exercise of all the stock warrants

The exercise of all dilutive instruments issued at the date of this report would result in the issue of new shares. These new shares could represent up to 0.1% of Spineway's book[1] share capital at 31/12/23.

At the date of this report, given the bond conversions that have taken place since December 31, 2023, this risk of dilution is very marginal at 0.01%.

As of the date of this report, Spineway has used dilutive financing instruments consisting of :

- ***The issue and exercise of OCEANE bonds (Obligations Convertibles Echangeables en Actions Nouvelles ou Existantes) reserved for the European High Growth Opportunities Securization Fund (OCEANE ABO)****:*

  Of the 1,040 bonds (OC) issued, 1,039 OC were converted and 1 OC matured without being converted (this OC was cancelled in fiscal 2020).
  81 249 999 warrants were attached to the OCEANE ABO, of which :
  . 333 333 warrants were exercised; and
  . 80 916 666 warrants remain outstanding. These warrants entitle their holders to an equivalent number of shares. After the reverse stock-split, these represented a right to the issue of 2 026 shares, 118 of which were not exercised before their cut-off date. The remaining right to issue is therefore 1 908 shares.

- ***The issue and exercise of OCABSA (Obligations Convertibles en Actions assorties de Bons de Souscription d'Actions) to Negma Group Ltd (Negma OCABSA) under the agreement signed on October 18, 2019***:

  11 199 OC were issued and fully converted (including 580 OC issued in respect of commitment fees). As this contract has expired, no further conversions are possible at the date of this document.
  3 214 718 271 warrants attached to the OCABSAs were issued, representing a right to the issue of shares following the consolidation of 80,372 shares, including :
  . 1 607 359 136 (40 186 post-consolidation) warrants held by Negma Group Ltd. These warrants have not been exercised and entitle their holders to an equivalent number of shares, i.e. 40 186 post-consolidation shares; and ,

[1] The book value of share capital corresponds to the actual share capital, which may not have been fully ratified by law (since capital increases are legally recorded periodically, i.e. grouped together and not on an ad hoc basis).
At December 31, 2023, the legal share capital therefore stood at 63,796.49 euros, while the (book) share capital, due to the regular conversion of OCAs by Negma Group Ltd, amounted to 286,059.13 euros.

. 1 607 359 136 (40 186 post merger) BSAs sold by Negma Group Ltd to Spineway and its management under agreements dated January 6, 2021 and June 17, 2022.

The warrants thus retroceded correspond to half of the warrants issued on conversion of OCs drawn down.
These warrants may be either cancelled or exercised for the benefit of the Company and its management.

As this contract has expired, no new dilutive instruments are possible in this respect.

- ***The issue and exercise of OCAs (bonds convertible into shares) in favor of Negma Group Ltd (Negma OCAs) under the contract signed on May 24, 2024***:

1 411 OCs were issued at December 31, 2023 (including 180 OCs issued in respect of commitment fees). 196 convertible bonds remained to be converted at December 31, 2023. No dilutive instruments are attached to this contract.

The contract was signed for a period of 24 months and for a total number of 4,396 CBs, to secure the Group's short- and medium-term financing for the time needed to implement measures and an austerity plan to promote a return to profitability. Given the current economic climate, without such profitability, diversification of financing sources would be very complex, making it necessary to maintain and use such a contract.

A summary table of the dilution risk arising from all financial instruments is presented below.

The Company rates this risk as **medium**.

The share capital shown in the table below and used for dilution calculations corresponds to Spineway's book capital (and not to its legal share capital). Book share capital corresponds to actual share capital, which may not have been fully ratified by law (as capital increases are legally recorded periodically, i.e. grouped together and not on an ad hoc basis).

At the closing date of 12/31/23, the legal share capital therefore stood at 63,796.49 euros, while the (book) share capital, due to the regular conversion of OCAs by Negma Group Ltd, amounted to 286,059.13 euros.

Furthermore, the fully diluted information provided in the tables below assumes that all dilutive instruments are exercisable (which depends on Spineway's future share price and the Group's financing requirements).

Impact dilutif de l'exercice des instruments ouvrant droit à une quote-part du capital social	Instruments émis ou ayant vocation à être émis et ouvrant droit à une quote-part du capital social					
	BSA Spineway	OCABSA Negma	BSA attachés aux OCEANE ABO	BSA attachés aux ORNANE Yorkville	OC Negma	Total
Synthèse des instruments dilutifs potentiels [1]	27 686 BSA suite rétrocession par Negma en date des 06/01/21 et 17/06/22 à la société ou au management [2]	*Contrat fini en date du 18/09/22 * 40 186 BSA en tenant compte du ratio de regroupement de 1 nouvelle action pour 40 000 anciennes selon condition du regroupement de 09/22	2 026 BSA non exercées et 1971 encore exerçables	L'ensemble des BSA non exercées étant arrivé à maturité avant exercice, plus de BSA additionnel	*Contrat signé en date du 24/05/23 pour un total de 4 396 OC non assorti de BSA * 1 411 OC souscrites dont 1 215 converties au 31/12/23 * 2 985 OC reste à souscrire au 31/12/23 * 176 OC additionnelles ont été souscrite dont 40 converties au 01/02/24	Au total post regroupement il reste 82 280 BSA à exercer ayant une maturité entre 04/23 et 06/27. Par ailleurs au titre du nouveau contrat d'OCA il reste 2 809 OC à souscrire et 2 945 OC à convertir.
Nombre d'actions nouvelles pouvant être créées du fait de l'exercice des instruments dilutifs émis à la date du document d'enregistrement universel	40 186	40 186	1 908	0	714 429 826	714 512 106
Quote-part du capital social [3] **(post émission du ou des instruments ciblés ouvrant droit à une quote-part du capital social) représentée par le nombre d'actions nouvelles créées**	0,03%	0,03%	0,00%	0,00%	83,32%	83,32%
% de détention post-dilution d'un actionnaire détenant 1% du capital social de la Société (soit 1430296 actions) à la date du document d'enregistrement universel	1,00%	1,00%	1,00%	1,00%	0,17%	0,17%
Nombre d'actions nouvelles fully diluted pouvant être créées selon une hypothèse d'utilisation de 100% des enveloppes de financement et du fait de l'exercice du montant total d'instruments non encore émis correspondant à ces tranches potentielles	40 186	40 186	1 908	0	862 271 932	862 354 212
Quote-part du capital social [3] **(post émission du ou des instruments ciblés ouvrant droit à une quote-part du capital social) représentée par le nombre d'actions nouvelles créées fully diluted**	0,0%	0,0%	0,0%	0,0%	85,8%	85,8%
% de détention post-dilution fully diluted d'un actionnaire détenant 1% du capital social de la Société (soit 1430296 actions) à la date du document d'enregistrement universel	1,00%	1,00%	1,00%	1,00%	0,14%	0,14%

[1] Dilutive instruments are defined as the dilutive instruments issued as of the date of this report and, under the fully diluted approach, as the shares to be issued in the event of 100% utilization of the financing packages signed to date (i.e., the exercise of all potential convertible bonds and their conversion at 100%), as well as additional related dilutive instruments (warrants). At present, there is only one category of potential dilutive instruments, i.e. warrants issued and not exercised in connection with past OC issues (it being specified that these warrants may not be exercised if their exercise price is not sufficiently attractive before their expiry date).

[2] See Negma Group Ltd's agreement dated January 6, 2021 to transfer warrants to Spineway, referred to in section 20.1 Financing agreement signed with Negma Group Ltd on October 18, 2019 " " and subject to various amendments between 12/20 and 05/22.

[3] Book share capital corresponds to book share capital at 12/31/23, which is legally recorded periodically only in view of the large number and frequency of conversions when tranches are exercised.

1.2 A liquidity risk consequently increased by cyclical factors and by a postponement of the return to profitability horizon linked to a 2023 result penalized by cyclical events.

The Company still needs substantial financing, given its high operating costs, in particular to address costly regulatory issues and the commercial development linked to post-acquisition synergies, which generate substantial working capital requirements, and the development projects to be maintained in order to prepare for the future.

The Group's working capital requirements are impacted by :

- the need for a high level of inventory in line with :

  . depth of product ranges and the need to offer both sterile and non-sterile products. To this end, the Group has initiated a range rationalization plan to reduce working capital requirements and regulatory costs,
  . the essential stocks held on deposit and consignment in hospitals on the French market (these stocks are intended to enable hospitals to have stocks on hand at all times, to ensure that operations can be carried out safely). However, a reorganization of hospital management is underway, with the aim of minimizing stocks on deposit and, where possible, giving preference to short-term instrument loans instead,
  . the management of distinct references linked to approval dates and customer requirements in terms of very short supply lead times due to a lack of anticipation on their part (orders placed are generally honored in less than 15 days) ;

- long customer payment terms (particularly for export markets outside Europe). These customer payment delays have a direct impact on Spineway's cash flow, and can significantly lengthen the time lag between disbursements required for purchases and the receipt of sales (this period can reach 6/8 months).

- the risk of customer default, particularly in view of the high volume of business generated in Latin America and the recurring geopolitical and economic uncertainties in this region, even though the proportion of sales generated in this region is tending to decline with the development of France in particular, and of more mature countries such as Australia and Europe with the acquisition of Spine Innovations, which is well established in these markets. Cash shortfalls in this area are, however, low, given the payment defaults of recent years and the fact that all new customers are now subject to more stringent contractually-agreed payment terms;

- the impact of a potential unfavorable change in reimbursement policies for medical devices, corresponding to a worldwide trend and thus present in all markets addressed by Spineway due to efforts by governments and other third-party payers to contain healthcare costs by limiting both coverage and reimbursement rates applicable to new therapeutic developments. The adoption of these proposals or reforms could have a direct impact on cash requirements, which could affect sales mainly in Europe and the United States. In this respect, obtaining reimbursement for prostheses is necessary in certain markets, and may entail a short-term risk of a slowdown in development or loss of sales (France and Belgium in particular). In the short term, these sales are not yet significant, but the development of sales in these regions is an integral part of Spineway's strategy, especially as current margins are higher there than in other regions. Such a development would require finding ways to cut production costs, a more complex situation for Spineway due to its heavy reliance on subcontracting, and therefore potentially necessitating capital expenditure before achieving sufficient margins. To this end, subcontractor sourcing projects are underway; and,

- sales growth linked to post-acquisition cross-selling synergies and the strategy of transferring to more Premium ranges, as well as Spine Innovations obtaining legal manufacturer status, require the building up of short-term safety stocks, especially as its distributors have limited their stock coverage in order to limit their working capital requirements.

The Company has been financed mainly by strengthening its equity through capital increases, but also by bank debt in connection with government support measures and innovation programs (see VI).

Spineway provides a precise and regular update on its cash position on a weekly basis, and has set up both short- and medium-term cash forecasting tools, as well as monthly budget monitoring, in order to gain agility and responsiveness in the face of this challenge. The company has also set up cash flow forecasting tools based on its 5-year business plan, so as to be able to best anticipate the possibilities of diversifying financing as soon as possible.

At December 31, 2023, the Group's cash position will be €1 799 000 thanks to all these measures.

Repayments due in less than one year correspond mainly to PGEs.

Maturity of borrowings at December 31, 2023 :

EMPRUNTS ET DETTES FINANCIERES

Echéances	Moins 1 an	1 a 5 ans	+ 5 ans
Autres emprunts obligataires (PNC)	490		
Emprunts auprès des établissements de crédit (PNC)	436	735	906
Garantie	-10		
Dettes Financières relatives au crébit bail (PNC)	8	32	1
Concours bancaires courants	4		
Emprunts et dettes financières par échéance	**928**	**767**	**908**

Certain borrowings are subject to non-financial banking covenants, which have been met at December 31, 2023. The company does not expect any covenants to be breached within 12 months.

The going concern assumptions for 2024 are set out in I. F. of this report , based on :

- Closing cash position of €1.8 million;

- Hypotheses:

  - of receipts linked to the sales budget ;
  - of contractual delivery times from production suppliers, it being noted that in 2023 the Group was penalized by late deliveries from its subcontractors;
  - expenditure savings in line with the austerity plan adopted in early January 2024

- Significant cash inflows:

- mainly financing guaranteed under the Negma contract
- to a lesser extent, additional research into current bank financing not yet contractualized

Spineway has secured its current cash requirements for the coming months thanks to the bond financing package under the terms of the new contract signed in May 2023.

The Company assigns a **high** level of liquidity risk.

2 . Risks linked to development projects and organic growth based on innovation

A risk related to Spineway's implementation of its growth strategy, which may turn out to be slower or more difficult than expected.

Spineway intends to pursue growth initiatives based on innovation and the migration of its product ranges towards more Premium ranges and more mature, high value-added markets, in order to position itself as a European platform for spine surgery. These projects can be of several kinds, and will facilitate a return to profitability by enabling the Group to reach a critical size that will generate sales synergies and cost savings.

On July 21, 2022, the Spineway Group acquired 100% of the capital of Spine Innovations, a company with a range of products that are not fused with spinal prostheses (cervical and lumbar), and which offers strong development potential in the current competitive environment, particularly in the European market and in high value-added markets (Australia, United States, etc.). This acquisition, which follows that of Distimp in June 2021, offers new growth prospects and significant long-term synergies. However, sales synergies are expected to be slower than anticipated, and cost synergies lower than expected, due to increasingly long export approval times, as well as industry restructuring and the increasing complexity of certain distributor relationships.

The deal was financed in cash, and saw the integration of a manager with solid marketing and operational experience in the buyout business, as well as a high-quality team to complement the Spineway Group's existing workforce.

Business development projects based on innovation have also slowed down in view of the current difficulties and regulatory environment. As a result, initiatives to promote organic growth, product innovation and commercial partnerships are taking longer than expected.

The Company is doing its utmost to ensure that these projects accelerate growth and the return to profitability through the integrated achievement of critical mass. Nevertheless, in a context of austerity plans, innovation and new market development projects must be fully financed before they can begin.

The Company rates the risk of external growth as **medium**.

3. Risks relating to the Company's business and markets

Risks linked to the competitive environment based on market characteristics

The market for spinal surgery products is competitive and dominated by major American players (including Medtronic, Johnson&Johnson, Stryker and Zimmer), who account for between 60 and 80% of the global spinal implant market (source: Spineway).

These leading companies are well-established and have considerable resources, far greater than those of Spineway.

Alongside these leaders, there have historically been medium-sized players who can compete directly with Spineway's products. A number of competitors focus on a specific product or market segment, making it potentially more difficult for the Company to improve its overall competitive position in the market.

In addition, innovation by competing companies (development of technologies or products that are less costly and/or more effective and/or of higher quality, or faster to market than Spineway's products) could affect Spineway's future growth. However, new regulatory requirements restrict the scope for major innovation, particularly in implants. Given these high barriers to entry, many players are expanding through acquisitions, targeting companies with innovative technologies or attractive market shares.

Under these conditions, Spineway estimates :

- competition continues to intensify, but also offers opportunities for access to markets/products neglected by the major players, who are also forced to rationalize their cost structures, particularly in the face of regulatory challenges;

- that the phenomenon of concentration on a specific product or part of a specific market, which characterizes the market, will also be reinforced, and is already leading to very difficult situations for certain players, as much a source of opportunities as of threats (particularly in the event of subcontractor failure);

- that competition could lead to a fall in product prices and a reduction in profit margins, and could therefore affect its ability to invest and develop its business.

As a human-scale player, Spineway has responded to this competition with a new marketing plan and a new sales and marketing policy:

- is now emphasizing a dual positioning of its product ranges: *Premium* for mature markets and high-potential customers, and *Gold standard* for markets for which Premium may remain inaccessible. In this way, Spineway stands out and responds to the desire for top-of-the-range products expressed by many countries/regions around the globe (in particular: Japan, the United States and Europe), while maintaining its roots in territories with very varied economic situations;

- following the acquisition of Spine Innovations, can now address all therapeutic indications by offering both fusion and non-fusion products;

- is based on the creation of a stronger partnership with customers and surgeons thanks to better listening and the consolidation of its presence in the field; a medical education and scientific department was set up in 2022 to strengthen this link and provide genuine support that benefits all parties;

- is constantly seeking to develop innovative technologies and new products, to improve its existing products and complete its product ranges; several developments are in progress, according to a schedule which has had to be reworked to take account of financial requirements, but which remains defined by the Company for at least the next three years;

- has launched an action plan to strengthen its ties with the leading surgeons who prescribe its products, through targeted initiatives and partnerships, and by setting up a scientific advisory board;

- carries out projects aimed at creating value and securing market share, notably through product/innovation partnerships.

Despite the deployment of this new sales, marketing and scientific policy, increased competition could significantly affect the Group's ability to market its products, particularly its new ranges, and delay the development of innovative products. Indeed, the lengthy development, manufacturing and marketing process does not allow us to fully guarantee efficacy, acceptance by surgeons or approval by regulatory authorities (regulatory bodies issuing sales authorization certificates) and paying bodies (social security or equivalent medical expense reimbursement bodies), despite the tests carried out upstream. Additional delays in the event of rejection at 1ère of new product applications depend on the points raised (minor or major) and can result in several months before approval, giving competitors more time to position themselves. The loss of sales revenue depends on the market outlook for each product, and on the countries in which approval delays or delisting may occur. However, the competitive risk for innovations is mitigated insofar as new regulatory requirements restrict the scope for major innovations for all players, particularly in the field of implants, since Spineway, like its competitors, must first integrate new constraints into its validation process, particularly clinical constraints which slow down the process of obtaining authorizations. Complying with these new, more demanding regulations therefore penalizes the release of innovations (more complex and time-consuming process) for all players. More generally, competition could adversely affect the Group's business, results, financial situation, development and prospects.

The Company rates this risk as **high**.

4. Third-party risks

4.1 Spineway's close dependence on its international distribution network

Outside France (72% of consolidated sales at December 31, 2023), Spineway distributes its products almost exclusively via independent distributors (indirect sales).

At December 31, 2023, the contribution of the Group's main customers to consolidated sales was quantified as follows:

- Spineway's main customer (distributor): 11% of consolidated sales;

- top 5 customers: 34% of consolidated sales ;

- top 10 customers: 52% of consolidated sales.

It should be noted that the trend to reduce dependence on the top10 should continue as Group synergies materialize, and that the customer portfolio has been strengthened by successive acquisitions.

Spineway has set up an indirect sales network through distribution agreements with local distributors, mainly based abroad, with no guarantee of real control. Such a distribution network therefore presents a major risk for the Company, but guarantees that it will be able to operate worldwide. This risk has already been experienced, for example, with the liquidation in 2018 of the Company's main distributor on the American market, which resulted in a loss of sales of over €2 million, the need to rebuild relationships on American soil and the setting up of a new distribution network (which takes several years). This process of rebuilding market share in the United States is still underway at the time of writing.

This indirect sales network has its own constraints due to its international and heterogeneous nature:

- the existence of laws and regulations of varying degrees of stringency and multiplicity applicable to the products and services offered by the Group;

- the possibility of unanticipated changes in legislation or market conditions in these countries (the unfavorable trend in reimbursement policies for medical devices corresponds to a worldwide trend);

- limited intellectual property protection in some countries;

- political and/or economic instability in certain countries where the Group operates (notably Latin America);

- greater exposure to financial risks in certain regions.

With regard to this specific constraint, Spineway prioritizes its actions according to 4 main criteria:

- optimize its product ranges, in particular in connection with the acquisition of the Distimp ranges and the penetration of the non-fusion market with the acquisition of Spine Innovations, in order to improve the match between its offering and customer expectations;

- improving the quality of instrumentation kits in line with the policy of migration to the Premium segment;

- prospecting for higher value-added markets (Europe, Japan, Australia, USA).

- As sales in France grow, the risk of dependence on international sales will diminish accordingly, and by 2022 this has already led to a reduction in dependence on distributors.

The successful international marketing of Spineway's products is therefore closely linked not only to its ability to forge links with its distributors and build up their loyalty, but also to their financial health, expertise and ability to secure and develop their own customer base. Financial difficulties, payment defaults and disagreements with these distributors,

or with any of them, would have an adverse effect on the Group. The occurrence of payment defaults generally follows a breach of contractual relations with a distributor, but may also result from endogenous factors specific to the distributor (financial situation), or from the country's economic, geopolitical or regulatory context.

Nor can Spineway guarantee that it will be able to retain these distributors or that they will continue to devote the necessary resources to the commercial success of its products, a success which depends in particular on the marketing efforts and customer service provided by distributors.

Generally speaking, this indirect sales system places Spineway in a situation of commercial dependence on the partners it relies on, a dependence which will be further reduced with the integration of SPine Innovations, which has significant access to the French market, and with the anticipated development of the Distimp ranges in this same market.

To limit this risk, the Company :

- is working on action plans aimed at securing its main historical customers, notably through a new sales policy and improved marketing and scientific support;

- makes a special effort to develop the customer portfolio so as to dilute the risk of dependence..;

- is constantly on the lookout for new distributors both in its traditional areas and in new territories with more favorable geopolitical and economic situations, despite distributor synergies with Spine Innovations which could strengthen the weight of certain individual customers;

- is putting in place individualized financial support solutions in collaboration with organizations that will secure work-in-progress. The Group pays particular attention to these financial issues when signing new contracts, and has revised its instrumentation kit financing policy accordingly;

- is working on regulatory autonomy for privileged export territories, so as not to be dependent on distributors for approval.

Despite these measures, the Group's dependence on distributors and/or the potential deterioration in payment terms, or even the default of distributors, could have consequences that would significantly affect the Group's business, results, financial situation, development and short-term prospects, depending on the customer(s) concerned.

Nevertheless, the growth in sales in France (26% of consolidated sales at December 31, 2022, compared with 17% in 2021, reflecting the launch of the strategic plan to strengthen sales in this territory), which are made directly to care facilities (direct sales) but may also be made through distributors within the framework of special partnerships, or through the use of sales agents with special ties to Spineway's end customers (hospitals), helps to limit this risk.
The Company rates this risk as **medium.**

4.2 A risk of dependence on production suppliers for specific supplies and processes

To manufacture its products, the Spineway Group needs to source materials, in particular PEEK. For this specific supply, the Company relies on a main supplier. Similarly, the Spineway group relies on 2 main subcontractors for the manufacture of its products (implants).

Spineway has nonetheless set up a process for listing and approving the quality of several suppliers in order to mitigate this risk, but believes that postponing production to a secondary supplier in the event of the failure of a preferred supplier, notably of PEEK raw materials, could entail delays in implementation, leading to short-term supply delays while secondary suppliers organize themselves to absorb additional volumes. This risk is also mitigated by the Group's desire to diversify its product range, in particular towards titanium products, which will reduce its dependence on a single material and supplier, and provide new alternatives in the form of quality-approved and CE-certified suppliers. Similarly, a rationalization of instrument suppliers, with a pool of reference suppliers in the field, will boost profitability and dilute the risk of dependence, while increasing control over these vital supplies.

A project to internalize production of the Spine Innovations ranges is also being rolled out, which will lead to a significant reduction in this risk.

The Company rates this risk as **medium**.

5. Legal risks

5.1 Increased risks linked to regulatory constraints particularly in Europe

The process of obtaining and maintaining the legal and regulatory approvals, authorizations and certifications required to market medical devices can be lengthy, depending on the country concerned. Furthermore, there is no guarantee that these authorizations, if granted, will be consistent with commercial development plans. Should Spineway fail to obtain authorizations or certifications (notably CE marking, FDA - Food & Drug Administration - or equivalent) for its future products or improvements to its existing products, it could be prevented from marketing its products in its various markets for the time required to obtain them. The same would apply if the Company were to lose the authorizations or certifications it holds. These regulatory obligations and processes apply in most of the countries in which Spineway markets or plans to market its products, with sometimes differing constraints. Depending on the nature of the agreements, these obligations are either the direct responsibility of Spineway, or of its local distributor, who may hold the necessary approvals in its territory.

Rejections or delays in the certification process would necessarily require the Company to carry out additional costly trials, and to collect additional clinical data, which is often long and tedious to obtain. This could have a negative impact on the Company's financial results, its competitive position and its ability to market its products in the countries concerned.

Changes in regulations or standards applicable in any of the countries in which Spineway operates may also affect product development, or result in the withdrawal or suspension of marketing authorizations.

The global regulatory environment is constantly evolving, and is tending to tighten its constraints (technical developments and convergence of legislation around the world). Spineway has ensured that it has the appropriate resources for effective regulatory monitoring, both in France and internationally, in order to anticipate these changes:

- member of SNITEM ;
- network of international consultants (formerly RADAR magazine published by Emergo);
- dedicated staff (quality monitoring and regulatory affairs) ;
- information sent by FDA to registered companies.

Given the stakes involved in marketing certificates, Spineway constantly monitors changes in regulatory and legislative constraints in the areas in which it markets its products. Similarly, Spineway carefully studies existing regulatory and legislative constraints in the countries where it plans to market its products, before initiating any commercial approach.

The Company has put in place an organization and support enabling it to address the specific risk arising from changes in the European regulatory environment: the European Regulation 2017/745 on Medical Devices (hereinafter "MDR") in force since May 25, 2017, which specifies the basic provisions of the legislation applicable to European Community countries and in particular the essential safety requirements and conformity assessment methods. Its application translates into the affixing of CE Marking, more comprehensive labeling (labeling will have to include in particular: product batch or serial number, warnings, name of a European representative for manufacturers outside the EU, etc.). In addition, a review by a third-party body, called a notified body, is imperative and will lead to the issue of a CE certificate. This RMD will not come fully into force until May 2024, with a relaxation to 2027 under certain conditions, following an initial postponement and recent amendments to allow manufacturers, authorities and notified bodies to adapt, as this new CE standard requires a cumbersome and costly approval process.

Until then, certification of products under RMD is possible but not compulsory. In fact, it is possible to continue marketing until the end of the certificate under the current private label standard, i.e. in Spineway's case theoretically until May 2024, thanks to the extension of the validity of current CE certificates. Spineway has thus secured its current product portfolio until 2025 (possibility of sale one year after the end of the MDD certificate), while initiating the registration process in line with the new regulatory requirements. Reusable surgical instruments are now RMD-certified, and the company has begun to submit implant files, according to a schedule that takes into account the time required for the notified body to study the corresponding technical files.

Aware of this challenge, Spineway has anticipated this issue and mobilized substantial budgets over the past 3 years, efforts which will continue over the coming period until at least 2024, particularly in view of the high clinical stakes involved. Clinical studies will have to be maintained over the entire life of the product, and will require substantial investment beyond the RMD approval date.

The Company can rely on a well-structured, competent team, strengthened by the creation of an in-house clinical team to limit the risk of losing authorizations, certifications or non-renewals.

Spineway's quality system also enabled it to obtain ISO 13485 certification in 2006. ISO certification has been constantly renewed since 2006. Work is currently underway to streamline quality management at Group level, following the integration of Distimp and Spine Innovations, which should eventually reduce some of the Group's efforts in this area.

The Company rates this risk as **high**.

5.2 Risks relating to the Company's protection and control of its intellectual property rights

The Group pursues an active policy of protecting the exclusive nature of its intellectual property. However, the Group may not be in a position to maintain or obtain adequate protection, and thereby retain all the technological and competitive advantages derived from it.

The Group's success depends in part on its ability to protect its own processes and products from illicit use by third parties. To protect its rights, Spineway relies on the protection offered by patents, trademarks, trade secrets, know-how, confidentiality agreements and other contractual restrictions. However, these means offer only limited protection and may not prevent unauthorized use of the Company's rights, products and technologies. Unauthorized exploitation of the Company's processes or products by third parties could result in the Company losing competitive advantage or market share, or being unable to win new market share. Such events could have an adverse effect on the Group's business, assets and financial situation.

Conversely, the Company cannot guarantee that it will not infringe the intellectual property of others, for two main reasons:

- the number and complexity of existing international patents make it difficult to understand the real freedom of use of the many devices already on the market.
- the impossibility of knowing in advance about patents in the process of being applied for and not yet made public, which could interfere, when published, with all or part of the Company's products or rights.

By controlling its R&D, carrying out its own research, commissioning an intellectual property firm to keep a watch on developments, and having its R&D carried out mainly in-house or in collaboration with referent surgeons supported by contracts including precise clauses relating to intellectual property, the Company is strengthening its control over its intellectual property rights. The arrival of a new scientific director and the reconstitution of a dedicated team have given us greater control over this area.

Ownership of rights :

Any discovery made by an employee belongs to the employer. The employment contracts signed by Spineway with its employees nevertheless provide for the payment of an inventiveness bonus to the employees concerned.

In the event of Spineway filing patent(s) co-developed with surgeons (as part of scientific and/or technological cooperation), a contract is signed providing for the payment of royalties calculated on the basis of sales. These patents co-developed with surgeons are the property of Spineway (the contracts include a waiver of intellectual property rights by the surgeons).

However, in the event of persistent disagreement between partners over the ownership of rights, there is a risk that the partner concerned may claim intellectual property rights over the results to which it has contributed, and thus prevent or hinder the Company from exploiting the technology developed under these agreements. For this reason, Spineway has also introduced a new procedure aimed at formalizing, in parallel with the payment of royalties, the assignment to Spineway of all the co-developers' intellectual property rights attached to patents registered by Spineway.

Patents:

Spineway holds several patents.
The appropriateness of registering patents abroad is measured by the degree of inventiveness of the patent and the Company's ability to take action against potential infringers. Legislative disparities between countries could prevent the Company from satisfactorily protecting its products in one or more countries, or from ensuring an equivalent level of protection in different countries.

Moreover, even when patents are registered abroad, the resources and knowledge available to the Company do not, in any case, enable it to take systematic action against infringers in the event of counterfeiting. Spineway believes that the risk of counterfeiting is real, and that this risk is heightened by its development in Asian markets and in countries with a *Gold Standard* orientation.

In addition, the resources and knowledge available to the Company do not allow it to verify exhaustively that a technology marketed is not itself infringing a patent or rights held by a third party in a given territory, and could be held liable in this respect. Any litigation could result in a judgment or decision unfavourable to the Company, which could affect its ability to protect its products. However, even if such a dispute were to have a favorable outcome for the Company, involvement in administrative, judicial or arbitration proceedings of this type could be time-consuming and involve substantial costs for the Company.

Know-how:

The products developed by the Company are also based on know-how.

The Company cannot guarantee that Spineway and its products, which are closely linked to its know-how and trade secrets, are adequately protected from competitors and cannot be usurped or circumvented by them.

The Group seeks to limit the communication of key elements of its know-how (particularly in R&D) to third parties to that which is strictly necessary for its collaboration with them, and contractually ensures that such third parties undertake not to misappropriate, use or communicate such information, notably by means of confidentiality clauses. However, the Group cannot guarantee that these third parties or former employees will respect these agreements, that the Group will be informed of any breach of these clauses, or that any compensation it may obtain will be sufficient in relation to the loss suffered.

About brands :

The Company owns several trademarks, both European and registered in various countries around the world. Here again, the Company's material resources limit its scope of action in the event of infringement.

Third parties may nevertheless use or attempt to use this or other Group trademarks.

Similarly, if a third party were to use an identical or similar trademark in the classes referred to in the registration certificates, any qualification of infringement could be held in abeyance if the trademark were considered invalid as insufficiently distinctive and/or too descriptive in relation to the goods it identifies.

If this risk were to materialize, it could compromise the protection of names enabling the Company's products to be identified by customers, prospective customers and the general public.

Infringement actions :

For the success of its business, it is important that the Group is able to freely exploit its products and technology.

Despite its best efforts, the Company cannot fully guarantee that there are no third-party patents or other intellectual property rights covering certain of the Group's activities, products or technologies, enabling such third parties to bring infringement or similar actions against the Group with a view to obtaining damages or the cessation of use of the offending product.

If these actions were to be brought to a conclusion and found, in whole or in part, to be well-founded, the Group could be forced to halt or delay the research, development, manufacture or marketing of the products targeted by these actions, which would significantly affect its activities in the relevant business sector.

In particular, the Group could be required, in addition to the payment of financial indemnities, to :

- cease to manufacture, sell or use the products in question in a given geographical area;

- obtain, under conditions unfavorable to the Group, a license to third-party intellectual property rights;

- find alternative solutions so as not to encroach on the intellectual property rights of third parties, which could in some cases prove impossible or costly in terms of time and financial resources, and could therefore hinder its marketing efforts.

Any proceedings brought against the Group, whatever their outcome, could entail substantial costs, disrupt its operations, compromise all or part of its business, image and reputation.

The Spineway Group has no disputes concerning intellectual property rights.

The Group therefore cannot guarantee that any illicit use of its intellectual property rights will not affect the marketing of its products and, more generally, harm the Group's business, results, financial situation, development and prospects. Similarly, the Group cannot guarantee that it will not infringe, directly or indirectly, the intellectual property rights of third parties, and that such infringement will not seriously affect the marketing of its products and, more generally, harm the Group's business, results, financial situation, development and prospects.

The Company rates this risk as **medium**.

5.3 Risks relating to the Company's liability for defective products are heightened by the business sector.

In addition to legal warranties, the Group may be exposed to liability risks arising from the use of its products, in particular under product liability laws. Indeed, spinal surgery entails significant risks of serious complications, which can lead to paralysis or death. As a result, the testing and marketing of medical devices for use on the spine carries the

risk of the manufacturer's liability being called into question. Users (surgeons and/or hospitals), patients or regulatory authorities may file or take legal action against the Group.

In addition to any proven defect, players in the spine medical device sector may also be called into question, whether justifiably or unjustifiably, in litigation concerning suspected product defects. In this respect, Spineway's liability could also be incurred if it were proven that the implant or instrumentation was the direct cause of damage, and that this damage originated neither from the surgical procedure, nor from the care facility, nor from the distribution chain, nor from the patient himself, or, more generally, if Spineway were unable to successfully defend itself.

A product liability claim could force Spineway, regardless of the outcome, to limit the sale of its products. Spineway's reputation could also be affected, it being understood that in such a case, Spineway could take action against its subcontractors and/or raw material suppliers if they were found to be responsible for the said defect. Finally, an unfounded or unsuccessful claim could :

- prove time-consuming and costly for the company;
- have a lasting impact on Spineway's reputation in the marketplace;
- divert the efforts of the Company's management from its core business.

To date, Spineway has never been held liable for defective products.

The Company has always paid particular attention to the risks associated with mastering and controlling defective products, as well as the audits required to maintain this quality. In 2017, Spineway spontaneously chose to recall an instrument for exchange after identifying a potential risk associated with this instrument (which is not an implant, but an instrument for locking an implant screw). The Company therefore favors the application of a precautionary principle and is particularly attentive to the quality of its products, in line with regulations and the quality standards it has set itself.

Spineway has also taken out civil liability insurance covering its liability in the event of defective products up to a maximum indemnity of €10 million, reduced, where applicable, by the amount already drawn down on this annual cover at the time of recourse. In the event of a major defect in a flagship range, this insurance could prove insufficient to cover all the pecuniary penalties that could be imposed on Spineway. As a result, Spineway could be obliged to pay the remainder itself from its own resources, thereby weakening its financial position. The Company is also particularly attentive to the specific liability issues on the US market, and will adapt its coverage accordingly as this market redeploys.

The Company therefore cannot guarantee that its current insurance coverage is sufficient to respond to any liability claims that may be brought against it. If its liability were to be called into question in this way, and if it were unable to obtain and maintain appropriate insurance cover at an acceptable cost, or to protect itself in any way against product liability claims, this would seriously affect the marketing of its products and, more generally, harm the Group's business, results, financial situation, development and prospects.

The Company rates this risk as **low**.

Appendix 2

Five-year financial summary

TABLEAU DES RESULTATS FINANCIERS	31/12/2019	31/12/2020	31/12/2021	31/12/2022*	31/12/2023
Capital social	4 545 710,79	463 275,94	1 576 029,77	182 109,90	286 059,11
Nombre d'actions ordinaires	454 571 079	4 632 759 445	15 760 297 542	3 642 198	143 029 563
Nombre d'actions à dividende prioritaire	0	0	0	0	0
Nombre maximal d'actions futures à créer	673 377 878	6 230 016 123	3 309 139 343	82 398	269 248 946
* par conversion d'obligations	492 857 142	5 632 759 446	694 444 444	0	269 166 666
* par exercice de droits de souscription**	180 520 736	597 256 677	2 614 694 898	82 398	82 280
Chiffres d'affaires hors taxes	5 081 929	3 379 615	4 272 425	5 256 163	4 171 863
Résultat avant impôts, participation, dotations aux amort. et prov.	-1 876 090	-13 067 167	-827 058	-1 547 749	-2 362 409
Impôt sur les bénéfices (crédits d'impôts)	210 362	231 620	172 516	225 773	-170 311
Participations des salariés	0	0	0	0	0
Résultat après impôts, participations et dotations aux amort. et prov.	-3 331 938	-13 590 634	-1 512 848	-1 757 551	-2 986 993
Résultat distribué	0	0	0	0	0
Par action résultat après impôts avant dotations aux amort. et prov.	0,37	-0,0028	0,0000	-0,2542	-0,02
Par actions résultat après impôts et dotations aux amort. et prov.	0,73	-0,0029	-0,0001	-0,4826	-0,02
Dividende attribué à chaque action	0,00	0,00	0,00	0,00	0,00
Effectif moyen des salariés de l'exercice	28	25	31	35	42
Montant de la masse salariale	-1 524 001	-1 450 645	-1 711 609	-2 741 085	2 938 432
Cotisations sociales et avantages sociaux	-674 558	-579 405	-684 326	-1 043 146	1 176 608

** suite au regroupement d'actions de septembre 2022, une action nouvelle correspond à 40 000 actions anciennes. Les avantages consentis au titre des BSA ont été mécaniquement divisés par 40 000.*

***issues des OC souscrites au 31/12/2023*