

**CONSOLIDATED FINANCIAL STATEMENTS
SPINEWAY GROUP**

Period ending December 31st, 2023

CONSOLIDATED BALANCE SHEET - ASSETS

Consolidated accounts

	31/12/2023	31/12/2022
Intangible assets	9 265	9 303
<i>Goodwill</i>	5 402	5 402
Tangible assets	2 405	1 777
Financial assets	4 488	4 491
Fixed assets	16 159	15 571
Inventory	4 402	3 929
Accounts receivable	2 718	1 884
Other accounts receivable	1 234	787
Cash and cash equivalent	1 799	5 525
Current assets	10 153	12 125
TOTAL Assets	26 311	27 696

CONSOLIDATED BALANCE SHEET - LIABILITIES

Consolidated accounts

	31/12/2023	31/12/2022
Share capital	286	182
Premiums, share premium	27 043	24 502
Reserves and net income	-8 275	-2 676
Other		
Total shareholder's equity - Attributable to group	19 054	22 008
Minority interests		
Other liable equity capital		
Provisions for liabilities and charge	286	238
Loans and financial debts	2 603	1 430
Suppliers debts & related accounts	2 816	2 535
Fiscal & social debts and other debts	1 553	1 485
Debts	6 971	5 449
Total liabilities	26 311	27 696

CONSOLIDATED PROFIT AND LOSS

Consolidated accounts

	31/12/2023	31/12/2022
Revenue	10 519	7 432
Other operating income	842	1 217
Reversals of depreciation and amortization	46	53
Reversals of operating provisions	670	522
Other operating income	1 558	1 792
Purchase of goods and changes in inventory	3 309	2 320
Other external expenses and purchases Single	5 585	3 699
Taxes and similar payments	108	148
Salaries and wages	5 734	4 875
Depreciation and amortizations are fixed assets	859	565
Depreciation and write-down allowances	991	469
Other expenses	7	358
Operating expenses	16 594	12 434
Operating result before goodwill depreciation and amortisation	-4 517	-3 210
Goodwill depreciation and amortisation		
Operating result after goodwill depreciation and amortisation	-4 517	-3 210
Financial income	6	231
Financial expenses	1 041	46
Financial result	-1 035	184
Current result before taxes	-5 552	-3 026
Extraordinary result	-957	-112
Corporate income tax		
Deffered taxes		
Result integrated companies	-6 510	-3 137
Quote-part résultats des mises en équivalence		
Result Attributable to controlled group	-6 510	-3 137
Net Controlling result	-6 510	-3 137
Earnings per share (€ / share)	-0,00040829 €	-0,00000014 €
Diluted earnings per share (€ / share)	-0,00040829 €	-0,00000014 €

Variation in the consolidated equity capital

Variation in the consolidated equity capital

	Capital	Premium, share premium	Net result as a share of the group	Reserves	Translation reserve	TOTAL EQUITY
As of December 31st 2021	1 576	21 617		-2 292	-20	20 880
Changes in scope	0	0		119	0	119
Share Capital increase / decrease	-1 394	2 885		3 009	0	4 500
Net result as a share of the group			-3 137		0	-3 137
Currency variations	0	0		0	391	391
Other variations		0		-745	0	-745
As of December 31st 2022	182	24 502	-3 137	91	371	22 008
Share Capital increase / decrease	-1 531	1 531		0	0	0
Net income Allocated 2022		-787	3 137	-2 351		
Net result as a share of the group			-6 510		0	-6 510
Currency variations	0	0		0	122	122
Other variations	1 635	1 797		3	0	3 435
As of December 31st 2023	286	27 043	-6 510	-2 256	491	19 054

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT (K €)	December 31, 2023	December 31, 2022
Net consolidated income	-6 510	-3 137
Amortizations, depreciations and provisions	1 134	429
Charges without any impact on the operating income	-9	-97
Financial charges without any impact on the operating income	963	0
Net Gains Losses gold is disposal of fixed assets	0	130
adjusted cash flow	-4 422	-2 675
Change in inventory	-473	-380
Change in trade receivables and other accounts receivable	-834	520
Change in trade and other payable accounts payable	-380	578
Variation in suppliers debts	281	339
Operating activities cashflow	-5 828	-1 620
Asset expenditures		-12 273
Capitalised R&D costs	-668	
Fixed assets : instruments	-547	
Production line	-247	
Asset Disposals		2 078
Other variations	71	
Investing activities cash flow	-1 392	-10 195
Increases mainly related to capital ans bond loans :	2 800	4 209
<i>Share capital increase (net of capital increase costs)</i>		4 487
<i>Share premium</i>	2 800	4 000
<i>Bond loans issues</i>		-4 500
<i>Bond issues included in capital</i>		222
<i>Various funds received and reimbursed over the year</i>		0
Treasury instruments (MCNE & promissory notes)	-199	66
Other reimbursements	891	-558
<i>of which of new loans credit institutions</i>	1 500	0
<i>of which repayment of loans credit institutions</i>	-609	-411
<i>COFACE third-party reimbursement</i>		-147
Own shares	-	-
Financing activities cash flow	3 492	3 717
Foreign currency translation	-	-268
Change in cash flow and cash equivalents	-3 726	-8 366
Cash at the Beginning of the period	5 525	13 890
Cash at the end of the period	1 799	5 525

Notes to the consolidated financial statements

These consolidated financial statements of SPINEWAY group cover a 12-month period, beginning on the 01/01/2023 and ending on the 31/12/2023.

All amounts are expressed in K euros unless otherwise specified.

These consolidated financial statements have been built up as if the Group has always existed.

This statement is available in both English and French. In case of discrepancy, the French version shall prevail.

Note 1. Presentation of the Group and significant events of the period

1.1 Information regarding the Group

These consolidated financial statements include SPINEWAY, its American subsidiary SPINEWAY INC, the company DISTIMP and the company SPINE INNOVATIONS fully acquired on July 21st 2022 (all these four entities called « the Group »).

Spineway SA is a company incorporated under French law, it is the mother company of the group. It is registered on the Register of Commerce and Companies in Lyon, under the number 484 163 985. The headquarters are located 7 allée Moulin Berger – 69130 Ecully.

Spineway Inc is a company incorporated under American law, created on the 1st of August 2016. It has a share capital of 500K\$ and is based in Miami, Florida, 990 Biscayne Blvd, in the United States.

DISTIMP is a company incorporated under French law, a subsidiary of the Group. It is registered on the Register of Commerce and Companies in Lyon, under the number 843 516 782. The headquarters are located 7, allée Moulin Berger - 69130 Ecully.

SPINE INNOVATIONS is a company incorporated under French law, a subsidiary of the Group. It is registered on the Register of Commerce and Companies in Lyon, under the number 887 534 501. The headquarters are located 11 rue St Jean de Dieu – 69007 Lyon.

Spineway Group is a specialized company in surgical solutions for the spinal column. It designs, manufactures and markets innovative implants and surgical instruments for treating severe disorders of the spinal column (lumbar, thoracic and cervical)

The use of surgical implants is recommended by specialized orthopedics and neurologic surgeons, after a diagnostic of severe disorders which require a surgical operation to correct and stabilize the spinal column of the patient.

1.2 Significant events from 2023

- A turnover up 42%

Spineway recorded revenue of €10.5 million in 2023, an increase of 42% compared with 2022. This growth was driven by the strong sales performance of Distimp products and the consolidation of revenue from Spine Innovations, acquired in July 2022.

- Obtaining an innovation Participatory Recovery Loan (PPR) in the amount of 1.5 M€

In support of its innovation strategy and its R&D investments, in May 2023 the Group obtained a Participatory Recovery Loan (PPR) in the amount of 1.5 M€ for a period of 8 years under its status innovative business. This significant contribution of cash constitutes a first step, to absorb current developments.

- Conclusion of a bond financing contract with bonds convertible into shares of a amount of 10.99 M€

The Company signed, on May 24, 2023, a bond issue and subscription contract convertible into shares (OCA) for a maximum total nominal amount of ten million nine hundred and eighty ten thousand euros (10 990 000 euros) and a duration of 24 months.

The detailed characteristics of the financing appear in the appendix to the press release of May 25, 2023, and are also available on the Company's website.

The implementation of the Negma contract resulted in financial charges totaling 963 K€. These financial charges reflect contractual clauses accompanied by the creation of actions additional news without cash flow impact. These charges correspond to the “commitment fee” (commitment commission) upon signature of the contract, tranche subscription interest (9%), and compensation mechanism (coming into effect when the stock price is lower than the nominal), the group having opted for a clearance of this compensation by creating new shares in order to not penalize cash flow.

- Strengthening of equity and share consolidation

The conversion of convertible or exchangeable bonds into new or existing ordinary shares over the period from June 5 to November 9, 2023 resulted in a capital increase of 1 412 809.37 euros through the creation of 28 256 048 shares of 0.05 euros and an issue premium of 1 021 896 euros.

On November 10, 2023, upon decision of the Extraordinary General Meeting, Spineway carried out a capital reduction resulting in the reduction of the legal par value of the share by 0.05 euros to 0.002 euros. At the end, the share capital was reduced from 1 594 912.30 euros to 63 796.49 euros and is composed of 31,898,245 shares with a par value of 0.002 euros each.

From November 13 to December 31, 2023, the conversion of convertible or exchangeable bonds into new or existing ordinary shares generated a capital increase of 222,262.63 euros by the creation of 111 131 317 shares of 0.002 euros each and an issue premium of 775 244.35 euros.

The capital as of December 31st, 2023 amounts to 286 059.11 euros and is made up of 143 029 563 shares of 0.002 euros each.

- Group strategic growth plan

Spineway is continuing its organic growth strategy in order to benefit from cross-synergies between various entities of the group acquired since June 2021 on the one hand and the launch of a premium range of implants and instruments to more broadly address the segment of degenerative pathologies of the spine on the other hand.

This strategy aims to strengthen its positioning on the French and European market and seize new export opportunities in countries with significant or higher value potential profitability. The implementation of this plan depends on export approval deadlines, which may quite long.

- IMS participation

The company has initiated the procedure for recognition of the decision of the Geneva arbitration court in the United States. United, IMS headquartered in Delaware. IMS not having responded to the “petition”, Spineway has continued the steps in the US to put IMS in default, prior to any recovery process. The execution of the decision involves recognition of the sentence by the judicial authorities of the State of Delaware, where the headquarters of the Strategos company are located. The sentence was thus recognized at first instance but the company Strategos filed an appeal before the following jurisdiction: United States District Court for the District of Delaware. The pleadings in connection with the motion before the United States District Court for the District of Delaware took place on November 30th, 2023. The decision is expected in 2024 which will enable the effective recovery procedure to be initiated.

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

1.4 Continuity of business activity

Spineway's business induces a significant need for working capital related to the collection delays of receivables, health facilities in France and distributors outside France, and a high level of inventory made necessary by the availability of implant ranges.

The 2024 continuity of business activity is based on:

- A cash level which raises 1.8 M€ at the closure,
- Hypotheses :
 - collections linked to the turnover budget
 - contractual delivery times from production suppliers, it being noted that on 2023 the group was penalized by delivery delays from its subcontractors;

- savings in expenses linked to the deployment of the austerity plan approved at the start of January 2024
- Significant cash contributions :
 - for the majority of financing guaranteed under the Negma contract
 - to a lesser extent, additional search for bank financing in progress but not yet contractualized.

1.5 Significant post balance-sheet events

- Reverse split of shares

At its meeting on January 4, 2024, the Spineway Board of Directors decided to put implements the consolidation of the shares making up the share capital of Spineway approved by the Extraordinary General Meeting of November 10th, 2023 under the terms of its 3rd resolution.

The main modalities are as follows:

- Basis of grouping: exchange of 2 000 old shares with a par value of 0.002 euros for 1 new share of 4.00 euros par value.
- Number of shares subject to consolidation: all of the shares making up the capital of Spineway, i.e. 154 696 229 shares with a par value of 0.002 euros each.
- Number of shares post consolidation: 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

The Board of Directors of January 4th, 2024 recorded the implementation of an austerity plan in order to allow the group to be part of a dynamic as quickly as possible to return to profitability absolutely necessary for the sustainability of cash flow needs and the deployment of its strategic plan for innovation and penetration of new markets.

This austerity plan is accompanied by various measures including a spending savings plan of operation and a social component of reduction of more than 11% of the workforce in the 1st quarter 2024.

Note 2. Accounting principles and consolidation rules

2.1 Basis of preparation of the financial statements

These consolidated financial statements beginning on the 01/01/2023 and ending on the 31/12/2023 were approved by the board of Direction on February 6th 2024.

2.2 Accounting standards

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

The accounting rules and methods applied comply with ANC regulation n ° 2020-01 applicable since January 1st, 2021.

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

The consolidated accounts have been approved by the Chairman of the Board of Directors in accordance with the principle of going concern.

2.3 Consolidation method

The consolidation methods are the following:

- The companies over which the Group has exclusive control are consolidated through full integration.
- Jointly controlled companies are consolidated by the proportional method
- Entities over which the Group has significant influence are accounted for using the equity method.

Non-significant subsidiaries or shareholders and about to be sold were not consolidated.

These consolidated financial statements include SPINEWAY, its 100% owned American subsidiary SPINEWAY Inc, fully owned, its French subsidiary DISTIMP fully owned since June 25th, 2021, and , its French subsidiary SPINE INNOVATIONS fully owned since July 21st, 2022. Those 3 subsidiaries are consolidated under the full integration method.

No change in method is to be noted for the 2022 financial year.

2.4 Rules and accounting methods

The consolidated accounts respond to the following principles:

- Historical cost convention
- Continuity of business activity
- Continuity of accounting rules and principles
- Separation and independence of accounting periods.

2.4.1 Consolidation adjustments

After harmonization, the following rules were respected:

- The use of accounts covering a 12-month period beginning on the 01/01/2022 and ending on the 31/12/2022 for all the Group entities,
- The application of homogeneous accounting methods for all the Group entities
- The elimination of intercompany transactions between the Group entities

2.4.1.1 Goodwill

The difference between the acquisition cost and the acquiring company's share in the fair value of the identifiable assets and liabilities of the acquired company is recorded on the assets side of the consolidated balance sheet under the heading “Intangible assets” when it is positive, on the liabilities side of the balance sheet in a specific item when it is negative.

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

The Group determines the useful life, whether limited or not, of the goodwill, based on a documented analysis of the relevant characteristics of the relevant acquisition transaction, on technical, economic, and legal aspects.

Where there is no foreseeable limit to the period during which the goodwill will provide economic benefits to the group, the latter is not amortized.

When, upon acquisition, there is a foreseeable limit to its useful life, goodwill is amortized on a straight-line basis over this period, or, if it cannot be determined reliably, over 10 years.

Any significant change in the useful life of goodwill is treated prospectively and the Group identifies, at each closing of the accounts, if there is an indication showing that goodwill may have lost its value. his value. When the useful life of goodwill is unlimited, the impairment test is carried out at least once

per financial year, whether or not there is an indication of loss of value. A global impairment test on the value of the net assets is thus carried out. This asset includes goodwill. If the current value becomes lower than the net book value of the net asset, the latter is reduced to the current value through depreciation. This depreciation would, if necessary, be allocated to goodwill. Recognized depreciation is never reversed. When the useful life of goodwill, originally estimated as not limited, becomes limited with regard to one of the criteria cited in the second paragraph of this article, an impairment test is carried out; Goodwill, depreciated if applicable, is amortized over the remaining useful life. The odd tests did not lead to the recognition of any depreciation for this financial year. It should be noted, however, that the results present significant sensitivity to operational and actuarial assumptions.

2.4.1.2 Foreign currency transactions

The accounts of subsidiaries whose functional currency is different from the euro have been converted using the historical cost method. According to this method, the conversion is carried out as follows:

- Non-monetary items, including shareholders' equity, are converted at the historical rate, i.e. the exchange rate on the date of entry of the items into the consolidated assets and liabilities;
- Monetary items are converted at the exchange rate on the closing date;
- Income and expenses are, in principle, converted at the exchange rate in force on the date they are recorded; in practice, they are converted at the average rate for the year.

2.4.1.3 Deferred taxes

In accordance with the requirements ANC 2021-01, the Group recognizes deferred taxes in the event of temporary differences between the tax and book values of assets and liabilities on the consolidated balance sheet. If the amounts are significant.

In accordance with the liability method of tax allocation, the effect of any changes in tax rates on deferred taxes recorded earlier is entered in the income statement for the financial year in which the changes in rates became known.

The taxes restatements for foreign affiliates are estimated at the tax rate in force in the country concerned. The tax rate in the United States of America is progressive and depends on numerous factors (amount of prior losses ...). Total deferred tax assets resulting from temporary differences and tax loss must not exceed the estimated value of the tax that may be recovered. This probability is estimated at each year end closure.

Over the presented periods, the tax loss carryforwards are not capitalized as there is no visibility on their imputation against future revenues.

2.4.2 Accounting principles

2.4.2.1 Research and development costs

The costs are capitalized only if the projects initiated meet the following criteria:

- The project or process is clearly defined and the related costs are measured reliably and clearly identified,
- Technical feasibility is demonstrated
- The product or process has a serious chance of being marketed or used internally,
- The assets generate future economic benefits,
- Adequate technical and financial resources and other resources necessary for the completion of the project are available.

The company, since the second semester of 2019, has fulfilled all the criteria for activating development projects.

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

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

The development effort gives rise in the first half to the recognition of capitalized production of development costs in the Intangible assets in progress account for an amount of 668 320.91 € for the year 2023 against 874 086 € for 2022.

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

When there is an indication of impairment, and at each year-end, the development projects entered on the assets side of the balance sheet are analyzed to ensure that each project still meets the criteria activation. Where applicable, impairment is recognized.

It should be noted that, in accordance with French rules in this area, the existence of assets in the balance sheet of development costs not yet amortized and greater than the amount of free reserves is an obstacle to distribution.

2.4.2.2 Tangible and intangible assets

Both tangible and intangible fixed assets are recorded at their purchase price when they are purchased, at their production cost when they are produced by the company, at their fair market value when they were given to the company.

The depreciations are calculated by the straight-line method for the duration of their expected useful life.

* Research and developments costs : 3 to 5 years

* Establishment fees: 5 years^{SEP} homologation fees

- * Concessions and similar rights, patents, licenses: 1 to 2 years
- * Software: 1 to 5 years
- * Other intangible assets: 8 to 10 years (patents)
- * Equipment testing/controls: 1 to 2 years
- * Industrial machinery and equipment: 3 years to 7 years, including instrument kits provided to customers
- * Other installations and equipment: 3 to 10 years
- * Office equipment: 3 to 10 years
- * IT equipment: 3 years
- * Office furniture: 3 to 10 years

By simplification, the depreciable life withheld for goods that are not decomposable is their expected useful life.

A change in estimate has been made on tangible assets regarding the instrument kits.

Accreditation fees are capitalized when they are related to current accreditation reports owned by a third party.

Lease :

Goods acquired via financial lease are booked as tangible assets against the corresponding debt recognized in borrowings for the same amount. The corresponding assets are depreciated over a useful life identical to that of property, plant and equipment acquired.

The amortizations of the CB in progress are linear over the duration of the contract.

The capitalization of leasing contacts, if significant, leads to rise a deferred tax asset, when appropriate.

2.4.2.3 Financial assets

This item largely consists of:

- equity interests in companies that are not included in the scope of consolidation
- guarantees and deposits paid

A provision for depreciation is booked if the book value of the participations is less than the acquisition cost. The value at year-end is the value in use which represents what a company would agree to pay to acquire these securities if it had to acquire them. Among the elements taken into consideration : profitability, a cost-benefit perspective, shareholders' equity, ...

2.4.2.4 Stocks

The inventories are recorded at their purchase price.

The acquisition cost is made up of its purchase price, including custom duties and non-refundable

taxes, as well as transport costs, handling costs and all direct set up costs, together with production costs of raw materials, merchandizes, work in progress and finished products costs. Commercial discounts, rebates, cash discounts and assimilated items are deducted from the purchase price.

The inventories are impaired (where appropriate) through an impairment provision to reflect their market value at the end of the period, when the latter is inferior to the net book value.

Inventories were, where applicable, depreciated by means of a provision for depreciation to take account of their net realizable value on the closing date of the accounts, if the latter is lower than the net book value.

The inventories mainly consist of merchandize for sale.

The company reviewed and readjusted its inventory values as of December 31, 2021 (the expiration date of certain batches of products) and in particular:

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

2.4.2.5 Receivables

Trade receivables are valued at their nominal value, less (where appropriate) an allowance to write them down to their estimated net realizable value.

Provisions for impairment on trade receivables are calculated on the following basis:

- Risks of litigation, insolvency or legal liquidation (depreciation bookings)
- Analysis per customer together with its country of implementation assessment.

2.4.2.6 Provisions and contingencies

A provision is recorded as soon as there is an obligation (legal or implied) in relation to a third party, insofar as it may be reliably estimated, and it is likely to be reflected in an outflow of resources for the Group.

A contingent liability is either:

- a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events, that are not under the full control of the business
- a present obligation arising from past events, but which is not recognized either because an outflow of resources is unlikely or because the amount of the obligation cannot be measured with sufficient reliability.

2.4.2.7 Retirement benefits

The Group does opt for application of the preferred method: the commitments of the Group's entities are booked as a liability on the balance sheet under provisions for risks and expenses.

The retirement benefit imposed on the Group is made up of the termination benefits of the French employees, legislation requires that lump sum retirement indemnities be paid employees based upon their years of service and their salary at the time of their retirement.

The calculating assumptions used are identical for both compared periods.

2.4.2.8 Long-term liabilities

Loans are valued at their nominal value.

The costs relating to the issue of bonds are directly absorbed.

Accrued interests are recorded in the liabilities, at the interest rate specified in the contract.

Guarantees and advances given by public entities to support research activities of the company or commercial prospection, and for which repayments are conditional, are recognized in financial liabilities.

In case of failure, the debt write-off granted is recorded as a grant.

2.4.2.9 Revenue

For direct sales to hospitals (mainly domestic, France), the gross revenue is booked as of the transfer of propriety on the merchandize to the customer. In most cases, the customer, hospital or clinic, informs the company of the references used in the provided stock (by loan or consignment) to the customer. Following which, an invoice is issued for the used merchandize. The revenue is realized when the invoice is issued.

For sales towards abroad distributors, the bookkeeping is compliant with INCOTERM regulations. Where appropriate, an adjustment is calculated, in order to factor in the specific conditions regarding the transfer of propriety stated in the orders or agreements.

The revenue is made up of the invoicing after deduction of discounts and rebates. Transport fees are charged back and are also included in the revenue.

2.4.2.10 Lease contracts

The Group uses some long-term leasing contracts regarding the vehicles fleet and computer equipment. Given the frequency of renewal of the goods in use, no adjustment has been made.

The goods involved in leasing contacts are not included in the assets.

2.4.2.11 Professional fees

The fees of the French statutory auditors' amount, for the year 2023, to 44 K€ for all of the Group's entities.

2.4.2.12 Financial income

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

2.4.2.13 Extraordinary income

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

2.4.2.14 Tax credits

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

2.4.2.15 Earning per share

Net income per share is calculated dividing the net income attributable to equity holders by the smoothed average number of outstanding stocks during the financial period.

Diluted earnings per share is computed in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents.

2.4.2.16 Receivable under assignment

Assignments of receivables guaranteed by the factoring company are recognized on the day of the assignment of receivables.

2.5 The use of judgements and estimates

The preparation of financial statements requires the use of judgements and estimates by the management of the Group; which may affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and of revenue and expenses for the financial year.

These estimates assume the business will continue to operate as a going concern and are measured using information available at the time of preparation. They are continuously assessed based on past

experience, as well as various other factors deemed to be reasonable that represent the basis for the assessments of the carrying amount of assets and liabilities. Estimates may be revised if the circumstances on which they are based change or if new information arises. Actual results could differ significantly from these estimates under different assumptions or conditions.

In the preparation of these consolidated financial statements, the main estimates and assumptions made by the Direction and the principal assumptions are:

- the evaluation and depreciation of tangible and intangible assets
- the calculation of deferred taxes
- the calculation of provisions

2.6 Segment information

The Group only identified one operational segment which corresponds to the design, the manufacturing and the marketing of innovative implants and surgical instruments for treating severe disorders of the spinal column.

Note 3. Notes on the consolidated balance sheet

3.1 Intangible assets

Gross amounts	Opening	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Goodwill	5 402					5 402
R&D expenses	961	190				1 151
Softwares, patents	2 346	1				2 346
Other intangible assets	16					16
Immobilisations incorporelles en cours	1 511	483			-317	1 677
Gross amount of intangible assets	10 235	674			-317	10 592

Amortizations & provisions	Opening	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
R&D expenses	223	188				411
Softwares, patents	693	207				900
Other intangible assets	16	0				16
Accrual R&D expenses - Assets in progress & advances		317			-317	
Amortization and provisions	932	712			-317	1 327

Net values	Opening	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Goodwill	5 402					5 402
R&D expenses	738	-315			317	740
Softwares, patents	1 653	-207				1 446
Other intangible assets	1 511	483			-317	1 677
Intangible assets	9 304	-38			0	9 265

The breakdown by geographical area, sector of business activity or currency (which represents over 10% of the total consolidated) for the tangible assets is not relevant as the amount of assets of the American subsidiary are not significant. The probate fees represent the costs incurred to get commercialization allowances which already exist in order to avoid paying the project costs.

Goodwill of the company DISTIMP

SAS DISTIMP, 100% acquired on June 25th, 2021 for 580 K€ including acquisition costs, gave rise to the recognition of goodwill, adjusted where applicable by earn-out payable on the basis of the accounts at

30 June in 2022, 2023 and 2024. These earn-outs are based on actual revenue, gross margin, working capital requirement and activity-specific expenditure envelope (regulatory costs, loan of kits of instruments) noted at the end of June.

Thus, goodwill is adjusted each year when an earn-out is payable for the financial year concerned. No supplement is due in 2023.

Goodwill of the company SPINE INNOVATIONS

The company SPINE INNOVATIONS acquired at 100% on July 21, 2022 for 5,430 M€ including acquisition costs gave rise to the recognition of goodwill adjusted, where applicable, by any additional price based on the level of the turnover and margin from July 1st 2023 to June 30th 2024, and capped at 2 M€.

The Group believes that there is no foreseeable limit to the period during which goodwill will provide economic benefits to the Group. So the latter is not depreciated. The company will perform an impairment test annually to ensure the fair value of goodwill.

3.2 Tangible assets

Gross amounts	Opening	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Constructions	146	68				214
Instal. Techn., Mat. & Out.	4 191	741	-50		-4	4 878
Leasing	55					55
Other tangible assets	491	33			2	526
Assets in progress & advances	495	300			-75	720
Advances and deposits on tangible assets		22				22
Gross amount of tangible assets	5 378	1 165	-50		-78	6 415

Amortizations & provisions	Opening	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Constructions	99	10				109
Instal. Techn., Mat. & Out.	3 060	412	-51		-4	3 418
Leasing	6	8				14
Other tangible assets	435	34				469
Amortizations & provisions	3 601	464	-51		-4	4 010

Net values	Opening	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Constructions	47	58				105
Instal. Techn., Mat. & Out.	1 131	328	1		0	1 460
Leasing	49	-8				41
Other tangible assets	56	0			2	57
Assets in progress & advances	495	300			-75	720
Advances and deposits on tangible assets		22				22
Net value of tangible assets	1 777	701	1		-74	2 405

Technical installations are instruments kits provided to customers, either deposited either lent.

3.3 Financial assets

Gross amounts	Ouverture	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Equity securities	4 420					4 420
Deposits and Guarantees	71		-2			68
Other financial assets	0	0	-1		0	0
Gross value of financial assets	4 491	0	-3		0	4 488

Provisions in Euros	Ouverture	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Equity securities						
Deposits and Guarantees						
Other financial assets	0					0
Provisions	0		0			0

Net value	Ouverture	Increase	Decrease	Changes in scope	Other movements & currency translation	Closing
Equity securities	4 420					4 420
Deposits and Guarantees	71		-2			68
Other financial assets	0	0	-1		0	0
Net value of tangible assets	4 491	0	-3		0	4 488

Non-consolidated investments consist of a minority interest in INTEGRAL MEDICAL SOLUTIONS (IMS), the leading holding company of a group of companies in the health sector, heavily invested in hospital management in Latin America and Africa.

3.4 Stocks

Customers (K €)	Gross amount	Depreciations	31 décembre 2023	Gross amounts	depreciations	31 décembre 2022
Inventory of raw material	110		110	76		76
Inventory of goods	5 357	1 064	4 292	5 037	1 183	3 854
Balance as of 31/12/2023	5 467	1 064	4 402	5 112	1 183	3 929

The inventories mainly consist of merchandize for sale. The provision for depreciation concerns some batches of products that have reached the end of their expiry date, are obsolete, must be scrapped or whose CE marking number no longer allows them to be considered for sale. It also relates to

impairments for slow rotation. Scrapping of obsolete stocks (100% provisioned as of December 31, 2022) was carried out for an amount of €363 thousand as of June 30, 2023.

3.5 Trade and other receivables

Customers (K €)	Gross amount	Depreciations	31 décembre 2023	Gross amounts	depreciations	31 décembre 2022
Customers	2 718	122	2 596	1 968	101	1 867
Doubtful customers	122		122	101		101
Invoices to be issued	-		-	-84		-84
Balance as of 31/12/2023	2 840	122	2 718	1 985	101	1 884

The end users of the company's products are hospitals and clinics who have particularly long payment terms, especially in certain countries. This explains the outstanding trade receivables.

The total amount of doubtful customers as of December 31st, 2023 amounts to 121 664 euros fully depreciated.

3.6 Deferred tax assets

The tax loss carryforwards amount 36 M€ at December 31st, 2023. They were not activated in the absence of visibility as to their allocation to future results.

As a result, and in a sake of coherence, the total deferred tax assets resulting from consolidation adjustments and temporary differences (non-significant) has not been recorded.

3.7 Other receivables

By nature	Gross amounts	Depreciations	31/12/2023	Gross amounts	Depreciations	31/12/2022
Social debts	26		26	11		11
Other tax claims (excluding IS)	623		623	318		318
Suppliers credit notes to receive	9		9	1		1
Miscellaneous debtors	41		41	56		56
State - Income taxes	170		170	226		226
Prepaid expenses	140		140	174		174
Charges to be distributed	225		225			0
<i>Other receivables</i>	<i>1 234</i>		<i>1 234</i>	<i>787</i>		<i>787</i>

At December 31st, 2023 the research tax credit has an amount of 165 532 euros and the tax credit for innovation has an amount of 4 778.73 euros.

The research tax credits, and innovation tax credits are presented in the « Other income » caption.

3.8 Availabilities

CASH AND CASH EQUIVALENTS (K €)	December 31, 2023	December 31, 2022
Bank accounts	1 799	5 525
Cash and cash equivalents	1 799	5 525
Bank account overdrafts	4	
Net cash	1 795	5 525

3.9 Share capital

The capital on December 31st, 2023 was made up of 143 029 563 shares of 0,002 euro each. The capital amounts 286 059 euros.

The Board of Directors of July 12th, 2021, upon delegation from the Combined General Meeting of March 8th, 2021, had decided to set up a free share allocation plan consisting of a maximum number of 1 458 278 239 free shares, ie 10% of the Company's share capital on the day of the decision in favor of all members of the Management Committee as composed on the date of the decision.

The conditions of presence on the expiry date of the vesting period on July 12th, 2022, and of the achievement of collective (50%) and individual (50%) performance conditions specific to each manager concerned by the plan having been met, the allocation of 100% of the shares was acquired on July 12th, 2022. A share buyback program made it possible to allocate the shares concerned. These have a retention period of one year (until July 12, 2023).

3.10 Provisions

	Opening	Increase	Decrease	Closing
Litigation	19	1		20
Accrual for foreign exchange variation	0			0
Others	52	65	-49	68
<i>Provisions for risks</i>	72	66	-49	89
Pensions and Assimilated bonds	167	48	-18	197
<i>Provisions for charges</i>	167	48	-18	197
Total	238	114	-66	286

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

	December 31, 2022	December 31, 2022
Retirement age	64 years old - president 67 years old	62 years old - president 67 years old
discount rate	3,17%	3,77%
Wages growth rate	0%	0%
Rate of social security	44% to 45% ©, 28% to 37% (NC)	44% ©, 22% (NC)
Mortality table	Insee 2018-2020	Insee 2016-2018
Probability of presence at retirement age (Before mortality)	Less than 30 years 85% From 30 to 40 years: 90% From 40 to 50 years: 97% From 50 to 60 years: 100% More than 60 years: 100%	Less than 30 years 85% From 30 to 40 years: 90% From 40 to 50 years: 97% From 50 to 60 years: 100% More than 60 years: 100%

It should be remembered that the Group does opt for application of the preferred method: the commitments of the Group's entities are booked as a liability on the balance sheet under provisions for risks and expenses for 197K€ at December 31st, 2023 versus 167K€ at December 31st, 2022.

The retirement benefit imposed on the Group is made up of the termination benefits of the French employees, legislation requires that lump sum retirement indemnities be paid employees based upon their years of service and their salary at the time of their retirement.

The calculating assumptions used are the following:

- Discount rate : 3.17% at December 31st, 2023 (3.77% at December 31st 2022)
- Mortality table : according to the INSEE 2018-2020 at December 31st, 2023 (INSEE 2016-2018 at December 31st 2022)
- Staff turnover moderate at December 3st 2023 (low at December 31st 2022)

3.11 Borrowings and financial debts

In EUR	Opening	Increase	Decrease	Other movements & currency translation	Closing
Bond issue		3 078		-2 588	490
Loans	1 186	1 500	-605	-3	2 078
Payables associated with shareholdings		0			0
Securities	-10				-10
Financial lease debts	49		-8		41
Accrued interest is loans	7	-7			
MCNE	200	-200		0	0
Overdrafts - bank		4			4
Borrowings and financial debts by nature	1 430	4 376	-613	-2 590	2 603

The maturity schedule for financial debts:

Echéances	Less than 1 year	Between 1 and 5 years	More than 5 years
Bond issue	490		
Loans	436	735	906
Securities	-10		
Financial lease debts	8	32	1
Overdrafts - bank	4		
Borrowings and financial debts by maturity	928	767	908

Bank loans have maturities ranging between 2023 and 2031.

For 2023, the Group has subscribed to a new loan of 1.5 M€. It bears interest at an annual rate of 5%.

Certain bank loans are accompanied by financial ratio clauses (“covenants”).

At closing, the Group also records a bond issue for 490 000 €.

3.12 Liabilities

	31/12/2023	31/12/2022
Suppliers	1 607	1 578
Suppliers invoices not received	1 209	957
Customers credit notes to issue	0	
Social institutions and contributions	1 146	1 144
Tax payable	322	115
Current accounts in credit	9	9
Miscellaneous liabilities	3	4
Deferred revenuee	-13	1
Liaison account - liability	9	0
Currency translation	76	210
By nature	4 369	4 020

	Less than year	Between 1 and 5 years
Suppliers	1 607	
Suppliers invoices not received	1 209	
Customers credit notes to issue	0	
Social institutions and contributions	1 146	
Tax payable	322	
Current accounts in credit	9	
Miscellaneous liabilities	3	
Deferred revenuee	-13	
Liaison account - liability	9	
Currency translation	76	
By maturity	4 369	

Note 4. Notes on the consolidated profit and loss

4.1 Revenue

Spineway designs, manufactures and markets innovative implants and surgical instruments for treating severe disorders of the spinal column.

Revenue (K €)	December 31, 2023		December 31, 2022	
Sales of goods France	2 921	28%	1 902	26%
Sales of goods - Abroad	7 596	72%	5 527	74%
<i>ASIA</i>	1 696	22%	1 366	25%
<i>EUROPE</i>	2 254	30%	1 003	18%
<i>AMLAT</i>	3 132	41%	2 548	46%
<i>MEA</i>	514	7%	609	11%
Revenue	10 517	100%	7 432	100%

4.2 Other products

Other operating income (K €)	December 31, 2023	December 31, 2022
Capitalised production	668	874
Grants		116
Other operating income	3	1
Tax credit for R&D	170	226
Other operating income	842	1 217

The other income consists of the research tax credit from the French company.

5.3 Financial income

Financial result (€ K)	December 31, 2023	December 31, 2022
Exchange gains	5	2
Other financial income	1	204
Reversal of provisions		25
Financial income	6	231
Interest is loans	-66	-14
Exchange Losses	-12	-9
Other financial Losses		-24
Other financial expenses	-963	
Financial expenses	-1 041	-47
Financial result	-1 035	184

The financial result is mainly composed exchange gains and losses, interest on bank loans, provisions and reversals of provisions.

As of December 31st, the financial result also includes financial charges relating to the “subscription discount” and the contractual compensation mechanism linked to the Negma contract.

4.4 Extraordinary income

EXTRAORDINARY RESULT (K €)	December 31, 2023	December 31, 2022
Income from previous years	18	10
Provision for Risks and costs written back		39
Other extraordinary income		337
Exceptional written back of provision on stocks	251	
Extraordinary income	269	386
Extraordinary expenses	-393	
Expenses from previous years	-36	-55
Provision for Risks and costs	-	-
Exceptional allocation provision for intangible assets	-317	
Other extraordinary expenses	-481	-443
Extraordinary expenses	-1 226	-497
Extraordinary result	-957	-112

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

As of December 31st, 2023, the exceptional result consists in particular of:

- A charge for scrapping obsolete stock for 363 K€ offset by an exceptional reversal of provision for inventory depreciation of 363 K€;
- Expenses linked to the reorganization of the Spine Innovations subsidiary following its integration into the Group.

Exceptional charges also include exceptional advisory fees and fees for 230 K€.

4.5 Earning per share

This result per share has been determined with reference to the Avis OEC No. 27.

EARNINGS PER SHARE (€)	December 31, 2023	December 31, 2022
Net result (in K €)	-6 510	-3 137
Number of shares	143 029 564	3 642 198
Weighted average number of shares	15 943 642	22 903 081 777
Number of available share warrants (unused)	86 919	3 295 772 472
Number of shares available	13 701 334	6 127 451 970
Earnings per share in EUR	-0,00040829	-0,00000014
Diluted earnings per share in euros	-0,00040829	-0,00000014

4.6 Notes regarding affiliated companies

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 accounts is as follows by nature and by related party:

SCI ALLPA

This SCI grants the SPINEWAY company a sublease for an annual rent of 192 K€ excluding tax.

4.7 Executives compensation

This information is not provided as it allows the situation of the executives to be known.

4.8 Average personnel (per head)

Average staff	December 31, 2023	December 31, 2022
Executives	43	34
Employees	11	16
Average staff	54	50

4.9 Financial commitments

FINANCIAL COMMITMENTS (In K €)	December 31, 2022	December 31, 2021
<u>Commitments Given</u>		
Approvals given		
Deposits given	631	931
Others		
Commitments Given	631	931
<u>Commitments received</u>		
Bank credit lines allowed	-	-
Commitments received	-	-
Total financial Commitments	631	931

Financial commitments given:

The supported retirement commitment is constituted by the retirement indemnities (IFC) of the staff of the French entity, the legislation providing those indemnities are paid to employees at the time of their retirement, according to their seniority and of their salary at retirement age.

The 56K€ of commitments given relate to an ongoing finance lease contract.

The 560 K€ of surety on business are granted against the 500K\$ loan taken out with Crédit Agricole.

In order to guarantee an independent guarantee on first demand, Spine Innovations pledged an amount of 15K euros.

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

Financial commitments received:

The commitments received at December 31st 2023 are null.