CONSOLIDATED FINANCIAL STATEMENTS
SPINEWAY GROUP

Period ending June 30th, 2023

Consolidated balance sheet

ASSETS (K €)	June 30, 2023	December 31, 2022
Intangible assets	9 613	9 303
Goodwill	*5 402*	*5 402*
Tangible assets	2 079	1 777
Financial assets	4 490	4 491
Fixed assets	**16 181**	**15 571**
Inventory	4 433	3 929
Accounts receivable	2 931	1 884
Other accounts receivable	1 483	787
Cash and cash equivalent	3 596	5 525
Current assets	**12 443**	**12 125**
Total assets	**28 625**	**27 696**

Liabilities (K €)	June 30, 2023	December 31, 2022
Share capital	218	182
Premiums, share premium	24 049	24 502
Reserves and net income	-3 739	-2 676
Total shareholder's equity - Attributable to group	**20 528**	**22 008**
Non controlling interest		
total equity	**20 528**	**22 008**
Risk provision	**176**	**238**
Loans and financial debts	3 088	1 430
Suppliers debts & related accounts	3 179	2 535
Other debts	1 655	1 485
total debts	**7 921**	**5 449**
total liabilities	**28 625**	**27 696**

Consolidated profit & loss

PROFIT AND LOSS (K €)	June 30, 2023	June 30, 2022
Revenue	**5 432**	**3 113**
Other income	599	491
Amortizations written back	26	22
Provisions written back	236	192
Operating income	**861**	**705**
Purchase of goods and changes in inventory	1 509	1 036
Other external expenses and purchases	2 355	1 329
Taxes and similar payments	118	46
Salaries and wages	2 978	1 874
Depreciation and amortizations are fixed assets	402	188
Depreciation and write-down allowances	128	176
Other expenses	59	40
Operating expenses	**7 549**	**4 689**
Operating result	**-1 256**	**-871**
Financial income	3	154
Financial expenses	67	29
Financial result	**-64**	**125**
Current result before taxes	**-1 320**	**-746**
Extraordinary result	**-573**	**-56**
Corporate income tax	0	0
Consolidated result	**-1 893**	**-803**
Result Attributable to controlled group	**-1 893**	**-803**
Net Controlling result	**-1 893**	**-803**
Earnings per share (€ / share)	-0,00103153	-0,00000005
Diluted earnings per share (€ / share)	-0,00103153	-0,00000005

Variation in the consolidated equity capital

CHANGES IN EQUITY (K €)	Share capital	Premium, share premium	Income	Reserves	Investment grants	Regulated provisions	Conversion reserves	TOTAL EQUITY
Balance as of December 31, 2021	**1 576**	**21 617**		**-2 292**			**-20**	**20 880**
Change in scope of consolidation				119				119
Capital movements	-1 394	2 885		3 009				4 500
Net income			-3 137					-3 137
Share Capital increase								
Currency variations							391	391
Other variations				-745				-745
Balance as of December 31, 2022	**182**	**24 502**	**-3 137**	**91**	**0**	**0**	**371**	**22 008**
Change in scope of consolidation								0
Capital movements								0
Net income			-1 893					-1 893
Share Capital increase		-787		787				
Currency variations							43	43
Other variations	36	334						370
Balance as of june 30, 2023	**218**	**24 049**	**-1 893**	**-2 258**	**0**	**0**	**414**	**20 528**

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT (K €)	June 30, 2023	June 30, 2022
OPERATING ACTIVITIES		
Net consolidated income	-1 893	-803
Reversal of amortizations and provisions	-710	-283
Accruals of amortizations and provisions	1 050	456
Gain or loss on disposal	10	0
Eliminations without any impacts	0	-25
Operating cash flow	**-1 544**	**-656**
Variation in financial costs	-2	0
Net operating variation	-710	-665
Net change excluding operations	-156	51
Variation in working capital requirements	**-868**	**-614**
Net cash flow generated by operating activites	**-2 413**	**-1 270**
INVESTING ACTIVITIES		
Net cash flow generated by investing activities	**-1 095**	**-1 191**
FINANCING ACTIVITIES		
Net cash flow generated by financing activites	**1 694**	**3 777**
Foreign currency translation	**-2**	**47**
Change in cash flow and cash equivalents	**-1 816**	**1 363**
Cash at the Beginning of the period	5 321	13 890
Cash at the end of the period	3 505	15 254
Change in cash flow and cash equivalents	-1 816	1 364

Notes to the consolidated financial statements

These consolidated financial statements of SPINEWAY group cover a 6-month period, beginning on the 01/01/2023 and ending on the 30/06/2023.

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 (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 the 1st semester 2023

- A growing first half turnover

Spineway has a total turnover of 5.4 M€ for the first half of 2023, an increase of 75% compared to the first half of 2022. This growth is mainly driven by the contribution of sales from Spine Innovations, acquired in July 2022. However, organic growth remains sustained, reaching +12% over the first half of 2023, thanks to the strong increase in Distimp sales (+66%), and demonstrates the dynamism of the Group's commercial activity over the period.

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

In support of its innovation strategy and its R&D investments, the Group has just obtained a Participatory Recovery Loan (PPR) in the amount of 1.5 M€ for a period of 8 years under its status of 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 in the amount of 10.99 M€

The Company signed, on May 24th, 2023, a contract for the issue and subscription of bonds convertible into shares (OCA) for a total maximum nominal amount of ten million nine hundred and ninety thousand euros (10 990 000 €) and a duration of 24 months.
The detailed characteristics of the financing appear in the appendix to the press release of May 25th, 2023 and are also available on the Company's website.

The first tranche in the amount of €500,000 (200 OCA) was issued on the date of signature of the contract.

As of June 30th, 2023, 148 OCAs were converted into 721 181 shares : an increase in share capital was noted for 39 059.05 €.
The capital as of June 30th, 2023 is 218 168.95 euros and is made up of 4 363 379 shares of 0.05 euros each.

- Group strategic growth plan

Spineway is continuing its commercial developments and its regulatory procedures dedicated to the approval of Spine Innovations and Distimp products for major exports.

The company is launching a premium range of implants and instruments to reach the degenerative spine pathologies segment. It is also continuing its efforts to access the American market with its range of cervical disc prostheses.

- IMS participation

Integral Medical Solutions (IMS) having not deployed the operational plan planned when acquiring a stake in the Spineway Group, the latter had initiated proceedings before the Geneva arbitration court which rendered an award dated January 20th, 2022 in in favor of the Spineway company, ordering them to pay the entire purchase price of the securities, i.e. 4 160 K€ plus interest, and to reimburse the arbitration costs incurred. The IMS company has never responded to the various ongoing procedures which are continuing as a result.

The company has initiated the procedure for recognition of the decision of the Geneva arbitration court in the United States, IMS having its headquarters in Delaware. As IMS did not respond to the “petition”, Spineway continued its efforts in the US to place IMS in default, prior to any recovery process. The American court recognized the merits of the approach initiated by the group, which made it possible to initiate the effective recovery procedure. The American court recognized the merits of the approach initiated by the group, which made it possible to initiate the effective recovery procedure.

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

1.3 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 2023 continuity of business activity is based on:

- A cash level which raises 3.6 M€ at the closure,
- Assumptions of receipts related to the budget of turnover,
- A participatory loan in the amount of 1.5 M€ with a duration of 8 years,
- Financing guaranteed under the Negma contract (see note 1.2) dedicated to cash flow needs linked to the activity which makes it possible to secure cash flow needs over at least 24 months.

1.4 Significant post balance-sheet events

There are no significant post-closing events to report.

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 30/06/2023 were approved by the board of Direction on September 18th, 2023.

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.

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:

- Use of financial statements as of June 30, 2023, for all group companies,
- 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.
The Group identifies, at each closing of accounts, whether there is an indication that goodwill may have lost value. When there is an indication of impairment, an impairment test is performed: the net book value of the goodwill is compared to its current value. If its present value falls below its net book value, the latter is reduced to the present value through depreciation.
When the useful life of goodwill is unlimited, the impairment test is performed at least once per fiscal year, whether or not there is an indication of impairment.
The recorded depreciations are never reversed.
When the period of use of the goodwill, originally estimated as unrestricted, becomes limited with regard to one of the criteria mentioned in the second paragraph of this article, an impairment test is carried out; goodwill, if applicable impaired, is amortized over the remaining useful life.

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 474 461 € for the first semester 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
* 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

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 if consolidation
- guarantees and deposits paid

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

2.4.2.4 Stocks

The inventories are recorded at their purchase price.

Inventory acquisition costs include the purchase price as well as other costs directly attributable to the cost price of raw materials, goods, production in progress and finished products.

Inventory acquisition costs include the purchase price as well as other costs directly attributable to the cost price of raw materials, goods, production in progress and finished products....

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 reviews and readjusts its inventory values (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.

As part of its trading activity, the Group ensures its working capital requirements by the use of short-term instruments such as cross border claims mobilized (MCNE).

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. The calculation assumptions are detailed in note 3.10.

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 first semester 2023, to 16 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 and to the financial charges linked to the contractual "subscription discount".

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.

2.5 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

INTANGIBLE ASSETS GROSS (K €)	Balance as of dec 31, 2022	Acquisitions	Amortizations	Increase	Others and currency translation	balance as of June 30, 2023
Goodwill	5 402					5 402
R&D expenses	961					961
Software	2 346	1		1		2 347
Other intangible assets	16					16
Assets in progress & advances	1 511	497		497		2 008
Gross amount	**10 235**	**498**	**-**	**498**	**-**	**10 734**

AMORTIZATION INTANGIBLE ASSETS (K €)	Balance as of dec 31, 2022	Acquisitions	Amortizations	Increase	Others and currency translation	balance as of June 30, 2023
R&D expenses	223		85	85		308
Probate fees	693		104	104		797
Other intangible assets	16		0	0		16
Amortization amount	**932**		**189**	**189**		**1 121**

INTANGIBLE ASSETS NET (K €)	Balance as of dec 31, 2022	Acquisitions	Amortizations	Increase	Others and currency translation	balance as of June 30, 2023
Goodwill	5 402					5 402
R&D expenses	738		-85	-85		654
Software	1 653	1	-104	-104		1 549
Other intangible assets	0		0			0
Assets in progress & advances	1 511	497		497		2 008
Gross amount	**9 304**	**498**	**-189**	**309**	**-**	**9 613**

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 at June 30th 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

TANGIBLE ASSETS GROSS (K €)	Balance as of dec 31, 2022	Acquisitions	Decrease	Others and currency translation	balance as of June 30, 2023
Contructions	146	16			162
Instal. Techn., Mat. & Out.	4 191	391	-19	-2	4 561
Instal. Techn., Mat. & Out. Leasing	55				55
Other tangible assets	491	22		2	515
Assets in progress & advances	495	147		-75	567
Advance payment on tangible assets		22			22
Gross amount	**5 378**	**598**	**-19**	**-76**	**5 881**

AMORTIZATION TANGIBLE ASSETS (K €)	Balance as of dec 31, 2022	Acquisitions	Decrease	Others and currency translation	balance as of June 30, 2023
Contructions	99	4			103
Instal. Techn., Mat. & Out.	3 060	189	-9	-2	3 238
Instal. Techn., Mat. & Out. Leasing	6	4			10
Other tangible assets	435	16			451
Amortization amount	**3 601**	**213**	**-9**	**-2**	**3 802**

TANGIBLE ASSETS NET (K €)	Balance as of dec 31, 2022	Acquisitions	Decrease	Others and currency translation	balance as of June 30, 2023
Contructions	47	12			59
Instal. Techn., Mat. & Out.	1 131	202	-10	0	1 323
Instal. Techn., Mat. & Out. Leasing	49	-4			45
Other tangible assets	56	6		2	64
Assets in progress & advances	495	147		-75	567
Advance payment on tangible assets		22			22
Gross amount	**1 777**	**385**	**-10**	**-74**	**2 079**

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

3.3 Financial assets

FINANCIAL ASSETS GROSS (K €)	Balance as of dec 31, 2022	Acquisitions	Decrease	Others and currency translation	balance as of June 30, 2023
Equity securities	4 420				4 420
Account receivables related to participante interests	0				0
Deposits and Guarantees	71		-1		70
Other receivables (ANC)	0				0
Other receivables (AN)	0				0
Gross amount	**4 491**	**-**	**-1**	**-**	**4 490**

AMORTIZATION FINANCIAL ASSETS (K €)	Balance as of dec 31, 2022	Acquisitions	Decrease	Others and currency translation	balance as of June 30, 2023
Account receivables related to participante interests	0				0
Other receivables (ANC)	0				0
Amortization amount	**-**	**-**	**-**	**-**	**-**

FINANCIAL ASSETS NET (K €)	Balance as of dec 31, 2022	Acquisitions	Decrease	Others and currency translation	balance as of June 30, 2023
Equity securities	4 420				4 420
Account receivables related to participante interests	0				0
Deposits and Guarantees	71		-1		70
Other receivables (ANC)	0				0
Other receivables (AN)	0				0
Gross amount	**4 490**	**-**	**-1**	**-**	**4 490**

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

Inventory (K €)	Gross amount	Depreciation	30/06/2023	Gross amount	Depreciation	31/12/2022
Inventory of raw materials	61		61	76		76
Inventory of goods	5 124	751	4 372	5 037	1 183	3 853
Total stocks	**5 185**	**751**	**4 433**	**5 113**	**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

	Gross amount	Depreciations	30/06/2023	Gross amount	Depreciations	31/12/2022
Customers	2 931	*115*	2 816	1 968	*101*	1 867
Doubtful customers	115		115	101		101
Customers invoices to be established	0		0	-84		-84
Customers	3 046	*115*	2 931	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 June 30th, 2023 amounts to 114 571 euros fully depreciated.

3.6 Deferred tax assets

The tax loss carryforwards amount 32 M€ at June 30th, 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

	Gross amount	Depreciations	30/06/2023	Gross amount	Depreciations	31/12/2022
Social debts	25		25	11		11
Other tax claims	385		385	318		318
Suppliers credits receivable			0	1		1
Various debtors	41		41	56		56
State income tax	348		348	226		226
Prepaid expenses	677		677	174		174
Currency translation	7		7	0		0
Other receivables	**1 483**	**0**	**1 483**	**787**	**0**	**787**

At June 30th, 2023 the research tax credit has an amount of 119 826 euros.

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

3.8 Availabilities

CASH AND CASH EQUIVALENTS (K €)	June 30, 2023	December 31, 2022
Bank accounts	3 596	5 525
Bank overdraft	91	204
net cash	**3 505**	**5 321**

3.9 Share capital

The capital on June 30th 2023 was made up of 4 363 379 shares of 0,05 euro each. The capital amounts 218 168.95 euros.

3.10 Provisions

	Balance as of Dec 31th 2022	Increase	Decrease	Balance as of June 30th 2023
Litigation	19			19
Exchange losses	0			0
Others	52	23	-27	49
Risk provision	**71**	**23**	**-27**	**68**
Pensions and assimilated bonds	167	3	-63	107
Provision for losses	**167**	**3**	**-63**	**107**
TOTAL	**238**	**26**	**-89**	**176**

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

	December 31, 2022	December 31, 2022
Retirement age	64 years old	62 years old - president 67 years old
discount rate	3,60%	3,77%
Wages growth rate	0%	0%
Rate of social security	44% ©, 22% (NC)	44% ©, 22% (NC)
Mortability table	Insee 2016-2018	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 107 K€ at June 30th 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 : 3.60% at June 30th, 2023 (3.77% at 31st of December 2022)
- Mortality table : according to the INSEE 2016-2018 at June 30th 2023 as at December 31st 2022
- Staff turnover low

3.11 Borrowings and financial debts

	Balance as of Dec 31th 2022	Issued	Reimbursed	Other variations	Balance as of June 30th 2023
Bond loan		500		80	580
Loans	1 186	1 500	-302	-2	2 382
Guarantee COFACE	-10				-10
Financial lease debts	49		-4		45
Accrued interest is loans	2	-2			0
Overdrafts - bank	204	-113			91
TOTAL	**1 431**	**1 885**	**-306**	**78**	**3 088**

The maturity schedule for financial debts:

Debt statements	Under 1 year	Between 1 and 5 years	Over 5 years
Bond loan	580		
Loans	594	694	1094
Guarantee COFACE	0		
Financial lease debts	-10		
Accrued interest is loans	8	37	
Overdrafts - bank	91		
TOTAL	**1 263**	**731**	**1 094**

Bank overdrafts have maturities of less than one year.

The MCNE (cross border claims mobilized) and BL (promissory notes) have both floating rates.

The details of short-term instruments used at June 30th 2023 are as follows:
MCNE (cross border claims mobilized) : 86 K€ used on a total of 200 K€. The MCNE reach maturity upon payment of the invoice by the customer.

The company mobilizes cross border claims, these claims are not subject to any deconsolidation as the Group keeps the risk of non-payment linked to those claims.

Bank loans have maturities ranging between 2023 and 2031.
The Group has subscribed to a new loan of 1.5 M€. It bears interest at an annual rate of 5%.
Some of the bank loans are accompanied by financial ratio clauses ("covenants").
The bond issue of 580 000 € is convertible for the 2023 financial year.

3.12 Liabilities

SUPPLIERS AND OTHER DEBTS (K €)	June 30, 2023	December 31, 2022
Suppliers	2 343	1 578
Accruals	831	957
Customers - credit note to raise	5	
Social debts	1 260	1 144
Tax debts	202	115
State income tax	2	
Creditor current account	35	9
Other debts	12	4
Deferred income	3	1
Liaison account	2	
Conversion adjustment	138	210
TOTAL	**4 834**	**4 020**

Maturity (K €)	under 1 year	over 1 year
Suppliers	4 834	
Accruals	831	
Customers - credit note to raise	5	
Social debts	1 260	
Tax debts	202	
State income tax	2	
Creditor current account	35	
Other debts	12	
Deferred income	3	
Liaison account	2	
Conversion adjustment	138	
TOTAL	**4 834**	**0**

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 €)	June 30, 2023		June 30, 2022	
Sales of goods France	1 497	28%	713	23%
Sales of goods - Abroad	3 935	72%	2 400	77%
ASIA	*920*	*23%*	*369*	*15%*
EUROPE	*1 105*	*28%*	*156*	*7%*
AMLAT	*1 547*	*39%*	*1 464*	*61%*
MEA	*363*	*9%*	*409*	*17%*
Revenue	**5 432**	**100%**	**3 113**	**100%**

4.2 Other products

Other operating income (K €)	June 30, 2023	June 30, 2022
Capitalised production	474	383
Other income	4	0
Tax credit for research and development	120	108
Other operating income	**599**	**491**

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

5.3 Financial income

Financial result (€ K)	June 30, 2023	June 30, 2022
Other debts income	-3	127
Exchange gains	3	-
Other financial income	3	2
Reversal of provisions		25
Financial income	**3**	**154**
Interest is loans	-20	-14
Exchange Losses	-3	-16
Other financial Losses	-45	-
Financial expenses	**-67**	**-29**
Financial result	**-64**	**125**

The financial result is mainly composed exchange gains and losses, interest on bank loans, provisions and reversals of provisions.
As of June 30th, 2023, the financial result also includes financial charges relating to the contractual "subscription discount".

4.4 Extraordinary income

EXTRAORDINARY RESULT (K €)	June 30, 2023	June 30, 2022
Extraordinary reversals of provisions on stocks	363	
Extraordinary income	**363**	**-**
Extraordinary expenses on operating transactions	-377	
Expenses from previous years		-46
Other extraordinary expenses	-549	-11
Other extraordinary expenses	-10	
Extraordinary expenses	**-936**	**-56**
Extraordinary result	**-573**	**-56**

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

As of June 30th, 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€. Exceptional charges also include exceptional advisory fees and fees of 187 K€.

4.5 Earning per share

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

EARNINGS PER SHARE (€)	June 30, 2023	June 30, 2022
Net result (in K €)	-1 893	-803
Number of shares	4 363 378	21 973 921 874
Weighted average number of shares	1 835 570	17 078 717 788
Number of available share warrants (unused)	3 318 997 132	3 295 772 472
Number of shares available	3 332 611 602	6 127 451 970
Earnings per share in EUR	**-0,00103153**	**-0,00000005**
Diluted earnings per share in euros	**-0,00103153**	**-0,00000005**

4.6 Notes regarding affiliated companies

The related parties with which transactions are operated include the entities who dispose directly or indirectly an equity in the company.

The outstanding operations have been identified and their incidence of the Group's financial statement is by nature and by related party the following:

SCI ALLPA
This SCI (property company) grants the SPINEWAY company a sublease for an annual rent of 192 000 euros 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	June 30, 2023	December 31, 2022
Executives	41	34
Employees	7	6
Workers	4	10
Average staff	**53**	**50**

4.9 Financial commitments

FINANCIAL COMMITMENTS (In K €)	June 30, 2023	December 31, 2022
Endorsement given		
Surety given	931	931
Financial compensation given		
Endorsement received		
Surety received		
Total financial Commitments	**931**	**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 300 K€ of surety on inventory are hold by banks against short term promissory notes (3 months renewable).

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

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 June 30th 2023 are null.