

Safe Orthopaedics announces revenue for first half of 2018

- ▶ Revenue stable at €1.65 million
- ▶ Successful €6.95 million capital increase
- ▶ Growth of 13% in France
- ▶ Recruitment of Global Sales Director
- ▶ Three direct sales teams up and running
- ▶ Confidence that 2018 growth will be similar to that in 2017

Eragny-sur-Oise, France, 7:00pm CEST, July 10, 2018 – Safe Orthopaedics (FR0012452746 – SAFOR), a company specialized in the design and marketing of single-use implants and instruments improving the minimally invasive treatment of spinal fracture conditions, today announces its revenue for the six months to June 30, 2018.

“Following a series of structural changes – the acquisition of a new sales force in the UK, the signature of a strategic partnership in Japan and the success of our capital increase – sales at Safe Orthopaedics are stable. Double-digit growth in France, triple-digit growth in Germany and our new ambitions in the UK all made it necessary to recruit a Global Sales Director. Sjors Hermans has all the qualities and experience in European markets, particularly Germany, needed to support our growth plans. Most recently, he has demonstrated his ability to launch a range of products for use in spinal surgery, reaching sales of €10 million,” noted Pierre Dumouchel, Chief Executive Officer and co-founder of Safe Orthopaedics. “Having refocused on the vertebral fracture segment over the past two years, we are launching our SteriSpine VA vertebral augmentation balloon at the beginning of this second half of the year. On a global level, we are the only manufacturer of single-use, minimally invasive technologies that allow treatment of all vertebral fractures. This will help drive our sales in the second half and enable us to generate growth in 2018 similar to that seen in 2017.”

In the six months to June 30, 2018, Safe Orthopaedics generated stable revenue of €1,657,000, from €1,644,000 in the corresponding period of 2017.

Direct distribution in France continued its steady growth in the first half of 2018, reaching €904,000, from €802,000 in 2017, an increase of 13%.

International sales fell by 11% in the first half of 2018: sales continued to grow in Germany, but sales in the United Kingdom temporarily fell to zero purely as the result of a transfer. It should be remembered that Safe Orthopaedics announced in June 2018 the acquisition of the sales force of its distributor, QSpine, which resulted in the cessation of orders between the two companies during the negotiation period. Sales in the rest of the world were hampered by difficulties experienced in the Middle East and Southern Europe.

Thousands of euros	H1 2018	H1 2017	Change
France	904	802	+13%
Rest of the World	753	842	-11%
Total revenue	1,657	1,644	+1%

In the second quarter of 2018, Safe Orthopaedics' revenue from the rest of the world was €307,000, a fall of €118,000 (after restating UK sales in 2017), due to the negative contribution from the Middle East and Southern Europe.

On January 15, 2018, Safe Orthopaedics announced that it was facing difficult conditions in the Middle East and was taking action to restore growth in the region. The company has been audited by inspectors from the GCC tender team and is ready to relaunch in the second half, working with new distributors.

Meanwhile, Safe Orthopaedics, seeking to optimize its cash requirements, has decided to strengthen the financial solidity criteria for its distributors, which resulted in the agreement with one of its existing distributors in Southern Europe being put out for competition.

Thousands of euros	Q2 2018	Q2 2017	Change
France	419	382	+10%
Rest of the World	307	499	-39%
Total revenue	726	881	-18%

Key developments

Signature of a strategic partnership agreement in Japan

As announced on June 12, 2018, Safe Orthopaedics has signed a strategic partnership agreement with a group in Japan, the third largest market in the world.

Extension of the dedicated spinal fracture product range

The company has completed its product range with the launch of its kyphoplasty range, from July in countries where it distributes directly, and then in all markets. This so-called 'balloon cement injection' method will enable Safe Orthopaedics to offer a full range for emergency fracture treatment, thus increasing the penetration of its products with surgeons as well as enhancing margins.

Strengthening the global sales and marketing teams

Sjors Hermans joined Safe Orthopaedics as Global Sales Director in early July, and has also been appointed to the Executive Committee. An engineer by training, Sjors began his career in 1997 in the field of medical implants, particularly for the spine. His career began with Medtronic, before he joined a start-up company, then Zimmer Spine as Business Director for Germany and Switzerland.

In 2011, Sjors joined Medacta with responsibility for expanding its spinal products business in Europe and the Asia-Pacific region. He contributed to growing this business to around €10 million per year by adapting the product portfolio, managing the approval process for new products and building up highly-effective sales teams in Germany and other countries.

Sven Claes has worked for Safe Orthopaedics for one year, and has now been promoted to Marketing Director. Sven has 10 years' experience in Marketing and Business Development in an international

context in the spinal medical equipment industry. Before joining Safe Orthopaedics he was VP International Business Development at Aurora Spine.

Cash Position

At June 30, 2018, Safe Orthopaedics had cash of €500,000, from €995,000 at the end of June 2017. It should be noted that this does not include the €6.95 million raised at the beginning of July 2018 to allow Safe Orthopaedics to further accelerate the group's development in the spinal fracture market, notably by strengthening its sales teams in France, Germany and the UK.

Next financial publication: First half 2018 results, September 28, (after market close)

About Safe Orthopaedics

Founded in 2010, Safe Orthopaedics is a French medical technology company that offers the safest technologies to treat spinal fracture. Delivered sterile, all implants and respective disposable instrumentation are available to the surgeon at any time, any place. These technologies enable minimally invasive approaches, reducing risks of cross contamination and infection in the interest of the patient. Protected by 17 patent families, the SteriSpine™ Kits are CE marked and FDA cleared. The company is based at Eragny-Sur-Oise (France), and has 37 employees.

For more information, visit: www.SafeOrtho.com

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