



SafeOrthopaedics

Investor Presentation
Biomed Conference
Francfort Midcap Conference
January 2017

www.SafeOrtho.com

An experienced team



Pierre Dumouchel – CEO and co-founder

Strong international development experience

- ▶ 11 years within the Spine instruments/implants industry
- ▶ Experienced at managing industrial operations within the automobile industry
- ▶ 2 Master's degree in Management and Advanced Materials Engineering from the *Conservatoire des Arts et Métiers* and *Institut Supérieur de Technologie et Management*



Thierry Lambert – CFO

Experience of financial and regulatory issues of listed companies

- ▶ 15 years of experience in finance, CFO of NATUREX
- ▶ Certified accountant, MBA from INSEAD



Thomas Droulout – CTO and co-founder

Recognized technical expertise

- ▶ 15 years of experience in the spinal device industry
- ▶ 10 years of experience in Spine Vision in R&D

Our mission

Offer surgeons innovation to:

Secure back surgery with
Single Use

*Facilitate the use of **minimally***
invasive surgeries (MIS)

Eliminate

The risk of contamination
Loss of time linked to logistics

+

Lower

The risk of infection
The risk of complications

Spine surgeries that are safer and less burdensome for patients

Single Use technology changes the game!

1950



2010



Now...



Natural trend towards disposable

(surgical gloves, clothes, cap, gauze swab, surgical drape...)

**SINGLE USE
TECHNOLOGY**

40,000 patients infected per year¹



Up to 14% infections²



Infections double the Mortality risk³



Prolonged Hospital stay⁴



300% costs increase⁴

EASIER SURGICAL PROCEDURE

**NO RISK OF CONTAMINATION
LESS RISK OF INFECTION**

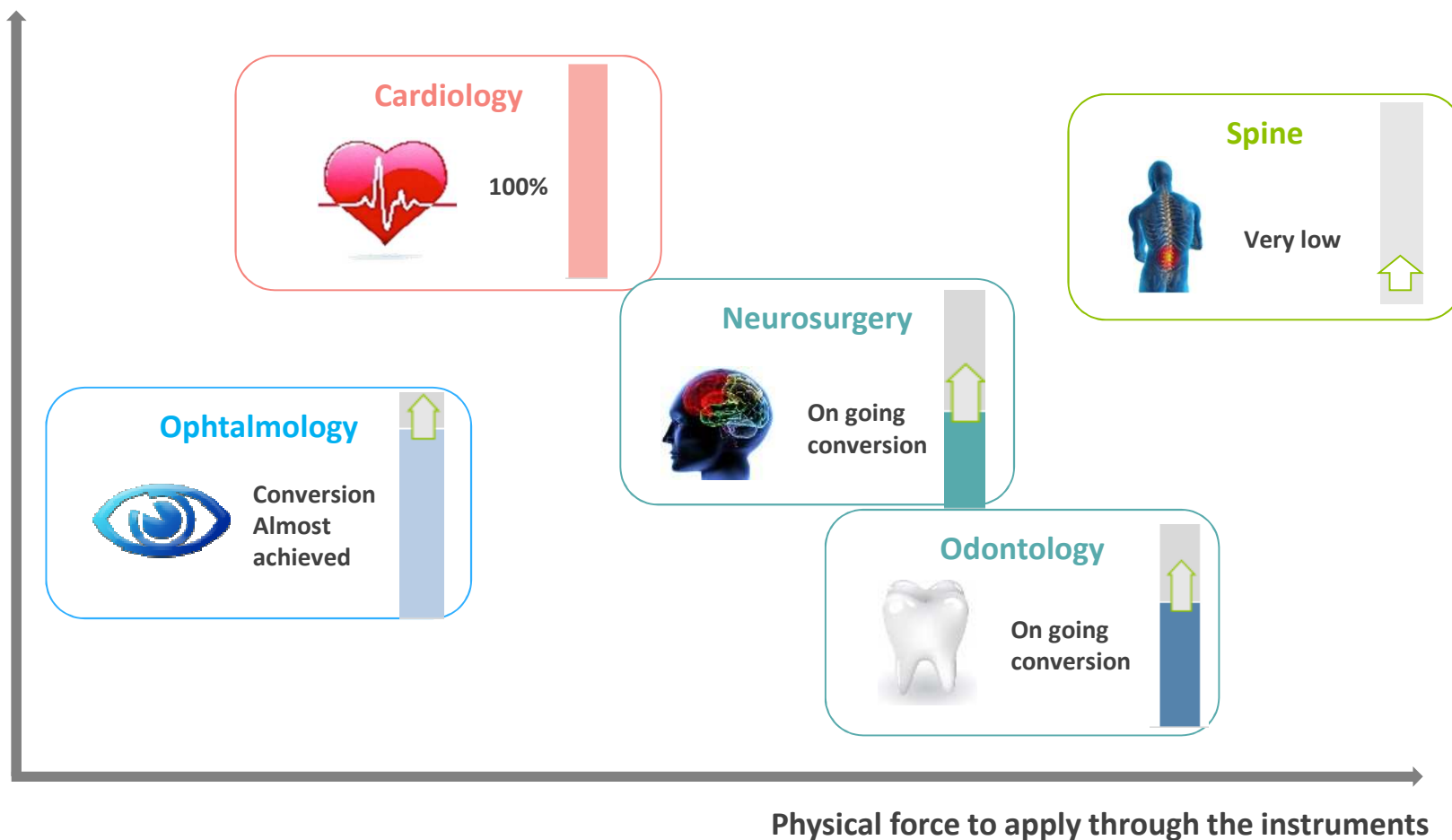
COST SAVINGS

Sources: ¹ WHO (World Health Organisation) / ² Spine (Phila Pa 1976). 2009 Jun 1;34(13):1422-8 / Eur_Spine J. 2011 Aug;20 Suppl 3:397-402 / ³ Risk of mortality in 30 days; Guide to the Elimination of Orthopedic Surgical Site Infections: An APIC Guide, 2010 / ⁴ Two week average; Infect Control Hosp Epidemiol. 2002;23(4):183-189

Investor Presentation – Strictly Confidential

Single Use for back surgery: part of an inevitable trend

Complexity / Number of instruments




Safe Orthopaedics PROVED THAT IT IS POSSIBLE...

¹ Estimation of single use adoption
Source: Safe Orthopaedics

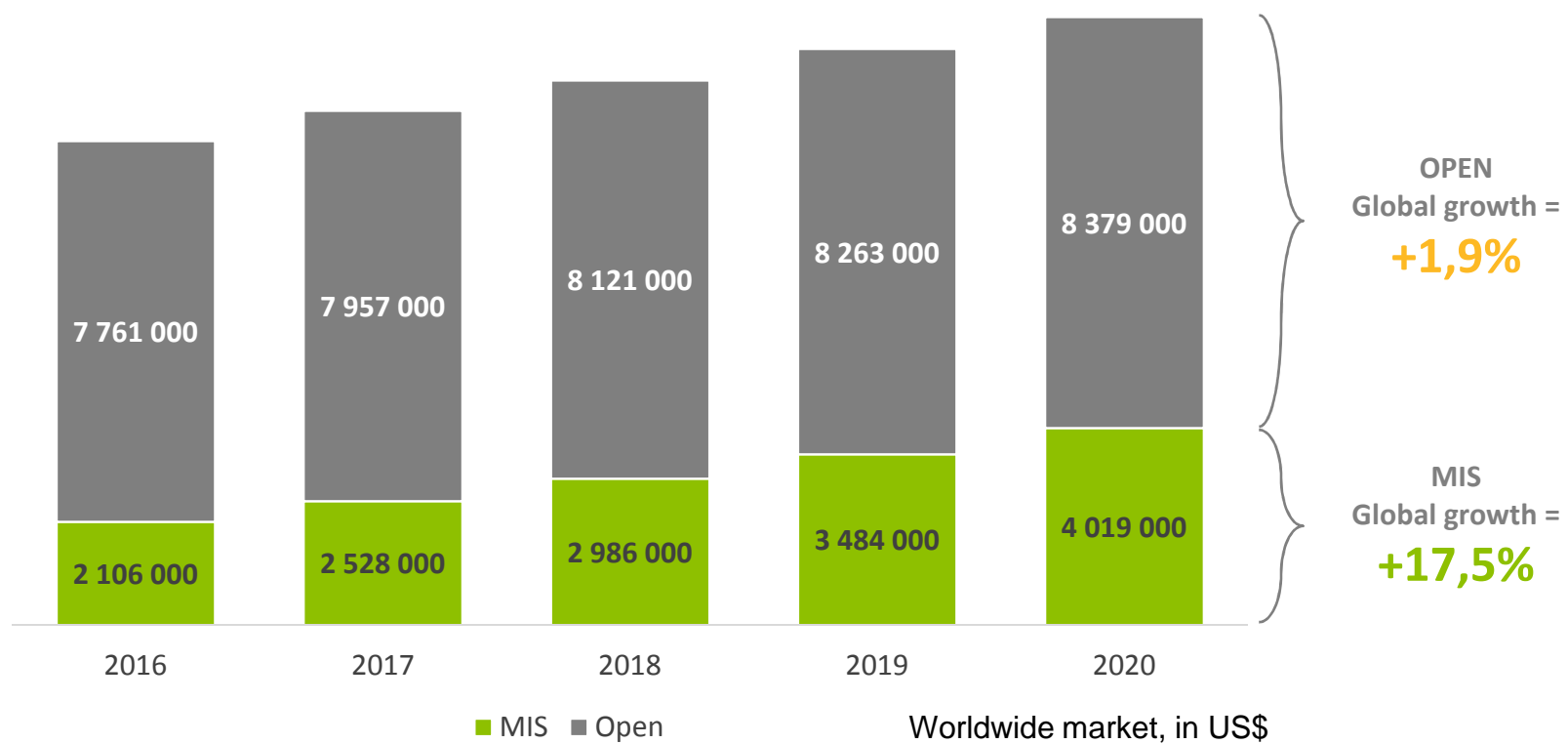
...while making easier MIS



*A smart and modular technology to make possible
all kind of spine surgeries in **one single kit***

	TRAUMA		DEGENERATIVE	
	Open	MIS	Open	MIS
 Single Kit for all cases	✓	✓	✓	✓
Competitor's Product A	✓			
Competitor's Product B		✓		
Competitor's Product C			✓	
Competitor's Product D				✓

Trend of Minimally Invasive Surgery (MIS)



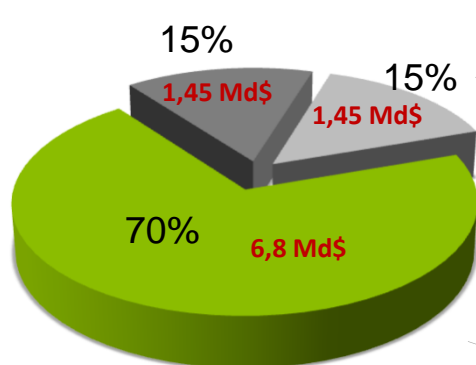
Safe Orthopaedics: a key player in the MIS transition

Potential Market of MIS



Market segmentation*

Spinal Fusion market: 9,7 Mds\$*



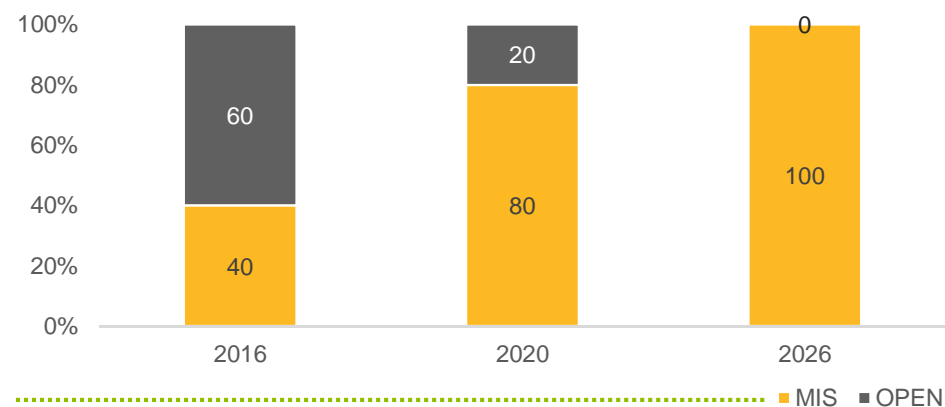
- Trauma
- Degenerative
- Deformity

* Data from Millennium 2015

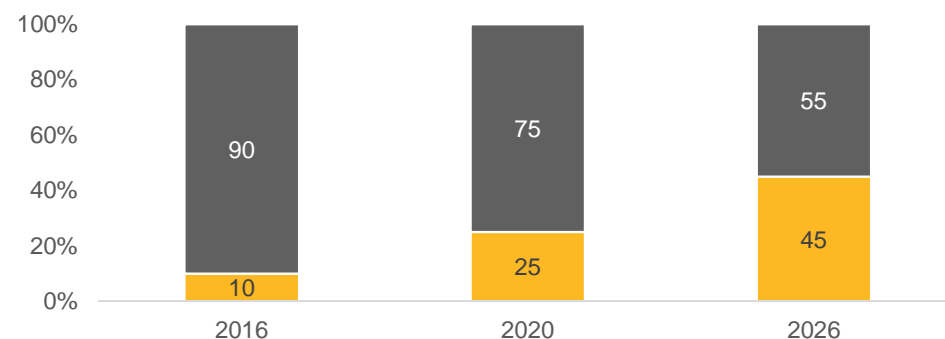


Potential market transition

Trauma



Degenerative



Around 50% of the market targeted converted to MIS within 10 years

Acceptance of MIS: S.O. creates Opportunities (1/2)

1 Availability of MIS technology on hospital shelves

Classic Player

MIS INSTRUMENT = LARGE INVESTMENT

VERY LIMITED for TRAUMA
LIMITED for DEGENERATIVE

Safe Orthopaedics



LOW INVESTMENT

AVAILABLE FOR ALL
CASES

2 Complex solutions: Numerous sets to perform a single procedure

Classic Player

Between **7 to 20** trays



Safe Orthopaedics



Only **4** boxes

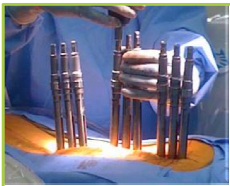



Acceptance of MIS: S.O. creates Opportunities (2/2)

3 Highly technical procedure

Classic Player		Safe Orthopaedics	
4 technologies = 4 trainings (Degenerative OPEN + degenerative MIS + Trauma OPEN + Trauma MIS)		1 training (1 technology for all)	
LONG	LEARNING CURVE	÷4	SHORT
LONG	LOGISTIC TIME	-80%	VERY SHORT*
LONG	OPERATING TIME	-7%	SHORT*

4 X-ray exposure

Classic Player	Safe Orthopaedics
HIGH Metallic instruments create artefacts and increase number of images	REDUCED Radiolucent instruments minimizes exposure to X-Rays
	



Achievements since IPO

- ▶ Successful development of new products (trauma, cervical, fenestrated screw)
- ▶ Clinical and economic confirmation of Safe Orthopaedics advantages
- ▶ Constant growth in France
- ▶ Launch of new territory outside of Europe (Oceania and South America)
- ▶ Restructuring of management team:
 - Chairman, Alain Coudray
 - CEO, Pierre Dumouchel
 - CFO, Thierry Lambert



Lessons learned after 2 years listed

- ▶ Back out of the US market to come back once strongly implemented in Europe:
 - Refocusing on Europe and emerging markets first
- ▶ Favor direct distribution based on the French model:
 - French model to be replicated in Germany
- ▶ Improve our development strategy segment by segment:
 - Prove our superiority in Trauma and in certain sub-segments of degenerative
- ▶ Strengthen marketing work towards surgeons:
 - Strengthen scientific recognition of our solutions by surgeons (SAB, Clinical studies, training)

**An action plan supported by the new management
to accelerate short-term growth**

Full year sales 2016

<i>in thousands of euros</i>	Full-year 2016	Full-year 2015	Change
France	1,182	1,016	+16%
Rest of the world (excluding United States)	1,086	1,055	+3%
Total adjusted* revenue	2,268	2,071	+10%
United States (discontinued operations)	100	454	-78%
Total revenue	2,368	2,525	-6%

**Adjusted for operations in the United States discontinued since March 1, 2016.*

- **France:** continuing growth of +16% despite traditionally modest sales and marketing resources
- **Rest of the world (excluding the United States):** revenue growth was fairly sedate during FY 2016 (+3%) impacted by disappointing performance in the third quarter of 2016.

Strategy

1

SPEED-UP IN EUROPE AND EMERGING MARKETS

2

FOCUS ON TRAUMA AND SUB-SEGMENTS OF DEGENERATIVE

3

STRENGTHEN MARKETING WORK TOWARDS SURGEONS

4

REPLICATE FRANCE SUCCESSES IN GERMANY

Speed-up in Europe and Emerging markets



Open new territories beyond Europe



Worldwide opportunities in Emerging countries...

- ▶ Less-intensive competition with players who typically offer older-generation instrument sets
- ▶ Favorable demographic (growing and ageing population) and macro-economic trends (growing middle-classes)
- ▶ Products particularly well-suited for emerging countries and sales through distributors:
 - High proportion of trauma surgeries
 - Strong issue with the availability of instrument sets for many surgeons and hospitals (sterilization and logistical issues)
 - Quest for efficiency with OR schedules very packed
 - Low WCR for distributors



... with potential short-term achievements

Short-term opportunities	Middle-term opportunities	Other opportunities
<ul style="list-style-type: none">▶ Chile (4M\$): Sales ramp-up with first surgeries started in June▶ Mexico (33M\$): registration in process▶ South Africa, Greece, Israël	<ul style="list-style-type: none">▶ Russia: high-potential distributor in registration phase▶ Taiwan (15M\$)	<ul style="list-style-type: none">▶ Japan, Brazil, China... (+2B\$)

Focus on trauma and certain sub-segments of degenerative

	TRAUMA	DEGENERATIVE
Minimally invasive surgery (MIS)	✓	✓
Open surgery	✓	Non-priority segment
Smart solution	<p>Always available to deal with emergencies</p> <p>OAK: Unique screw to straighten and fix vertebral thoracolumbar fractures in one step by percutaneous approach</p>	<p>Efficient solutions to treat thoracolumbar and cervical degenerative pathologies</p> <p>Cemented screw* for ageing, osteoporotic or metastasis patients</p> <p>(*Pre-assembled instrumentation avoids the risk of leakage of the cement and facilitates the injection by passing directly through the disposable screwdriver)</p>

Tangible arguments to quickly ramp up the uptake of surgeons

Short term: capitalize on Safe Orthopaedics strenghts

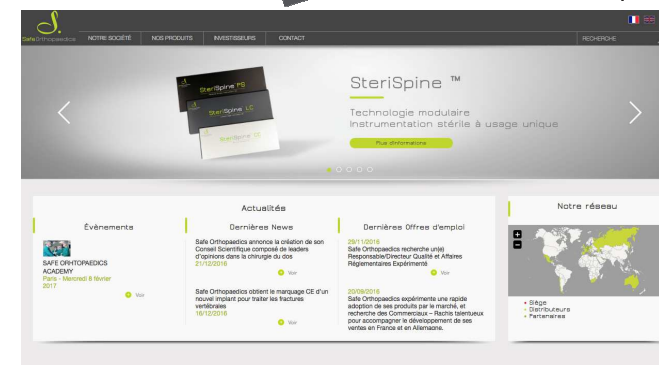
Long term: expand opportunities to degenerative segments

Strengthen Marketing Work Towards Surgeons

- ▶ **Ongoing recruitment of a marketing manager** to complete the current team of 2 product specialists
- ▶ **Strengthening the scientific notoriety of SO with surgeons:**
 - Establishment of a SAB consisting of 4 European KOLs
 - Enhanced presence at EuroSpine, SFCR, DWG with interventions by surgeons
 - Initiation of clinical and medico-economic studies:
 - Oak: Higher clinical outcome for fracture type A compared to other screws
 - Infection: Reduced infection rate for metastasis patient
- ▶ **Accelerating the number of training sessions:**
 - Cadaver lab per month: x2 versus 2016 – in France, Germany and Spain
- ▶ **Redesigning communication tools**
 - New website, brochures, products names



Strengthening of surgeon support to ramp up SO product uptake



Replicate France successes in Germany



Direct Sales force in France

	Public Sector			Private sector		
Focus	TRAUMA	MIS	AVAILABLE	DEGENERATIVE	MIS MODULAR	COST SAVING
Nb of User Centers	23			25		
Nb of User surgeons	+ 60			+ 30		

- ✓ **31%** of the 90st French Spine Centers ^{*1}
- ✓ **48%** conversation rate into a regular customer
- ✓ **100%** loyalty of regular customers

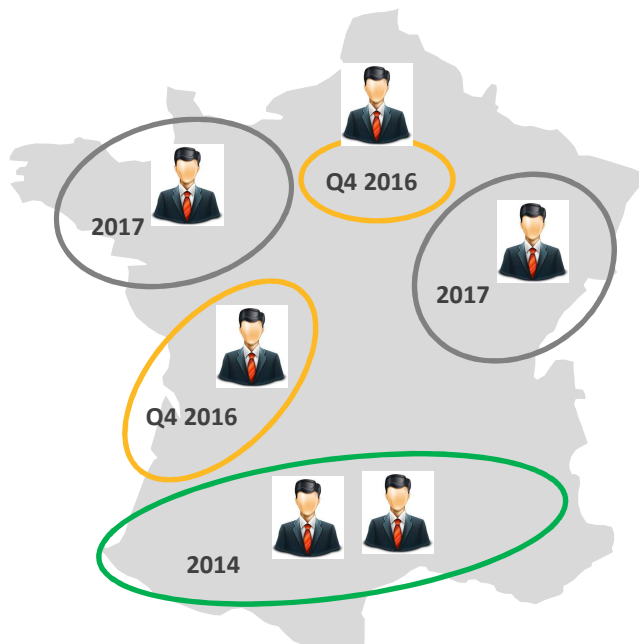
An excellent conversion and loyalty rates / An average use rate progressing strongly

^{*1} Source: LePoint: List of the Top50 public hospital & Top40 Private Hospital

A gradual ramp-up that will be further accentuated with the strengthening of sales teams



Sales performances



CURRENT PERFORMANCES



2 reps within 3 years

3,5% of French addressable market

PURSUE DEVELOPMENT STRATEGY IN FRANCE



2 new reps in 2016, especially in Ile-de-France, the biggest area

Penetrate new centers & Recruit new surgeons

Continue to improve conversion rate

Increase the average usage rate



2 future reps in 2017

Leveraging to go further

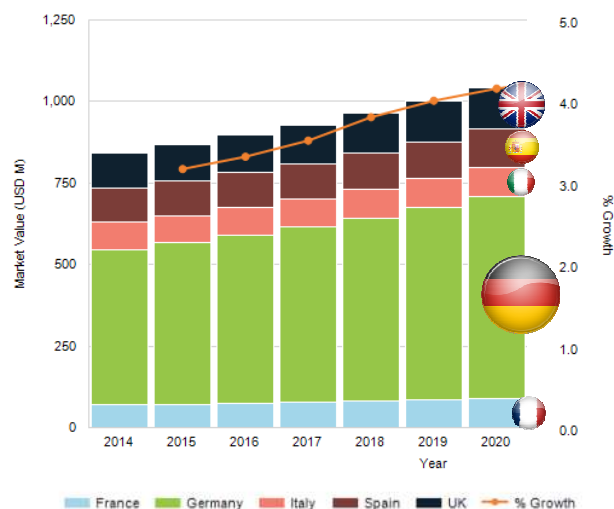
France: a model to replicate in Germany

Germany: the most important and growing market in Europe



First market in Europe...

Spinal Implant Market by European Countries (USD) / 2014-2020



- ▶ Spinal implant: 443 M€ in 2015¹
- ▶ First market in Europe Vs. France at 64,7 M€¹
- ▶ The strongest growth potential:
CAGR 2014-24 expected at +4,7%



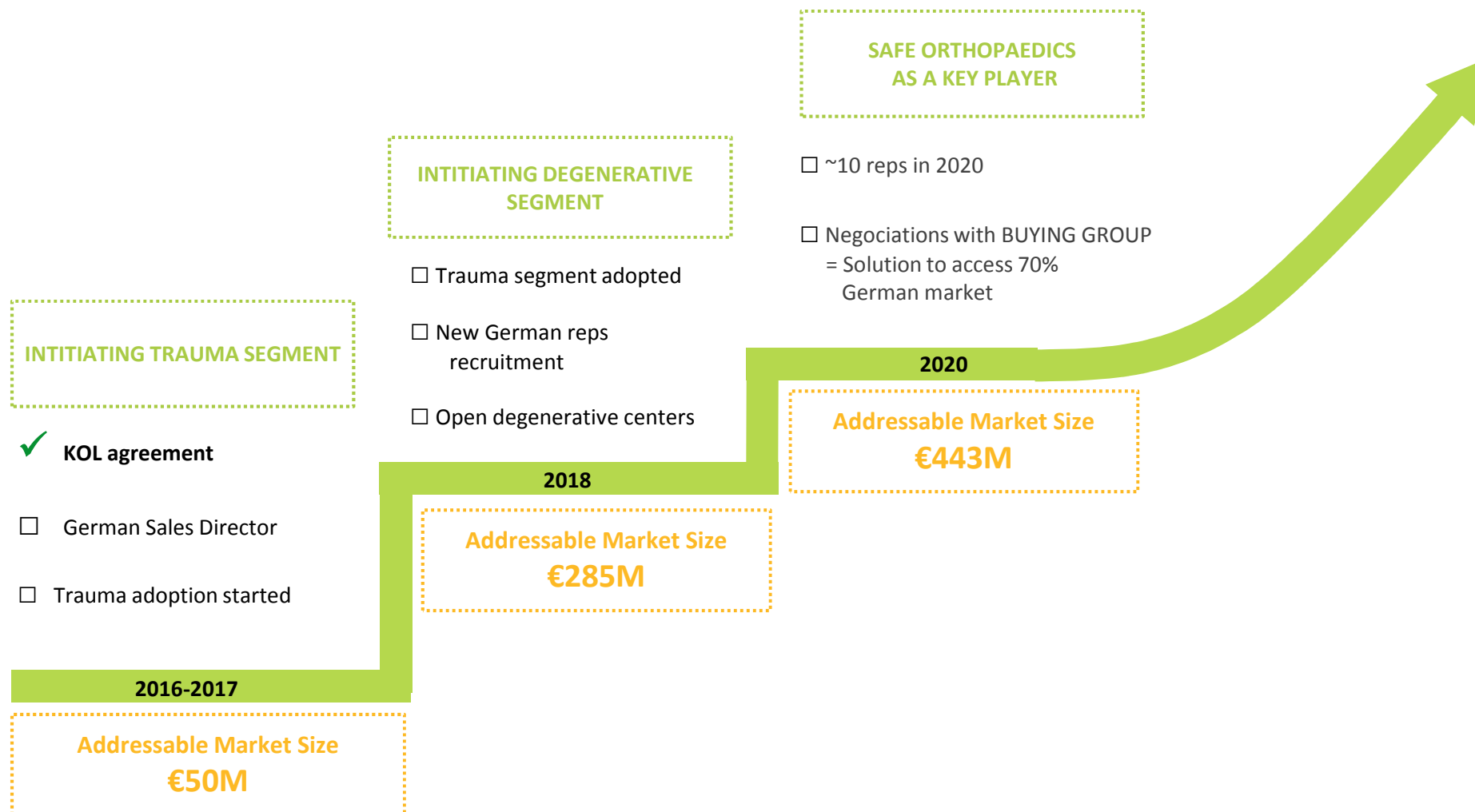
... with lucrative specificities

	France	Germany
Market size	64 M€ ¹	443,1 M€ ¹
Number of centers	2,700 ¹	3,300 ¹
Spine Trauma Centers	100	600
Spine University Hospitals	32	36

Germany priority targets:

- ▶ Trauma Centers
- ▶ University Hospitals

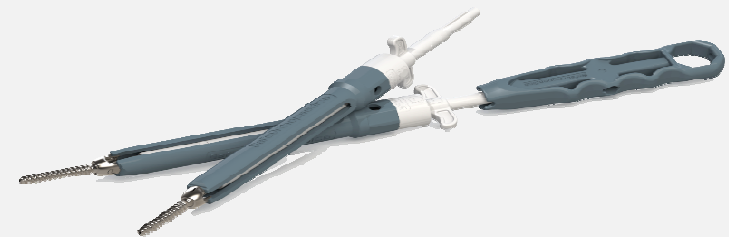
A realistic and synchronized action plan



Strong penetration of German market in 2020



Appendix



A game changer to push the inevitable market trends towards Single Use & MIS

AVAILABLE
for surgeon

- Single use instrumentation
- Always Sterile
- Always functional

MODULAR

- MIS / Open
- Trauma / Degenerative

EFFICIENT
for patient

- No risk of contamination
- Less risk of infection
- Benefits of Mini Invasive Surgeries

More than **5000**
patients who have benefited of
Safe Orthopaedics' technology

Our Technology: Modular instruments with Innovative Implants

	<i>Modular Instruments</i>	<i>Implant</i>
<u>Trauma</u>		
<u>Lumbar</u>	SteriSpine PS Mini Invasive & Open Surgeries Used with all screws 	 Oak. <i>"Percutaneous Correction screw"</i>
<u>Degenerative</u>		 Cypress. <i>"Modular Anchorage screw"</i>
<u>Lumbar</u>	SteriSpine LC Used with all cages 	 Cedar. <i>"Self-turning Cage"</i>
		 Sedar. <i>"Modular Position Cage"</i>
<u>Cervical</u>	SteriSpine CC 	 Walnut <i>"Modular fixation cage"</i> <i>(when ceramic and plate will be available)</i>



Study performed in CHU Bicêtre:

Re-usable instrumentation

With Safe Orthopaedics instrumentation



SAVING

SURGERY PROCESS	 <p>2 h 56 min</p>	 <p>33 min</p>	<p>- 2 h 23 min</p>
OPERATING TIME	<p>3 h 10 min</p>	<p>2 h 56 min</p>	<p>- 14 min</p>

TIME SAVING = COST SAVING

A highly protected technology



Patents

An international patents policy

- United States, Europe, Japan, China, South Africa, Australia, Brasil, Russia, etc.

17 patents families:

- Implant-instruments pairing
- Instruments design
- Tracability / Logistics
- Implants



Smart technical solutions

Very performing bender



Fonctionality and efficiency
are adapted to different
surgical techniques



Finished product with a
competitive price

One unique handle... Instead of 5 !



Drastic diminution of
the number of
instruments to benefit
from significant volume
effects.

Our innovation is highly protected = Company value

Scientific Advisory Board – Q4 2016



Pr Le Huec, France. Oral agreement



Dr Van Gaalen, Netherland. Oral agreement



Dr Faundez, Switzerland. Oral agreement



Dr Franke, Germany. Agreement pending

SAB MISSIONS:

1. Identify and assess the spine MIS trends
2. Define the SO strategic technical plan
3. Define the SO study program

FUNCTIONING:

- 3 meetings per year
- 1st meeting around Eurospine (Oct 2016)

Board of directors

Dr. Alain Coudray

Executive Chairman of the Board for Safe Orthopaedics, SAS



Dr. Alain Coudray, is an international veteran of the Medical device industry with more than 20 years of experience. In Medtronic he has held various positions of responsibilities since June 2006, to become in 2014 the Vice President of Global Corporate Clinical Affairs. Before this assignment, he was European Vice President of the Cardiac Rhythm Disease Management business unit. Before joining Medtronic, Alain held the position of Vice President Central and Eastern Europe & Distributors for Guidant, based in Vienna (Austria). Alain is an active participant on the advisory board of MD Start, a MedTech incubator based in Paris, and was a Board Member of EUCOMED (European Medical Devices Industry association). Alain received his medical degree from Grenoble University, graduated from HEC Paris MBA and completed a Business executive program at Kellogg's.

Pierre Dumouchel

Founder and CEO



Pierre Dumouchel is the co-founder of Safe Orthopaedics. He has 11 years' experience in spinal medical devices industry. He began his career in the automotive industry, before joining SpineVision in 2005 as Industrialization project leader for the PediGuard. In 2008, he took over responsibility for SpineVision's industrialization department. In 2010, he co-founded Safe Orthopaedics and led the Industrialisation, Operations and Quality/Regulatory Affairs departments. Pierre holds a master's degree in both advanced materials engineering and in management from the Conservatoire des Arts et Métiers and Institut Supérieur de Technologie et Management.

Dominique Petit

Founder Scientific advisor



Dominique Petit is the founder of Safe Orthopaedics. He started his career at Sofamor, a pioneer in this medical field. He was primarily responsible for the CD Horizon (Legacy) product line, still a largely marketed product by Medtronic these days. He co-founded SpineVision SA (Paris) in 1999, serving the company 10 years as Chief Technical Officer. Having developed more than 30 spine products, Dominique is a veteran spinal device engineer who worked collaboratively with the world's most innovative and respected spine surgeons. He also has been engaged in collaboration with world renowned surgeons.

Michael DeMane

Executive



Michael DeMane is Executive Chairman of Nevro, a Silicon Valley based leader in the medical device field. Michael led the company as Chief Executive Officer from March 2011 until June, 2016, from scrappy start-up with negligible revenue to a leading global player in the spinal cord stimulation market. An engineer by training, Mr. DeMane has established a consistent record of strategic and operational success leading large and mid-size global med-tech organizations. Over the past 35 years, he has held executive leadership roles in the US, Europe and Australasia. Prior to Nevro, Michael held a variety of positions at Medtronic, Inc., Michael has served as a senior advisor to Thomas McEnerney & Partners, and Oak Hill Capital and serves on several Boards of Directors including: Cardionomic, Rotation Medical. Safe Orthopaedics Mr. DeMane has completed the Advanced Management Program at INSEAD in Fontainebleau, France and holds an M.S. in Bioengineering from Clemson University and a B.S. in Chemistry from St. Lawrence University in Canton, New York.

Fred Goad

Co-founder and current partner of Voyent Partners, LLC



Fred Goad is a co-founder and current partner of Voyent Partners, LLC, a private investment firm focused on early stage investments across a variety of sectors including healthcare.

Mr. Goad served as President and Chief Executive Officer of ENVOY Corporation (1985 - 1996), a leading provider of electronic data interchange services, and as Co-Chief Executive Officer and Chairman of ENVOY Corporation from June 1996 until March 1999 after the company was acquired by Quintiles Transnational Corporation.

From March 1999 through May 2000, Mr. Goad served as a member of the board of directors of Quintiles (1999 - 2000). Mr. Goad's career also includes positions with UCCEL Corporation, Financial Institution Services, Inc. (now CompuCard International), Docutel (now Olivetti USA), and IBM Corporation. Mr. Goad currently serves on the Board of Directors of a number of companies including Luminex Corporation.

Mr. Goad holds a Bachelor of Science degree from the University of Virginia.

Vanessa Malier

Associate Director of Kurma Partners



Vanessa Malier joined Kurma Partners in September 2013 after 15 years working in the biotechnology and pharmacy markets.

She started her career in venture capital in 1998 as an analyst at CDC Innovation. In 2003, she joined Ipsen as Strategic Advisor of the CEO. She then advanced on various positions in the company.

Mrs Malier is graduated in Biology from the Ecole Normale Supérieure in Cachan, and in Immunology from the Institut Pasteur. Kurma Partners is shareholder of the company since 2010.

Marie Landel

Founder of Marie Landel & Associates



Marie Landel is a certified accountant who has been based in Boston since 1990, with extensive experience in helping French and European medtech companies in the United States, where she has large networks in financial and healthcare circles.

Income Statement

<i>In €K</i>	31/12/2014	31/12/2015	30/06/2015 6 months	30/06/2016 6 months
Revenues	2,053	2,498	1,307	1,303
Purchases net of stock variations	(1,640)	(2,057)	(894)	(982)
External expenses	(2,221)	(2,682)	(1,141)	(1,362)
Staff expenses	(3,048)	(3,903)	(1,983)	(2,010)
Others	(710)	(1,074)	(308)	(361)
Operating result	(5,566)	(7,218)	(3,019)	(3,412)
Financial result	630	657	292	(158)
Net result	(4,936)	(6,566)	(2,727)	(3,559)

Balance Sheet

In €K	30/06/2016	31/12/2015
NON-CURRENT ASSETS		
Intangible assets	387	483
Tangible assets	746	837
Other financial assets	45	44
TOTAL NON-CURRENT ASSETS	1,177	1,363
CURRENT ASSETS		
Inventories	2,089	1,957
Receivables	765	546
Other current assets	260	271
Current tax asset	513	400
Cash and cash equivalents	4,315	5,918
TOTAL CURRENT ASSETS	7,942	9,093
TOTAL ASSETS	9,119	10,457

In €K	30/06/2016	31/12/2015
EQUITY		
Capital	1,413	1,374
Share premium	23,688	23,036
Reserves	(548)	(967)
Other consolidated reserves	(18,274)	(11,785)
Profit/Loss	(3,559)	(6,566)
TOTAL EQUITY	2,720	5,092
NON-CURRENT LIABILITIES		
Long-term loans and financial liabilities	4,468	3,138
Non-current deferred tax liabilities	-	-
Non-current provisions	228	229
TOTAL NON-CURRENT LIABILITIES	4,696	3,367
CURRENT LIABILITIES		
Long-term loans and financial liabilities	264	289
Payables	856	919
Other current liabilities	583	789
TOTAL CURRENT LIABILITIES	1,703	1,998
TOTAL LIABILITIES	9,119	10,457

Stock market information

Stock market information

(at January 11, 2016)

ISIN Code	FR0012452746
Market	Euronext Paris
Price	€ 1.30
+ / 12 mo.	€ 2.98
- / 12 mo.	€ 1.14
Number of shares	14.5 million
Market cap	17.7 M€

SAFOR
LISTED
EURONEXT

Shareholders (at December 31, 2016)

