

Safe Orthopaedics announces its 2018 results and its revenues for the first quarter of 2019

In 2018:

Revenues of €3.5M€, up 12%
 Sales acceleration through direct distribution +27%
 Operating income of €6.1m from investments in Germany and the United Kingdom

In Q1 2019:

Record revenues of €1.1 million, up 16%
 Growth in direct distributions: +7%
 Start of marketing in Japan

Eragny-sur-Oise, France, April 26, 2019 at 06:00 pm CEST – SAFE ORTHOPAEDICS (FR0012452746 – SAFOR), a company specializing in the design and marketing of single-use implants and instruments for the minimally invasive treatment of spine fracture pathologies, today announced its 2018 annual results and its sales for the first quarter of 2019.

The 2018 Registration Document including Safe Orthopaedics' 2018 Annual Financial Report will be available on the Company's website (www.SafeOrthopaedics.com) under the heading Investors > Documentation > Regulated Information as from 29 April 2019.

"2018 was another year of construction for Safe Orthopaedics with the strengthening of its financial resources, the acquisition of a third direct sales force and the structuring of sales management. We also note the conquest of market share in the fracture stabilization segment, reaching 9% in the French market, and are very proud to now offer a complete range thanks to the launch of SteriSPine™ VA" commented Pierre Dumouchel, Chief Executive Officer and Co-founder of Safe Orthopaedics. "2019 begins with a record international sales of €1.1M driven by the growth of our strategic technologies for fracture treatment (SteriSpine VA and PS), which grew by 27%, and our commercial launch in Japan. Combined with the strengthening of the direct sales and marketing teams completed and announced at the end of last year, we are also forecasting our growth in 2019 thanks to a sustained pace of new technologies".

Strong commercial investment in 2018

<i>in thousands of euros - IFRS</i>	FY 2018	FY 2017	Growth
Revenues - Direct sales	2,134	1,681	+27%
Revenues - Indirect sales	1,337	1,429	-6%
Total revenues	3,471	3,110	+12%
Purchases used and change in inventories	(1,965)	(1,729)	
External costs	(3,071)	(2,735)	
Personnel costs	(3,507)	(3,362)	
Other operating expenses	(807)	(685)	
Operating income/(loss) before non-recurring items	(5,877)	(5,401)	
Other operating income/(expense)	(272)	(33)	
Operating income/(loss)	(6,150)	(5,434)	
Financial income/(loss)	350	(1,141)	
Net income/(loss)	(5,800)	(6,575)	

In 2018, sales amounted to €3,471k, up +12%.

In France, revenue amounted to €1,833k, up +16%. Thanks to marketing and sales actions focused on the vertebral fracture segment, Safe Orthopaedics continued to gain market share in this segment, reaching 9%¹. Since the fourth quarter, the sales team has been using SteriSpine VA Technology, contributing to growth in the fourth quarter only.

In Germany, sales doubled in 2018 to €84k. The sales team was completely overhauled in the fourth quarter. Revenues were generated exclusively by the SteriSpine PS range, and the promotion of SteriSpine VA was only initiated at the beginning of 2019.

In the United Kingdom, the acquisition of the sales force on June 1st increased direct sales by €180k, significantly contributing to the company's gross margin. The promotion of SteriSpine VA was only initiated at the beginning of 2019.

Global indirect distribution increased in Europe (+17% excluding the United Kingdom), was stable in Latin America and contracted in the rest of the world (-17%) following a strategic refocusing of the sales forces on Europe. The promotion of SteriSpine VA was only initiated at the beginning of 2019.

Operating income amounted to €-6.1 million in 2018 compared to €-5.5 million in 2017 following the commercial investments made in Germany (recruitment of new sales representatives) and the acquisition of the UK sales force from its former distributor.

After taking into account a positive financial result of €350k, linked to a currency effect (translation adjustment on the US subsidiary's current and customer account), net income improved to €-5.8m, compared with €-6.6m a year earlier.

Record sales in the first quarter of 2019 of €1.1 million, up +16%

<i>in thousands of euros</i>	Q1 2019 <i>(3 months)</i>	Q1 2018 <i>(3 months)</i>	Change
Direct sales	546	512	+7%
Ventes indirectes	532	417	+28 %
Total revenues	1,078	931	+16%

First quarter 2019 revenue was up +16%.

Direct sales increased by +7% compared to 2018. This growth, which was below the company's expectations, was driven by strategic SteriSpine PS and VA sales.

Sales recorded by the French team amounted to €466k, down 5% compared to 2018, mainly due to two shopping areas where sales representatives were replaced. The other 6 delivered an average performance of 15%.

¹ Source Company

Direct distributions in Germany and the United Kingdom generated sales of €84k compared to €28k in 2018 without the contribution of new salespeople recruited in the quarter, 2 per country.

In the Rest of the World, sales increased by +28% thanks to the commercial launch of the SteriSpine PS range in Japan, following the approval published on 23 April 2019. Internationally, sales generated by indirect distribution amounted to €266k compared with €337k in 2018 (after restatement of the United Kingdom).

Gross cash and cash equivalents at 31 March 2019

At the end of the first quarter of 2019, Safe Orthopaedics' gross cash position was €2.46 million, compared with €1.9 million at 31 March 2018. In addition, the Company has additional sources of financing that are always available, for an amount of €3.3 million.

Key upcoming dates in the financial calendar

- General Shareholders' Meeting, Friday, June 7, 2019
- 2nd quarter 2019 revenue, Wednesday 10 July 2019 (after market close)

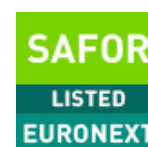
About Safe Orthopaedics

Founded in 2010, Safe Orthopaedics is a French medical technology company that offers the safest technologies to treat spinal fractures. 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 50 employees.

For more information: www.SafeOrthopaedics.com

Contacts

Safe Orthopaedics
François-Henri Reynaud
CFO
Phone: +33 (0)1 34 21 50 00
investors@safeorthopaedics.com



Investor Relations

NewCap
Mathilde Bohin
Phone: +33 (0)1 44 71 94 94 / SafeOrtho@newcap.eu

Press Relations

Ulysse Communication
Bruno Arabian / +33 (0)6 87 88 47 26 / barabian@ulyse-communication.com
Nicolas Daniels / +33 (0)6 63 66 59 22 / ndaniels@ulyse-communication.com