

## Safe Orthopaedics: slight growth of the turnover for the first quarter of 2020 despite the Covid-19 sanitary crisis

- ▶ Sales amount to 1,079 M€ for Q1 T1 2020 versus 1,078 M€ a year earlier
- ▶ Over January-February, 9% growth of the direct and indirect sales. From March 2020, slowdown of the sales and financial measures taken to handle sanitary crisis.

Éragny-sur-Oise, France, April 8 2020, 18h15 CEST – Safe Orthopaedics (FR0013467123 - ALSAF), a company specialized in the design and marketing of ready-to-use technologies for spinal surgeries, delivering the safest treatment of spinal fractures urgently treated, announces its turnover for the first quarter of 2020.

### Turnover for the first quarter of 2020 : 1,1 M€

<i>in thousands of euros</i>	Q1 2020 <i>(3 months)</i>	Q1 2019 <i>(3 months)</i>	Growth
Direct sales	528	550	-4%
Indirect sales	551	527	+5 %
<b>Total revenues</b>	<b>1,079</b>	<b>1,078</b>	

During the reporting period, direct sales declined by 4% compared to 2019, mainly because of the sanitary crisis in Europe and the postponement of non-urgent surgeries. In France, sales amount to 416k€, down 11% compared to the first quarter of 2019. Germany and the United Kingdom sales amount to 112k€ versus 84k€ in 2019, an increase of more than 33%, despite a reduction of surgeries performed due to the sanitary context in the United-Kingdom since mid-February and mid-March in Germany.

In the rest of the world, sales grew by 5%, in the context of multiregional sales progressively impacted from East to West by Covid-19 (Asia-Pacific, Europe, America). Sales through the historical distributors network grew up to 306 k€, an increase of 15%, and in Japan to 245 k€, where surgeries have been impacted since the beginning of February by Covid-19, but sales buoyed thanks to the homologation and the delivery of SteriSpine™ PS 2<sup>nd</sup> Generation announced by press release on March 31<sup>st</sup>, 2020.

<i>In thousands of euros</i>	Jan-Feb 2020	Variation vs Jan-Feb 2019	March 2020	Variation vs March 2019
Direct sales	379	+5%	149	-21%
Indirect sales	220	+17%	332	-2%
<b>Total revenues</b>	<b>599</b>	<b>+9%</b>	<b>481</b>	<b>-9%</b>

On an international scale, growing from East (China and other Asian countries) to West (Europe and America), the Covid-19 sanitary crisis impacted the hospitals, which mainly focused on treatments for infected people, systematically postponing the non-urgent spine surgeries from the beginning of March 2020.

In January and February 2020, direct sales grew by 9%. The postponing of surgeries began on mid-February in the United-Kingdom, then on the beginning of March in France and in Germany. Sales have since been maintained by urgent surgeries such as vertebral fractures and other serious pathologies.

Regarding indirect distribution, a similar trend appears: the sales for the first two months of 2020 show a growth of 17% versus the first two months of 2019, then showed a net slowdown in March. Beyond the stock replenishment after surgery, the growth is driven by additional orders linked to the stock constitution of SteriSpine™ PS 2<sup>nd</sup> Generation for the Japanese partner.

*"2020 began with good commercial performances on a global scale with our distributors, but also with a rediscovered growth on our three direct countries (France, England and Germany). This was thanks to the restructuration of our commercial teams, initiated in 2019, and the nomination of Nikolaus Beyer as Chief Commercial Officer. Furthermore, the commercial launch of SteriSpine™ PS 2<sup>nd</sup> Generation has already boosted our sales for the first quarter, a trend that should continue during the coming quarters, with the replacement of the stocks of direct clients and the deliveries for all our distributors" explained Pierre Dumouchel, Chief Executive Officer of Safe Orthopaedics. "However, the Covid-19 sanitary crisis that impacts all of our industry, will restrict surgeries for the following months. Thus, the Company has made every financial effort to get through this crisis as serenely as possible. Our teams prepare for a significant number of surgeries after the lift of the containments. Our ready-to-use technologies are greatly appreciated during this period for the treatment of urgent surgeries, but will be even more useful when the hospitals will have to reschedule all the postponed surgeries without having to deal with complex logistics for delivery, cleaning and sterilization. The Safe Orthopaedics team will be 100% remobilized to support its customers for the return to normal activity."*

### Financial measures for Covid-19 pandemic

In view of the impact of the reorganization of health services for the treatment of the pandemic in direct distribution countries, and the impossibility to access to hospitals, the company is prepared to go through a period of strong decrease in sales for the 2<sup>nd</sup> quarter of 2020 and is prepared to a progressive recovery after that period.

In this context, the sales forces of Safe Orthopaedics in France, Germany and in the United Kingdom as well as the staff of the headquarters are in partial operation -depending on the services. The Chief Executive Officer, the Head of Human Resources and the Chief Executive Officer remain operational and focused on the protection of the teams, the adaptation of the resources regarding customer's needs and continue discussions with the authorities and the different partners of the Company.

The payment of social and fiscal contributions has been adjourned, in collaboration with public authorities, as it was offered to company directly impacted by the pandemic.

All of the banking partners of Safe Orthopaedics, including BPI and the "Banque Populaire" group have decided to delay the reimbursement of loan maturities and leasing maturities until end of September 2020.

The support of the lessor of the premises of the headquarters allowed to adapt the modalities for payment as it was suggested by the Government in March 2020.

Furthermore, Safe Orthopaedics should soon cash the research tax credit for an amount of 250 k€.

Finally, Safe Orthopaedics significantly reduced its purchases with its suppliers. Only the investments for SteriSpine™ PS 2<sup>nd</sup> Generation stocks are maintained in order for the distributors and all of the hospitals to benefit from it after the Covid-19 pandemic. This will allow to boost the restart of spine surgeries thanks to always available and sterile surgical kits, without sterilization logistics.

### Cash-flow

At the end of the first quarter of 2020, the cash position of Safe Orthopaedics amounted to 0,54 M€. Since July 2019, the company entered into a financing agreement of 12,45 M€, which remains on schedule. The balance of the financing amounts today to 8,1 M€.

### Financial calendar

- Publication of 2019 annual results (URD + PR): April, 28 2020
- Publication of Q2 revenues: July 9, 2020

### About Safe Orthopaedics

Founded in 2010, Safe Orthopaedics is a French medical technology company, a pioneer of the design and marketing of innovative ready-to-use technologies (single-use implants and instruments) for spinal diseases, delivering the safest treatment of spinal fractures. The technologies include sterile implants and ready-to-use instruments available to the surgeon at anytime and anywhere, enabling minimally invasive approaches, reducing the risks of cross contamination and infection in the interest of the patient. Protected by 17 patent families, the SteriSpine™ Kits are CE marked, FDA and CFDA approved. Safe Orthopaedics, has its headquarter close to Paris (95610 Eragny-Sur-Oise - France) and has created a subsidiary in the UK, Germany and in the US, employing around 50 employees for a total sales of 4.7M€ in 2019.

For more information: [www.SafeOrthopaedics.com](http://www.SafeOrthopaedics.com)

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