Safe Orthopaedics reports its full-year results for 2016

€1.1 million improvement in operating performance before non-recurring items

Tight cost control and acceleration in business development

Eragny-sur-Oise, France, April 28, 2017, 18:00 CEST – SAFE ORTHOPAEDICS (FR0012452746 – SAFOR), a company offering an innovative range of sterile implants combined with their single-use instruments for spinal surgery, has today reported its full-year results for 2016.

Audit procedures of the FY 2016 financial statements are being performed, and Safe Orthopaedics' annual financial report will be available in the Investors > Documentation > Documents and Publications section of the Company's website (www.SafeOrtho.com) from April 29, 2017.

in thousands of euros *financial statements under audit, report non-issued*	FY 2016	FY 2015
Revenues	**2,365**	**2,498**
Purchases used and change in inventories	(1,559)	(2,023)
External costs	(2,820)	(2,682)
Personnel costs	(3,633)	(3,903)
Taxes	(70)	(59)
Depreciation, amortization and charges to provisions	(162)	(883)
Other operating income/(expense)	(224)	(167)
Operating income/(loss) before non-recurring items	**(6,104)**	**(7,218)**
Other income/(expense)	(183)	-
Operating income/(loss)	**(6,287)**	**(7,218)**
Net financial income	282	656
Net income	**(6,005)**	**(6,566)**

€1.1 million improvement in operating performance before non-recurring items

FY 2016 revenues declined slightly to €2.4 million. Even so, when adjusted for the operations in the United States discontinued effective March 1, 2016, Safe Orthopaedics' revenues grew 10% to €2.3 million from €2.1 million in FY 2015.

Revenues continued to grow in France, rising 16% to €1.2 million in 2016 despite its limited sales and marketing resources. The refocusing drive launched in the first quarter led to the reassignment of certain sales and marketing resources to the region, with new sales staff hired in the second half of the year. Although they did not contribute to FY 2016 revenues, these new staff should have a positive impact in 2017, especially following the recent listing of Safe Orthopaedics' products in AP-HP's 39 hospitals in the Paris region, which account for roughly one-quarter of the French market[1].

[1] Source: Company

In the Rest of the World (excluding the United States), revenue growth was fairly sedate during FY 2016 (+3%). The recent launch of sales and marketing operations in Germany should boost the Company's growth in 2017.

Following the withdrawal from the United States in 2016, Safe Orthopaedics unlocked various savings, which led to a €1.1 million improvement in operating performance before non-recurring items.

After the decline in net financial income due to a negative foreign exchange impact, the FY 2016 net loss totaled €6.0 million versus a loss of €6.6 million in FY 2015.

Reduced cash consumption and financial position

Following its withdrawal from the United States in March 2016, Safe Orthopaedics set about reducing its cash consumption so that it could invest more in expanding its sales and marketing operations, chiefly in France, Germany and other European and emerging markets.

As a result, it used €5.8 million in cash in FY 2016, down from €6.5 million in 2015. Safe Orthopaedics' net cash[2] at December 31, 2016 stood at €2.7 million, compared with €5.9 million at December 31, 2015.

During 2017, based on its projections, the Company will need to attract new financing in order to fulfill its funding requirements.

The company is working on several scenarios:

- A round of fundraising take the form of a capital increase, public or private, or the issuance of bonds, convertible or not
- The use of drawings on the Yorkville OCABSA program or on the Pacéo (currently suspended).

No decision has been made between these scenarios at this stage. However, the Board of April 20th 2017 has approved the principle of a round of fundraising. Some historical shareholders of the Company, including funds managed by Kurma Partners, have signaled their interest in a participation in this transaction, if it were launched by the Company, at a level of 1M€, in the shape of subscriptions and/or guarantees, the format of which would be adapted to the type of transaction, it being understood that this expression of interest does not equate to a commitment on their part.

The accounts of the Company have therefore been established, in this context, by applying the business continuity principle.

However, even though the Company estimates that based on its track record and discussions carried out to date, it is likely that this refinancing would be completed, there subsists in fact an uncertainty regarding its business continuity.

Acceleration in business development and Outlook

During 2016 and since the beginning of 2017, Safe Orthopaedics has continued its realignment from an R&D-oriented company to one focused in priority on marketing its innovative technologies and delivering sales growth.

By strengthening its sales and marketing teams, which now account for over one-third of its headcount, Safe Orthopaedics intends to maintain this momentum. Following the recent hires of very experienced

[2] Net cash represents cash and cash equivalents less short-term debt

managers, such as Jochen Esser (Head of Sales Germany, see press release dated March 6, 2017) and Pascale Davis (Global Head of Marketing, see press release dated April 24, 2017), Safe Orthopaedics plans to recruit additional talents in its priority markets during 2017.

"2016 marked a change in Safe Orthopaedics' strategy. Thanks to our decision to withdraw from the United States to refocus in priority on the European market, we successfully managed to reduce our cash consumption in less than a year, while also delivering growth, as demonstrated by our fourth-quarter 2016 performance," **said Pierre Dumouchel, Chief Executive Officer of Safe Orthopaedics since March 2016.** *"I intend to keep moving firmly in the same direction during 2017. AP-HP's recent decision to list our products and the commercial launch of our product range in Germany, Europe's largest market by far, have made me even more confident in our ability to maintain a solid pace of growth and further improve our financial performance in the current year."*

Next financial release: First-quarter 2017 revenues: May 9, 2017 (before the market opens)

About Safe Orthopaedics

Founded in 2010, Safe Orthopaedics is a French medical technology company that aims to make spinal surgeries safer by using sterile implants and associated single-use instruments. Through this approach, these products eliminate all risk of contamination, reduce infection risks and facilitate a minimally-invasive approach for trauma and degenerative pathologies—benefiting patients. Protected by 17 patent families, the SteriSpine^{TM} kits are CE-marked and FDA approved. The company is based at Eragny-sur-Oise (Val d'Oise department), and has 30 employees.

For more information, visit: www.SafeOrtho.com

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