



Safe group announces 2022 results

- ▶ 2022 sales up +29% to €5.9m
- ▶ Gross margin improvement of +5%
- ▶ Improvement in operating income recurring +19%

Éragny-sur-Oise, Fleurieux-sur-l'Arbresle, May 5th, 2023 at 5:45 p.m. CET - Safe (FR001400F1V2 - ALSAF), a company specializing in the design, manufacture and marketing of ready-to-use technologies for back surgery, particularly safe for spinal fractures treated in emergency (the "Company") announces its yearly financial results for 2022.

Safe group's 2022 Annual Financial Report will be available on the Company's website (www.SafeOrthopaedics.com) under Investors > Documentation > Regulated Information by mid-June 2023.

| Consolidated accounts – In thousands euros – IFRS | 31/12/2022 | 31/12/2021 | 22/21 | 31/12/2020 | 21/20 |
|---|----------------|----------------|-------------|----------------|-------------|
| Revenues - Direct sales | 2 639 | 1 775 | | 1 647 | +8% |
| Revenues - Indirect sales | 1 056 | 990 | | 1 623 | -39% |
| Revenues - Production subcontracting sales | 2 166 | 1 791 | +21% | 415 | +332% |
| Total Revenues | 5 861 | 4 556 | +29% | 3 685 | +24% |
| Cost of goods sold and inventory variation | (2 011) | (1 985) | -1% | (2 259) | +12% |
| % Gross margin | 61% | 56% | +10% | 39% | +18% |
| External loads | (2 482) | (2 561) | +5% | (2 081) | -23% |
| Human resources expenses | (6 655) | (6 693) | +1% | (5 443) | -23% |
| Other operating expenses | (935) | (966) | +3% | (569) | -70% |
| Recurring operating income | (6 223) | (7 650) | +19% | (6 667) | -15% |
| Other operating income and expenses | 204 | 85 | | 1 | |
| Operating income | (6 019) | (7 566) | +21% | (6 666) | -13% |
| Financial result | (2 659) | 875 | -404% | -1 640 | |
| Net income | (8 477) | (6 691) | -27% | (8 306) | +19% |

* Audited IFRS accounts.

In 2022, Group sales reached €5,861 K, up 29%, driven mainly by strong growth in direct sales by Safe Orthopaedics, up 43%, and subcontracted production sales by Safe medical, up 21%.

Direct sales by Safe Orthopaedics rose by 49% to €2,639,000, with significant increases in France (+21%), the UK (+25%) and the USA (€653,000). The contribution of the new Sycamore and Hickory technologies is still limited, given their controlled release in 2022 in the Franco-German zone, and their reinforced clinical follow-up.

Safe Orthopaedics' indirect sales rose by 7% to €1,056 K, held back by the still fragile financial resources of certain distributors who are suffering the post-Covid financial consequences.

Safe medical's sales growth, up 21% on 2021, is its strongest since its integration, by focusing on its most significant partners. It should be noted that Safe medical's internalization of Safe Orthopaedics kit production has been finalized for 2022, and will ensure margin control and working capital requirements correlated with Safe Orthopaedics sales growth.



The improvement in margins (+10%) and operating income recurring (+19%) is directly linked to the integration of production within the Group.

SteriSpine™ technologies have been fully produced at Safe Medical since the third quarter of 2022. The 2023 and 2024 financial years will enable us to achieve maximum gross margin, optimized production lead times and working capital requirements. The Group specifies that over the 2022 period, inventories of finished products and components have been increased to meet the need for growth and the possible risks of supply disruptions, linked to the health crisis and global raw materials tensions.

The weight of external and operating expenses on sales has been reduced by 20%, despite the fact that the Group has invested in industrial, clinical, quality and regulatory affairs in order to meet the new European MDR (Medical Device Regulation) requirements and demonstrate Sycamore's specific clinical benefits.

Personnel costs are stable, despite the Group's 29% growth. The Safe Orthopaedics workforce has been optimized in line with sales targets, in order to improve sales contribution and meet the objective of breaking even within the next 24 to 36 months.

In 2022, net income will be impacted by financial income reflecting financing penalties related to the issue of shares below par value. Net income stands at -€8.4.

"The year 2022 is marked by the growth of both Safe group companies and the improvement in our operating profit thanks to the integration of in-house production. The 100th surgeries performed with each of our new Sycamore and SORA technologies are equally promising milestones" comments Pierre Dumouchel, Chairman and CEO of the Safe group. "In 2023, we will continue to optimize our operating costs and our group structure. Providing quality service to our customers thanks to our ready-to-use technologies and ensuring our commercial growth remain our priorities, through the performance of our direct sales forces, our distributors and the search for strategic partnerships."

Cash flow

The Group's cash position stood at 303 k€ at December 31, 2022.

As a reminder, a €30m financing program was signed with Alpha Blue Ocean on March 14, 2023. A reminder of the inherent risks, and in particular its highly dilutive potential, can be found in the press release published on March 14, 2023, available on the company's website.



About Safe Group

Safe Group is a French medical technology group that brings together Safe Orthopaedics, a pioneer in ready-to-use technologies for spine pathologies, and Safe Medical (formerly LCI Medical), a medical device subcontractor for orthopaedic surgery. The group employs approximately 150 people.

Safe Orthopaedics develops and manufactures kits combining sterile implants and single-use instruments, available at any time to the surgeon. These technologies are part of a minimally invasive approach aimed at reducing the risks of contamination and infection, in the interest of the patient and with a positive impact on hospitalization times and costs. Protected by 18 patent families, SteriSpine™ kits are CE marked and FDA approved. Safe Orthopaedics is headquartered in the Paris region (95610 Eragny-sur-Oise) and has subsidiaries in the United Kingdom, Germany, the United States, and the Lyon region (Fleurieux-sur-l'Arbresle).

For more information: <http://www.safeorthopaedics.com/>

Safe Medical produces implantable medical devices and ready-to-use instruments. It has an innovation center and two production sites in France (Fleurieux-sur-l'Arbresle, 69210) and in Tunisia, offering numerous industrial services: design, industrialization, machining, finishing and sterile packaging. Supported by the French stimulus plan in 2020, the company invests in additive printing and will be operational in 2022 on this new technology.

For more information: <http://www.safemedical.fr/>

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