



Issuance by Safe Orthopaedics of new ordinary shares as compensation for the contribution of shares of the company LCI Medical

- Final acquisition of 100% of the shares of LCI medical validated by the General Meeting held today

Eragny-sur-Oise, France, August 4th, 2020, 18h00 CEST – Safe Orthopaedics (FR0013467123 - ALSAF), a company specializing in the design and marketing of ready-to-use technologies for spinal surgeries, delivering the safest treatment of spinal fractures urgently treated, presents today the terms and conditions of the acquisition of the company LCI Medical.

On May 6th, 2020, Safe Orthopaedics announced it had entered into exclusive negotiations for the acquisition of the company LCI Medical, manufacturer of medical devices and historical and strategic supplier of Sage Orthopaedics. The acquisition of the totality of the securities of LCI Medical required payment in cash and in Safe Orthopaedics' shares.

The Board of Director of Safe Orthopaedics approved on June 12th, 2020, this transaction and thus authorized the Chief Executive Officer to sign the share sale agreement and the contribution agreement, and has given its consent on the proposed capital increase as compensation for the contribution of shares of the company LCI Medical.

On June 16th, 2020, Safe Orthopaedics confirmed the acquisition of LCI Medical, materialized through the signing of (i) a share sale agreement for 3.672 shares of LCI Medical upon payment on cash, subject to conditions precedent (the “**Sale**”) and (ii) a in-kind contribution agreement whereby Jean-Marc Feige committed to the contribution of the 328 remaining shares as compensation for the delivery of Safe Orthopaedics' securities (the “**Contribution**”).

On July 27th, 2020, Safe Orthopaedics announced the acquisition of 92% of LCI Medical shares from the associates of LCI Medical upon payment in cash.

The approval of the Contribution by the shareholders of Safe Orthopaedics has been postponed to August 4th, 2020, for lack of quorum for the holding of the Combined Annual General Assembly on July 24th, 2020. The Combined Annual General Meeting of the shareholders of the Company approved today the contribution in kind, its contribution and the resulting capital increase.

The terms and conditions of the Contribution are detailed below.



Reasons for the transaction

The Contribution of LCI Medical shares will allow Safe Orthopaedics to acquire 100 % of the share capital and of the voting rights of LCI Medical.

Parties to the Contribution

Issuer – Beneficiary of the Contribution

Safe Orthopaedics

Contributor

Jean-Marc Feige

Before the Sale, Jean-Marc Feige controlled and was the Chairman of LCI Medical.

Company whose securities are being contributed

LCI Medical, société par actions simplifiée, whose head office is located 80, rue de Montepy – Zone artisanale de Montepy – 69210 Fleurieux-sur-l'Arbresle, registered under the trade and companies register of Lyon under number 511 813 123.

Relationship between Safe Orthopaedics and LCI Medical

Since the achievement of the Sale, Safe Orthopaedics is the majority shareholder of LCI Medical, with 92% of the share capital and voting rights of the company.

Pierre Dumouchel, Chief Executive Officer and François-Henri, Chief Financial Officer of Safe Orthopaedics have been respectively appointed Chairman and Director General of LCI Medical.

Shares of the Contribution

The shares subject to the Contribution, being 328 shares, numbered from 1.926 to 2.253, constitute 8,2 % of the share capital and voting rights of the company LCI Medical (the “**Contributed Shares**”) and are fully provided by Jean-Marc Feige.

Contribution Plan

The Contribution is made under the common law system of contributions in kind, as defined by the provisions of article L225-147 of the French Commercial Code.

Valuation of the Contribution

The Contributed Shares were estimated to the global amount of 214.380,80 €, which can reach the maximal total value of 489.330,80 €, depending on the growth of the turnover of LCI Medical, exclusive of the sales achieved with Safe Orthopaedics and the company Top Clean Injection (482 263 605 RCS Clermont-Ferrand) in the 12 months following the final completion of the Contribution (respectively, the “**Turnover Exclusive SO**” and the “**Reference Period**”).



The exchange ratio is the result of the negotiations of the parties to the contribution agreement dated June 15th, 2020. LCI Medical was mainly valued on the basis of its turnovers and namely on the turnover expectations for the period ended June 30th, 2020, with a multiple of 1,3; the past profitability of LCI Medical has also been taken into account as well as its expected future incomes. The same methods (and namely the same multiple of turnover), combined with those of comparable companies, transaction multiples, the impact of dilutive instruments and the fiscal impacts have been applied to Safe Orthopaedics.

Compensation of the Contribution – Amount of the capital increase of Safe Orthopaedics

Under the contribution agreement, the Contributed shares are provided by Jean-Marc Feige, in return for a payment, in new ordinary shares of Safe Orthopaedics, of an initial compensation on the date of the final completion of the Contribution and, depending of the additional value resulting from the growth of the Turnover Exclusive SO of LCI Medical on the Reference Period, of an additional compensation, through the exercise of share subscription warrants allocated to Jean-Marc Feige on the date of the final completion of the Contribution.

Safe Orthopaedics announced today the issuance of 267.194 new ordinary shares, with a nominal value of 0,10 € each, representing a share capital increase with a total nominal value of 26.719,40 €, amounting to a capital increase, contribution premium included, of 213.755,20 €.

343.536 share subscription warrants have also been issued on this date, in order to secure payment of the additional compensation for the Contribution, those warrants giving the right to subscribe to a total amount of 343.536 new ordinary shares with a nominal value of 0,10 € each, representing a share capital increase with a total nominal value of 34.353,60 €, amounting to a capital increase, contribution premium included, of 274.828,80 €.

An admission request for the 267.194 new ordinary shares issued today to be traded on the Euronext Growth market will be made and will be admitted to trading on the same quotation line as the existing shares of Safe Orthopaedics. They will be assimilated to the existing ordinary shares and subject to all statutory requirements of Safe Orthopaedics.

The shareholder owning 1 % of the share capital of Safe Orthopaedics before the Contribution will own 0,98 % of the share capital of Safe Orthopaedics after the issuance of the 267.194 new ordinary shares.

The shares issued as compensation for the Contribution will be covered by a commitment to retain the shares for six (6) months as from their issuance.

Assessment of the value and compensation for the Contribution

Under article L225-147 of the French Commercial Code and the AMF position-recommendation n°2011-11 of July 21st, 2011 (repealed since June 17th, 2020), the firm BM&A, represented by Pierre Béal, was designated as contribution auditor (the “**Contribution Auditor**”) by order of the President of the Commercial Court of Pontoise on May 26th, 2020, in order to assess, under his responsibility, the value of the Contribution and, if need be, the special benefits and to control the compensation of the Contribution for purposes of assessing the equity of the exchange ratio.

The reports of the Contribution Auditor were deposited at the head office on June 30th, 2020 and deposited at the clerk of the Commercial Court of Pontoise on July 7th, 2020.



- *Conclusion of the Contribution Auditor on the value of the Contribution*

In his report on the value of the Contribution dated June 30th, 2020, the Contribution Auditor wrote that *“On the basis of our work and on the date of this report, we are of the opinion that the value of the contributions, of 213.755,20 € is not over-estimated, and, consequently, is at least equal to the amount of the capital increase of the company resulting from the contribution plus the contribution share premium.”*

- *Conclusion of the Contribution Auditor on the compensation for the Contribution*

In his report on the compensation for the Contribution, the Contribution Auditor wrote that *“On the basis of our work and on the date of this report, we are of the opinion that the compensation for the Contribution of the issuance of 267.194 Safe Orthopaedics shares and 343.536 free Safe Orthopaedics share subscription warrants, potentially resulting in the issuance of a maximum amount of 343.536 additional Safe Orthopaedics shares, is fair.”*

To the extent that the securities of Safe Orthopaedics to be issued as compensation for the Contribution represent less than 10% of the number of securities under the same category already traded on the Euronext Growth market, the transaction is not subject to the visa from the AMF under article 15 of the AMF instruction n°2019-21 dated December 6th, 2019.

Next financial release:

First semester 2020 results, September 28th, 2020 (post-market)

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 any time 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

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