



## Safe group announces its first semester financial results and Q3 sales

- ▶ H1 revenues up 30.4% compared to H1 2021
- ▶ ▶ EBITDA up 25% compared to H1 2021
- ▶ ▶ Q3 sales up 19%

Eragny-sur-Oise, France, October 6<sup>th</sup>, 2022, 8:30 CET – Safe (FR0013467123 – ALSAF), a company specializing in the design, manufacturing, and marketing of single-use technologies for spinal surgeries, publishes its financial results for the six months ended June 30, 2022 as approved by the Board of Directors on October 5, 2022 and certified by the statutory auditors, as well as its revenues for the third quarter of 2022.

### Financial results for the first semester 2022

Safe's 2022 half-year financial report will be available on the Company's website ([www.safeorthopaedics.com](http://www.safeorthopaedics.com)) by October 30, 2022 under the heading Investors > Documentation > Regulated Information.

| <i>In thousands of euros – IFRS standard*</i>               | <b>30/06/2022</b> | <b>30/06/2021</b> |               |
|---|-------------------|-------------------|---------------|
| Revenues – Direct sales                                     | 1 114             | 773               |               |
| Revenues – Indirect sales                                   | 560               | 556               |               |
| Revenues - Production subcontracting                        | 1 071             | 776               |               |
| <b>Adjusted total revenues</b>                              | <b>2 745</b>      | <b>2 105</b>      | <b>+30,4%</b> |
| Other income  | 15                | 4                 |               |
| Purchases used and changes in inventories                   | (994)             | (1 425)           |               |
| External costs  | (987)             | (973)             |               |
| Personnel costs   | (3 490)           | (3 341)           |               |
| Other operating expenses                                    | (765)             | (377)             |               |
| <b>Operating income / (loss) before non-recurring items</b> | <b>(3 478)</b>    | <b>(4 006)</b>    | <b>+13,2%</b> |
| Other operating income (expenses)                           | 43                | (6)               |               |
| <b>Operating income / (loss)</b>                            | <b>(3 434)</b>    | <b>(4 012)</b>    | <b>+14,4%</b> |
| Financial income / (loss)                                   | (464)             | (204)             |               |
| <b>Net income / (loss)</b>                                  | <b>(3 897)</b>    | <b>(4 216)</b>    | <b>+7,5%</b>  |

\* Audited accounts

Revenues of €2,760 thousand (including other revenues of €15 thousand and post IFRS15 impact of €80 thousand), up 31%, were driven by double-digit growth: 27% for Safe Orthopaedics and 38% for Safe medical. Safe Orthopaedics' growth was driven by its direct sales activity in the United States and France, despite the fact that sales resources were optimized for the French sales force, and by stable indirect sales (up 26% on the first half of 2021).

Safe Medical's growth is explained by increased orders and a strong commercial dynamic to which historical customers are entrusting more and more integrated projects (+38% compared with the first half of 2021);



Purchases were down thanks to a positive change in inventory, due in particular to the increase in inventory to serve US growth, support the clinicpartner contract and the international rollout of Hickory and Sycamore products.

Personnel expenses were stable compared to H1 2021, as were external expenses, the stability of which is linked to the implementation of internal budget management tools and the decrease in consulting fees offset by the increase in fees related to clinical studies.

Other operating expenses were up by €388 thousand due to the impact of depreciation charges (purchase of new production machines and their qualification at Safe Medical at the end of 2021/beginning of 2022) and charges to provisions related to current assets (inventory, trade receivables). As previously communicated, the Group has internalized all its production and expects a relative decrease in external expenses.

It should be noted that EBITDA for the first half of 2022 is equal to €2,778k, an improvement of 25% compared to the first half of 2021 when it was €3,706k.

### Third quarter 2022 revenues

| <i>In thousands euros</i> | Q3 2022<br><i>(3 months)</i> |             | Q3 2021<br><i>(3 months)</i> | 9M 2022      |             | 9M 2021      |
|---------------------------|------------------------------|-------------|------------------------------|--------------|-------------|--------------|
| Direct Sales              | 707                          | +40%        | 506                          | 1 887        | +43%        | 1 318        |
| Indirect Sales            | 249                          | +0%         | 248                          | 808          | +1%         | 804          |
| Subcontracting Sales      | 441                          | +5%         | 420                          | 1 543        | +26%        | 1 221        |
| <b>Total Sales</b>        | <b>1 397</b>                 | <b>+19%</b> | <b>1 174</b>                 | <b>4 238</b> | <b>+27%</b> | <b>3 342</b> |

*\*Unaudited. Excluding IFRS 15*

In the third quarter, the Group grew by 27% in the Safe Orthopaedics perimeter and by 5% in the Safe Medical perimeter.

As in the previous three quarters, Safe Orthopaedics achieved double-digit growth, driven by direct sales in the United States and France.

Direct quarterly sales are up sharply, led by US sales at €212 thousand and French sales at €380 thousand, up 23% on the previous year. Since the beginning of the year, a strong recovery of 43% has been noted in direct sales areas compared to the previous year.

Indirect quarterly sales are stable compared to last year, reflecting the cautious recovery of distributors in all geographies.

Sales of subcontracted production (Safe Medical) were up sharply by 26% over 9 months to €1,543k.

As a reminder, in the first, second and third quarters, Safe Medical had announced sales growth of 26%, 48% and 5% respectively. Indeed, at the request of its customers, the company had delivered products before the summer shutdown of the factory, thus explaining the strong growth in the second quarter and contained growth in the third quarter.

The cleanrooms generated their first third-party sales in the first half of the year.

*"Our first half of 2022 shows double-digit commercial growth in both our Safe Orthopaedics and Safe Medical entities as well as a 25% improvement in our EBITDA at the consolidated group level. Today, we are announcing a third quarter in line with the previous ones. The Group's latest news, fully integrated production and the partnership with Wenzel Spine, are important milestones to continue to improve our financial results in the coming quarters and reinforce our potential to innovate in the global market" commented Pierre Dumouchel, President and CEO of the Safe Group. "We are aware that the Group's financing and the international financial crisis are weighing heavily on the share price. However, we remain focused on our commercial execution and are working on opportunities to achieve financial balance as quickly as possible, which is essential to the revaluation of our group."*



### Cash position

At June 30, 2022, the Group's audited cash position amounted to €0.2 million, compared with €3.9 million at the end of June 2021. As a reminder, the remaining balance of the financing to be received amounts to a maximum of €2.4 million.

It is reminded that the press release published on December 10, 2021 lists the risks related to the financing, including the risk of dilution induced by the financing by convertible bonds.

The impact of the share issues linked to the conversion of the OCEANE bonds under the said financing program on the investment of a shareholder holding 1% of the Company's share capital on the launch date of the program, December 9, 2021 (on the basis of the number of shares making up the Company's share capital as at December 9, 2021, i.e. 54,113,396 shares) is summarized below:

|  | Total number of shares | Participation de l'actionnaire |                              |
|--|------------------------|--------------------------------|------------------------------|
|  |                        | Non-diluted basis              | Diluted basis <sup>(1)</sup> |
| Before issue   | 54.113.396             | 1,00%                          | 0,99%                        |
| Dilution at current date (after issuance of 187,632,338 shares resulting from the conversion of the OCEANES)     | 241.753.024            | 0,22%                          | 0,22%                        |
| Final dilution, after issue of 240,000,000 new shares resulting from the conversion of the OCEANE <sup>(2)</sup> | 481.753.024            | 0,11%                          | 0,11%                        |

(1) The diluted basis takes into account the exercise of all existing dilutive instruments as of December 9, 2021, which could result in the creation of a maximum of 581,599 new shares.

(2) Theoretical calculations made on the basis of a conversion carried out on the basis of the nominal amount of the company's share, i.e. 0.01 euro.

### Next financial publication

Convenience notice of an extraordinary shareholders meeting, October 10, 2022 (after market close)  
Second-half 2022 revenues, January 10, 2023 (after market close)



### **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/>

### **Contacts**

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