



## COMMUNIQUE DE PRESSE

## Safe Orthopaedics announces the issuance of a new tranche of OCABSA representing a total debt debenture of 500,000 euros

Eragny-sur-Oise, France, May 24, 2016 – SAFE ORTHOPAEDICS (FR0012452746 – SAFOR), a company offering innovative ranges of sterile implants combined with their single-use instruments for back surgery, announces the issuance, on May 23, 2016, of a second tranche of OCABSA<sub>YORKVILLE</sub> under the agreement dated April 27, 2016 with YA II CD, Ltd<sup>1</sup>.

This second tranche corresponds to 50 convertible notes with a nominal value of 10,000 euros each, representing a total debt debenture of 500,000 euros, with warrants attached.

In order to proceed with this issuance before the next general shareholders' meeting, an amendment to the agreement dated April 27, 2016 has been signed on May 23, 2016 with YA II CD, Ltd.

Pursuant to such amended agreement, the main characteristics of the OCABSA<sub>YORKVILLE</sub> are as detailed below.

As mentioned in its April 28, 2016 press release, the cash position of Safe Orthopaedics was at 4.15 million euros. Moreover, on April 28, 2016, Safe Orthopaedics received subscription commitments for a total amount of 2.1 million euros (of which 1.2 million euros have already been subscribed as of the date hereof; the remainder of 900,000 euros is to be subscribed following the approval of the next shareholders' meeting).

This new tranche of OCABSA<sub>YORKVILLE</sub> reinforces the cash position of Safe Orthopaedics.

### Main characteristics of the notes with warrants issued to Yorkville (OCABSA<sub>YORKVILLE</sub>)

The OCABSA<sub>YORKVILLE</sub> could be issued in several successive tranches, upon the exercise of tranche warrants issued free of charge by Safe Orthopaedics (the "**Tranche Warrants**"). If the Tranche Warrants are exercised by Safe Orthopaedics, holders of the Tranche Warrants must, subject to the satisfaction of certain conditions, subscribe to a tranche of OCABSA<sub>YORKVILLE</sub>.

50 Tranche Warrants under the first tranche, representing a total debt debenture of 500,000 euros, have already been issued on April 28, 2016. The convertible notes have been converted in 290,696 new shares on May 11 and May 12, 2016.

50 Tranche Warrants under the second tranche, representing a total debt debenture of 500,000 euros, have been issued on May 23, 2016, under the 17<sup>th</sup> and 19<sup>th</sup> resolutions of the January 9, 2015 shareholders' meeting. These 50 Tranche Warrants have already been exercised by Safe Orthopaedics.

400 Tranche Warrants may further be issued, should the next shareholders' meeting approve such issuance.

Should the 500 Tranche Warrants be exercised by Safe Orthopaedics, the maximum total bond debenture will be 5.0 million euros.

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<sup>1</sup> See the April 28, 2016 press release.



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It being specified that the issuance will not give rise to the filing of a prospectus with the AMF (French market regulator).

### **Main characteristics of the notes (OCA<sub>YORKVILLE</sub>)**

The OCA<sub>YORKVILLE</sub> will be issued at 97.5% of their nominal value.

They will have a maturity of 14 months as from issuance date and will not bear interest. On maturity or in case of default, the unconverted OCA<sub>YORKVILLE</sub> shall be redeemed by Safe Orthopaedics. The OCA<sub>YORKVILLE</sub> will not be subject to a request for admission to trading on the Euronext Paris market and will therefore not be listed.

As the OCA<sub>YORKVILLE</sub> of the first tranche, the OCA<sub>YORKVILLE</sub> of the second tranche may be converted into shares at any time at their holder's discretion according to the following conversion ratio:  $N = Vn / P$

“N”: number of Safe Orthopaedics new ordinary shares to be issued upon conversion of one OCA<sub>YORKVILLE</sub>;

“Vn”: nominal value of one OCA<sub>YORKVILLE</sub>;

“P”:

- 92% of the lowest daily VWAP of Safe Orthopaedics' share over the pricing period (*i.e.* those trading days during which the OCA<sub>YORKVILLE</sub> holder will not have sold shares among the ten trading days immediately preceding the conversion request of the Note) if the Tranche Warrants exceeds 500,000 euros ;
- 95% of the lowest daily VWAP of Safe Orthopaedics' share over the pricing period (*i.e.* those trading days during which the OCA<sub>YORKVILLE</sub> holder will not have sold shares among the ten trading days immediately preceding the conversion request of the Note) if the Tranche Warrants is lower or equal to 500,000 euros;

Such amount being the lowest issue price as authorized by the Shareholders' meeting of January 9, 2015 in its 17<sup>th</sup> and 19<sup>th</sup> resolutions.

### **Main characteristics of the Warrants (BSA<sub>YORKVILLE</sub>)**

The number of BSA<sub>YORKVILLE</sub> to be issued upon the issuance of each tranche of the OCABSA<sub>YORKVILLE</sub> will be such that, multiplied by the exercise price of the BSA<sub>YORKVILLE</sub> (determined as described below), the resulting amount shall be equal to the nominal amount of the Tranche Warrants, *i.e.* 500,000 euros for the second tranche of the OCABSA<sub>YORKVILLE</sub>. 240,384 BSA<sub>YORKVILLE</sub>, with an exercise price of 2.08 euros, have been issued on May 23, 2016, after the exercise of the 50 Tranche Warrants of the second tranche.

The BSA<sub>YORKVILLE</sub> will not be subject to a request for admission to trading on the Euronext Paris market and will therefore not be listed. They will be exercisable during a five-year period starting on their issuance date (the “**Exercise Period**”).

Each BSA<sub>YORKVILLE</sub> will give right to its holder, during the Exercise Period, to subscribe to one new Safe Orthopaedics' share (subject to certain potential adjustments). As for the BSA<sub>YORKVILLE</sub> of the first tranche, the exercise price of the BSA<sub>YORKVILLE</sub> of the second tranche will be equal to 115% of the average daily VWAP of Safe Orthopaedics' share over the ten trading days immediately preceding (i) issue date of the first Tranche Warrants and (ii) the exercise date of the Tranche Warrant giving rise to the issuance of the OCA<sub>YORKVILLE</sub> from which the BSA<sub>YORKVILLE</sub> are detached for the following Tranches Warrants.



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### ***New shares resulting from the conversion of OCA<sub>YORKVILLE</sub> or the exercise of BSA<sub>YORKVILLE</sub>***

New shares issued upon conversion of OCA<sub>YORKVILLE</sub> or exercise of BSA<sub>YORKVILLE</sub> will carry immediate and current dividend rights. They will carry the same rights as those attached to the existing ordinary shares of the Company and will be admitted to trading on Euronext Paris market under the same listing line (ISIN FR0012452746).

Safe Orthopaedics will publish and update on its website a table of the outstanding Tranche Warrants, OCA<sub>YORKVILLE</sub>, BSA<sub>YORKVILLE</sub> and number of shares.

### ***Yorkville's Commitments***

Until the latest of (i) the end of the commitment period of 36 months and (ii) the full conversion and/or redemption of all the outstanding OCA<sub>YORKVILLE</sub>, Yorkville committed:

- not to hold at any time a number of shares higher than 4.99% of the outstanding number of shares of the Safe Orthopaedics (except in case of Safe Orthopaedics's agreement); and
- not to request any seat at the Board of Directors of Safe Orthopaedics.

**Next publication:** 2016 Q2 revenue, July 12, 2016 (after the market closes)

### **About Safe Orthopaedics**

Founded in 2010, Safe Orthopaedics is a French medical technology company that develops and markets an innovative range of sterile implants and associated single-use surgical instruments, with the aim of facilitating safer, optimized and lower-cost spinal surgery. By avoiding the reuse of surgical instruments, Safe Orthopaedics reduces the risk of infection, avoids the cumbersome and unreliable logistics of instrument sterilization, and limits hospital costs. Protected by 17 patent families, the SteriSpine™ Kits are CE-marked and FDA cleared. The company is based at Eragny-sur-Oise (France), and has 37 employees.

For more information, visit: [www.SafeOrtho.com](http://www.SafeOrtho.com)

### **Disclaimer**

This press release contains information related to the markets where Safe Orthopaedics operates and forward-looking statements. Even though Safe Orthopaedics believes that this information and forward looking statements are based on current plans and forecasts of Safe Orthopaedics, such forward-looking statements are, by their nature, subject to a number of important risks and uncertainties that could cause actual results to differ materially from the plans, objectives and expectations expressed or implied in such forward-looking statements. A full description of the risks and uncertainties that could affect its results, financials, performance or achievements and thus lead to a change from the forward-looking statements, securities can be found in the Safe Orthopaedics's annual report and half-year report available at its website.

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With respect to Member States of the European Economic Area that have transposed European Directive 2003/71/EC of the European Parliament and European Council (as amended in particular by Directive



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2010/73/EU to the extent that the said Directive has been transposed into each Member State of the European Economic Area), no action has been taken or will be taken to permit a public offering of the securities referred to in this press release requiring the publication of a prospectus in any Member State.

This press release and the information it contains does not, and will not, constitute a public offering to subscribe for or sell, nor the solicitation of an offer to subscribe for or buy, shares of Safe Orthopaedics in the United States or any other jurisdiction where restrictions may apply. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended. Safe Orthopaedics does not intend to register securities or conduct a public offering in the United States.

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