



Conclusion of a bond financing agreement for a maximum nominal amount of eight million euros

- ▶ Conclusion of a contract for a 30-month bond financing facility (OCEANE) for a maximum nominal amount of EUR 8 million¹

Eragny-sur-Oise, Fleurieux-sur-l'Arbresle, France, December 10th, 2021 19h00 CET – Safe (FR0013467123 – ALSAF), a company specializing in the design, manufacturing and marketing of single-use technologies for spinal surgeries, delivering the safest treatment for spinal fractures urgently treated, announces the signing of a financing agreement with the Luxembourg investment fund European High Growth Opportunities Securitization Fund (the "Investor") for the set-up of a flexible bond financing line by issuance of 1.600 Tranche Warrants for bonds convertible or exchangeable into new and / or existing shares with a par value of €5,000 each (the "OCEANE"), broken down into 20 tranches of 80 OCEANEs each. The total nominal amount of the OCEANE bonds thus issued will be equal to €8 million². This contract follows the end of the OCEANE program launched with the Investor in December 2020 and which financed the Company up to approximately €8 million as well.

It is reminded that the market capitalization of the Company is approximately €17,5 million and that the establishment of this financing line by issuing OCEANE bonds, allowing a potential fundraising of a maximum amount of €7.76 million for the subscription of 1,600 OCEANEs is intended to enable Safe Orthopedics to finance:

- direct marketing in France, Germany, the UK and the USA,
- the worldwide commercial launch of Sycamore and Hickory, new technologies CE marked in 2021,
- the deployment of the SORA virtual surgical assistant,
- the deployment of new industrial services by Safe Medical

Pierre Dumouchel, Chairman and CEO of Safe Orthopedics, comments: " *the partnership with Alpha Blue Ocean has in the past enabled Safe Orthopaedics' commercial and technological development and its transformation into an industrial integrator of medical devices. This financing has been structured in monthly tranches of four hundred thousand euros with revised terms compared to the previous financing, allowing the group to continue its international expansion and its ability to innovate for better patient care.*"

It is specified that the Investor does not intend to apply for a position as director or censor on the board of directors of the Company.

¹ This amount does not take into account the various commissions and other commitment costs referred to in the paragraph "Commissions and commitment costs" below.

² See previous footnote.



Terms and legal framework of the issuance

Main characteristics of the Warrants

The OCEANE tranches will be issued upon exercise of warrants issued free of charge (the "Tranche Warrants").

The Tranche Warrants will not be listed or admitted to trading on the Euronext Growth market in Paris or on any other financial market.

The Tranche Warrants will be freely transferable to any other fund or company controlling or controlled by the Investor, but may only be transferred to a third party with the prior consent of the Company.

The Tranche Warrants oblige their holder, at the request of the Company (subject to satisfaction of certain conditions detailed in Note 1) or at the option of the Investor (subject to the suspension of the program by the Company), to subscribe to one OCEANE tranche, at the rate of one OCEANE per Tranche Warrant.

It is expected that each of the 20 tranches of 80 OCEANEs will be drawn down automatically at the end of a period of 20 trading days from the drawdown of the previous tranche (subject to the satisfaction of certain conditions detailed in Note 1).

It is specified that the Company controls the pace of the financial support offered by the Investor since it may at any time, subject to a notice period of 15 trading days, suspend (and then resume, as the case may be) the drawings.

1,600 Issue Warrants will be issued to the Investor on the basis of the twelfth resolution of the combined general meeting of 18 June 2021.

Main characteristics of the OCEANE

The nominal value per unit of the OCEANEs is equal to EUR 5,000. Each OCEANE will be subscribed for at a subscription price equal to 97% of its nominal value per unit.

The OCEANEs are freely transferable or assignable by the Investor.

The OCEANEs will not be listed or admitted to trading on the Euronext Growth market in Paris or on any other financial market.

In accordance with Article L. 225-132 of the French Commercial Code, the issuance of the Warrants and the issuance of the new shares resulting from the conversion of the OCEANEs will be carried out without preferential subscription rights.

Each OCEANE will mature twelve (12) months after its issue (the "Maturity"). In the event of non-conversion of an OCEANE before Maturity, the OCEANE will be automatically converted into shares of the Company on that date.



The OCEANEs do not bear interest. However, in the event of an event of default³, the outstanding OCEANEs will be redeemed to the Investor at 120% of their nominal value.

The OCEANEs may be converted into new ordinary shares (or exchanged for existing shares) at the request of the holder at any time from their issue until Maturity (inclusive), or in the event of failure to redeem the OCEANEs at Maturity, in accordance with the conversion ratio determined by the following formula

$$N = V_n / P$$

"N" is the number of shares resulting from the conversion of an OCEANE attributable to the OCEANE holder,

"Vn" is the nominal value of one OCEANE, i.e. 5,000 euros,

"P" is the "Conversion Price" of an OCEANE, i.e. 97% of the lowest volume-weighted average closing price of the share (as published by Bloomberg) for a period of ten (10) trading days immediately preceding the date of the notification of conversion of an OCEANE by the Investor or the Maturity Date, it being specified that P may not be less than (i) the nominal value of a share of the Company and (ii) 80% of the volume weighted average share price over a period of ten (10) trading days, in accordance with the 12th resolution of the combined general meeting of the Company dated 18 June 2021.

In the event that P is less than the nominal value of a share of the Company, the Company has undertaken to contractually indemnify the Investor for the loss resulting from the conversion of the OCEANEs of the said tranche at the nominal value of the SAFE share when their theoretical conversion price calculated on the basis of the stock market price would be less than the nominal value of the share (the "Indemnity"). The Indemnity will be paid, at the Company's discretion, in cash or in new shares, within five (5) days following the conversion of the last OCEANE issued under the relevant tranche.

The Company undertakes (i) not to draw down any tranches if the market price of the Company becomes equal to or lower than its nominal value (€0.10) and (ii) to convene a general meeting of shareholders in order to reduce its share capital by reducing the nominal value of the shares.

Indeed, if these undertakings were not respected, the amount of the Indemnity could be substantial and make the above-mentioned bond financing very costly and unattractive for the Company.

³ Events of default include, but are not limited to

- the failure of the Company to comply with its obligations to the Investor for a period of 15 days from the earlier of the following dates: (i) the date on which the Company becomes aware of the default and (ii) the date on which the Investor notifies the Company of the default;

- failure by the Company to deliver the shares due to the Investor within 3 trading days of the conversion date of the OCEANEs;

- the failure of SAFE to pay (i) the purchase price of the OCEANEs that it is required to purchase as a result of its possible inability to issue the shares to be issued upon conversion of the OCEANEs, and (ii) any amount due to the Investor under the OCEANE issue agreement;

- the delisting of the SAFE Orthopaedics shares from Euronext Paris (regulated market or Euronext Growth organised market) or the suspension of their listing;

- the refusal of certification of the Company's accounts by its auditors not resolved within sixty (60) days of the request for certification;

- a significant adverse change (as such term is contractually defined) or change of control (within the meaning of Article L. 233-3 1° and 2° of the French Commercial Code) of the Company has occurred

- 250,000 or the failure of Safe Orthopaedics to comply with or perform any undertaking it may have given in respect of such debts or guarantees, not disputed in good faith, which would result in their early repayment;

- the suspension or voluntary discontinuance by SAFE of all of its operations, or the sale of all of its assets, or the commencement of bankruptcy proceedings against SAFE; and

- the failure of SAFE to pay a sum in excess of 450,000 euros, in the event of a court order.



Commissions and commitment fees

In consideration of the Investor's commitment to subscribe for the tranches of OCEANEs issued under the financing, the Company will pay the Investor a commitment fee equal to 3% of the maximum nominal amount of the financing, i.e. a total fee of EUR 240,000. 60,000 by issuing 12 additional OCEANEs upon the drawdown of the first, third, sixth and ninth tranches of OCEANEs.

In addition, as each OCEANE is subscribed for at a subscription price equal to 97% of its nominal value per unit, in the event that all OCEANEs are exercised, the Investor will have benefited from a reduction in the subscription price of a total amount of EUR 240,000.

New shares resulting from the conversion of the OCEANE

The new shares issued, as the case may be, upon conversion of the OCEANEs will carry dividend rights. They will have the same rights as those attached to the existing ordinary shares of the Company and will be listed on the Euronext Growth market in Paris on the same quotation line (FR0012452746).

The Company will maintain on its website (www.safeorthopaedics.com) (under Investor > Documentation) a table tracking the OCEANEs and the number of shares outstanding.

Impacts of the operation in terms of liquidity risk management and funding horizon

On 1 October 2021, the half-yearly financial report as at 30 June 2021 confirmed the Company's ability to continue as a going concern on the basis of available cash (i.e. €3.98 million as at 30 June 2021) and several assumptions, including the anticipation of a possible renewal of a bond financing line for a minimum amount of €5.25 million.

It was also recalled that the current health crisis generates significant uncertainty as to the going concern status because, if the above assumptions do not materialise and, in particular, if the business forecasts are not met, the Company would not be able to pay its debts and realise its assets in the normal course of business.

The renewal of this financing line, for an amount of €8 million, combined with €1 million in cash at 30 November, now allows the Company to continue as a going concern for approximately 18 months.

At the present time, and in view of the uncertainties linked to the resurgence of the Covid-19 pandemic, the SAFE Group's financing horizon without the new financing programme would be 6 months.

Main risks associated with the Company

The main risk factors related to new shares issued upon conversion of OCEANE bonds are listed below:

- in the event of the issuance of new shares resulting from the conversion of OCEANEs, shareholders will see their participation in the share capital of Safe Orthopaedics diluted;
- the total amount of OCEANE bonds subscriptions by the Investor is not guaranteed in the event of failure to meet the conditions imposed by the Investor;
- the volatility and liquidity of the Safe shares could fluctuate significantly;
- the withdrawal of tranches and the related financing is subject to the satisfaction of certain conditions, some of which are detailed in Note 1;
- the sale of Safe shares by OCEANE holders on the market could have an unfavorable impact on the share price;
- the number of shares resulting from the conversion of OCEANE bonds could fluctuate significantly; and
- in the event of a new call to the market, this would result in additional dilution for the shareholders; and
- Risk related to the Indemnity: as the amount of the Indemnity is not capped, if the latter were due and paid in cash, it could lead the Company to have to return to the Investor a substantial part of the financing granted, notwithstanding the Commissions and



Commitment Costs referred to in the above paragraph. In the event of payment of the Compensation in new shares, the number of securities to be issued by the Company could be significant and induce a significant additional dilution of the existing shareholders.

Theoretical impact of the issuance of the OCEANEs (based on the closing price of the Company's share on 8 December 2021, i.e. €0.32)

To the extent that the Company's share price affects the number of shares resulting from the conversion of the OCEANEs, depending on changes in the Company's share price, the number of shares resulting from the conversion of the OCEANEs may change significantly during the life of the financing programme.

In the event that all of the OCEANEs are converted on the basis of a SAFE share price of €0.32 (SAFE's closing price on 8 December 2021), this could result in a dilution of 32.9% of the share capital on a non-diluted basis and a dilution of 32.7% of the share capital on a diluted basis (see below).

This will result, at most, in the event that all the OCEANEs are converted on the basis of a SAFE share price of €0.10 (current nominal amount), in a dilution of 60.4% of the share capital on a non-diluted basis and a dilution of 60.1% of the share capital on a diluted basis (see below).

For illustrative purposes, the impact of the issue of the OCEANEs would be as follows:

- Impact of the issue on the investment of a shareholder currently holding 1% of the Company's share capital (based on the number of shares comprising the Company's share capital as at 9 December 2021, i.e. 54,113,396 shares):

	Shareholder participation	
	Undiluted basis	Diluted basis ⁽¹⁾
Before issuance	1,00%	0,99%
After issuance of 26.580.645 new shares resulting from the conversion of the OCEANEs ⁽²⁾	0,68%	0,67%
After issuance of 82.400.000 new shares resulting from the conversion of the OCEANEs ⁽³⁾	0,40%	0,39%

(1) *The diluted basis takes into account the exercise of all existing dilutive instruments which could result in the creation of an indicative maximum of 581,599 new shares.*

(2) *Theoretical calculations based on the closing price of the Company's share on 8 December 2021, i.e. 0.32 euro, and a conversion price of the OCEANEs corresponding to 97% of this value, i.e. approximately 0.31 euro. This dilution does not prejudice the final number of shares to be issued nor their issue price, which will be determined on the basis of the market price, as described above.*

(3) *Theoretical calculations based on the nominal amount of the Company's share, i.e. EUR 0.10.*



- Impact of the issuance on shareholders' equity per share (based on shareholders' equity at 30 June 2021, i.e. €2.002 million, and the number of shares making up the Company's capital at 9 December 2021, i.e. 54,113,396 shares):

	Share of equity as of June 30, 2021	
	Undiluted basis	Diluted basis ⁽¹⁾
Before issuance	0,037 €	0,037 €
After issuance of 26.580.645 new shares resulting from the conversion of the OCEANEs ⁽²⁾	0,025 €	0,025 €
After issuance of 82.400.000 new shares resulting from the conversion of the OCEANEs ⁽³⁾	0,015 €	0,015 €

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

(2) *Theoretical calculations based on the closing price of the Company's shares on December 8, 2021, i.e. 0.32 euro, and a conversion price of the OCEANE bonds corresponding to 97% of this value, i.e. approximately 0.31 euro. This dilution is without prejudice to the final number of shares to be issued and their issue price, which will be determined on the basis of the market price, as described above.*

(3) *Theoretical calculations based on the nominal amount of the Company's share, i.e. 0.10 euro.*

Note 1: Main conditions to the subscription of the OCEANE by the Investor :

- No material adverse change has occurred;
- No firm commitment constituting a change of control of the Company has been entered into;
- No authority (including the AMF) has opposed or is opposing the issuance of the OCEANEs (or their conversion);
- No event of default exists as of the date of the drawdown;
- The Company's shares are still listed and the listing of the Company's shares has not been suspended (and there is no identified risk of such a suspension);
- The Company has a sufficient number of authorized shares to service the conversions of the OCEANEs to be issued in connection with the drawdown (and, if applicable, the OCEANEs still outstanding), i.e., at least a number of shares equal to at least 200% of the nominal amount of such bond divided by the volume-weighted average trading price of Safe Orthopaedics shares at the close of business on the date of the drawdown.



About European High Growth Opportunities Securitization Fund

European High Growth Opportunities Securitization Fund is a Luxembourg-based institutional investment vehicle focused on financing highly innovative pan-European companies that it considers to be extremely undervalued. European High Growth Opportunities Securitization Fund is funded by the shareholders of Alpha Blue Ocean and is exclusively advised by Alpha Blue Ocean Inc. Its mandate is to invest in highly innovative European companies by supporting their growth capital, offering them a credible European financing alternative. For more information, please visit www.alphablueocean.com.

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: 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: www.safemedical.fr

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