Financing agreement of a total par value of €12.45 million and drawing of first tranche

- 30-month OCEANE financing agreement of a total par value of €12.45 million with stock warrants attached if applicable
- Issuing of first OCEANE tranche of a par value of €300,000 and a commitment fee[1] representing a total of 14.1%[2] of the Company's share capital pre-issue
- Subsequent financing in monthly tranches representing a total par value of €12.15 million[3], subject to the approval of shareholders at the Combined General Meeting on June 7, 2019 and the AMF's approval of the prospectus prepared within the framework of this financing.

Éragny-sur-Oise, France, May 16, 2019, 07:30am. – SAFE ORTHOPAEDICS (FR0012452746 – SAFOR), a company specializing in the design and marketing of single-use implants and instruments for the minimally invasive treatment of spine fracture pathologies, today announced the signing of an issue agreement with Luxembourg investment fund European High Growth Opportunities Securitization Fund (the "Investor") with a view to the implementation of a flexible bond financing line by means of the issuing of 1,245 warrants for bonds convertible into new shares or exchangeable for existing shares with a par value of €10,000 each (the "OCEANE" bonds), consisting of seven tranches of 30 OCEANE bonds followed by twenty-three tranches of 45 OCEANE bonds each, plus, if necessary, stock warrants (the "Stock Warrants") (the OCEANE bonds and stock warrants together referred to as the "OCEANE-Stock Warrants"). The total par value of the OCEANE bonds issued shall be equal to €12.45 million.

Aims of the transaction

The aim of this financing line by means of the issuing of OCEANE-Stock Warrants is to enable Safe Orthopaedics to:

- Support its organic sales growth;
- Consider any acquisition opportunities relevant to the Company's expansion;
- Bring dedicated new spine fracture surgery products to the market; and
- Achieve financial profitability in 2022 (positive EBITDA).

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[1] *As compensation for the Investors' commitment, the Company will pay, in the next 5 days, the Investor commitment fees paid by means of the transfer of 4,322,917 new shares.*

[2] *Theoretical calculations on the basis of the Company's closing share price on May 14, 2019, i.e €0.173, and an OCEANE conversion price corresponding to 95% of this value, i.e. €0.164.*

[3] *If the Investors asks for the all OCEANE bonds to be converted and exercises all Stock Warrants, the number of shares issued will be 112,315,383 on the basis of the above share price, i.e. 272.2% of the Company's share capital pre-issue.*

"Against the backdrop of unfavourable stock market conditions for small caps, this long-term financing solution offering transparency for all our investors seems the most appropriate. It will enable the company to step up its growth by means of various growth drivers, namely building up its sales teams and new products facilitating minimally invasive spine fracture surgery in order to achieve financial profitability," comments **Pierre Dumouchel, Chief Executive Officer of Safe Orthopaedics**. *"ABO supports Safe Orthopaedics' strategy and has come up with a solution that can be adapted to possible transformation projects such as the acquisition of new businesses or link-ups with strategic operators."*

Pierre Vannineuse, Chief Executive Officer of Alpha Blue Ocean Inc., manager of Luxembourg fund European High Growth Opportunities Securitization Fund, states: "*In addition to our firm commitment of €12.45 million, for Alpha Blue Ocean this is about a long-term partnership with the leading name in spine fracture, which fits in fully with our investment strategy of supporting innovative projects in the healthcare sector. We have great faith in Safe Orthopaedics' innovative business model and the ability of its management team to successfully pursue this project.*"

The first OCEANE bond tranche, representing a par value of €300,000, was issued today following authorisation from the Company's Combined General Meeting of June 28, 2018 in its twenty-first resolution.

The subsequent OCEANE bond tranches, with stock warrants attached if applicable, will be issued (i) in six tranches with a par value of €300,000 each and (ii) in twenty-three tranches with a par value of €450,000 each.

Safe Orthopaedics will not able to draw these 29 additional tranches without first obtaining (i) approval from Safe Orthopaedics shareholders of the twentieth resolution at the Combined General Meeting to be held on June 7, 2019, and (ii) the AMF's approval of the prospectus to be prepared with a view to the admission to trading on the Euronext Paris regulated market of the new shares that may result, if applicable, from conversion of the OCEANE bonds and exercising of the Stock Warrants (the "**Conditions**").

The number of Stock Warrants to be issued within the framework of this financing will enable the Investor to acquire – on exercising said warrants – a number of shares in the Company equivalent to 50% of the total par value of the OCEANE bonds to be issued divided by the Exercise Price (as defined below) of the Stock Warrants issued if all stock warrants are exercised.

Half of the Stock Warrants will be issued on drawing of the second OCEANE tranche and the second half of these Stock Warrants will be issued on the anniversary of the drawing of the second OCEANE tranche.

However, the issuing of these Stock Warrants also remains subject to the Conditions being met.

Terms and legal framework of the issue

Main characteristics of Tranche Warrants

The OCEANE bond tranches, with stock warrants attached if applicable, will be issued on the exercising of warrants issued free of charge (the "Tranche Warrants").

The Tranche Warrants will not be listed or admitted to trading on the Euronext Paris regulated market 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 cannot be transferred to a third party without the prior agreement of the Company.

The Tranche Warrants oblige the holder, at the request of the Company (subject to meeting certain conditions detailed in Note 1) or as an option for the Investor (up to a limit of a total of 11 tranches), to subscribe to an OCEANE bond tranche, with stock warrants attached if applicable, at the rate of one OCEANE bond per Tranche Warrant.

Drawing of each tranche will be done automatically at the end of a period of 20 trading days from the drawing of the previous tranche, it being specified that the Company shall control the rate of financial support offered by the Investor as it may suspend (and then resume) drawings at any time.

30 Tranche Warrants have today been issued for the Investor on the basis of the twenty-first resolution of the Combined General Meeting of June 28, 2018.

The 1,215 additional Tranche Warrants will be issued for the Investor during the five trading days after the last of the Conditions is met.

Main characteristics of the OCEANE bonds

The OCEANE bond tranches, with stock warrants attached if applicable, will be issued (i) in seven tranches with a par value of €300,000 each and (ii) in twenty-three tranches with a par value of €450,000 each.

The par value of each OCEANE bond is equal to €10,000. The subscription price of each OCEANE bond will be equal to 95% of its par value.

The OCEANE bonds are freely transferable by the Investor.

The OCEANE bonds will not be listed or admitted to trading on the Euronext Paris regulated market or on any other financial market.

Each OCEANE bond will mature twelve (12) months after it is issued (the "Maturity Date"). If an OCEANE bond is not converted before the Maturity Date, the OCEANE bond will be automatically converted into shares in the Company on this date.

The OCEANE bonds do not bear interest. However, in the event of a fault[4], outstanding OCEANE bonds will be redeemed at 120% of their par value.

The number of new or existing shares to be transferred by the Company to each OCEANE bond holder on the conversion of one or more OCEANE bonds corresponds to the total par value of OCEANE bonds for which conversion is requested divided by the applicable Conversion Price (as defined below). The OCEANE bonds will be converted according to the conversion rate determined using the following formula:

$N = Pv / P$, in which:

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

"Pv" is the par value of an OCEANE bond, i.e. €10,000;

"P" is the Conversion Price of an OCEANE bond, i.e. 95% of the lowest average daily share price weighted by share volumes (as published by Bloomberg) during a period of ten (10) trading days immediately preceding the date of notification of conversion of an OCEANE bond by the Investor, it being specified that P cannot be lower than the par value of one of the Company's shares. If P is lower than the par value of one of the Company's shares, the Company is contractually obliged to compensate European High Growth Opportunities Securitization Fund for the amount of damages resulting from the conversion of the OCEANE bonds in said tranche at the par value of the Safe Orthopaedics shares if the theoretical conversion price calculated on the basis of the share price is lower than the share's par value (the "Compensation"). Compensation shall be paid, at the Company's discretion, in cash or in new shares within ten (10) trading days of the conversion of the last OCEANE bond issued in respect of the tranche concerned.

Main characteristics of the Stock Warrants

The total number of Stock Warrants issued within the framework of this financing will be calculated so that if all Stock Warrants are exercised, the total number of new shares to be issued by the Company in favour of the holder of said Stock Warrants is equivalent to 50% of the total par value of the OCEANE bonds to be issued divided by the Exercise Price of the Stock Warrants issued.

The Stock Warrants will be issued (i) on drawing of the second OCEANE tranche for the first half and (ii) twelve months after the drawing of the second OCEANE tranche for the second half.

However, the issuing of these Stock Warrants remains subject to the Conditions being met.

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[4] *Faults include in particular:*

- *failure by the Company to meet its obligations towards the Investor not remedied during 15 days of the first of the following dates: (i) the date the Company becomes aware of this failure and (ii) the date the Investor notifies the Company of this failing; and*
- *failure by the Company in delivering shares owed to the Investor during the 2 trading days following the conversion date of the OCEANE bonds or the exercising of the Stock Warrants.*

The Stock Warrants are immediately detached from the OCEANE bonds. The Stock Warrants can be freely transferred by the Investor.

The Stock Warrants will not be listed or admitted to trading on the Euronext Paris regulated market or on any other financial market.

They can be exercised within five years of being issued (the “Exercise Period”).

Each Stock Warrant shall give its holder the right, during the Exercise Period, to subscribe to an ordinary new share in the Company (subject to any adjustments).

The Exercise Price of the Stock Warrants is equal to 120% of the lowest average daily share price weighted by share volumes (as published by Bloomberg) over the ten (10) consecutive trading days preceding either (i) the date of signing the letter of engagement relating to the issue (i.e. €0.1593) or (ii) the issue date of the OCEANE tranche to which said Stock Warrants were attached.

Depending on the assumed volatility of the share price applied (42.18%) and on the basis of the Company’s closing share price on May 14, 2019 (i.e. €0.173), the theoretical value of a Stock Warrant is equal to €0.053.

Commitment fees

As compensation for the Investor’s commitment to subscribe to the OCEANE tranches, with stock warrants attached if applicable, issued within the framework of the financing agreement, the Company will pay, in the next 5 days, the Investor commitment fees equal to 5% of the maximum par value of the financing transaction, i.e. €622,500, by means of the issuing of 4,322,917 new shares on the basis of the twenty-first resolution of the Combined General Meeting of June 28, 2018.

New shares resulting from the conversion of OCEANE bonds or the exercise of Stock Warrants

The new shares issued, if applicable, on the conversion of OCEANE bonds or the exercise of Stock Warrants will carry dividend rights. They will have the same rights as those attached to the Company's existing ordinary shares and will be admitted to trading on the Euronext Paris regulated market in the same listing line (FR0012452746).

The Company shall keep an up-to-date table of OCEANE bonds, Stock Warrants and the number of shares outstanding on its website (www.safeorthopaedics.com).

Impact of the transaction in terms of managing liquidity risk and financing horizon

As mentioned in the 2018 reference document (n°19-0441) published on April 30, 2019, the OCABSA programme with Yorkville Advisors, under which the Company currently benefits from a residual amount of €3.35 million, enables it – if this residual amount were drawn and made available – to meet its financing requirements for the next twelve months.

Against this backdrop, the Company's financial statements have been prepared on a going concern basis.

The OCEANE-Stock Warrant programme presented above, concerning a total par value of €12.45 million and which to be made fully available to the Company would require the Conditions being met, would enable the Company to ensure the continuity of its operations for more than 30 months.

Assuming that only the first tranche (representing a par value of €300,000) of this programme is drawn, if the Conditions are not met, the Company would decide to reactivate the programme with Yorkville Advisors for the residual amount of €3.35 million mentioned above.

Main risks associated with the Company

The main risks associated with the Company were set out in the 2018 reference document (n°19-0441), including the annual financial report for the financial year ended December 31, 2018, published on April 30, 2019 and available on the Safe Orthopaedics website (www.safeorthopaedics.com).

Theoretical impact of the issuing of OCEANE-Stock Warrants (on the basis of the Company's closing share price on May 14, 2019, i.e. €0.173)

For illustration purposes, the impact of the issuing of OCEANE-Stock Warrants would be as follows:

- Impact of the issue on equity per share (on the basis of equity as at December 31, 2018, i.e. €1,193,142, and the number of shares making up the Company's share capital as at May 14, 2019, i.e. 41,268,022 shares):

	Share of equity as at December 31, 2018 (1)	
	Non-diluted basis	Diluted basis
Pre-issue	€0.029	€0.025
After issuing of only the 5,823,446 new shares resulting from the conversion of OCEANE bonds in the first tranche and commitment fees	€0.025	€0.022
After issuing of only the 73,927,594 new shares resulting from the conversion of OCEANE bonds in the 29 additional tranches (2)	€0.010	€0.010
After issuing of only the 32,564,344 new shares resulting from the exercise of Stock Warrants (2)	€0.016	€0.015
TOTAL After issuing of 112,315,383 new shares resulting from the conversion of OCEANE bonds and the exercise of Stock Warrants (2)	€0.008	€0.007

(1) *Theoretical calculations on the basis of the Company's closing share price on May 14, 2019, i.e. €0.173, and an OCEANE conversion price corresponding to 95% of this value, i.e. €0.164 and a Stock Warrant exercise price of €0.191. This dilution does not affect the final number of shares to be issued or their issue price, which shall be determined according to the share price, as described above. The diluted basis takes account of the exercising of all existing dilutive instruments that could result in the creation of an indicative maximum of 6,225,131 new shares.*

(2) *However, the issuing of these securities remains subject to the Conditions being met*

- Impact of the issue on the investment of a shareholder currently holding 1% of the Company's share capital (on the basis of the number of shares making up the Company's share capital as at May 14, 2019, i.e. 41,268,022 shares):

	Shareholder's interest (1)	
	Non-diluted basis	Diluted basis
Pre-issue	1.00%	0.87%
After issuing of only the 5,823,446 new shares resulting from the conversion of OCEANE bonds in the first tranche and commitment fees	0.88%	0.77%
After issuing of only the 73,927,594 new shares resulting from the conversion of OCEANE bonds in the 29 additional tranches (2)	0.36%	0.34%
After issuing of only the 32,564,344 new shares resulting from the exercise of Stock Warrants (2)	0.56%	0.52%
TOTAL After issuing of 112,315,383 new shares resulting from the conversion of OCEANE bonds and the exercise of Stock Warrants (2)	0.26%	0.25%

(1) *Theoretical calculations on the basis of the Company's closing share price on May 14, 2019, i.e. €0.173, and an OCEANE conversion price corresponding to 95% of this value, i.e. €0.164 and a Stock Warrant exercise price of €0.191. This dilution does not affect the final number of shares to be issued or their issue price, which shall be determined according to the share price, as described above. The diluted basis takes account of the exercising of all existing dilutive instruments that could result in the creation of an indicative maximum of 6,225,131 new shares.*

(2) *However, the issuing of these securities remains subject to the Conditions being met.*

<u>Note 1: Main conditions for subscription to OCEANE-Stock Warrants by the Investor (for all tranches, except for the first tranche drawn today):</u>

- No material adverse change has happened;
- The AMF has approved the prospectus prepared with a view to the admission to trading on the Euronext Paris regulated market of the new shares that may result, if applicable, from the conversion of the OCEANE bonds and exercising of the Stock Warrants;
- No authority (including the AMF) has opposed or is opposed to the issuing of the OCEANE bonds (or their conversion) or Stock Warrants (or their exercise);
- There are no faults on the day of drawing;
- The Company's shares are still listed and the listing of the Company's shares has not been suspended (and no risk of any such suspension has been identified);
- The Company has enough authorised shares to allow for the conversion of OCEANE bonds to be issued within the framework of the drawing (and, if applicable, OCEANE bonds still outstanding), i.e. at least a number of shares corresponding to at least 200% of the par value

of this bond debt divided by the average share price weighted by Volumes of the Safe Orthopaedics shares on closing on the date of drawing.

About European High Growth Opportunities Securitization Fund

European High Growth Opportunities Securitization Fund is a Luxembourg institutional investment vehicle focusing on the financing of highly innovative companies across Europe that it considers to be extremely undervalued. European High Growth Opportunities Securitization Fund is financed by shareholders of Alpha Blue Ocean and is advised exclusively by Alpha Blue Ocean Inc. It invests in highly innovative European companies by supporting their growth capital, offering a credible European financing alternative. For more information, see www.alphablueocean.com.

About Safe Orthopaedics

Founded in 2010, Safe Orthopaedics is a French medical technology company that offers the safest technologies to treat spinal fractures. Delivered sterile, all implants and respective disposable instrumentation are available to the surgeon at any time, any place. These technologies enable minimally invasive approaches, reducing risks of cross contamination and infection in the interest of the patient. Protected by 17 patent families, the SteriSpineTM Kits are CE marked and FDA cleared. The company is based at Eragny-Sur-Oise (France), and has 50 employees.

For more information: www.SafeOrthopaedics.com

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