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## MedinCell launches a capital increase of a minimum of 11 M€

Euronext: MEDCL • Montpellier - France • June 15, 2020 - 5:35 pm CEST

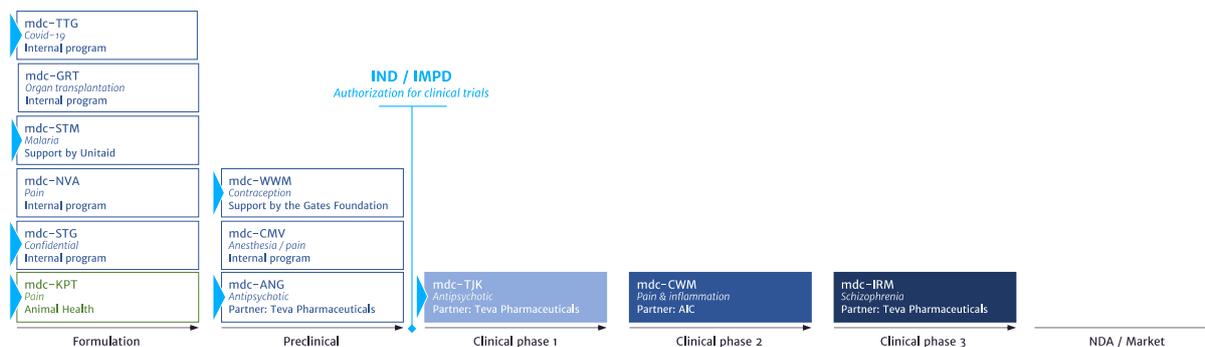
MedinCell (FR0004065605 – MEDCL), a clinical stage pharmaceutical company that develops a portfolio of long-acting injectable products in various therapeutic areas (the "Company"), announces today the launch of a capital increase of a minimum amount of 11 M€ through an offering to qualified investors, both French and international, by way of an accelerated book-building process (the "Offer").

Bryan, Garnier & Co Limited and ODDO BHF SCA are acting as Global Coordinators and Joint Bookrunners.

### Purpose of the Offer

"We have a strong financial visibility, thanks in particular to the significant loans we have just perceived, 10.9 M€ in the form of a State Guaranteed Loan by the French government and 5.0 M€ from the EIB", reiterates Jaime Arango, Chief Financial Officer of MedinCell. "This transaction will provide us with additional resources to finance the development of our product portfolio. It also aims at strengthening the Company's equity in order to improve the balance sheet and increase our financial flexibility. Given the timing constraints, which are incompatible with a public offering, and market conditions, we have favoured a fast transaction, limited to institutional investors, which we consider appropriate and in the interest of all our shareholders. »

The funds raised will reinforce those already available to the Company and will therefore contribute to the financing of its R&D activities, including the expansion and advancement of its long-acting injectable treatment portfolio. All products in development are based on its BEPO® technology combined with already approved and widely used active ingredients.



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As a reminder, the three products in the portfolio already in clinical trials are directly financed by MedinCell's partners: mdc-IRM (antipsychotic), for which interim Phase 3 results are expected before the end of 2020; mdc-CWM (opioid-free treatment of postoperative pain), for which Phase 3 should begin before the end of the year; and mdc-TJK (antipsychotic), which is currently in Phase 1. Several programs in formulation or preclinical studies are also funded by partners, either directly or through grants to the Company: mdc-ANG (antipsychotic), mdc-WWM (contraception), mdc-STM (malaria).

The funds raised should therefore contribute to financing the advancement of the other programs developed by the Company, excluding partnerships; in particular, those for which the selection of a candidate formulation, prior to regulatory development (preclinical/clinical), is expected in 2020:

- mdc-GRT: subcutaneous treatment for the prevention of graft rejection in solid organ transplant patients ;
- mdc-NVA: perineural treatment for the management of post-operative episodic pain or the treatment of chronic post-traumatic peripheral neuropathic pain ;
- mdc-KPT: subcutaneous treatment for the treatment of pain in animal health care.

The funds will also contribute to the initial costs of the mdc-TTG program, which aims to develop a long-acting injectable formulation of Ivermectin as a preventive treatment for people not infected with Covid-19.

They will also make it possible to initiate new programs in various therapeutic areas, in line with the Company's strategy, as well as to participate in the financing of the Company's working capital requirements.

As of March 31 2020, the Company had a consolidated cash position of 12.4 M€ and 3.6 M€ in short-term investments, to which should be added 10.9 M€ received in May 2020 in the form of a State Guaranteed Loan (PGE) and 5.0 M€ immediately available, corresponding to the last tranche of the loan granted by the European Investment Bank (EIB). Given the cash consumption linked to the activity and the anticipated revenues (financing of activities and milestone payments linked to the progress of programmes by partners), the Company believes that it will be able to achieve its strategic objectives and cover its working capital requirements beyond 2021 (before taking into account the net proceeds of the capital increase). The funds raised under the Offer will be used to finance the development of the portfolio, with the potential launch of new programs, and to increase the Company's financial visibility.

#### **Terms of the Offer**

The gross proceeds of the Offer should be of a minimum of 11 M€.

The Offer will be carried out without pre-emptive rights for the existing shareholders of the Company, on the basis of article L. 225-136 of the French commercial code (*code de commerce*), to qualified investors referred to in article L. 411-2 1° of the French Monetary and Financial Code (*code monétaire et financier*) in accordance with the 9<sup>th</sup> and 15<sup>th</sup> resolutions voted by the Company's Combined General Meeting of 28 June 2018 and the decisions adopted by the Supervisory Board today.

The number of shares to issue, of a nominal value of €0.01, through the Offer will in any event be limited to 10% of the number of shares of the Company currently admitted to trading on the regulated market of Euronext Paris.

The share's issue price of the Offer will be at least equal to the volume-weighted average share price for the last 10 trading sessions preceding the setting of the issue price, this average may be reduced by a maximum discount of 20% in accordance with the resolutions approved by the Company's Combined General Meeting of 28 June 2018. The definitive number of new shares to be issued will be decided by the Management Board, under and within the limits of the delegations of competence granted by the Company's Supervisory Board on the date of this press release.

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The book-building process will begin immediately and should close as soon as possible on June 15, subject to any early closing or extension. The Company will announce the results of the Offer, the dilution and the new capital allocation in a press release as soon as possible after the book-building ends.

The Offer is opened (i) to qualified investors within the meaning of Article L. 411-2 1° of the French Monetary and Financial Code (*code monétaire et financier*), in France and outside France, except in the United States pursuant to Regulation S and the U.S. Securities Act of 1933 (the "**Securities Act**") and (ii) to qualified institutional investors in the United States pursuant to Rule 144A of the Securities Act and in accordance with the exemption from registration provided for in Section 4(a)(2) of the Securities Act.

One or many existing shareholders intend to subscribe to this Offer for approximately 8 M€.

The new shares will bear current dividend rights and will be listed on Euronext Paris under ISIN FR0004065605 - MEDCL.

The settlement-delivery of the new shares and their admission to trading on the regulated market of Euronext Paris are scheduled for June 18, 2019.

The Offer is not subject to a prospectus requiring approval from the AMF (*Autorité des marchés financiers*).

**Standstill commitment**

Medincell has agreed to a standstill commitment on the shares of the Company for a period of 90 calendar days, starting from the date of settlement and delivery of the Offer, subject to certain customary exceptions thereby limiting the Company's ability to issue new shares during the said period.

**Guarantee of the Offer**

The Offer is not guaranteed. However, the Offer is subjected to a placement agreement between the Company, Bryan, Garnier & Co Limited and ODDO BHF SCA acting as Global Coordinators and Joint Bookrunners.

The placement agreement may be terminated by the Global Coordinators and Joint Bookrunners at any time up to and including the settlement date of the Offer on 18 June 2020, subject to certain conditions.

In the event that the placement agreement is terminated in accordance with its terms, all investor orders placed under the Offer will be null and void.

**Risk factors**

The attention of the public is drawn to the risk factors associated with the Company and its activity presented in Appendix B of the French version of the annual financial report published on the Company's website on July 31, 2019, which is available free of charge on the Company's website (<https://invest.medincell.com>). The occurrence of all or part of these risks could have a negative impact on the Company's activity, financial situation, results, development or outlook. The risk factors presented in that document are the same today.

Additionally, investors are invited to consider the following risks specific to this Offer: (i) the market price of the Company's shares may fluctuate and fall below the subscription price of the shares issued as part of the Offer, (ii) the volatility and liquidity of the Company's shares may fluctuate significantly, (iii) sales of the Company's shares may take place on the market and have a negative impact on the market price of its share and (iv) the Company's shareholders could suffer potentially significant dilution resulting from any future capital increases required to provide the Company with additional financing.

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#### **About MedinCell**

MedinCell is a clinical stage pharmaceutical company that develops a portfolio of long-acting injectable products in various therapeutic areas by combining its proprietary BEPO® technology with active ingredients already known and marketed. Through the controlled and extended release of the active pharmaceutical ingredient, MedinCell makes medical treatments more efficient, particularly thanks to improved compliance, i.e. compliance with medical prescriptions, and to a significant reduction in the quantity of medication required as part of a one-off or chronic treatment. The BEPO® technology makes it possible to control and guarantee the regular delivery of a drug at the optimal therapeutic dose for several days, weeks or months starting from the subcutaneous or local injection of a simple deposit of a few millimeters, fully bioresorbable. Based in Montpellier, MedinCell currently employs more than 130 people representing over 25 different nationalities.

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*This announcement is an advertisement and not a prospectus within the meaning of regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**").*

*In France, the offering of the Company's securities as described above will be carried exclusively through an offer to the benefit of qualified investors, as defined in Article 2(1)(e) of the Prospectus Regulation and in accordance with article L. 411-2 of the French Monetary and Financial code (code monétaire et financier) and applicable regulatory provisions. No prospectus will require to be approved or subject to approval from the AMF (Autorité des Marchés Financiers).*

*With respect to Member States of the European Economic Area other than France (the "**Member States**"), 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. Therefore, such securities may not be and shall not be offered in any Member State (other than France) other than in accordance with the exemptions of Article 1(4) of the Prospectus Regulation or, otherwise, in cases not requiring the publication by MedinCell of a prospectus under Article 3 of the Prospectus Regulation and/or the applicable regulations in such Member State.*

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