



Details of the financing agreement signed by MedinCell and the European Investment Bank (EIB)

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MedinCell and EIB today announced the execution of the new credit facility of 40 million euros following the previous communication of Sept. 5th

Under the agreement, MedinCell will repay immediately to EIB a previous 20 million euros loan and associated capitalized interest

Extension of cash visibility (excluding potential additional revenue from partners):

- 30 million euros of the credit facility drawable in Q4 2022
- Disbursement of remaining 10 million euros that is conditioned to approval by U.S. FDA of the first product based on MedinCell technology expected in H1 2023, will extend cash visibility until at least Q1 2024

Each tranche of the new credit facility will be reimbursed 5 years after drawdown

“European Investment Bank is a strategic partner of MedinCell for many years now, said Jaime Arango, CFO of MedinCell. We believe that this new financing preserves the interests of the company and our shareholders as it implies a low potential dilution. It gives us strong cash visibility until at least Q1 2024. By then we should be at a strong maturity level with a first product on market, two products in clinical Phase 3 and the rest of the pipeline that continues advancing. Remuneration to EIB is composed of low interest rates and a variable part linked to the performance of the share price. It’s mutually beneficial for each party.”

Main terms and conditions of credit facility agreement

The new bullet credit facility agreement will take over from a previous 20 million euros loan granted in 2018 by EIB, which terms have been modified in June 2022 to pave the way for the new agreement by including Teva Pharmaceuticals' revenues in the calculation of the variable remuneration and the absence of penalties for possible early repayments.

The credit facility is divided into a first tranche of 20 million euros (tranche A) and two tranches of 10 million euros (tranches B and C). The disbursement of each tranche is subject to the completion of certain conditions precedent specified in the credit facility agreement.

Business conditions to draw the tranche A and B, i.e. 30 million euros, have been met. In accordance with the terms of the signed agreement, prior to the 2nd tranche withdrawal, MedinCell will repay immediately to EIB the 20 million euros loan signed in 2018 plus 3 million euros of capitalized interest. The proceeds will be used towards the company R&D activities, from formulation to clinical activities. The company estimates that its cash visibility will be sufficient to cover its expenses until the drawing of the 3rd tranche, i.e. 10 million euros, conditioned by the approval by U.S. FDA of the first product based on MedinCell technology expected in the first semester of 2023.

The maturity date is five years after disbursement for each tranche, which means that first reimbursement should occur in Q4 2027. The remuneration is tailored for each tranche separately, with (i) cash interest paid annually, (ii) capitalized interest paid at maturity, and (iii) the potential capital gain under warrants based on success of the future increase in the company's share price.

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| Tranche A | <p>20 million euros drawably immediately. Conditions met.</p> <p>Reimbursement of capital and capitalized interests 5 years after drawdown of the Tranche</p> <p>Remuneration</p> <ul style="list-style-type: none"> ▪ 2% cash interest paid annually ▪ 4% capitalized interests paid at maturity of the tranche ▪ Warrants (see below) |
| Tranche B | <p>10 million euros drawably immediately after tranche A and repayment of 2018 loan (20M€ +2.8M€ of capitalized interests)</p> <p>Reimbursement of capital and capitalized interests 5 years after drawdown of the Tranche</p> <p>Remuneration</p> <ul style="list-style-type: none"> ▪ 2% cash interest paid annually ▪ Either 3% or 6% capitalized interests paid at maturity of the tranche (depending on the number of projects in phase 3 and the regulatory status for mdc-IRM at the time of disbursement) ▪ Warrants (see below) |
| Tranche C | <p>10 million euros drawably after mdc-IRM approval by FDA, expected in H1 2023</p> <p>Reimbursement of capital and capitalized interests 5 years after drawdown of the Tranche</p> <p>Remuneration</p> <ul style="list-style-type: none"> ▪ 2% cash interest paid annually ▪ Either 2 or 3% capitalized interests paid at maturity of the tranche (depending on the number of projects in phase 3 and at least one IND approved at the time of disbursement) ▪ Warrants (see below) |

The three tranches will be available within 36 months following the signature of the credit facility agreement.

The loan may, in certain circumstances, be prepaid, in whole or in part, for a prepayment fee, either at the election of MedinCell or because of EIB's demand following certain prepayment events, including a change of control or change in senior management of the Company.

Subject to certain terms and conditions, upon the occurrence of usual events of default (i.e. including any payment default, misrepresentation, cross default, non-respect of financial ratios, non-extension of warrants maturity from 10 to 15 years in the next general assembly) EIB may demand immediate repayment by MedinCell of all or part of the outstanding loan and/or cancel the undisbursed tranches.

Terms and Conditions of the warrant's agreement linked with associated potential dilution

The company estimates that the warrants for all tranches could represent between 2% to 3% dilution.

A warrant is a security that entitles the holder (the EIB) to buy new stock of the issuing company (MedinCell), at a fixed price called the exercise price.

As part of the remuneration of the first tranche (A), MedinCell will issue 175.000 warrants to the benefit of EIB. The number of warrants to be issued to EIB as part of the remuneration of the second and third tranches (B and C) will be determined based on the average stock price before the subscription by the EIB. The subscription price will be 1 euro per warrant. Each warrant will entitle EIB to one ordinary share of MedinCell in exchange for the exercise price.

The warrants' strike price linked to each tranche, including those of the Tranche A, will be equal to 95% of the volume weighted average of the trading price of MedinCell's ordinary shares over the last 20 trading days preceding the day of the drawdown. Therefore, the strike price has not been determined as of this date. The warrants will have a maturity of fifteen years and will be exercisable following the earliest to occur of a change of control event, or the maturity date (5 years) of each tranche, or an event of default under the credit facility agreement as described above, or a repayment demand by the EIB under the loan agreement.

EIB shall be entitled to a *put option* as an alternative to the exercise of the warrants (subject to a cap equal to the drawn amount under the credit facility agreement). It will require MedinCell to buy back all or part of the warrants then exercisable but not yet exercised in certain circumstances (for instance in case of change of control or at the maturity date of the first tranche or in case of event of default). In the context of a public offering and under certain conditions, MedinCell will benefit from a call option to require EIB to sell to MedinCell (or a substitute third party) all the warrants. MedinCell will also benefit from a right of first refusal on the warrants offered for sale to a third party, subject to certain exceptions.

Should the EIB exercise the *put option* MedinCell will pay the difference between the market value of the MedinCell's share at that time and the exercise price of each warrant to EIB by means of available cash, non-dilutive financing or alternatively a capital raise. In the latter, if the first tranche of the warrants were issued today and if the put option were exercised at 2x the exercise price, the remuneration to EIB resulting warrants would correspond to about 1 million euros for tranche A and about 2 million euros for each of tranche B and C. This example assumes an exercise price at 6 EUR for all three tranches, but that exercise price will depend on the stock price prior to each drawdown. Depending on the share price at the drawdown and based on the current number of MedinCell shares (25,143,553),

the company estimates that the potential issue of warrants for all tranches could represent between 2% to 3% dilution.

About MedinCell

MedinCell is a pharmaceutical company at premarketing stage 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. MedinCell collaborate with tier one pharmaceuticals companies and foundations to improve Global Health through new therapeutic options. Based in Montpellier, MedinCell currently employs more than 150 people representing over 30 different nationalities.
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This press release contains forward-looking statements, including statements regarding Company's expectations for (i) the timing, progress and outcome of its clinical trials; (ii) the clinical benefits and competitive positioning of its product candidates; (iii) its ability to obtain regulatory approvals, commence commercial production and achieve market penetration and sales; (iv) its future product portfolio; (v) its future partnering arrangements; (vi) its future capital needs, capital expenditure plans and ability to obtain funding; and (vii) prospective financial matters regarding our business. Although the Company believes that its expectations are based on reasonable assumptions, any statements other than statements of historical facts that may be contained in this press release relating to future events are forward-looking statements and subject to change without notice, factors beyond the Company's control and the Company's financial capabilities.

These statements may include, but are not limited to, any statement beginning with, followed by or including words or phrases such as "objective", "believe", "anticipate", "expect", "foresee", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "may", "probably", "potential", "should", "could" and other words and phrases of the same meaning or used in negative form. Forward-looking statements are subject to inherent risks and uncertainties beyond the Company's control that may, if any, cause actual results, performance, or achievements to differ materially from those anticipated or expressed explicitly or implicitly by such forward-looking statements. A list and description of these

risks, contingencies and uncertainties can be found in the documents filed by the Company with the Autorité des Marchés Financiers (the "AMF") pursuant to its regulatory obligations, including the Company's registration document, registered with the AMF on September 4, 2018, under number I. 18-062 (the "Registration Document"), as well as in the documents and reports to be published subsequently by the Company. In particular, readers' attention is drawn to the section entitled "Facteurs de Risques" on page 26 of the Registration Document.

Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made. Except as required by law, the Company does not undertake any obligation to publicly update these forward-looking statements or to update the reasons why actual results could differ materially from those anticipated by the forward-looking statements, including in the event that new information becomes available. The Company's update of one or more forward-looking statements does not imply that the Company will make any further updates to such forward-looking statements or other forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

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