MedinCell announces the availability of its 2022-23 Universal Registration Document including the Annual Financial Report

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The 2022-23 Universal Registration Document (URD) filed with the French market authority (Autorités des Marchés Financiers, or AMF) under the reference D.23-0628 includes:

- **the Annual Financial Report for the year ending on March 31, 2023**
- **the management report**
- **the CSR report**
- **the report on corporate governance**
- **the proposed text of the resolutions to be submitted to the Shareholders' Meeting of September 12, 2023**

The URD can be consulted on the Company's website (medincell.com) and on the AMF's website (www.amf-france.org).

Updated selected financial information for the year 2022-2023

Following the completion of the audit procedures on the Company's 2022-23 consolidated financial statements by the Company's statutory auditors, some changes in figures have been made compared to those communicated by the Company on June 26, 2023.

Selected financial information for the year 2022-2023

Key consolidated data - IFRS (In thousands of €)	31/03/2023 12 months	31/03/2022 12 months
PROFIT AND LOSS ACCOUNT		
Revenue	9 889	4 090
Other income from ordinary activities	3 766	4 247
Current operating loss	(24 025)	(23 812)
Operating loss	(24 046)	(23 814)
Financial result	(7 964)	(992)
Net result	(32 010)	(24 806)
CASHFLOW		
Net cashflow used by operating activities	(21 005)	(21 362)
Net cashflow from investing activities	1 298	(316)
Net cashflow from financing activities	1 556	(800)
BALANCE SHEET		
Equity of the consolidated group	(42 294)	(13 371)
Total non-current liabilities	14 608	19 433
Total current liabilities	57 025	38 241
Total non-current assets	9 772	10 229
Of which financial assets and other non-current assets	*1 460*	*1 519*

Total current assets	19 568	34 074
Of which cash and cash equivalents	*6 467*	*24 617*
FINANCIAL DEBT		
Financial debt, non-current portion	11 708	16 249
Financial debt, current portion	39 757	27 764
Derivative liabilities	3 055	-
GROSS FINANCIAL DEBT	**54 520**	**44 014**
Cash and cash equivalents	6 467	24 617
Capitalization contract *	-	2 560
NET FINANCIAL DEBT **	**48 053**	**16 837**

** The Group had funds immobilized in a capitalization contract and euro funds given as collateral for a bank loan of €7.0m, the balance of which was repaid in 2022/2023.*
*** Lease liability excluded (IFRS 16)*

Cash position significantly strengthened

On March 31, 2023, MedinCell had € 6.5 million of cash and cash equivalents (compared to € 24.6 million of cash and cash equivalents and € 2.6 million of current and non-current non-risky financial assets a year ago).

The financial strategy of the Company was adjusted following FDA's Complete Response Letter received by Teva on April 19, 2022, which resulted in commercialization of MedinCell's first product approximately one year later than expected.

In November 2022, the Company signed a loan agreement for € 40 million with the European Investment Bank (EIB). The two first tranches of the credit facility, for a total amount of € 30 million, have been drawn in Q4 2022 and Q1 2023, of which around € 23.3 million have been used to repay the existing EIB loan from 2018 as specified in the agreement. Disbursement of the last € 10 million was conditioned to approval by U.S. FDA of UZEDY that occurred on April 28, 2023. On July 21, 2023, the company thus obtained formal approval from the EIB to release Tranche C of the loan agreement for an amount of €10 million. The funds are expected to be received on July 31, 2023, at the same time as 313,607 warrants are issued to the EIB. In addition to the new EIB loan, the Company successfully completed a € 23.2 million net capital raise in May 2023 through an offering to French and international investors via a Private Placement and to retail investors in France.

Considering these financing operations and anticipated revenues from existing collaboration, MedinCell has the resources to continue its portfolio development.

As of March 31, 2023, one of the EIB loan covenants had not been met, giving EIB the right to ask for partial or total early repayment of the existing loan. On June 12, 2023, the Company obtained a waiver from EIB, in which it abandons this right. In the Company's current base-case cash forecast, that does not include potential new partner service or licensing revenue, or new funding sources, it is likely that this covenant may not be met again during the 2023/2024 financial year. If this happens and in the absence of a new waiver from EIB, and if EIB decides to exercise its right to ask for partial or total early repayment of the existing loan, the company may, depending on of the amount asked, not having the means to meet the EIB's request. This is a significant uncertainty on the going concern. To avoid this, the Company is continuing its discussions with the EIB to modify or remove this covenant.

Consolidated cashflow statement

	(In thousands of €)	**31/03/2023 12 months**	**31/03/2022 12 months**
A	Net cashflow used by operating activities	(21 005)	(21 362)
B	Net cashflow from investing activities	1 298	(316)
C	Net cashflow from financing activities	1 556	(800)
	Impact of non-monetary items and foreign exchange rate changes	-	-
	Change in net cash position	**(18 150)**	**(22 478)**
	Cash and cash equivalents - opening balance	24 617	47 095
	Cash and cash equivalents - closing balance	6 467	24 617

A- Net cashflow used by operating activities

During the year, the Company's cash consumption was similar to the previous year at € 21 million. Over the same period, operating expenses increased from € 32.2 million to € 37.7 million, mainly due to the increase in Research & Development activities.

The Company points out that the first revenues directly linked to product sales should be royalties from the commercialization of UZEDY. In the meantime, due to the product development cycle and depending on the financial parameters set up in the context of partnerships (which may or may not include certain elements such as invoicing for formulation services, milestone payments, royalties, cost sharing, profit sharing, etc.), revenues may vary significantly from one year to the next.

B- Net cashflow from investing activities

The increase of € 1.6 million compared to previous year corresponds to the end of the capitalization contract in Q1 2023 (€ 2.6 million) partially offset by the acquisition of machinery and fixed instruments, improvements at the Jacou site for € 0.6 million, and the acquisition of intangible assets for € 0.5 million related to intellectual property.

C- Net cashflow from financing activities

The net cashflow from financing activities is driven by the new contract with the EIB signed in November 2022, of which € 30 million have been withdrawn as of March 31, 2023. This cash has been partly used to early repay the 2018 EIB loan in January 2023 of € 23.3 million.

Profit and loss account

Income from ordinary activities: € 13.7 million

For the year ended March 31, 2023, revenues correspond to:

Development services of € 5.8 million, mainly related to activities for mdc-WWM and mdc-STM products financed by international health foundations and agencies, compared to €4.0 million in the previous year.

- The development of a long-acting injectable malaria product supported by the Unitaid health agency generated revenue of € 2.2 million compared to € 1.3 million in the prior year.
- The development of a long-acting contraceptive product supported by the Bill & Melinda Gates Foundation generated revenue of € 2.0 million compared to € 2.4 million in the prior year.
- Reflecting the intensification of Business Development, R&D activities related to new partnered programs (proof of feasibility) generated € 1.6 million revenue compared to € 0.3 million in the prior year.

In addition, the Company received a milestone payment from Teva of € 2.9 million after their decision in August 2022 to start Phase 3 clinical activities for mdc-TJK, the second schizophrenia product candidate.

The Company also received a € 1.2 million royalty payment from the joint venture, CM Biomaterials, dedicated to the sale of polymers to the Company's partners, significantly higher than the € 0.1 million the year before.

The Research Tax Credit recognized during the period amounted to € 3.7 million (€ 4.2 million in the prior year).

Current operating expenses aligned with the Company's plan: € 37.7 million

Current operating expenses increased by 17% compared to the previous year. This increase was mainly driven by R&D activities, which accounted for 74% of operating expenses, reaching € 27.9 million, compared to € 23.6 million in the previous year. This increase is driven by the advancement of the current portfolio and increased cash requirements in the preclinical stages and the clinical study conducted during the year.

Resuming to normal activities after the pandemic crisis led to a 14% increase in marketing and business development costs, as travel is no longer as restrictive as it was in the recent past. Also, G&A expenses increased by 14%, driven by additional consulting fees and salaries and benefits increase.

Financial result: € (7.9) million

The financial result is mainly composed of interest expenses on the EIB loan for € 3.5 million as of 31 March 2023 compared to €1.3 million as of March 31, 2022. The change in fair value of the EIB loan amounts to € 5.2 million and is composed of:

- Following the renegotiation of the EIB loan carried out on November 22, 2022, the extinguishment of the old loan and the accounting for the new loan generate a net expense of € 0.1 million.
- Change in the estimation of variable remuneration has an impact of € 2.0 million.
- Fair value of the put option related to the EIB loan stock warrants "BSA" component has an impact of € 3.1 million in financial expenses.

Consolidated income statement

(In € thousands)	March 31, 2023	March 31, 2022
Net sales	9 889	4 090
Other income from continuing operations	3 766	4 247

Revenue	**13 655**	**8 338**
Costs of goods and services sold	-	-
Research and development costs	(27 925)	(23 607)
Sales and marketing costs	(2 588)	(2 272)
General and administrative costs	(7 167)	(6 271)
Current operating income / (expense)	**(24 025)**	**(23 812)**
Other non-current operating expenses	(99)	(112)
Other non-current operating income	78	110
Operating income / (expense)	**(24 046)**	**(23 814)**
Interest income	41	46
Gross borrowing costs	(9 138)	(1 844)
Other financial expenses	(57)	(23)
Other financial income	1 190	829
Financial income / (expense)	**(7 964)**	**(992)**
Share of net income / (loss) of associates	-	-
Income / (loss) before tax	**(32 010)**	**(24 806)**
Tax income / (expense)	-	-
NET INCOME / (LOSS)	**(32 010)**	**(24 806)**
- Attributable to owners of MedinCell	(32 010)	(24 806)
- Attributable to non-controlling interests	-	-

Earnings / (loss) per share (€)	(1.27)	(1.00)
Diluted earnings / (loss) per share (€)	(1.27)	(1.00)

Balance sheet

Equity of the consolidated group	(42 294)	(13 371)
Total non-current liabilities	14 608	19 433
Total current liabilities	57 025	38 241
Total Equity and Liabilities	**29 339**	**44 303**
Total non-current assets	9 772	10 229
Of which financial assets and other non-current assets	*1 460*	*1 519*
Total current assets	19 568	34 074
Of which cash and cash equivalents	*6 467*	*24 617*
Total Assets	**29 339**	**44 303**

About MedinCell

MedinCell is a commercial-stage technology pharmaceutical company developing long-acting injectable drugs in many therapeutic areas. Our innovative treatments aim to guarantee compliance with medical prescriptions, to improve the effectiveness and accessibility of medicines, and to reduce their environmental footprint. They combine already known and used active ingredients with our proprietary BEPO® technology which controls the delivery of a drug at a therapeutic level for several days, weeks or months from the subcutaneous or local injection of a simple deposit of a few millimeters, entirely bioresorbable. The first treatment based on BEPO technology, intended for the treatment of schizophrenia, was approved by the FDA in April 2023, and is now distributed in the United States by Teva under the name UZEDY™ (BEPO technology is licensed to Teva under the name SteadyTeq™).

We collaborate with leading pharmaceutical companies and foundations to improve global health through new treatment options. Based in Montpellier, MedinCell currently employs more than 140 people representing more than 25 different nationalities.

UZEDY™ and SteadyTeq™ are trademarks of Teva Pharmaceuticals

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