Transcription of the videoconference, June 26 2023 – 6.30 pm CEST

Participants de la société

Christophe Douat, *CEO*
Jaime Arango, *CFO*
Richard Malamut, *CMO*
Sébastien Enault, *CBO*
David Heuzé, *Head of communications*

Editor's note: Please note that the transcription is a translation (except for Richard Malamut). For the original version, please consult the English transcript available here: https://www.medincell.com/fr/investisseurs/#events

David Heuzé
Hello everyone, I'm delighted to welcome you to this meeting which follows the publication of our annual results. The press release with all the details is available on our website. So a priori, there's a small problem in the French version and it's the correct French version which will be available in a few minutes. I'm with you now, Christophe. Good evening Christophe, Christophe Douat, Chairman of the Board of MedinCell, on my left Jaime Arango, our CFO.

Jaime Arango
Good evening David.

David Heuzé
Joining us for the first time on this show is Sébastien Enault, who leads the company's business development. And live from Philadelphia, Dr. Richard Malamut, our Medical Director. Good evening, Richard.
We're going to start the meeting with the presentation of our results, and we're also going to review the major events of the past year, and what's happened since the close on March 31. We'll also talk a little about the future and answer your questions. You can ask these questions right now, using the little chat module on the right of your screen. So don't hesitate to send us your questions. Before we go any further, I invite you to take note of the warnings concerning any forward-looking statements that may be made this evening. You'll find these warnings in the presentation that will be posted after our videoconference on the MedinCell website. For your information, this videoconference is in both French and English. There is live translation, so you can ask questions in French or English. No problem, we'll manage. You can also like the questions on the website, so that they move up the list. So, before going into the details of the financial results with you, Jaime, I'd like to turn to you, Christophe, on my right, so that you can tell us, Christophe, please, what do we remember about the past year? And also what has happened since the close on March 31.

Christophe Douat
Thank you, David. 2022 2023 has been a real emotional elevator. We started the year preparing for UZEDY's approval. A few weeks later, we received a complete response letter from the FDA. And then, over the past few weeks, we've had an avalanche of good news. First, UZEDY was approved on April 28. We also have two phase three trials underway, which began during the year on TJK and CWM. And very recently we received the results of phase one of TJK, which are fundamental. Richard will explain why in a moment. In recent weeks, Teva's new CEO has also presented his new strategy. We realized, and you realized, that our products were at the heart of their strategy, and that we were put in the spotlight at their Investor Day in May.
And then, last but not least, a capital increase that enabled us to increase our cash flow visibility. A visibility which is becoming strategic as it will take us beyond these two phases three, TJK and CWM.
UZEDY is our first product to be approved by the FDA. It's also our first product in development with Teva in schizophrenia. It's a best-in-class product with a significant impact for MedinCell. Firstly, it's the first time our

technology has been used to treat patients on a large scale, and you can imagine the boost it's given to our in-house teams. Secondly, UZEDY represents tens of millions in potential royalties every year, and royalties that could cover our operating costs as early as the end of 2025. Finally, it means full validation of our technology. It's a first FDA approval, and our Business Development teams - Sébastien will talk about this later - no longer need to answer questions about our ability to get FDA approval and bring a product to market. So much for UZEDY.
Now, I'd really, really like to draw your attention to TJK. Firstly, because its potential is even greater. It meets an enormous need for patients who today have no appropriate solution. And TJK can be considered a first-in-class product. It's incredible to think of a first-in-class product - it's what all Big Pharma dreams of. It's a product that's the first in its niche and that can and does have the potential to generate several billion dollars in annual revenues. One of Teva's top analysts very recently, who is very well known, has won the top US pharma analyst award more than a dozen times and is part of this analyst Hall of Fame. He even indicated in one of his recent analyses that TJK alone could have a potential impact on Teva's share price of 50%. So you can imagine the pressure there must be internally at Teva to accelerate this phase three. This same analyst had a one-to-one meeting last Friday with Teva's CEO and CMO, Chief Medical Officer, and reports that 200 patients have already been included in the current phase three trial, and none to date have had a PDFF, PDSS alert. Richard will explain what this means, as will Jaime, and it's fundamental to understand.
Last but not least, CWM, our second program in phase three. Phase three is going well. Our partner has confirmed that recruitment will be completed in the third quarter, as planned. So, as you can see, all the signals are green for our products, and are even exceeding our expectations. And yet, paradoxically, our share price remains under pressure, well below its true value, which we estimate. And the consensus of analysts in recent weeks has even gone from €15 to €17 per share. This is obviously terribly frustrating. We're obviously taking this very seriously, and we're putting a lot of effort into communication to explain the maturity and quality of our products. The major news potential that's coming in the next 12 to 18 months. The strategic potential of these products for Teva, the rest of the pipeline, our financial visibility which will enable us to see these new products arrive, so we're far from the risk profile of a biotech. We're obviously evaluating all possible strategies in parallel, even if some people are predicting a rebound in the biotech after the minus 50% we experienced in 2022. In 2015 and 2020, the last two crises were followed by a 100% rebound. We can't predict the future, but in this scenario, MedinCell will obviously be very well positioned.

David Heuzé
Thanks Christophe, that was a nice way to start talking about last year and what's been going on since. Jaime turns to you on my left now. I simply propose that you present to us, summarize the financial results for the last financial year, which, I remind you, ended on March 31.

Jaime Arango
Very well, thank you David. Good evening everyone. Indeed, when we look at the company's business income, we generated 13.7 million euros, up 64% on the previous year. Of this 13.7 million euros, 10 million correspond to service revenues, or milestones. This amount more than doubled compared with the previous year, when we generated 4.1. So this is a really important milestone.
So I remind you, we generate revenue from the services we provide to the Gates Foundation, to United. We also received the milestone from Teva, when Teva took the decision to initiate phase three, phase three activities for mdc-TJK, that was in August 2022 and very importantly, Sébastien will tell us about it later, we generated 1.6 million euros for feasibility studies, so it's quite premature, but it's growing fast because the previous year, we only generated 300,000. So we've multiplied this amount by more than five. When we look at our operating expenses, they amounted to 37.7 million euros, an increase of 17%. 74% of our expenses are R&D expenses, and 80% of the growth in these expenses comes precisely from research and development, given the development of our various projects. Lastly, our operating cash burn for the year was 21 million euros, which was in line with what we had consumed, being virtually identical to the previous year.
And what we can tell you is that, with our forecasts for additional revenues, plus expenses, cash consumption should largely decrease this year, the year we are currently in.

David Heuzé
So, Jaime, this might be a good time to describe MedinCell's cash position and explain the direction we're taking this year and perhaps in the years to come.

Jaime Arango

Yes, absolutely. On March 31, we were counting on 6.5 million euros in cash. But since then, we've greatly increased our financial visibility. On the one hand, we've already received the Teva milestone of $4 million (3.6 million euros). For the approval of Uzedy. The capital increase generated 23.2 million euros net. Gross was 25.1 million euros. And then there was a delay in the payment of the CIR, so we pre-financed the CIR 2021 for 4 million euros. What's more, since we've already fulfilled the UZEDY approval condition, we now have access to the third tranche of the EIB for 10 million euros, making a total of over 41 million euros available, or almost available with the 10 million from the EIB.

David Heuzé
On top of the 6.5 million at closing.
And then we entered a new era. We're going to start earning royalties.

Jaime Arango
Exactly. And that's why I was telling you earlier that cash consumption should decrease, because we're going to start receiving these royalties in the next few months with the first sales of UZEDY, and that every quarter.That would be a positive cash flow for the company. So I'm very excited about that.

David Heuzé
So you mentioned it a little. We actually carried out two major financing operations this year: a new loan with the EIB for 40 million euros and a capital increase of 25 million euros. My question is simple: why did we do them then?Why now?

Jaime Arango
First of all, we adapted, we had to adapt our financial strategy following the delays in the launch of UZEDY, the marketing approval. So we did this, firstly, it was something we were already working on before the LRC, we were working with the European Investment Bank and we finally signed this contract in November 2022 which enabled us on the one hand to restructure the debt we had with them and gain time, to repay this 20 million euro loan initially at the end of 2027. We also gained 20 million euros in additional visibility.As you all know, we also carried out a tactical capital increase. So, it's a very complicated context, but one that's enabling us to gain sufficient visibility to reach the next major milestones, which are already the first sales of UZEDY, the first results of phase three of CWM, and then also the results of phase three, which we all hope will be positive for mdc-TJK, which has enormous potential, and we'll talk about that later.

David Heuzé
Exactly. Last question Jaime, the press release we issued earlier mentions a clause in the EIB loan that was not respected. Can you tell us more about this?

Jaime Arango
Yes, absolutely. So, it's a financial clause that hasn't been respected at March 31, 2023. It's a clause that says that cash plus shareholders' equity must be greater than €1. We have since corrected this. We obtained a waiver from the EIB. And when we don't respect one of the ratios in the contract, the EIB has the right to demand total or partial repayment of the existing loan. So that's been resolved, there's no problem.

David Heuzé
They have the right, but that doesn't mean they do it systematically.

Jaime Arango
No. As you know, the European Investment Bank is a partner for us. We've known them for six years now, and they're there to help companies. They're not a venture capitalist, but they do make a return on investment, of course, and they're there to help companies. We have an excellent relationship with them. And then we also put in this press release that on March 31, 2024, there's a risk that this ratio won't be respected. So, as we said earlier, the European Bank could have the right to demand total or partial repayment. That's why, on March 31, 2024, we're going to have cash, but not necessarily to repay the loan. But we're already working with the EIB. There are several solutions. Whether to obtain a new waiver, as we've already done in the past, to change these covenants, these clauses that are adapted to the business model. And then we could also have, and Seb will talk about this later, potential new revenues from licenses, from partners.

So if all goes well, and that's the basis on which we're working today, we'll find a solution. And when that solution is there, we can confirm today that our financial visibility can take us to at least the last quarter of 2025. Good financial visibility and an important moment, because at that point, UZEDY could cover our operating expenses.

David Heuzé
Thank you very much, Jaime. That was very clear. I propose that we now talk a little about the development of our product portfolio. And then we're going to, we're going to come back to the big news, even if it came after the close, which was the approval of UZEDY by the American FDA and the start of marketing of the product by Teva's sales force on American territory. So I'm going to turn to Richard who, as I said, is in Philadelphia. Richard has a simple question, two questions in fact. The first is, can you remind us what UZEDY is? And secondly, can you explain why this product has the potential to become a reference treatment for schizophrenia? Richard.

Richard Malamut
UZEDY is a long acting injectable formulation of risperidone, which is the molecule most commonly used as an antipsychotic in schizophrenia. It's available as a monthly or in every other monthly treatment, and it's available in all four doses of oral risperidone two, three, four and five milligrams, in contrast to some of the existing formulations. Now antipsychotics, the oral antipsychotics work very well for the treatment of schizophrenia. The problem is that patients don't take their drugs. They don't have adequate compliance, which leads to a relapse after relapse. They require hospitalization to get back under control. And this happens in up to 80% of patients with schizophrenia within the first five years of treatment and even after hospitalization and successful control. Another 50% of patients relapse again within two months after hospital discharge. So there are many long acting injectable risperidone available on the market, but they have limitations. And it's why we believe that UZEDYwill be a best in class long acting injectable risperidone. So first of all, UZEDYis subcutaneous with a smaller needle, and so less painful than the intramuscular formulations, which make up most of the approved products. Second, it's available in a prefilled syringe, so psychiatrists don't need to reconstitute it to mix it in their office, which is not something psychiatrists like to do. And third and most important, it reaches therapeutic levels within the first 24 hours of injection. There's no need for oral supplementation or titrating injections. You immediately reach a therapeutic level. So that's differentiating. But Teva was able to produce some additional data in their Phase three study that further differentiates UZEDYfrom existing formulations of risperidone. In addition to meeting its primary endpoint for both monthly and every other monthly injections for a reduction in relapse rate and increased time to relapse at six months compared to placebo, UZEDYshowed some other very interesting findings. First of all, because the study went on for two years, double blind, randomized, controlled. The main symptom score for schizophrenia, the positive and negative symptom score, showed improvement beyond the initial expected phase. In other words, we expected it improvement in the PANSS early on. But what was surprising and quite beneficial for patients is that their symptom scores continued to improve during the two years of the study, and that's not been seen with the other agents. There was also a statistically significant improvement in quality of life measures, and that's rarely demonstrated in central nervous system studies. I was at the American Psychiatric Association meeting at the end of last May in San Francisco, which is the largest American Congress of psychiatry. And I can tell you that there was quite a bit of interest in UZEDY by the practicing psychiatrist who attended the meeting with quite a bit of interest at the booth, at the meeting, and physicians calling it a game changer in schizophrenia treatment. David.

David Heuzé
Richard, how is it for psychiatrists to adopt a new product like UZEDY? Will they immediately prescribe it to all their eligible patients?

Richard Malamut
So thank you for the question, David. So while many psychiatrists will wait before prescribing a newly approved medication to assess how it's performing and to understand any reported safety issues, key opinion leaders are often early adopters and can influence community physicians. And as risperidone is a known molecule and the differentiating from existing long acting injectable risperidone formulations is quite clear. As I as I've just told you, it may be that UZEDY will be prescribed earlier for an individual patient than is typical. And this would begin with patients who are not tolerating their existing long acting injectable formulations, or perhaps patients who are having relapses due to noncompliance with their oral antipsychotic medicines. And this could include switching directly to USAID, not only from risperidone but from non risperidone or oral antipsychotics. And there was a poster at the American Psychiatric Association meeting last month sponsored by Teva, in which five experts, five key opinion leaders in the treatment of

schizophrenia, wrote that patients are not hesitant about a long acting injectable, and they recommended early use of long acting injectables in general in the treatment paradigm of schizophrenia.

David Heuzé
Jaime, how will what Richard just said translate into numbers? How is it going to work?

Jaime Arango
So this product, as mentioned earlier, could cover our operating expenses by the end of 2025. In my pharma experience, it's the first 4 to 5 years that see hyper growth, very sustained growth. After that, growth may continue, it may stabilize. At that point, as we often say, the royalties we'll receive from Teva are mid to high single digit. This could represent something between 50 and 70 million dollars a year, if the product is conformed as a best in class. Apart from that, we could also receive the $105 million in commercial milestones over the next five years.

David Heuzé
Perfect. Well, I think that's it for UZEDY, at least for today. Now, the product will live its life. And we'll be back in a few months to talk about the first sales trends. The second program we've developed with Teva Christophe, you mentioned earlier how important this program is, both for Teva and for MedinCell. We call it mdc-TJK, and it's also a schizophrenia program. Pivotal phase three, i.e. the last stage before a possible marketing application if the results are good, began in earnest last January. Richard, can you tell us a little more about this product and phase three?

Richard Malamut
So TJK is a long acting injectable of Olanzapine, which is another molecule widely used in schizophrenia, but it's not a competition to use it it's complementary because it's intended for more severe patients with schizophrenia who have more severe symptoms, or for patients whom who are refractory, who are not responding to existing oral antipsychotics. And for those patients who have more severe schizophrenia, compliance is even more important. So there is no long acting injectable, olanzapine injectable that's being used regularly. Now there is one that's approved, but it's very little used, especially because it can lead to what's called Post-injection Delirium and Sedation syndrome or PDS, as Christophe mentioned earlier. It's serious enough, even though it's rare that the US FDA impose significant constraints on its use, such as including a black box warning in the label and a requirement that patients must be monitored long term in a Rems program in which psychiatrists have to enroll and track, follow and then report back to the FDA how patients do on this long acting injectable. Olanzapine. But most impactful patients must stay under observation for at least three hours in the clinic after each injection. It's believed that PDS occurs due to a burst of olanzapine after intramuscular injection of the approved long acting injectable. And so if this burst, this high peak of olanzapine could be eliminated or blunted. There's a belief that PDS may not occur at all. And Teva, our partner, just presented its phase one results with long acting injectable. Olanzapine, last month at a schizophrenia Investigator Research Society meeting in Toronto, Canada. And in that poster they showed that there was no burst on single injection, both in healthy volunteers and schizophrenia patients, but also on repeat dosing up to three monthly injections. And so it was based on this phase one data that Teva launched its Phase three study with a belief that there will be limited to no PDS in this study. So favorable safety and efficacy results from the Phase three study, which does include a two month double blind placebo controlled efficacy part using positive and negative symptom scales, a primary endpoint would be sufficient to lead to NDA filing, and this was confirmed with the FDA. It must demonstrate that efficacy during the two month portion, but also must confirm safety over the total study duration of 56 weeks. Because after the eight week double blind portion, there is a 48 week open label portion in which occurrence will be assessed with each injection. If the study completes with no cases, it may allow the FDA to eliminate the stringent monitoring requirements and black box warning that exist with the approved but not used long acting injectable. So it would be best in class for certain, like USAID, but in effect with no other use product. A first in class, as Christophe mentioned. David.

David Heuzé
So my question to Richard about TJK is pretty straightforward. We just talked about the phase three study. When will we know if the product is safe and effective?

Richard Malamut
Well, not soon enough for med and cell and Teva. However, unlike the UZEDY trial, which took quite a bit of time to complete due to the length of the study, this phase three for lie supine is very different. It should go much quicker with only a two month double blind placebo controlled portion, a 48 week open label with a fixed target of 640 patients and

based on Teva's current reported recruitment projections in clinical trials.gov. You can see that that top line data for the two month results should be available fourth quarter of 2024. But because of the potential impact of this product, we would expect that Teva will attempt to speed recruitment, which could allow for early completion of the study an earlier time to market. David.

David Heuzé
Thank you, Richard. And I was turning to you Jaime and I'm going to ask you kind of the same question for UZEDY, even though it's a little bit further out, how what Richard just said could translate into numbers for MedinCell.

Jaime Arango
Indeed, if the results of phase three are positive, as Richard explained so well, and are expected by the end of 2024, this could be a first-in-class product, or it could be considered a first-in-class product, or it could meet the needs of many patients. So when you're not just a best-in-class product, but also a first-in-class product, as we saw in the slides earlier, it's a market that could represent several billion dollars for Teva. With Uzedy, we'd go from receiving tens of millions of dollars in royalties to hundreds of millions of dollars a year. So there's a huge potential here. These results are expected in the next eighteen months. So it's almost tomorrow.

David Heuzé
So a major news item is expected within 18 months about this program. I'll turn quickly to you Richard. We've been talking a lot about Uzedy and TJK. What are the other major events concerning the rest of the company's portfolio?

Richard Malamut
Yeah. So with all the excitement around the UZEDY approval and the progress being made with the long acting injectable olanzapine product, we have to remember that there's yet a third later stage product that we've partnered with AIC, a biotech based in Toronto, Canada, who began the first Phase three study for our pain product, mdc-CWM. For the treatment of post-operative pain in patients who have had total knee replacement surgery, which, as a reminder is quite painful, typically requires high dose opioids and frequently in as much as 15% of patients leads to opioid addiction. And so this product, which is an intra articular celecoxib, is designed to not only produce analgesia at beyond three days and as long as two weeks after surgery, but also mitigate opioid use, decrease the risk of addiction and improve patient function after surgery. And so recruitment is going quite quickly and we expect completion later this year with data available on the top line results by the end of the year. And we know that there's going to be one additional study at least. But this will depend on the strength of the data and our discussions with FDA. In the pain division, typically two confirmatory studies are required. So we know we'll need at least one more depending on the results of the study. And then beyond that, we have three products which we're developing internally, not partnered as of now, in which we plan on taking into phase one within in the next 12 months. And these include a six month subcutaneous contraceptive, which is funded by the Bill and Melinda Gates Foundation, a one month long acting injectable formulation of tacrolimus for organ transplant rejection, where non-compliance with your tacrolimus can lead to organ rejection, a very serious outcome and a purely global health program. mdc-STM, which uses the insecticidal agent ivermectin against malaria and is funded by United. And if that weren't enough, we have several other programs in the formulation stage that we haven't disclosed yet, and I very much look forward to talking about those in the future. David.

David Heuzé
Thank you Richard for that description of the portfolio. We got a lot of questions, but before we get to the questions, I'll turn to you. Sébastien. Good evening Sébastien, so we're lucky to have Sébastien with us. Sébastien has often been out and about around the world with his teams. But he was in Montpellier today, so we grabbed him. We asked him to come with us, as it's your first time here. Maybe a few words to introduce Sébastien.

Sébastien Enault
So my name is Sébastien Enault, and I'm MedinCell's Chief Business Officer. I manage the Business Development, Business Insight and Medical Marketing team. So it's a team of about ten people with a fairly international profile. We have six different nationalities, and the team's mission is really to identify and launch future MedinCell programs, whether in-house or with partners.

David Heuzé

So, Sébastien, as Jaime mentioned earlier, the financial results show that income from partnerships has increased. So I'm talking about new partnerships. We talked about the feasibility study. They went from €300,000 in the previous financial year to over €1.6 million, around €1.6 million in the current financial year. We'd like to know what that means.

Sébastien Enault
As Christophe said, we've really entered a new era for MedinCell, with BEPO technology, MedinCell's technology, having been approved by the FDA. But I have to tell you that we didn't wait for UZEDY's approval to launch new partnerships. We've already done that. We have already initiated and are working with several partners on different types of products, with molecules that are already approved. But we're also working with molecules that are in the clinical development phase, and we're also working in other therapeutic areas. So, what we've done is to launch feasibility studies, the aim of which is to make sure that we have a real chance of success, of finding the right formulation. As you can understand, these programs and feasibility studies are very strategic for our partners, and we'll say more when we can.

David Heuzé
We want to know. So we're going to have some. Feasibility studies? We know you don't want to. Can't you tell us more about these new programs, in detail, what indications and which partners? But what happens if these feasibility studies are positive, and we hope they are.

Sébastien Enault
If the feasibility studies are positive. The next step is to set up a licensing agreement like we did with Teva, with upfront payments, milestones and royalty payments. And that's to define and start all the other development phases. I was at the BIO conference in Boston a few weeks ago. It was a big conference, I think there were over 15,000 attendees, and we had over 65 qualified appointments, which was pretty huge. There were four of us from my team. And I have to say that the approval of UZEDY really speeds things up, and I think it's a moment we've been waiting for for several years. And here we are.

David Heuzé
We no longer need to convince, to fight to convince. Now we've demonstrated that we're capable of bringing a product to market.

Sébastien Enault
We have two programs in phase three, a technology that has been approved by the FDA, this UZEDY approval, all the questions we had in the past. When we administer it subcutaneously or by other routes of administration, we no longer have these kinds of questions. So now we even have the luxury of spending time with future partners, screening the pipeline, all their products, to identify the best, the best molecule we could develop together.

David Heuzé
On a hâte. Je crois que je ne suis pas le seul à voir comment ça va se concrétiser. On passe aux questions, messieurs. Alors c'est parti. Alors on va prendre toutes les questions, même celles qui grattent un peu. On va peut-être commencer par celles qui grattent. Et Christophe, je vais te la poser. Je vais résumer la question qui dit en gros pourquoi avoir cherché à casser la hausse du titre au moment de l'obtention de l'approbation pour UZEDY dit en vendant des titres Christophe ? Donc cette question, elle s'adresse à toi. Je te laisse y répondre.

Christophe Douat
Of course, it's a legitimate question, except that no one has sought to break the title. I'll give you the details in all transparency. I hadn't sold any shares since the IPO, and naturally I needed to sell some, so I decided to sell 10% in the autumn. So I'm still keeping 90%. The sale of management shares. First of all, it's a very sensitive subject, as we've seen, but it's also highly regulated and closely supervised. In this particular case, I gave an order to sell at the beginning of December, i.e. 2022, subject to UZEDY's approval, out of respect for our shareholders, and with all the necessary precautions to ensure that the share price would not be affected. In fact, on the day of approval, these sales represented only 9% of volumes. A combination of circumstances meant that things didn't go as planned, with a lot of pressure on the share price. But it was hard to imagine. Obviously, six or seven months before.

David Heuzé

Thank you, Christophe. Thanks for the clarification, Christophe. We'll move on to the next question, which is for you, Jaime. It's in English, so I'll translate it. We've been asked for more details on the unfulfilled clause in the EIB contract, but I think we've already said a lot. I don't know if there's anything to add. Perhaps The second part of the question is interesting: how confident are we that this problem can be resolved? Maybe this could be an opportunity to reiterate how this problem could be solved or before, as you said, with new partnerships or if we're still in default next year.

Jaime Arango
Absolutely. So. This ratio. It's a very simple ratio, shareholders' equity plus cash must be greater than 1 euro. So we're going to stop the count and stop it on the basis that we have visibility. We'll have more than twelve months' visibility. This also reflects our confidence in the management team, Christophe and I, that we can find a solution, as we have done in the past with the European Investment Bank. We know them, they know us now, we've reached another stage, so we're pretty confident that there will either be a solution directly with them, or also, as equity plus treasury to find new partners. Hence the pressure on Seb.
We're joking with Sébastien, but it could be new partners who will pay up front, milestones, services that we'll provide, etc. So there will be solutions. So there will be solutions. And as I was just saying, the European Investment Bank is there to help companies, not to break them. So that's what they showed us already in 2018, before the IPO as well during the pandemic, we also renegotiated with them last year following the LRC we also got the new loan. So they know us well and we know them well too.

David Heuzé
It's a true partner.

Jaime Arango
It's a real strategic partner for the company. Absolutely.

David Heuzé
Thank you very much Jaime. I don't know how you're going to answer, but can you give us some details about the commercial milestones? So we're obviously talking about UZEDY coming to market, specifying the number of patients treated, sales figures, I think. We're not going to go into the details, but maybe a bit of color to it all.

Jaime Arango
Yes, unfortunately, I can't give you the exact amount of Teva's annual sales that will trigger the payment of these various milestones. In total, it represents $105 million, and that's also why I was talking about the strong growth being within five years, five years. So it's in this timeframe that we expect to have the full commercial milestones.

David Heuzé
Thank you. Just to clarify, to answer the question properly, it's not a question of the number of patients treated, it's a question of sales.

Jaime Arango
Teva annual calendar sales. Absolutely.

David Heuzé
January 1 to December 31, with a slight time lag in our accounts.
Why keep it simple? We're staying with Teva, so maybe Christophe, we're being asked about the third product developed with Teva, mdc-ANG, which has been in pre-clinical development for several years now. Is there a blockage? At what stage is the product?

Christophe Douat
This product is in the pre-clinical phase and Teva does not wish to communicate on it at this time.

David Heuzé
I can confirm that. So we'll see. Hopefully, we'll have some news about this product soon. I'll take the next question. This one concerns F14, and maybe Richard. Richard, on the subject of F14, is actually the name given to mdc-CWM by our Canadian partner, AIC. Richard, in the event of a successful outcome, i.e. phase three of the current regulatory

procedure, is it possible to extend this pain treatment to other operations, such as invasive shoulder, hip and spine surgery, we're told, without going through all the clinical stages? Basically, could we have an accelerated regulatory process to get the product approved for other indications?

Richard Malamut
Thanks. Thanks for the question. So we are focused, laser focused on post-operative pain in knee replacement surgery. We're focused on executing on the ongoing study and then planning with the FDA for the next study to get approval. Now everything goes well and the studies are positive. We have approval and we can launch. Of course, we'll be looking at other indications, other potential uses of this of this formulation. But we're not ready to go into detail about what those are today.

David Heuzé
Thank you, Richard.So, perhaps the next question will be for you, Sébastien. Again, I don't know to what extent, but you have aroused our curiosity a little.In particular, the statement of accounts shows that the feasibility studies brought in a lot more money this year than last.The simple question is, when can we expect to see some communication?So I don't know if you can answer about new partners

Sébastien Enault
Communication, not on feasibility studies, because there's always a risk that the molecule won't be compatible with our technology and that we won't be able to go on to the next stage, which is, after this positive feasibility study, to enter into a licensing agreement.So, I think that the best time would be to communicate the execution of a licensing agreement.

David Heuzé
That's all. And then, I'll add with my communication hat on, we may be able to communicate on the name of the partner, but in my opinion it's difficult to communicate on the indication, because once again it's very strategic, or even the molecule at the time. But obviously, our ambition is to be able to tell you as much as possible as soon as we can.
So I'm going to move on to the next question, which I'm going to address to Richard. I don't know if he can answer. Our Head of R&D, Adolfo, should have been with us. I don't know who can answer it on the Oxford Global website in April 2023, there's a presentation on the possibility of protein delivery with BEPO in oncology for prostate, prostate cancer. A priori. What is your strategy, partnership or proof-of-concept to develop this program internally? I don't know who Seb can be, I don't know if you can answer that or Richard Je or Christophe, I don't know. I'll admit it.

Christophe Douat
Yes, you know, we've already said that BEPO is historically very well suited to small hydrophobic molecules. We're constantly looking for new technologies to develop more hydrophilic molecules, notably peptides and proteins, which are a huge market.And so, along the way, we test them on molecules like this one, which is not currently a product in development at MedinCell, but which enables us to assess the potential for this type of molecule.

David Heuzé
It's this type of work that gives rise to publication, which also helps Sébastien's work to show what we can do with our technology. These are questions we're obviously asked.

Christophe Douat
So these publications give us information on the potential. In this type of molecule.

Sébastien Enault
And I can just add that two partnerships we've brought into MedinCell over the next few months concern molecules that are not small molecules.

David Heuzé
Right, because it's important information.

Christophe Douat
So peptides and proteins. To be more precise.

David Heuzé
Christophe, the next question is for you. It's a simple one. I think we've been asked this question twice, why did you stop our animal health program? mdc-KPT?

Christophe Douat
Listen, today with UZEDY's phase three results, which have been, and are, truly spectacular, going beyond our hopes. As Sébastien mentioned, this has led to an acceleration of our collaborations in human health. And we need to make choices, to focus first and foremost on our mission, which is to treat people and not animals. And therein lies the greatest financial potential. Clearly, this program is no longer a strategic priority for MedinCell today.

David Heuzé
Thank you, we'll try. We still have a lot of questions, but we'll try to answer them all as quickly as possible. So Jaime, the current accounts show revenue of 1.2 million in royalties from the joint venture with Corbion. What is the outlook for 2023 for the current year? Maybe a little reminder of what we're doing at Corbion.

Jaime Arango
I'll explain how it works. The joint venture is a company owned 50/50 by Corbion and MedinCell. It's called CM Bio Materials. All our partners have to buy the polymer, the basis of our technology, from this company. But this company will subcontract the production of the BEPO technology to Corbion. There is a price, a difference, margins that are created in the joint venture between the purchase price of the joint venture and the sale price to our partners. These margins are split 50/50 between MedinCell and Corbion. So it's from there, it's from this polymer sale where we see the sales, so it can vary, it depends on our partners, their needs, batch validation, preparation, launch, phase three preparation, etc. etc. So it fluctuates enormously. So it fluctuates enormously. So this year it was 1.2 million, the year before that it was 100,000, and the year before that it was 450 if memory serves.

Christophe Douat
That's a pretty good sign.

Jaime Arango
That's a good sign. Okay, I like it better.

David Heuzé
And so we wait now. We'll wait until next year to find out.

Jaime Arango
Yes, it varies a lot too.

David Heuzé
So thank you very much. So I'll ask all the questions. I'd like to come back to the animal health program. We were asked whether we had planned to develop meloxicam, the molecule used in animal health. We had planned developments in human health.

Christophe Douat
So we had evaluated them, but not on this molecule. Let me remind you that the F14 program Richard was talking about is an anti-inflammatory molecule. The brand name celecoxib celebrex was chosen for this application.

David Heuzé
Very good. Christophe, We've been asked at what stage we plan to introduce partnerships for in-house development, for us, for our in-house development programs. We were told that MedinCell has no commercial capacity, of course.

Christophe Douat
The main criteria is the quality of the partner, and its ability to carry out the development. As Teva did remarkably well with UZEDY and TJK. Apart from the CRL, of course, and then also to market it. In Teva's case, these are priority projects in an area where they have the perfect sales force to execute the launch. So we look at all these criteria,

development skills, access to markets. And then when the time comes, when all the stars are aligned, when the data we have allows us to access these ideal partners. Then, of course, we'll choose to license the product, and the more advanced the phases, the juicier the potential contract, and the more partners we'll be able to attract. Because the fewer years there are between the licensing stage and approval, the more partners are obviously interested.

David Heuzé
So the next question, maybe I'll split it in two. The first part is for you, Jaime. We're being asked what percentage of the capital is held by employees, founders and ex-employees following the last capital increase and the resulting dilution? And the second question, either you take it or Christophe completes it, I don't know. Aren't you afraid that Teva or someone else might buy us out?

Jaime Arango
The company's founder, management, employees and ex-employees now own around 43% of the capital.

David Heuzé
About 43% of the capital.
Aren't you afraid that Teva or someone else might buy you out?

Christophe Douat
Thanks David. Teva has tried in the past, but we were right in thinking that MedinCell had a lot of potential. First with Teva, but also in other indications. It's important to remember that the day we make too strong an association with a partner, it will restrict our field of action, and that MedinCell's mission is to have the greatest possible impact. And now, with UZEDY, we're obviously thinking of expanding our partnerships. Now, if I were Teva's CFO, with UZEDY's first trend figures and positive phase three data, I'd obviously make my calculations. And any CFO worth his salt would. So now it's up to us to show our ability to expand our partnerships and also to develop our internal products effectively.

David Heuzé
Christophe or maybe Sébastien. During various interviews in June, diabetes programs were mentioned. We were asked where we stand on this subject.

Sébastien Enault
As I said, I can only tell you that we are working in different therapeutic areas, not just in the CNS field. We're also working in fields where there's an interest in developing a long-acting injectable form, and let's say in general the cardio-metabolic field. There is real interest, and there are already existing LAIs where the technology may be appropriate.

David Heuzé
Well, that's the end of it, isn't it? So, next question is a bit tricky. So Jaime or Christophe? I'll let you take it. The question is simple: if you think the share is worth €15, why did you do an AK? A capital increase at €7.31?

Christophe Douat
I've already given some elements in my introduction. Maybe, Jaime, you can repeat them or add to them.

Jaime Arango
So this capital increase was a tactical move. Which we did, obviously not in an ideal context, but you must remember the context, the macro context, the context of the biotech sector where companies have lost 40, 50% of their value. Without having bad news, quite simply, there were no investors. In the capital market. The money may be there today, but potentially not tomorrow. So, very often, we get the question: why did you do the capital increase when you did? Why not wait, wait for the share price to rise, etc.? Except that we can't be sure, given the current context, with interest rates having already risen. There was the banking crisis in the United States. Today, there's a lot of talk about deflation and the economic situation in Germany. There was also news this weekend from Russia, and so on. So it's an extremely volatile, extremely complicated market. And as I said, I don't know if I'm going to say it right this time. A bird in hand is worth two in the bush.
Okay, so yes, we're the first to be disappointed. But the most important thing, and the most important message, is to understand that with this tactical action, if there was one company that could do this, it was MedinCell. And this secures

the company's future, bearing in mind that there have only ever been three capital increase transactions, and MedinCell is one of the two main ones.

Christophe Douat
Yes, and the other two were deals in which VCs or industrialists guaranteed almost the entire round. So, since the beginning of the year, we're the only company to have completed a normal round of capital increases on the French market.

David Heuzé
Thank you for that answer. So I'll ask the question. And I don't know who's going to answer it, but what do you think is the ideal partnership strategy for the future? Is it new Teva-type multi-product partnerships, with or without Teva or another, or a partnership approach really by application and we multiply the partners?

Christophe Douat
I think you have to remain pragmatic and obviously develop, when you have a partner, the pipeline of potential products you can make with that partner. Partners often have a strategic focus. We can see that Teva wanted to develop in CNS. Thanks to us, it's developing a long-acting product franchise in schizophrenia. This will probably be the case in other indications with other partners, but we're not going to shy away from working with a partner on a single project if it obviously meets a significant medical need. And if Jaime tells me it's worth investing in the relationship.

David Heuzé
Sébastien, we're being asked, and I'm bringing it up again. What type of company are we currently working with? Are we discussing and proving feasibility? And whether any of them are what we call big pharma.

Sébastien Enault
I can say that there are companies of all sizes. So it goes from the ultra-innovative biotech in the North American market to the slightly larger company. So it's true that we have a whole spectrum of partners and future partners for MedinCell.

Jaime Arango
Public or private.

David Heuzé
So, and this is the last question tonight, Christophe, is a Nasdaq listing planned in the near future?

Christophe Douat
It's obviously something we're keeping a close eye on, and something we've asked Jaime to prepare for. Perhaps when the time is right, all the more so because in the last week or so, with all the noise Teva has been making about its strategic directions and the importance of our products, we're being approached more and more spontaneously by American funds. And it's clear that to increase the company's visibility, access to capital and liquidity, this will undoubtedly be a step in the future. Today, our valuations are too low. So our aim is to reach the valuations that will be key on both Euronext and Nasdaq. We absolutely have to break the 500 million barrier that puts us on the radar and beyond which we can have liquidity that is considered normal, with efficient markets, hedge funds, large investment funds and retail. And that's really our next objective, to get to this level of valuation, which will make life easier for us.

David Heuzé
Thank you very much. Thank you gentlemen, thank you Richard, thank you for being with us and answering all these questions. I'd like to remind you of two small appointments this week, important appointments tomorrow in Lyon, Thursday in Bordeaux. Christopher and Jaime, you're on a bit of a French tour. You've got meetings, so we're taking advantage of them to make appointments for any of our shareholders who wish to attend. So, logically, you should have received an invitation. If not, just send us an email. We'd be delighted to meet you and take the discussion a step further. It's an important event.

Christophe Douat

And beyond that, we're also expanding our communications in Europe, since over the summer we'll be in Brussels, Geneva and Luxembourg, and we're also working with our American investor relations agency on future road shows in the United States. Jaime, perhaps you'd like to say a few words about our analyst strategy.

Jaime Arango
Today we have coverage, but it's still very French, with five covers. But we're obviously working hard to attract more international coverage, with more reach, not just in Europe, but also in the United States. So we're going to keep on working, and that's a nice challenge.

David Heuzé
Any other questions between you gentlemen?

Christophe Douat
So, once again, thank you all for being here, for sharing this complicated year with us, with this LRC, this capital increase in a very complex macro-economic and biotech context. I think you can see that we have a lot ahead of us, and above all the financial visibility to see it through. So thank you for your confidence, and see you soon.

David Heuzé
Thanks to all. Good evening Richard.