NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN

IMPORTANT NOTICE

THE OFFERING DESCRIBED HEREIN IS AVAILABLE OUTSIDE THE UNITED STATES, IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")

IMPORTANT: You must read the following before continuing. The following applies to the attached confidential International Offering Memorandum dated September 14, 2018 (the "**International Offering Memorandum**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached International Offering Memorandum. In accessing the International Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. This International Offering Memorandum is intended only for the addressee of the e-mail to which it was attached. If you are not an intended recipient, please notify us immediately by e-mail and then delete and discard all copies of this e-mail. You acknowledge that this electronic transmission and the delivery of the attached International Offering Memorandum is confidential and intended only for you and you agree you will not forward, reproduce or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES TO WHICH THIS INTERNATIONAL OFFERING MEMORANDUM RELATES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY NOT, DIRECTLY OR INDIRECTLY, BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE FOLLOWING INTERNATIONAL OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE PUBLISHED OR REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IN PARTICULAR, PLEASE BE AWARE THAT THIS ELECTRONIC COPY OF THE INTERNATIONAL OFFERING MEMORANDUM MAY NOT BE TAKEN OR TRANSMITTED INTO, OR DISTRIBUTED IN, THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. OR OTHER SECURITIES LAWS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your representation: The attached document is delivered to you at your request and you shall be deemed to have represented to Bryan Garnier & Co Ltd and Crédit Agricole Corporate and Investment Bank, acting as Joint Global Coordinators and Joint Bookrunners (the "**Underwriters**") and MedinCell S.A. that, to the extent that you subscribe to the offering referenced herein, you will be doing so (i)(a) outside the United States pursuant to Regulation S under the Securities Act or pursuant to another available exemption from the registration requirements of the Securities Act, and you are not, nor are you acting on behalf or for the account of any person, located in the United States, (b) as a qualified investor within the meaning of the Prospectus Directive (as defined below), in member states of the European Economic Area, and (c) in the United Kingdom, as a person who (I) is an investment professional under Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (II) falls within the definition of high net worth companies, or other persons described in Article 49(2) (a) to (d) (high net worth companies, unincorporated associations etc.) of the Order or (III) can be otherwise lawfully communicated the attached documents, AND (ii) not be a resident of Canada, Australia or Japan.

This offering is being made in France pursuant to a French-language prospectus approved by the *Autorité des marchés financiers* (the "AMF") on September 14, 2018, a *note d'opération* and a summary of the prospectus (included in the *note d'opération*). The prospectus is the only document by which offers to purchase or subscribe for shares may be made to the public in France.

The information in this International Offering Memorandum is and will be supplemented by a pricing supplement which will contain additional information, including, among other matters, the final price per share.

You are reminded that documents transmitted in electronic form may be altered or changed during the process of electronic transmission, and, consequently, neither MedinCell S.A. nor any of MedinCell S.A.'s directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the International Offering Memorandum distributed to you in electronic form and the hard copy version available to you on request from MedinCell S.A. By accessing the linked document, you consent to receiving it in electronic form.

Neither the Underwriters, nor any of their respective affiliates accept any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with MedinCell S.A. or the offer. The Underwriters and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Underwriters or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CONFIDENTIAL – NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA AND JAPAN.

MedinCell S.A.

International Offering Memorandum

4,137,931 Ordinary Shares

Indicative Price Range: between €7.25 and €9.25 per ordinary share

MedinCell S.A., a *société anonyme* (limited liability company) *à directoire et conseil de surveillance* organized under the laws of France ("**MedinCell**" or the "**Company**") is offering 4,137,931 new shares of €0.01 nominal value each (the "**New Shares**") in a Global Offering (as defined below), which may be increased by 620,689 new shares, equal to 15% of the initial number of New Shares being sold in the Global Offering (the "**Extension Clause**"), and up to a maximum of 5,472,413 new shares if the Extension Clause and the over-allotment option, which MedinCell granted to the Underwriters (as defined below), are both fully exercised.

The New Shares will be offered by way of (i) a public offering in France to retail investors (*offre à prix ouvert*) (the "**Public Offering**") and (ii) an international offering to institutional investors (the "**International Offering**" and, together with the Public Offering, the "**Offering**"). Any New Shares not subscribed for in the Offering may be subsequently offered by the underwriters named herein (the "**Underwriters**") in a private placement to institutional investors in France and internationally outside of France and the United States (the "**Institutional Placement**" and, together with the Offering, the "**Global Offering**"). The price for all shares sold in the Global Offering (the "**Offer Price**") will be the same.

This International Offering Memorandum has been prepared by the Company solely for the purpose of the Institutional Placement. The Public Offering is being made pursuant to a separate offering document in the French language prepared in accordance with French regulations. This International Offering Memorandum may only be used by institutional investors participating in the Institutional Placement. All other potential investors, including, *inter alia*, investors in the Public Offering may not rely upon this International Offering Memorandum when making an investment decision. It has not been submitted to the French *Autorité des marchés financiers* (the "**AMF**") and may not be used in connection with any offer to the public in France in respect of the New Shares.

In accordance with the terms of the underwriting agreement to be entered into by the Company with the Underwriters, the Underwriters will agree to underwrite the New Shares being offered by MedinCell in the Institutional Placement (see paragraph 5.4.3 of the English translation of the securities note (*Note d'opération*), included herein as Annex A).

Prior to the Global Offering, there has been no market for MedinCell shares. MedinCell is seeking the listing of its shares on the regulated market of Euronext in Paris under the symbol "**MEDCL**". The Company's shares will not be listed on any other stock exchange.

Investing in the New Shares involves risks.

See Section 2 of the English translation of the securities note (*Note d'opération*), included herein as Annex A and Section 4 of the English translation of the registration document (*Document de base*) of MedinCell, as included herein as Annex B for certain of the factors prospective investors should consider before investing in the New Shares. In making an investment decision, prospective investors must rely upon their own examination of MedinCell and the terms of this International Offering Memorandum.

The information in this International Offering Memorandum will be supplemented by a pricing supplement which will contain additional information, including, among other matters, the final price per New Share.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except in transactions exempt from registration under the Securities Act. The New Shares are being offered and sold outside of the United States in reliance on Regulation S under the Securities Act ("Regulation S"). See "*Selling Restrictions*" and "*Notice to Investors*".

Delivery of the New Shares is expected to be made against payment on or about October 1st, 2018.

CONFIDENTIAL – NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA AND JAPAN.

This International Offering Memorandum should be read in conjunction with the English translation of the securities note (*Note d'opération*) as included herein as Annex A, and the English translation of the registration document (*Document de base*) of MedinCell as included herein as Annex B, the French version of which was registered by the AMF on September 4th, 2018 under number I. 18-062.

Joint Global Coordinators and Joint Bookrunners

BRYAN, GARNIER & CO

CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK

The date of this International Offering Memorandum is September 14, 2018.

IMPORTANT INFORMATION ABOUT THIS INTERNATIONAL OFFERING MEMORANDUM AND THE INSTITUTIONAL PLACEMENT

MedinCell is responsible for the information contained in this International Offering Memorandum. MedinCell has not authorized anyone to provide you with information that is different from the information contained in this International Offering Memorandum. This International Offering Memorandum may only be used where it is legal to do so. The information in this International Offering Memorandum is accurate on the date of this document, and Medincell does not undertake to update the information contained herein.

No person has been authorized to give any information or to make any representations in connection with the private placement other than those contained in this International Offering Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by MedinCell, the Underwriters, any of its or their respective affiliates or any other person. Neither the delivery of this International Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in MedinCell's business since the date of this International Offering Memorandum or that the information contained herein is correct as of any time subsequent to its date.

This International Offering Memorandum is confidential and is being furnished in connection with the Institutional Placement, which is a private placement to institutional investors in several jurisdictions, in transactions not subject to the registration requirements of the Securities Act, solely for the purpose of enabling such prospective investors to consider the purchase the New Shares described in this International Offering Memorandum. Investors may not reproduce or distribute this International Offering Memorandum, in whole or in part, and investors may not disclose any of the contents of this International Offering Memorandum or use any information herein for any purpose other than considering the purchase of New Shares. Investors agree to the foregoing by accepting delivery of this International Offering Memorandum.

No representation or warranty, express or implied, is made by the Underwriters or any of their affiliates or any of their respective advisers as to the accuracy or completeness of the information set out herein, and nothing contained in this International Offering Memorandum is or shall be relied upon as a promise or representation by the Underwriters or their affiliates whether as to the past or future. The Underwriters are acting exclusively for MedinCell and no one else in connection with the Global Offering. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Global Offering and will not be responsible to anyone other than MedinCell for providing the protections afforded to their respective clients or for giving advice in relation to the Global Offering or any transaction or arrangement referred to herein.

This International Offering Memorandum has been prepared by the Company on the basis that any purchaser of New Shares is a person or entity having such knowledge and experience of financial matters as to be capable of evaluating the merits and risks of such purchase. Before making any investment decision with respect to the New Shares, purchasers of New Shares should conduct such independent investigation and analysis regarding MedinCell, the New Shares as they deem appropriate to evaluate the merits and risks of such investment. In making any investment decision with respect to the New Shares, investors must rely (and will be deemed to have relied) solely on their own independent examination of MedinCell and the terms of the offering of the New Shares, including the merits and risks involved. Each person who receives this International Offering Memorandum acknowledges that such person has not relied on any Underwriter or any of their affiliates or any of their respective advisers in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision. Before making any investment decision with respect to the New Shares, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider such investment decision in light of the foregoing.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY OR APPROVED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MedinCell reserves the right to withdraw the Institutional Placement at any time, and MedinCell and the Underwriters each reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the New Shares offered hereby.

The distribution of this International Offering Memorandum and the offering of the New Shares in certain jurisdictions is restricted by law. Persons into whose possession this International Offering Memorandum comes are required to inform themselves about, and to observe, any such restrictions.

Excluded Sections

This International Offering Memorandum contains, as Annex A, an English translation of the original French language securities note (*Note d'opération*) forming part of the original French language Prospectus approved by the AMF under visa number 18-434 dated September 14, 2018. The English translation of the securities note (*Note d'opération*) excludes certain sections included in the original French language securities note (*Note d'opération*). The following table sets forth the sections of the securities note (*Note d'opération*) that are excluded from the International Offering Memorandum as included herein as Annex A (the "**Excluded Securities Note Sections**").

Page(s) in the original French language securities note (*Note d'Opération*)	**Relevant Section**
Cover Page.....	AMF visa on the Prospectus together with the related text box
Cover Page.....	Reference to copies of the Prospectus being available with the AMF
Cover Page.....	Reference to the filing with the AMF of (i) the registration document (*Document de base*), (ii) the Securities Note (*Note d'opération*) and (iii) the Prospectus summary (*résumé du Prospectus*)
Cover Page, Page 8, Page 33, Page 61	Reference to AMF visa (*visa)*
Page 38	Section 1.2: Statement from the person responsible for the French Prospectus
Page 38	Section 1.2: Reference to the statutory auditors' completion letter in the statement from the person responsible for the French Prospectus

Any references to the securities note (*Note d'opération*) shall be deemed to exclude the Excluded Securities Note Sections.

In addition, this International Offering Memorandum contains, as Annex B, an English translation of the Company's registration document (*Document de base*) filed with the AMF on September 4, 2018 under number I. 18-062. The registration document (*Document de base*) includes the Company's audited consolidated financial statements at and for the years ended March 31, 2017 and March 31, 2018, and, in each case, the statutory auditors' report related thereto. The English translation of the registration document (*Document de base*) excludes certain sections included in the original French language registration document (*Document de base*). The following table sets forth the sections of the registration document (*Document de base)* that are excluded from the English translation as included herein as Annex B (the "**Excluded Registration Document Sections**" and, together with the Excluded Securities Note Sections, the "**Excluded Sections**").

Page(s) in the original French language registration document (*Document de base*)	Relevant Section
Cover page	Text relating to the filing of the registration document (*Document de base)* with the AMF and reference to copies of the Document de Base being available with the AMF
Page 13	Statement from the person responsible for the Document de Base

Any references to the registration document (*Document de base*) shall be deemed to exclude the Excluded Registration Document Sections.

Investors should not make an investment decision based on any information contained in the Excluded Sections.

Any statement in this International Offering Memorandum which is incorporated by reference herein will be deemed to have been modified or superseded to the extent that a statement contained in this International Offering Memorandum (including the Annexes) modifies or supersedes that statement. Any statement so modified or superseded will not be deemed to be a part of this International Offering Memorandum except as so modified or superseded.

Industry and Market Data

This International Offering Memorandum contains information concerning the markets in which MedinCell operates. This information is taken in significant part from research carried out by external organizations. This publicly-available information, which the Company believes to be reliable, has not been independently verified, and MedinCell makes no representation as to the accuracy of such information and cannot guarantee that a third party using different methods to collect, analyze or compute market data would arrive at the same results. Accordingly, trends in MedinCell's business activities may differ from the market trends set forth in this International Offering Memorandum. MedinCell undertakes no obligation to update such information.

Documents Incorporated By Reference and Translations

The references to MedinCell's website contained in this document are provided for information purposes only and the information contained on such websites, except as explicitly provided herein, is not incorporated herein by reference.

In the event of any ambiguity or conflict between corresponding statements or other items contained in these English translations and the original French versions, the relevant statements or items of the French versions shall prevail. Neither the Company, nor any of the Underwriters assume any liability with respect to the free translation of the portions of the French Prospectus included in this International Offering Memorandum.

STABILIZATION

In case of exercise of the over-allotment option in connection with this offering, Crédit Agricole Corporate and Investment Bank (or any entity acting on its behalf), as stabilizing manager on behalf of the Underwriters (the "**Stabilizing Manager**"), may effect transactions with a view to maintaining a stable market price of the shares, which could result in market prices for the shares higher than those which might otherwise prevail. However, there is no assurance that the Stabilizing Manager will take any stabilizing action and, if begun, stabilizing action may be ended at any time. Any stabilization action may be conducted for a period of 30 days following the date of adequate public

disclosure of the offering price (from September 27, 2018 up to and including October 27, 2018 based on the expected timetable included herein). In compliance with European Parliament and Council Regulation No. 596/2014 of April 16, 2014 and Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 (the "**Delegated Regulation**"), stabilization transactions may not be effected at a price greater than the offering price in the global offering. Over-allotments of shares by the Underwriters in connection with the Global Offering may be made for up to the amount of the shares subject to the over-allotment option, increased, as the case may be, by a number of shares representing 5% of the Global Offering, in accordance with article 8(b) of the Delegated Regulation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This International Offering Memorandum contains certain "forward-looking statements", including statements about the Company's objectives. These statements may address among other things, the financial condition, results of operations and business, including strategy for growth, regulatory approvals and market position of MedinCell. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements, including those discussed elsewhere in this International Offering Memorandum and in other public filings of MedinCell with the AMF, press releases, oral presentations and discussions. Forward-looking statements include, among other things, discussions concerning the potential exposure of MedinCell to certain risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions.

In addition to statements that are forward-looking by reason or context, the words "aims", "anticipates", "believes", "considers", "estimates", "intends", "may", "should", "targets", "will", "wishes", and similar expressions, or, in each case, their negative, or other variations or other comparable terminology, identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements are based on data, assumptions and estimates that the Company considers to be reasonable. They may change or be amended owing to uncertainties, related to the economic, financial, competitive and regulatory environment, many of which are outside of MedinCell's control. In addition, the Company's business activities and its ability to meet its objectives may be affected if certain of the risks that are set forth in this International Offering Memorandum materialize. See Section 2 of the English translation of the securities note (*Note d'opération*) as included herein as Annex A and Section 4 of the English translation of the registration document (*Document de base*) of MedinCell, as included herein as Annex B. The Company does not undertake to meet or give any guarantee that it will meet the targets shown in this International Offering Memorandum.

The following risk factors, among others, could affect the future results of operations of MedinCell and could cause those results to differ materially from those expressed in the forward-looking statements included in this International Offering Memorandum:

Risks related to the Company's business

- Risks relating to the adoption of the Company's products by practitioners and key opinion leaders: healthcare professionals will only use the Company's products once they have acquired the conviction based on feedback from opinion leaders, that its products offer benefits or represent a meaningful alternative and/or addition to equipment already available on the market and for which they are already accustomed to using.

- Risks associated with the procurement of specific raw materials and supplies required to manufacture and package the Company's products: the Group is dependent on third parties for the procurement of certain materials required to manufacture and package its products, some of which represent a significant percentage of the cost price.

Risks related to the Company's business sector

- Risks relating to the current and future competition on the Company's market: multiple alternative therapeutical products are currently being marketed and/or in various stages of development. Products in which the Company's technology is used are within markets in which therapeutical products are widely used and marketed. Even though the Group considers that its products offer differentiating solutions in relation to those available on the market, there is no assurance that competing technology under development or to date unknown might in the near future acquire significant market share and limit the Company's ability to market its own products.

- Risks relating to the very significant size of some of the Company's competitors: the sector for therapeutical

products such as those of the Company is a competitive market largely dominated by major well established international players such as Janssen (subsidiary of Johnson & Johnson), for the schizophrenia market and which grew notably through acquisitions. These companies have considerable resources, exceeding those of the Company.

Regulatory and legal risks

- Risks relating to the European regulatory environment – CE marking and regulatory changes: the Company's products are included in the category of therapeutic products and may in the future be included also in the category of medical devices and are governed by the provisions of European Directive 93/42/EEC as amended which harmonizes the conditions for the sale and free circulation of the Company's products within the European Economic Area (EEA). Beginning in 2020, the marketing of medical devices will be covered by regulation 2017/745/EC, repealing this directive. These products may notably not be placed on the market until certificates allowing CE marking have been obtained, validated for a period of five years. This CE marking highlights the compliance of the medical device in question with the essential health and safety requirements set by the applicable European regulations. It also confirms that it has followed appropriate procedures for evaluating its compliance which depends on the classification of the device according to the level of risk (from Class I for the simplest medical devices to Class III. While the existing products have already been granted CE marking, products under development will be subject to the same regulation and their market launch might be delayed by a failure to obtain certificates to be granted CE marking.

- Risk related to the marketing authorization process, the U.S. regulatory environment (FDA) and regulatory changes: The US market is governed by Title 21 of the U.S. Code of Federal Regulation ("**CFR**") which regulates the marketing of medical devices and imposes pre- and post-market approval requirements under the authority of the FDA. Any company planning to market a medical device in the United States must follow one of the evaluation procedures according to the relevant class of the device, each with its own authorization procedures: (the PMA for Premarket Approval), *de novo* evaluation or 510 (k) notification.

- Risks relating to product liability claims resulting from defective products: the Company could be exposed to the risk of liability during the clinical development or commercial operation of its products, in particular product liability claims as a consequence of defective products. Criminal charges or legal proceedings could be filed against the Company by users (patients, medical practitioners, researchers, and other healthcare or research professionals), regulatory authorities, distributors, or any other third parties using or marketing its products in France or in other countries.

- Risks linked to reimbursement policies for medical devices: reimbursability affects healthcare establishments' choices concerning the products that they buy and the prices that they are prepared to pay. The Company's ability to obtain acceptable levels of reimbursement from government authorities and from public and private health insurance providers may in consequence impact its ability to successfully market its products and, on that basis, to generate sales.

Financial and market risks

- Liquidity risk: the Group's historical losses are attributable to research expenses dedicated to its platform, as well as expenses incurred for the development of its main therapeutic programs**.** In the future, the Company will continue to have significant financing requirements to develop its therapeutical products, continue its development programs, equip its production site and for eventually marketing its products. It is therefore possible that the Company will be unable to finance its growth from its own resources, which would lead it to seek other sources of funding, particularly through new capital increases.

The above factors are in addition to those factors discussed elsewhere in this International Offering Memorandum. In light of these risks, the results of MedinCell could differ materially from the forward-looking statements contained in this International Offering Memorandum, including matters discussed in Section 2 of the English translation of the securities note (*Note d'opération*) as included herein as Annex A and Section 4 of the English translation of the registration document (*Document de base*) of MedinCell, as included herein as Annex B.

You should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of this International Offering Memorandum. MedinCell operates in a competitive and rapidly changing environment. New risks, uncertainties and other factors may emerge that may cause actual results to differ materially from those contained in any forward-looking statements. Except as required by law or the rules and regulations of any stock exchange on which its securities are listed, MedinCell expressly disclaims any obligation or undertaking to release

publicly any updates or revisions to any forward-looking statements contained in this International Offering Memorandum to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any forward-looking statement contained herein is based.

STATUTORY AUDITORS

MedinCell's financial year commences on April 1 and ends on March 31 of each year. MedinCell's consolidated financial statements prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union, as of and for the year ended March 31, 2017 and as of and for the year ended March 31, 2018, included in MedinCell's registration document (*Document de base*) referred to in this International Offering Memorandum, have been audited by PRICEWATERHOUSECOOPERS AUDIT and CABINET BECOUZE, statutory auditors, as stated in their reports appearing therein.

SELLING RESTRICTIONS

General

This International Offering Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase any security other than the New Shares offered hereby. The distribution of this International Offering Memorandum and the offer, sale of the New Shares may be restricted by law in certain jurisdictions. Persons into whose possession this International Offering Memorandum comes are required to inform themselves about and to observe any such restrictions. Neither MedinCell nor any of the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of New Shares, of any such restrictions. Any resale or other transfer or attempted resale or other transfer of New Shares made other than in compliance with the restrictions set forth in this International Offering Memorandum shall not be recognized by MedinCell, any agent or intermediary for the transfer of the New Shares. This International Offering Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase, any New Shares in any jurisdiction in which such offer or invitation would be unlawful.

No action has been or will be taken in any jurisdiction that would permit a public offering of the New Shares, other than in France. No offer or sale of the New Shares may be made in any jurisdiction except in compliance with the applicable laws thereof. If a prospective investor is in any doubt as to whether it is eligible to purchase, exercise or subscribe for any New Shares, such investor should consult its own counsel or other advisers without delay.

United States

The New Shares being offered in the Institutional Placement have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, taken up, resold, renounced, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state and other securities laws of the United States. The New Shares are being offered and sold in the Institutional Placement outside the United States only in reliance on Regulation S in "offshore transactions" as defined in, and in accordance with, Regulation S.

Accordingly, no subscription order may be mailed or sent by any means from the United States, and any person wishing to hold the New Shares in registered form must provide an address outside of the United States, no communication relating to the offer and no invitation to subscribe for the New Shares may be disseminated or distributed in the United States or directed to persons who reside or are present in the United States, neither this International Offering Memorandum nor any other offer document relating to the offer of the New Shares may be distributed or disseminated by an intermediary or any other person into the United States, and at the time of a person's decision to purchase the New Shares, a person receiving this International Offering Memorandum will be deemed to have represented, warranted and agreed that (i) the New Shares have not been registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction in the United States, (ii) such person did not receive a copy of this International Offering Memorandum, nor any other offer document or document relating to the offer of the New Shares in the United States, (iii) such person is not located in the United States and is not a U.S. person within the meaning of Regulation S under the Securities Act, and (iv) such person is acquiring the New Shares in an "offshore transaction" in compliance with Rule 903 of Regulation S under the Securities Act.

Without prejudice to the implementation of the foregoing procedures and restrictions, any recipient of this International Offering Memorandum who acquires New Shares in the Institutional Placement will be deemed to have represented, warranted and agreed, by accepting delivery of this International Offering Memorandum or delivery of New Shares or sale proceeds therefrom, that such person is acquiring the New Shares in compliance with Rule 903 of Regulation S under the Securities Act and in "offshore transactions" as defined by Regulation S under the Securities Act or under the exemption from registration provided for private placements by Section 4(a)(2) of the Securities Act.

Any incomplete instruction or instruction that does not meet these requirements shall be null and void, and the subscription price paid in respect thereof will be returned without interest.

Any person in the United States who obtains a copy of this International Offering Memorandum is required to disregard it.

France

This International Offering Memorandum has not been and will not be submitted to the clearance procedure of the French *Autorité des marchés financiers* (the "**AMF**"), and accordingly may not be released, issued, or distributed, or caused to be released, issued, or distributed, directly or indirectly, to the public in France, or used in connection with any offer for subscription or sale of the New Shares to the public in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*). For the purpose of the French public offering, a French language prospectus has been prepared, consisting of the Company's registration document (*Document de base*) registered with the AMF on September 4, 2018 under number I. 18-062, and a securities note (*Note d'opération*) including the summary of the prospectus, which received registration (visa) number 18-434 from the AMF on September 14, 2018. Such French-language prospectus is the only document by which offers to purchase or subscribe for New Shares may be made to the public in France.

This International Offering Memorandum is not to be distributed or reproduced (in whole or in part) in France by the recipients of this International Offering Memorandum, and this International Offering Memorandum has been distributed on the understanding that such recipients will only participate in the issue or sale of the New Shares for their own account and undertake not to transfer, directly or indirectly, the New Shares to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4 of the French Monetary and Financial Code (*Code monétaire et financier*).

European Economic Area

MedinCell has not authorized any offer to the public of New Shares in any Member State of the European Economic Area other than France.

With respect to each Member State of the European Economic Area which has implemented the Prospectus Directive, other than France (each, a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of New Shares requiring the publication of a prospectus in any Relevant Member State. As a result, an offer to the public in any Relevant Member State of any New Shares may be made only under the following exemptions under the Prospectus Directive, if these exemptions have been implemented in that Relevant Member State:

(i) to legal entities which are qualified investors, as defined in the Prospectus Directive;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(iii) in any other circumstances not requiring MedinCell to publish a prospectus as provided under Article 3(2) of the Prospectus Directive,

provided that no such offer of New Shares shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this paragraph, the expression an "offer to the public of New Shares" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Shares to be offered so as to enable an investor to decide to purchase, or subscribe for any securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This European Economic Area selling restriction is in addition to any other selling restrictions set out in this International Offering Memorandum.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise,

which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares offered in the global offering have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the global offering.

Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment for any particular client of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

United Kingdom

This International Offering Memorandum is only being distributed to persons who are (i) outside of the United Kingdom, (ii) investment professionals under Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), or (iii) high net worth companies, or other persons described in Article 49(2) (a) to (d) (high net worth companies, unincorporated associations etc.) of the Order (hereafter collectively referred to as "**Relevant Persons**"). No invitation, offer or agreements to subscribe, purchase or otherwise acquire New Shares may be proposed or concluded other than with Relevant Persons. The New Shares may be offered or issued in the United Kingdom only to Relevant Persons, and no person in the United Kingdom other than a Relevant Person may act or rely on this International Offering Memorandum or any provision thereof. Persons distributing this International Offering Memorandum must satisfy themselves that it is lawful to do so.

Canada, Australia and Japan

The New Shares will not be offered and sold in Canada, Australia or Japan.

ANNEX A—ENGLISH TRANSLATION OF THE SECURITIES NOTE (*NOTE D'OPÉRATION*)

The English translation of the Securities Note, which follows, is dated September 14, 2018 and excludes the Excluded Securities Note Sections as described under "*Important Information about this International Offering Memorandum and the Institutional Placement—Excluded Sections*".

A *société anonyme* (French corporation) with a share capital of EUR 144,816
Registered office: 3 rue des Frères Lumière – 34380 JACOU
444 606 750 RCS MONTPELLIER

SECURITIES NOTE (« NOTE D'OPERATION »)

This securities note (the "**Securities Note**") is provided to the public for the following purposes:

- admission to trading on the Euronext regulated market in Paris ("**Euronext Paris**") of the entire share capital of MedinCell S.A; (the "**Company**");
- admission to trading on Euronext Paris of the shares to be issued in connection with the repayment of the bonds redeemable into shares issued by the Company, i.e. 1,116,858 new shares (on the basis of the median point of the indicative price range);
- the issue and admission to trading on Euronext Paris, as part of an open price offer to the public in France (the "**Open Price Offer**") and a global placement offer primarily to institutional investors in France and abroad (the "**Global Placement**", together with the Open Price Offer, the "**Offering**"), of 4,137,931 New Shares to be issued by the Company as part of a capital increase (with cancellation of the preferential subscription right of shareholders) and to be subscribed for with cash or debt, by offer to the public (corresponding, for reference, to an amount close to EUR 34.1 million, issuance premium included, on the basis of the median point of the indicative price range), which may be brought up to 4,758,620 New Shares (that is, for reference, close to EUR 39.3 million) if the Extension Clause is exercised in full; and
- the issuance and admission to trading on Euronext Paris of a maximum number of 713,793 new additional shares to be issued by the Company in case of full exercise of the Over-Allotment Option.

Open Price Offer period: from September 17, 2018 to September 26, 2018 (inclusive)

Global Placement period: from September 17, 2018 to September 27, 2018 (inclusive)

Indicative price range applicable to the Offering: between EUR 7.25 and EUR 9.25 per share

The price of the Offering may be set below EUR 7.25 per share. Should the high end of the indicative price range referred to above change or the price be set above EUR 9.25 per share, the orders issued as part of the Open Price Offer may be revoked for a period of at least two trading days.

[INTENTIONALLY OMITTED]

The prospectus (the "**Prospectus**") approved by the AMF consists of:

- The Company's Registration Document registered by the AMF on September 4, 2018 [INTENTIONALLY OMITTED] (the "**Registration Document**"),
- The Securities Note, and
- The Prospectus summary (included in the Securities Note).

[INTENTIONALLY OMITTED]

BRYAN, GARNIER & CO

CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

Joint Global Coordinators and Joint Bookrunners

ALLEGRA
Finance

Company's advisor

SUMMARY

GENERAL REMARKS

The Securities Note was prepared in accordance with the provisions of Annex III of Commission regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, as amended, as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

Definitions

In this Prospectus, unless otherwise specified, the terms "Company" or "MedinCell" refer to the company named MedinCell a French *société anonyme* with capital of EUR 144,816 and governed by an executive board and a supervisory board, whose registered office is located at 3, rue de Frères Lumière, 34380 JACOU, France and which is registered with the Registry of Companies of Montpellier, France under number 44 606 750. The term "Group" means the Company and its subsidiaries and participations.

Information pertaining to markets and competition

This Prospectus contains information relating to the business of the Company and the market in which it operates. This information comes from studies carried out by internal or external sources (e.g. publications in the sector, specialized studies, information published by market research, analyst reports). The Company considers that, as of the date of each of the documents of the Prospectus, such information presents fairly its reference market and its competitive positioning in that market. However, this information has not been checked by an independent expert and the Company cannot guarantee that a third party using other methods to compile, analyze or calculate market data would obtain the same results. The company accordingly does not make any representation and does not warrant that such information provided by a third party is correct. The Group does not make any representation to publish updates of this information, except in the case of legal or regulatory obligation applicable thereto, including those resulting from the European Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation).

Forward-looking information

This Prospectus also includes information on the future objectives and areas of development of the Company. These details are sometimes identified by the use of the future and conditional tenses and forward-looking terms, such as "estimates", "considers", "targets", "expects", "intends", "should", "wishes" and "may" or any other variations or similar terminology. Readers are reminded that these objectives and areas of development should not be interpreted as a guarantee that the statements and forecasts mentioned will occur, nor that the assumptions will be verified or the objectives achieved. This information is based on data, assumptions and estimations considered as reasonable by the Company. Such data, assumptions and estimations are likely to evolve or change due to uncertainties related to economic, financial, competition or regulatory factors. The objectives may, consequently, not be achieved and information provided by the Prospectus may prove to be erroneous. However, subject to applicable regulations, particularly to the AMF General Regulations and the European Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), the Company shall not be under any obligation to update the Prospectus..

Risk factors

Investors are advised to carefully read through the risk factors described in Chapter 4, "Risk factors" of the *Document de base* and Chapter 2 "Risk factors related to the Offer" of this Securities Note before making any investment decision. Should any

of these risks occur, it could have a material adverse effect on the Company, its business, its prospects and ability to achieve its objectives, its financial position and/or development, as well as the Company's shares' market price after admission to trading on Euronext Paris. Furthermore, there may be other risks or uncertainties that are unknown or considered immaterial by the Company as of the date of this Prospectus, which could have a similar adverse effect. Investors could lose all or part of their investment.

Rounding

Some figures (including financial data) and percentages in this document have been rounded up or down. It may be that the totals given in this Prospectus differ slightly from those obtained by adding up the exact (non-rounded) values for these figures.

SUMMARY OF THE PROSPECTUS

[INTENTIONALLY OMITTED]

The summary is composed of a list of key information referred to as « Elements », which are presented in five Sections (A to E) and numbered from A.1 to E.7.

This summary includes all the Elements that must be provided in the summary of a prospectus related to this class of securities and this type of issuer. Since not all Elements have to be provided, the numbering in this summary is not continuous.

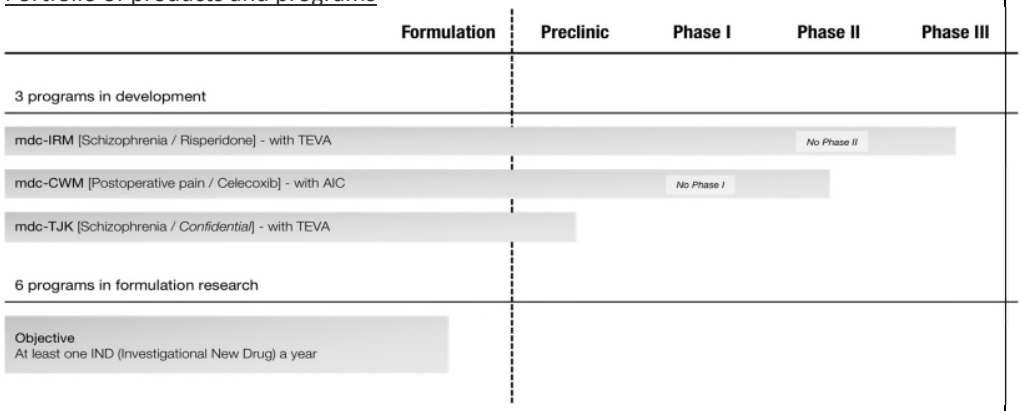
It is possible that relevant information may not be provided about a given Element that should be included in this summary, given the class of securities and the type of issuer involved. In that event, a brief description of the Element in question is included in the summary, with the notation “not applicable”.

Section A – Introduction and Warning		
A.1	**Notice to readers**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities issued in connection with this public offering or for which an application is made for admission to trading on a regulated market should be based on a thorough review of the Prospectus by the investor. If a claim relating to information contained in this Prospectus is brought before a court, the plaintiff investor may be required to bear the costs of translating the Prospectus prior to the commencement of judicial proceedings, pursuant to the national legislation of the Member States of the European Union or of the States Parties to the agreement on the European Economic Area. The individuals who presented this summary, including its translation, as the case may be, and who applied for the notification thereof, within the meaning of Article 212-41 of the AMF's General Regulation, are only liable if its contents are misleading, inaccurate or contradict the other paragraphs of the Prospectus, or if they do not provide, when read with other parts of the Prospectus, key disclosures to help investors who are contemplating making an investment in these securities.
A.2	**Company’s consent to the use of the Prospectus**	Not applicable.

Section B – Issuer		
B.1	**Company name and trade name**	Legal name: MedinCell S.A. (the "**Company**" and, with its consolidated subsidiaries and holdings, the "**Group**"). Commercial name: MedinCell
B.2	**Registered office/legal form/applicable law/country of origin**	- Registered office: 3, rue des Frères Lumière, 34380 JACOU, France. - Legal form: corporation with management and supervisory boards (*société anonyme à Directoire et Conseil de surveillance*). - Applicable law: French law. - Country of origin: France.
B.3	**Nature of operations and main business**	The Company is a technological pharmaceutical company that is developing a portfolio of long-acting injectables. With a team of 110 employees**,** it aims to significantly improve the efficiency of medical treatments for all types of markets and populations. Its two most advanced products, which address the treatment of schizophrenia and postoperative orthopedic pain, are respectively in Phase III and Phase II clinical studies in the United States. Its seven other programs in development or formulation research target different therapeutic areas (depression, chronic pain, contraception, etc.) in which the Company believes that its patented proprietary BEPO® technology is likely to be a game changer. The BEPO® technology allows controlled delivery of an API (active pharmaceutical ingredient) for a specified period of several days, weeks or months from a single injection, either subcutaneous for systemic action or local for a targeted action. A long-acting subcutaneous injection is an alternative to conventional methods for drug administration, often oral. It seeks to increase the efficiency of treatments by improving adherence, a major and global issue in healthcare. A local long-acting injection allows an API to be administered directly into the targeted area, for example intra-articular or perineural, particularly in the context of surgical procedures. The objective is to significantly reduce the quantity of drugs relative to what would have been administered systemically to achieve the same effect while limiting side effects. At the injection, the BEPO® technology forms a polymer depot a few millimeters in size under the skin that diffuses the API, and which is then resorbed by the body over the desired period of time, like a mini pump that is injectable and bioresorbable. Given existing long-acting injectable technologies, the Company believes that its BEPO® technology has significant advantages for the development, marketing and use of its products, including : - delivery control; - subcutaneous or localized administration; - rapid formulation ;

- control of production costs;
- solid intellectual property ; and
- controlled industrialization.

Portfolio of products and programs



The Company has three products in clinical and pre-clinical development phases including two products in clinical study phases in the United States:

- the mdc-IRM product, which entered into a Phase III clinical study (FDA) in April 2018 for schizophrenia treatment, in partnership with TEVA (subcutaneous injection);
- the mdc-CWM product, which entered into a Phase II clinical study (FDA) in May 2018 in the treatment of postoperative orthopedic pain, in partnership with AIC (local injection).

Benefiting from an accelerated regulatory process (505(b)2), mdc-IRM is currently in a Phase III clinical study in the United States in 417 patients, the last stage before marketing.

The Company's second most advanced product, mdc-CWM, which was developed in collaboration with AIC, is currently in Phase II in the United States. It is a new formulation of celecoxib, injectable into the intra-articular space during total knee arthroplasty surgery, with the goal of significantly reducing postoperative pain and inflammation.

The Company also has in its portfolio a product for the treatment of schizophrenia, mdc-TJK, in collaboration with TEVA, which entered into a pre-clinical development phase in March 2018, and six other products in formulation research in various therapeutic areas.

Among these, the mdc-WWM program aims to develop an injectable contraceptive that remains active for six months and is bioresorbable, intended particularly for developing countries. It is supported by the Bill and Melinda Gates Foundation, which provided funding of USD 3.5 million to the Company in support of the formulation research stage.

The Company has also initiated in-house formulation research activities in the areas of anesthesia, pain and organ transplantation.

		The Company is developing a new generation of long-acting injectables in a number of therapeutic areas, positioning itself in markets with a strong potential, given the advantages of these devices.
B.4a	**Significant recent trends affecting the Company and the industries in which it operates**	As of 2017, the Company has initiated a new stage of growth, which is reflected by the expansion of its product portfolio. The Group is structured to: • identify the opportunities offered by long-acting injectable treatments, notably via its BEPO® technology, in new therapeutic indications, extensively testing and validating drug molecules in the laboratory with the goal of filing at least one application for authorization to start clinical trials (IND/CTA) for a new product each year; • initiate a growing number of programs through its own resources, beyond the initial formulation research phase (potentially up to marketing). <u>Progress of programs</u>

Schizophrenia		1st half of 2019	2nd half of 2019	1st half of 2020
mdc-IRM	API: Risperidone Current status: Phase III in the United States (start in 2nd quarter of 2018)		Phase III Interim results	Phase III Final results
mdc-TJK	API: *Confidential* Current status: Preclinical launch in the first quarter of 2018	Launch of Phase I		
mdc-ANG	API: *Confidential* Current status: Formulation research	Preclinical launch		Launch of Phase I

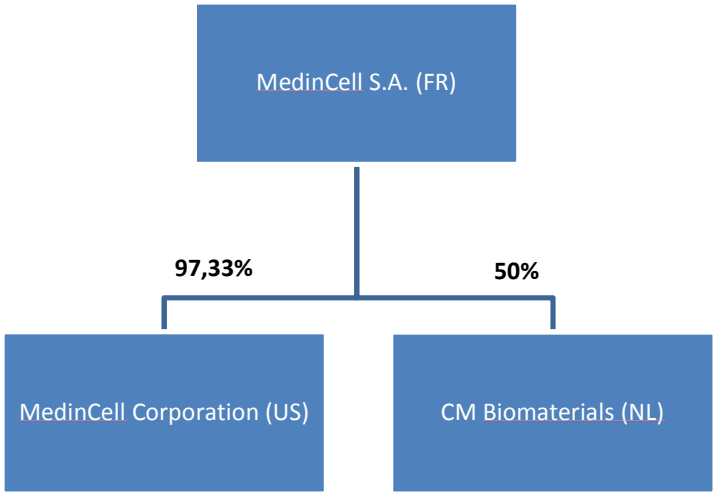
Expanding the product portfolio *(Most advanced formulation research programs)*		1st half of 2019	2nd half of 2019	1st half of 2020
mdc-CWM	Indication: Pain and inflammation API: Celecoxib	Phase II Final results	Launch of Phase IIb	
mdc-CMV	Indication: Anesthesia and pain API: Ropivacaine	Preclinical launch		Launch of Phase I/II
mdc-WWM	Indication: contraception API: 2 Progestin			Preclinical launch

The Company believes that Phase III clinical studies for the mdc-IRM product could last up to 24 months. After the Phase III study and in the event of positive results, the Company's partner should file a Marketing Authorization (MA) with the FDA in order to commercialize the mdc-IRM product in the United States.

The efficacy data from the Phase II clinical study for the mdc-CWM product are expected in the first half of 2019 and could, depending on the data obtained, either lead to the initiation of a Phase IIb clinical study to establish the appropriate dose, or allow direct initiation of a Phase III clinical study, the last step before the MA application. In the latter case, marketing of the mdc-CWM product could be anticipated as early as 2021.

Subject to the results of the preclinical and clinical studies currently underway, a Phase I clinical study for the mdc-TJK product could be initiated in the first half of 2019.

		By the summer of 2019, the Company, alone or in partnership, could also start preclinical studies for two products currently in the formulation research phase. Generally, and given the potential of its BEPO® technology, the Company plans to broaden its portfolio of products presented above, alone or in partnership, by filing at least one application for authorization to start clinical trials (IND/CTA) for a new product each year. <u>Financing of the business</u> Until the end of 2017, the Group deliberately financed its activities mainly via its industrial collaborations and through growth companies' financing (innovation loans particularly). The Group received support from the BPI through several innovation loans as well as support from its partner, TEVA, which granted a EUR 15 million loan to the Company in 2016 to finance its own product development and R&D activities. On December 21, 2017 and January 18, 2018, the Executive Board of the Company, upon delegation from the Company's shareholders' meeting dated December 21, 2017, made an initial bond issue in two tranches of a total nominal amount of EUR 3,990,000.75 by issuing 1,191,045 bonds with a par value of EUR 0.01 each, redeemable into ordinary shares of the Company no later than March 31, 2023, entirely in favor of funds managed by Seventure Partners. On April 3, 2018, the Executive Board of the Company, upon delegation from the Company's shareholders' meeting dated December 21, 2017, made a second bond issue of a total nominal amount of EUR 3,000,002.05 by issuing 895,523 bonds with a par value of EUR 0.01 each, redeemable into ordinary shares of the Company no later than March 31, 2023, entirely in favor of BNP Paribas Développement. On April 3, 2018, the Executive Board of the Company, upon delegation from the Company's shareholders' meeting dated December 21, 2017, made a third bond issue of a total nominal amount of EUR 198.293.20 by issuing 59,192 bonds with a par value of EUR 0.01 each, redeemable into ordinary shares of the Company no later than March 31, 2023, entirely in favor of CM-CIC Innovation. During the 2018 fiscal year, CM-CIC Innovation purchased Company shares from existing stockholders representing 6.18 % of the share capital.

B.5	**Description of the Group and the Company's place within the Group**	On the date of the Prospectus, the Company directly holds: - 97.33 % of a United States company, MedinCell Corporation; and - 50 % of a Dutch company, CM Biomaterials B.V.  The company CM Biomaterials B.V. was created in August 2015 in the Netherlands under the terms of a joint venture agreement between the Company and Corbion for the manufacture and distribution of polymers. The two parties jointly manage the activities of CM Biomaterials B.V. but MedinCell benefits from specific rights as regards certain commercial terms and conditions, including a right to approve or reject contractual agreements with certain customers or a particular price level, which the Company waived by supplemental agreement dated August 27, 2018. The Company and Corbion have licensed the intellectual property rights, including the expertise and technology specific to the manufacture of BEPO polymers, to the joint venture. The joint venture has outsourced the production of BEPO polymers to Corbion, which is solely responsible for the implementation, maintenance and financing of the production units required for this purpose.

B.6	**Major shareholders**	***Share ownership of the Company*** On the date of the Prospectus, the Company's share capital is EUR 144,816, divided into 14,481,600 fully paid-up shares with a par value of EUR 0.01 (one euro cent) each. The distribution of the capital and voting rights of the company on the date of the Prospectus is presented in the table below:

	Non-diluted basis	
	Number of shares (1)	**% of capital and voting rights (2)**
TOTAL Nguyen Family	**4,320,543**	**29.83%**
Anh Nguyen	1,998,243	13.80%
Sabine Nguyen	2,322,300	16.04%
TOTAL Executive Board, Supervisory Board and Managers	**2,954,379**	**20.40%**
Christophe Douat	609,060	4.21%
Nicolas Heuzé	322,226	2.23%
Jaime Arango	25,001	0.17%
Managers	699,602	4.83%
Franck Sturtz	1,187,200	8.20%
Other members of the Supervisory Board	111,290	0.77%
Employees	**2,371,878**	**16.38%**
CM-CIC Innovation	**894,568**	**6.18%**
Former employees and consultants and affiliates	**3,879,299**	**26.79%**
Other	**60,933**	**0.42%**
TOTAL	**14,481,600**	**100.00%**

(1) The Company's share capital consists solely of ordinary shares.

(2) Once the Company's shares have been listed for trading on the Euronext Paris market, the Company's Articles of Association will grant double voting rights, subject to certain conditions, in accordance with Article L.225-123 of the French Commercial Code.

It is specified that 1,191,045 Seventure ORA, 895,523 BNP Paribas Développement ORA, and 59,192 CM-CIC Innovation ORA will be compulsorily and immediately redeemed in new ordinary shares in the event of, and on the settlement-delivery date, the Offering. The number of shares that will then be held by the Seventure funds, by BNP Paribas Développement and by CM-CIC Innovation respectively issued in redemption of the Seventure ORA will be calculated in accordance with the Offering Price. A premium will be applied on the par value of the ORA for the purposes of their repayment, equal to (i) 25% if the Offering Price is strictly below EUR 8 (for a EUR 0.01 share) or (ii) between 25% and 55% % (according to a linear formula) if the Offering Price is between EUR 8 and the high end of the indicative price range.

For example, the number of shares issued in redemption of the ORA and the corresponding premiums would be the following:

	Low end of the indicative price range	Median price	High end of the indicative price range
	7.25	**8.25**	**9.25**
ORA Premium	*25.0%*	*26.3%*	*31.3%*
Seventure- Shares to be issued	700,522	621,656	576,018
BNP Dev - Shares to be issued	523,397	464,500	430,500
CM-CIC - Shares to be issued	34,595	30,702	28,455
Total of Shares Resulting from the Redemption of the ORA	**1,258,514**	**1,116,858**	**1,034,973**

In addition, as at the date of the AMF visa on the Prospectus, a total number of 29,905 dilutive securities (including 3,009 share warrants ("*bons de souscription d'actions*") and 26,896 founder's share warrants « *bons de souscription de parts de créateur d'entreprise* ») giving rights into 417,250 outstanding ordinary shares of the Company. Finally, as at the date of AMF visa on the Prospectus, there is no concerted action plan within the Company among the shareholders.

Share ownership following the Offering and the redemption of the ORA on a non-diluted basis[1]

<u>On the basis of the median point of the indicative price range</u>

	After issuance of 5,472,413 Offered Shares (in the event of full exercise of the Extension Clause and the Over-Allotment Option)		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights**
Anh Nguyen	1,998,243	9.48%	11.69%
Sabine Nguyen	2,322,300	11.02%	13.58%
Total Nguyen Family	4,320,543	20.50%	25.27%
Christophe Douat	609,060	2.89%	3.56%
Nicolas Heuzé	322,226	1.53%	1.88%
Jaime Arango	25,001	0.12%	0.07%
Managers	699,602	3.32%	4.08%
Franck Sturtz	1,187,200	5.63%	6.94%
Others members of the Supervisory Board	111,290	0.53%	0.55%
Total Executive Board + Supervisory Board + Managers	2,954,379	14.02%	17.10%
Employees	2,371,878	11.26%	13.67%
CM-CIC Innovation[2]	1,494,966	7.09%	4.37%
BNP Paribas Développement[3]	828,136	3.93%	2.42%
Seventure Partners Funds[4]	621,656	2.95%	1.82%
Former employees and consultants and affiliates	3,879,299	18.41%	21.86%
Other	60,933	0.29%	0.22%
Float	4,539,081	21.54%	13.27%
TOTAL	**21,070,871**	**100.0 %**	**100.0 %**

1 After taking into account the Subscription Commitments as described in section E.3 of the summary of the Prospectus (on the basis of these commitments being fully subscribed), not considering a potential TEVA debt offset in the framework of

the Offering (see section E.3 of the summary of the Prospectus) and on the basis of an Offering Price equal to the median point of the indicative price range.

2 Of which 894,568 existing shares prior to the Offer, 30,702 Shares Resulting from the Redemption of the ORA and 569,696 shares subject to the Subscription Commitments.

3 Of which 464,500 Shares Resulting from the Redemption of the ORA and 363,636 shares subject to the Subscription Commitments.

4 Of which 621,656 Shares Resulting from the Redemption of the ORA.

<u>On the basis of the low end of the indicative price range</u>

	After issuance of 3,103,448 Offered Shares (in the event of a capital increase limited to 75% of the initial Offering)		
Actionnaires	**Number of shares**	**% of capital**	**% of voting rights**
Anh Nguyen	1,998,243	10.60%	12.50%
Sabine Nguyen	2,322,300	12.32%	14.53%
Total Nguyen Family	4,320,543	22.93%	27.03%
Christophe Douat	609,060	3.23%	3.81%
Nicolas Heuzé	322,226	1.71%	2.02%
Jaime Arango	25,001	0.13%	0.08%
Managers	699,602	3.71%	4.37%
Franck Sturtz	1,187,200	6.30%	7.43%
Others members of the Supervisory Board	111,290	0.59%	0.59%
Total Executive Board + Supervisory Board + Managers	2,954,379	15.68%	18.29%
Employees	2,371,878	12.59%	14.62%
CM-CIC Innovation[2]	1,577,439	8.37%	4.93%
BNP Paribas Développement[3]	937,190	4.97%	2.93%
Seventure Partners Funds[4]	700,522	3.72%	2.19%
Former employees and consultants and affiliates	3,879,299	20.59%	23.38%
Other	60,933	0.32%	0.23%
Float	2,041,379	10.83%	6.39%
TOTAL	18,843,562	**100.0 %**	**100.0 %**

1 After taking into account the Subscription Commitments as described in section E.3 of the summary of the Prospectus (on the basis of these commitments being fully subscribed), not considering a potential TEVA debt offset in the framework of the Offering (see section E.3 of the summary of the Prospectus) and on the basis of an Offering Price equal to the low end of the indicative price range.

2 Of which 894,568 existing shares prior to the Offer, 34,595 Shares Resulting from the Redemption of the ORA and 648,276 shares subject to the Subscription Commitments.

3 Of which 523,397 Shares Resulting from the Redemption of the ORA and 413,793 shares subject to the Subscription Commitments.

4 Of which 700,522 Shares Resulting from the Redemption of the ORA

Control of the Company

On the date of the Prospectus, no individual shareholder has control of the Company or holds a percentage that could allow that shareholder to assume control of the Company within the meaning of the provisions of Article L.233-3 of the French Commercial Code.

		A shareholders' agreement in place was entered into on July 13, 2018 for a period of six years (automatically renewable for three years), between all the Company's shareholders as of the date of the Prospectus, all of the holders of BSA, BSPCE and the holders of ORA CM-CIC Innovation, ORA Seventure et ORA BNP Paribas Développement (the "**Parties to the Agreement**") and the Company, subject to the condition precedent of the IPO (the "**Shareholders' Agreement**"). The Agreement does not constitute an action in concert. The main provisions of the Shareholders' Agreement are as follows: - A coordinated sales procedure, for a period of twenty-four (24) months from expiry of the lock-up commitments agreed with the underwriters of the proposed IPO. Each party to the Agreement, except CM-CIC Innovation, Seventure and BNP Paribas Développement funds, i.e. a total of 163 shareholders, undertakes to carry out any sale of the Company's shares that represents less than 0.5% of the capital on a fully diluted basis on the date of this planned sale of shares through a financial institution selected by the Company, which must act independently of the Company. - A pre-emption right, for a period of sixty (60) months from expiry of retention commitments agreed with the underwriters of the proposed IPO, on shares subject to an off-market sale, to an identified purchaser. This pre-emption right is granted by and in favor of each of the Company's current shareholders and holders of BSA and BSPCE (i.e. the Parties to the Agreement with the exception of CM-CIC Innovation, the Seventure funds and BNP Paribas Développement). It will be implemented in the event of a prospective sale of a number of shares representing more than 0.5% of the Company's share capital on a fully diluted basis on the date of the planned sale of shares. Prospective sales of shares representing a portion of the capital exceeding 0.5% on a fully diluted basis, which are not sent to an identified third party, will not be subject to the pre-emption right. Company shareholders who are Parties to the Agreement thus retain the option to sell their securities freely on the market. - A right of first offer, for a period of sixty (60) months from expiry of any lock-up commitments agreed with the underwriters of the proposed IPO. This right of first offer is granted by CM-CIC Innovation, the Seventure funds and BNP Paribas Développement in favor of Anh Nguyen. It will be implemented in the event of a plan to sell shares (existing prior to the Offering or resulting from the redemption of the ORA) representing more than 0.5% of the Company's share capital on a fully diluted basis by CM-CIC Innovation, Seventure funds or BNP Paribas Développement on the date of the prospective sale of shares.

B.7	**Selected key historical financial information**	The key financial information presented below is derived from the consolidated financial statements of the Company for the fiscal years ended March 31, 2018 and March 31, 2017, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

- ***Financial information selected from the income statement***

Audited consolidated data (IFRS) (in EUR k)	March 31, 2018 (12 months)	March 31, 2017 (12 months)
Income received for development services	3,134	6,749
Licenses/Milestones, Royalties	3,019	715
Income from the sale of polymers	285	1,069
Turnover (1)	**6,439**	**8,533**
Other income	1,862	1,421
Revenue	**8,301**	**9,954**
Current operating income	**(6,897)**	**(2,724)**
Operating income	**(7,378)**	**(3,589)**
Income before tax	**(9,215)**	**(4,887)**
Tax expense	(360)	1,350
Consolidated net income	**(9,575)**	**(3,537)**
Attributable to MedinCell shareholders	*(9,571)*	*(3,561)*
Attributable to non-controlling interests	*(4)*	*24*

(1) At the Group's stage of development, no sales have as yet been generated from products. Income relates to milestones or the re-invoicing of expenses incurred in connection with partnership agreements.

- ***Financial information selected from the cash flow statement***

Audited consolidated data (IFRS) (in EUR k)	March 31, 2018 (12 months)	March 31, 2017 (12 months)
Net income	(9,575)	(3,537)
Income and expenses with no impact on cash flow or not related to operations	3,368	1,556
Change in working capital	781	(1,412)
Net cash flow from operating activities	**(5,426)**	**(3,393)**
Net cash flow from investing activities	**2,242**	**(7,893)**
Net cash flow from financing activities	**8,153**	**14,642**
Impact of non-cash items and exchange rate fluctuations	(2)	(168)
Change in net cash	**4,967**	**3,188**

- ***Selected financial information from the balance sheet***

Audited consolidated data (IFRS) (in EUR k)	March 31, 2018	March 31, 2017
TOTAL ASSETS	**25,353**	**23,265**
TOTAL NON-CURRENT ASSETS	**11,714**	**9,302**
Of which intangible assets	2,018	1,585
Of which property, plant and equipment (1)	2,725	2,484
Of which non-current financial assets	4,483	2,560
Of which deferred tax assets	2,488	2,674
TOTAL CURRENT ASSETS	**13,639**	**13,963**
Of which inventory and work in process	1,321	779
Of which trade and other receivables	101	933
Of which other current assets	2,704	2,969
Of which short-term investments in cash equivalents	722	5,458
Of which cash and cash equivalents	8,791	3,824

TOTAL LIABILITIES	**25,353**	**23,265**
CONSOLIDATED SHAREHOLDERS' EQUITY	**(11,749)**	**(2,288)**
Of which shareholders' equity attributable to the parent company	(11,783)	(2,332)
Of which minority interests	34	44
TOTAL NON-CURRENT LIABILITIES	**28,969**	**20,065**
Of which financial liabilities – non-current	28,692	19,872
TOTAL CURRENT LIABILITIES	**8,133**	**5,488**
Of which current financial liabilities	2,305	832
Of which trade and other payables	2,441	2,148
Of which other current liabilities	2,806	2,428

(1) This total comprises expenses relating to a project to develop a prototype intended to improve formulation analyses and automatic characterization of release. As of March 31, 2018, the total amount recorded as "assets under construction" was EUR 676k, with EUR 322k of this amount being capitalized for the year ended March 31, 2018.

- ***Net financial debts***

consolidated data (IFRS) (in KEUR)	TOTAL	including short-term	including long-term
Bond issue (TEVA) (1)	17,523	-	17,523
EIB loan	7,442	-	7,442
Innov Plus loan	5,279	1,375	3,904

		Other borrowings	3,875	902	2,973
		Gross financial debt	**34,119**	**2,277**	**31,842**
		Short-term investments in cash equivalents	-	-	-
		Cash and cash equivalents	11,906	11,906	-
		Endowment fund + other receivables	4,535	740	3,795
		Net financial debt	**17,678**	**(10,369)**	**28,047**
		The table above describes the net financial debt of the Company as at July 31, 2018, taking into account the redemption of the ORA. Business pledges have been granted by the Company in order to guarantee the financial debt disclosed above. (1) This amount does not take into account of any request by TEVA of the partial repayment of the TEVA bond under the Offering (refer to section E.3 of the summary of the Prospectus).			
B.8	**Selected key pro forma financial information**	Not applicable.			
B.9	**Profit forecast or estimate**	Not applicable.			
B. 10	**Qualification on the historical financial information in the audit reports**	Not applicable.			

Section C – Securities		
C.1	**Type, class and identification number of the shares issued and admitted to trading**	The shares that are subject of the application for admission to trading on Euronext Paris ("**Euronext Paris**") are the following: - all of the 14,481,600 existing shares of the Company that comprise the Company's entire share capital, with a par value of EUR 0.01 each, all fully subscribed and paid up (the "**Existing Shares**"); - 1,258,514 new shares to be issued by the Company upon automatic redemption of the 2,145,760 bonds redeemable in shares issued by the Company, with such issue to be concurrent with the settlement-delivery of the Company's shares as part of their admission to trading on Euronext Paris to be effected on October 1, 2018 according to the indicative timetable, (assuming repayment on October 1, 2018 and on the basis of the low end of the indicative range of the Offering Price) (the "**Shares Resulting from the Redemption of the ORA**"); - 4,137,931 new shares to be issued by the Company by way of (i) an open-price offer to the public in France and abroad (the "**Open Price Offer**") and, (ii) a global offering, mainly from the institutional investors in France and outside France (the "**Global Placement**"), in the context of a capital increase in cash with cancellation of the preferential subscription right of the shareholders, and by way of public offering, corresponding, for reference, for an amount of approximately EUR 34.1 million, including the issue premium, based on the median point of the price range, it being specified that: o the number of New Shares to be issued may be increased to a maximum number of 4,758,620 new shares, i.e. an indicative amount of approximately EUR 39.3 million on the basis of the median point of the price range in the event of a full exercise of the Extension Clause (as defined below) (together, the "**New Shares**"); and o 713,793 additional new shares may be issued by the Company upon full exercise of the Over-Allotment Option (as hereinafter defined) (the "**Additional New Shares**"). The New Shares and the Additional New Shares are referred to jointly hereafter as the "**Offered Shares**". The Existing Shares, the Shares Resulting from the Redemption of the ORA and the Offered Shares are referred to jointly hereafter as the "**MedinCell Shares**". All of the MedinCell Shares are of the same class and have the same par value. **Record date**: as soon as they are issued, the Offered Shares will be fungible and rank *pari passu* with the Existing Shares. They will confer a right to receive any dividend distributed by the Company on or after the date they are issued. **Name of the shares** : MedinCell **ISIN Code** : FR0004065605 **Ticker symbol** MEDCL

		Compartment Compartment C ICB classification: 4573 Biotechnology **LEI code** 969500R79U6PXCL2FF46 **Place of listing** Euronext Paris
C.2	**Issue currency**	Euro.
C.3	**Number of shares issued/Par value of the shares**	In the framework of the Offering, the Company will issue: - a maximum of 4,137,931 New Shares; - which may increase to a maximum number of 4,758,620 New Shares if the Extension Clause is fully exercised; and - which may increase to a maximum number of 713,793 Additional New Shares if the Over-Allotment Option is fully exercised (i.e, a maximal amount of 5,472,413 Offered Shares). The Company will also issue Shares Resulting from the Redemption of the ORA as follows: - 1,258,514 shares on the low end of the indicative price range; - 1,116,858 shares on the median point of the indicative price range; - 1,034,973 shares on the high end of the indicative price range; Once issued, the Offered Shares and the Shares Resulting from the Redemption of the ORA will be fully subscribed, paid up and of the same category as the Existing Shares. The par value of the share is EUR 0.01.
C.4	**Rights attached to shares**	In light of current French law and the Company's by-laws as adopted by the ordinary and extraordinary general meeting of June 28, 2018, subject to the condition precedent of admission of the Company's shares to trading on the regulated market of Euronext Paris, the principal rights attached to the MedinCell Shares are as follows: - a dividend right – rights to a share of the Company's profits; - a voting right (it being noted that pursuant to applicable legal provisions, double-voting rights shall be attached to shares paid in full which have been held in the registered form by the same holder for a two-year (2) period at least, as from the date of admission to trading of the Company's shares on Euronext Paris); - a preferential subscription right for capital increases; and - a right to a share in any surplus in the event of liquidation.
C.5	**Restrictions on the free**	No provision of the Company's by-laws restricts the transferability of the shares that comprise the Company's share capital.

	transferability of the shares	
C.6	**Application for admission to trading**	Application has been made for admission to trading of the Existing Shares, the New Shares (including the New Shares issued if the Extension Clause is exercised), the Shares Resulting from Redemption of the ORA and the Additional New Shares (if the Over-Allotment Option is exercised) in Compartment C of Euronext Paris. The trading terms of all the MedinCell Shares will be set out in an Euronext notice which will be released on the first trading date of the shares at the latest, on October 2, 2018 according to the indicative timetable. According to the indicative timetable, the first listing of the New Shares, Shares Resulting from the Redemption of the ORA and the Existing Shares on Euronext Paris should be held on October 2, 2018 and negotiations should start on October 2, 2018, on a single listing line entitled "MEDCL". If the Underwriting Agreement is not signed or is terminated, or if the depositary certificate is not issued, the subscription orders and the Offering will be canceled retroactively. If the Underwriting Agreement is terminated or if the event of the non-issuance of the certificate from the fund depository, all of the trading of shares that took place up to (and on) the settlement-delivery date will be canceled retroactively and will have to be settled, with each investor bearing and being responsible for its own losses or costs resulting from such cancellation, if applicable. As of the date of the Prospectus, no application for admission to trading on a regulated market or on a multilateral trading facility has been filed by the Company.
C.7	**Dividend policy**	No dividend has been distributed by the Company since its incorporation The Company does not plan to adopt a policy to regularly pay dividends in light of its stage of development.

Section D – Risks		
D.1	**Key risks specific to the issuer and its industry**	Before deciding to invest, investors are invited to take the following principal risk factors specific to the Company or its business sector into consideration: **Risks related to the development of the business and the Group's products** - Risks related to the development by the Group of products requiring costly and highly regulated studies depending of the legislation of different countries, with uncertainties in terms of the number, time frames and outcomes of such studies; - Risks associated with the Group's ability to develop its product portfolio, in-house or in partnership, that will depend on several factors and particularly its ability to improve and develop its technology to extend its scope and to improve and market, its products under development so that they continue to be relevant for patients and practitioners; - Risk of short-term dependence on the Group's most advanced program; - Risks related to the BEPO® technology, particularly because Healthcare professionals could be reluctant to alter their practices to use this technology. **Risks of dependence on Group's partners, suppliers and subcontractors** - Risks related to retaining and/or the proper performance of collaboration agreements with its main partners, particularly because these agreements are subject to certain key stages, defined in the agreements, of the development of the products; - Risks associated with the lack of future partnership contracts for developing certain Group products; - Risks associated with the Group's dependence on its subcontractor, Corbion, for the production and distribution of polymers necessary for the manufacture and distribution of polymers necessary to the formulation, development and marketing of various products developed by the Group. **Risks associated with the marketing of products by the Group** - Risks associated with the marketing of the Group's products and obtaining and retaining the relevant authorizations from the regulatory health authorities; - Risks associated with the ability of the Group and its partners to determine the prices of products and the sales performance that depends on this; - Risks associated with a lack of success in marketing the Group's products; - Risks associated with the Group's experience and limited resources in terms of marketing, sales and distribution; - Risks associated with misuse of the Group's product and its image.

		Risks related to the business sector, the Group's markets and its economic environment - Risks associated with current and future competition in the Group's markets; - Risks associated with the substantial size of some Group competitors; - Risks associated with economic and financial conditions. **Risks associated with the Group's organizational structure and its development strategy** - Risks associated with dependence on qualified staff and key executives and the difficulty of attracting the new employees the Group would need for its development; - Risks associated with the implementation of Group strategy; - Risks associated with the Group's ability to manage its internal growth; - Risks associated with the Group's ability to manage its potential external growth; - Risks associated with the use of information systems. **Risks related to intellectual property rights** - Risks associated with uncertain and time-limited protection of patents and other intellectual property rights; - Risks associated with the breach of third-party intellectual property rights by the Company and disputes relating thereto; - Risks related to agreements pertaining to intellectual property and the confidentiality of Company information and know-how; - Risks related to changes in intellectual property rights; - Risk of industrial espionage/cyber-attacks. **Legal and regulatory risks** - Risks associated with the regulatory environment; - Risks associated with changes in the policies for reimbursement of medical devices and therapeutic products; - Risks associated with the Company's liability for breaches by its co-contractors and subcontractors; - Risks associated with product liability. **Financial and market risks** - Risks associated with historical losses and future losses - Liquidity risk - Risks associated with debt and restrictive financial covenants (with a net financial debt of the Company, prior to the offer but post-redemption of the ORA, of an amount of EUR 17,678k (refer to section B.7 of the summary of the Prospectus) ; - Risks associated with access to research tax credits and the future use of tax loss carryforwards;

		- Risks associated with access to advances and public grants; - Interest rate risk; - Currency risk; - Credit risk; - Dilution risk; - Equity and financial instrument risk; - Risks related to asset pledges.
D.3	**Key risks specific to the shares offered**	The principal risks factors related to the Offering and to MedinCell Shares are set out below: (i) the Company's shares have never been traded on a financial market and will be subject to market fluctuations. In addition, an active market could fail to develop or last and the shareholder's agreement may limit the liquidity of the Company's shares to a certain extent; (ii) the Company's share price is likely to be affected by significant volatility; (iii) the possible sale by the existing Company's shareholders of an important number of the Company's shares at the end of the lockup period could have a significant impact on the market price of the Company's shares; (iv) an insufficient number of subscriptions may reduce the capital increase (up to 75% of the amount for the proposed capital increase) or even result in the cancellation of the Offering if the subscription orders do not reach this minimum of 75% of the amount of the planned capital increase; (v) If the Underwriting Agreement is not signed or is terminated, the Offering will be canceled, with each investor bearing and being responsible for its own losses or expenses resulting from such cancellation, if applicable; (vi) a policy to pay dividends in the short term in light of the Company's development is not planned; (vii) the exercise of existing financial instruments giving access to capital, as well as all new issues or allocations of equity securities or financial instruments giving access to capital, particularly as part of a potential additional financing, could result in dilution for the shareholders of the Company. Such events could have a material adverse effect on the market price of the Company's shares.

<table>
<tr><th colspan="3">Section E – Offering</th></tr>
<tr><td>E.1</td><td>Total proceeds from the Offering and estimated total Offering expenses</td><td>On the basis of an Offering Price equal to the median point of the indicative price range or, in the case of a limitation of the capital increase to 75% of the Initial Offering, on the basis of a price equal to the low point of the indicative price range, gross proceeds and net proceeds from the Offering should be as follows:

<table>
<tr><th>In millions of euros</th><th>Gross proceeds (1)</th><th>Net proceeds</th></tr>
<tr><td>Initial Offering (on the basis of a price equal to the median point of the indicative price range)</td><td>34.1</td><td>30.6</td></tr>
<tr><td>Initial Offering and full exercise of the Extension Clause (on the basis of a price equal to the median point of the indicative price range)</td><td>39.3</td><td>35.4</td></tr>
<tr><td>Initial Offering, full exercise of the Extension Clause and Over-Allotment Option (on the basis of a price equal to the median point of the indicative price range)</td><td>45.1</td><td>40.9</td></tr>
<tr><td>In the case of a limitation of the capital increase to 75% of the Initial Offering (on the basis of a price equal to the low point of the price range)</td><td>22.5</td><td>19.6</td></tr>
</table>

(1) Including the proceeds which may result from a potential offset request from Teva (see section E.3 of the summary of the Prospectus)

On the basis of an Offering Price equal to the median point of the indicative price range, expenses relating to the Offering that the Company must pay are estimated at EUR 3.6 million if the Extension Clause and the Over-Allotment Option are not exercised, and close to EUR 4.3 million if the Extension Clause and the Over-Allotment Option are fully exercised.

<u>Theoretical market capitalization of the Company after the Offer</u></td></tr>
</table>

		Theoretical market capitalization – in EUR K	**Offering Price**		
			Lower range : EUR 7.25	**Median point : EUR 8.25**	**Upper range : EUR 9.25**
		After issuance of 4,137,931 New Shares (without exercise of the Extension Clause)	144,115.8	162,825.2	181,804.2
		After issue of 4,758,620 New Shares (with exercice of the Extension Clause but without exercise of the Over-Allotment Exercise)	148,615.8	167,945.9	187,545.5
		After issuance of 5,472,413 New Shares (with exercise of the Extension Clause and the Over-Allotment Option)	153,790.8	173,834.7	194,148.1
		After issuance of 3,103,448 New Shares (in the case of a limitation of the capital increase to 75% of the Initial Offering)	136,615.8	154,290.7	172,235.2
E.2a	**Purpose of the Offering and use of proceeds**	The issue of the Offered Shares by the Company and the admission of MedinCell Shares to trading on Euronext Paris are intended to secure additional resources to the Company to finance its development plan and become a major global actor for long-acting injectable treatments over the medium-term. The Company expects to use the net proceeds from the funds within the Offering, in connection with the issue of the New Shares, i.e. EUR 30.6 M (based on the median point of the indicative price range), in the following order of priority: - The development and expansion of its product portfolio (funding of formulation research activities and preclinical and clinical phases, including external studies and staff costs) of approximately two-thirds of the net proceeds of the offer; - Accelerating the development of its technology platform to other applications for approximately one-fifth of the net proceeds of the offer; - The potential partial repayment of the bonds subscribed by Teva up to a maximum of one-tenth of the net offer, in accordance with its contractual commitments, in the event of a Teva's request to that effect (outside Teva's ability to subscribe to the Offering through an offset of its debt as prescribed in section E.3 of the summary of the Prospectus). In the absence of such a request from Teva, the			

		balance of the net proceeds of the Offering will be mainly allocated to the first objective mentioned above. With the exception of Teva's ability to request a partial repayment of its financing granted to the Company (see section E.3 of the summary of the Prospectus) and the Shares Resulting from the Redemption of the ORA, the Offering will not trigger an early repayment of any financing agreement entered into by the Company. In the event that the Offering is subscribed only up to 75% of the initial issue, and on the basis of the price equal to the low end of the indicative price range, the funds raised would be predominantly allocated to the first objective mentioned above. The pursuit of the Company's development programs, and in particular the necessary investments in clinical development, will continue to generate significant financing requirements that the Company will be unable to be self-finance. As a result, the Company may be required to seek other sources of financing, including through seeking further capital increases.
E.3	**Terms and conditions of the Offering**	**Number of New Shares to be issued** The Offering will consist in placing on the market (i) 4,137,931 New Shares to be issued, with cancellation of the preferential subscription right, which may be increased to maximum number of 4,758,620 New Shares if the Extension Clause is fully exercised, and (ii) and maximum number of 713,793 Additional New Shares if the Over-Allotment Option is fully exercised, i.e., a maximum of 5,472,413 Offered Shares if the Extension Clause and Over-Allotment Option are fully exercised. **Offering structure** It is expected that the issuance of Offered Shares shall be part of a global offer (the "**Offering**"), which includes: ▪ a public offering in France in the form of an open price offer, mainly intended towards individuals (and not entities) (the "**Open Price Offer**"); and ▪ a global placement mainly intended towards institutional investors (the "**Global Placement**"), which includes: o a placement in France; and o an international private placement in certain countries (excluding, in particular, the United States, Australia, Canada and Japan); and o a private placement carried out by the Company in the United States, in connection with transactions eligible for an exemption from the registration requirements of the U.S. Securities Act of 1933. Subject to the level of demand under the Open Price Offer, the number of shares allocated to fill the orders issued thereunder will equal at least 10% of the number of New Shares. If the demand under the Open Price Offer falls below 10% of the number of New Shares before

		any possible exercise of the over-allotment option, the balance of the remaining New Shares not allocated in the calculation of the Open Price Offer will be offered as part of the Global Placement. Orders will be broken down in line with the number of shares requested: ▪ A1 order portion: from 5 to 250 shares; and ▪ A2 order portion: over 250 shares. A1 orders will benefit from preferential treatment compared to A2 orders if all of the orders cannot be fulfilled in their entirety. **Order revocation** Subscription orders over the internet for the Open Price Offer may be revoked over the internet up until the closing of the Open Price Offer on September 26, 2018 at 8 p.m. (Paris time). It is up to individuals to consult their financial intermediary to verify whether the orders and the terms thereof sent by other means are revocable, or whether the orders sent over the internet may be revoked by means other than over the internet. **Extension Clause** Depending on the quantity of the demand for the Offering, the number of New Shares may increase by 15%, i.e., a maximum of 620,689 New Shares (the "**Extension Clause**"). The decision to exercise the Extension Clause should be taken at the latest when the price is set by the Company, which should take place on September 27, 2018 according to the indicative timetable and will be indicated at the latest in the Company's press release and the notice from Euronext announcing the results of the Offering. **Over-Allotment Option** Furthermore, the Company will grant Crédit Agricole Corporate and Investment Bank (or any entity acting on its behalf) acting as stabilization agent (the "**Stabilization Agent**"), acting in the name and on behalf of Bryan, Garnier & Co and of Crédit Agricole Corporate and Investment Bank, hereafter the "**Joint Global Coordinators and Joint Bookrunners**" an over-allotment option (the "**Over-Allotment Option**") for a maximum of 15% of the number of New Shares once the Extension Clause has been potentially exercised, i.e., a maximum of 713,793 New Additional Shares, at the Offering Price. This Over-Allotment Option may be exercised by the Stabilization Agent, acting in the name and on behalf of the Joint Global Coordinators and Joint Bookrunners, on a single occasion, at any time, in whole or in part, at the Offering Price, for a duration of 30 calendar days as of the day of pricing of the Offering, i.e. at the latest on October 27, 2018 (included), solely to cover potential over-allotments and facilitate stabilization operations, as the case may be.

		If the Over-Allotment Option is exercised, this information will be brought to the public's attention by way of a press release issued by the Company. **Indicative price range** The price of the Offered Shares under the Open Price Offer will be equal to the price of the Offered Shares in the framework of the Global Placement (the "**Offering Price**"). The Offering Price may range from EUR 7.25 to EUR 9.25 per share. The Offering Price may be set outside of this range. In the event that the high end of the indicative price range is increased or if the Offering Price is set above the high end of the price range (the initial or, if applicable, amended price range), the closing date for the Open Price Offer will be determined so that at least two trading days pass between the date of issuance of the press release informing the public of this modification and the new closing date for the Open Price Offer. The orders issued under the Open Price Offer before the press release referred to above is issued will be maintained, unless they are expressly revoked before or on the new closing date for the Open Price Offer. The Offering Price may be set below the low end of the indicative price range (in the absence of any significant impact on the other features of the Offering). Therefore, if the Offering Price is set below the low end of the indicative price range or if the lowering of the indicative price range has no material effect on the other characteristics of the Offer, the Offering Price will be brought to the public's attention via the Company's press release and Euronext's notice, the publication of which should occur on September 27, 2018 according to the indicative timetable, unless the Offering Price is set early, in which case the press release and the notice should be published on the day the Offering Price is fixed**.** However, if the Offering Price is set below the low end of the indicative price range or if the lowering of the indicative price range has a material effect on the other characteristics of the Offering, a supplement to the Prospectus would have to be submitted to the AMF's approval. **Methods to set the Offering Price** It is expected that the Offering Price will be determined by the Company, after consulting the Joint Global Coordinators and Joint Bookrunners, on September 27, 2018, according to the indicative timetable, it being noted that this date may be postponed if market conditions and the results of the bookbuilding process do not allow for the Offering Price to be determined under satisfactory conditions. The price will be determined by taking into account the share offering within the framework of the Global Placement and the requests sent by investors, according to the technique referred to as the "book building technique" in accordance with market practice. The date for the determination of the Offering Price may also be brought forward if the Open Price Offer and Global Placement close early, or it may be postponed if the Open Price Offer and Global Placement are extended. **Cancellation of the Offering**

		Should the Offering be reduced up to the amount of the subscriptions received limited to 75% of the amount of the Offering initially planned, the achievement of the Company's goals would not be jeopardized. However, should the amount of the subscription orders not amount to at least 75% of the amount of the Offering initially planned, the Offering shall be cancelled and the subscription orders shall be void. **Underwriting** The Offer will be the subject of a collateral agreement entered into between the Joint Global Coordinators and Joint Bookrunners and the Company, related to the Offered Shares (the "**Underwriting Agreement**").The Global Coordinator, Joint Lead Managers and Bookrunners, severally and not jointly (*non solidairement*), will each undertake to separately arrange subscriptions for or, if applicable, purchase themselves the New Shares at the Offering Price on their respective settlement-delivery date, excluding the New Shares subject to the Subscription Commitments.This Underwriting Agreement does not constitute a performance guarantee (*garantie de bonne fin*) with the meaning of Article L. 225-145 of the French commercial code. This underwriting agreement does not constitute a performance guarantee (*garantie de bonne fin*) with the meaning of Article L. 225-145 of the French commercial code. The Underwriting Agreement should be signed on the date the Offering Price is set, i.e., September 27, 2018 according to the indicative timetable. The Underwriting Agreement may be terminated at any time by the Joint Global Coordinators and Joint Bookrunners in certain circumstances up until and on the settlement-delivery of the Offering planned to take place on October 1, 2018, according to the indicative timetable. The circumstances that may cause the termination of the Underwriting Agreement include, but are not limited to, inaccuracies or non-conformity of the declarations and guarantees or any of the Company's undertakings, if one of the conditions precedent has not been fulfilled and/or if certain specific events occur that render the investment, settlement or delivery of the New Shares impossible or seriously compromised in the opinion of the Joint Lead Managers and Bookrunners.

Subscription Commitments

BNP Paribas Développement and CM-CIC Innovation have irrevocably undertaken to subscribe to the capital increase at a share price equal to the Offering Price, as determined by the Company's Executive Board on September 27, 2018 for a total amount of EUR 7,700,000 representing approximately 22.6% of the gross proceeds of the Offering, on the basis of the median point of the indicative price range for the Offering Price (without exercise of the Extension Clause and the Over-Allotment Option) (the "Subscription Commitments"). These Commitments are broken down as follows:

- BNP Paribas Développement: EUR 3,000,000 (i.e. 8.8 % of the gross proceeds of the Offering).
- CM-CIC Innovation : EUR 4,700,000 (i.e. 13.8 % of the gross proceeds of the Offering), it being understood that such subscription on commitment is subject to the gross proceeds of the Offering exceeding EUR 30 million.

All of the orders mentioned above are to be fulfilled as a priority, subject, however, to a potential reduction in accordance with the usual allocation principles if the subscriptions received under the Offering exceed the number of New Shares.

These commitments represent 34.2% of the amount of the capital increase in the case of a limitation of the capital increase to 75% of the initial Offering (on the basis on the low end of the indicative price range).

Furthermore, as part of the Offering, Teva, under the terms of the financing agreement with the Company, may, within an initial contractual period of two business days of the beginning of the Offering period:

- Subscribe to the Offering by debt offsetting part of the bond financing still due at the closing day of the Offering, at the Price of the Offering, (i) within the limit of 20% of the amount of the Offering, and (ii) without exceeding at any given time 5% of the share capital of the Company, and the number of shares received by Teva as such shall be calculated on the basis of an amount equal to 111% of the value of the share of the financing and/or;
- Request from the Company the allocation of a maximum amount of 10% maximum of the amount of the net proceeds of the Offering, without taking into account the subscription to the Offering through an offset, to the anticipated payment of a share of the bond financing.

As of the date of the AMF approval of the Prospectus, TEVA has not indicated its intention to exercise one and/or the other options described above. The Company will issue a press release in case TEVA would decide to exercise one and/or the other options.

Indicative timetable

September 14, 2018	[INTENTIONALLY OMITTED]
September 17, 2018	Issuance of the press release, announcing the Offering and the availability to the public of the Prospectus

			Publication by Euronext of the issue notice for the Open Price Offer
			Opening of the Offering
		September 26, 2018	The Open Price Offer closes at 5:00 pm (Paris time) for subscriptions over the counter and at 8:00 pm (Paris time) for internet subscriptions
		September 27, 2018	Closing of the Global Placement at noon (Paris time)
			Determination of the Offering Price and potential exercise of the Extension Clause
			Signing of the Underwriting Agreement
			Issuance of the press release indicating the Offering Price, the definitive number of New Shares and the results of the Offering
			Publication by Euronext of the Offering results notice
			Start of the exercise period for the Over-Allotment Option
		October 1, 2018	Settlement-delivery of the Offering
			Redemption of ORAs
		October 2, 2018	Commencement of trading for the Company's Shares on Euronext Paris (on a single listing line entitled "MEDCL").
			Start of the potential stabilization period
		October 27, 2018	Deadline for the exercise of the Over-Allotment Option
			End of the potential stabilization period
		Terms and conditions of subscription Investors wishing to participate in the Open Price Offer must submit their orders to an authorized financial intermediary in France at the latest on September 26, 2018 at 5:00 pm (Paris time) for subscriptions over the counter and at 8:00 pm (Paris time) for internet subscriptions. To be taken into consideration, orders issued under the Global Placement must be received by the Joint Lead Managers and Bookrunners at the latest by 12:00 pm (Paris time) on September 27, 2018.	

<table>
<tr><td></td><td></td><td>Joint Global Coordinators and Joint Bookrunners
▪ Bryan, Garnier & Co
26 avenue des Champs-Elysées
75008 Paris
▪ Crédit Agricole Corporate and Investment Bank
12 place des Etats-Unis
CS 70052, 92547 Montrouge Cedex</td></tr>
<tr><td>E.4</td><td>Interests that may have a material impact on the issue</td><td>The Joint Global Coordinators and Joint Bookrunners and/or some of their affiliates may, in the future, provide banking, financial, investment, commercial or other services to the Company, its affiliates or shareholders, or to its corporate officers for which they may be remunerated.</td></tr>
<tr><td>E.5</td><td>Individual or entity offering the securities for sale / Lock-up agreements</td><td>Name of the issuer: MedinCell S.A.
The Company's lock-up commitment (« engagement d'abstention »)
From the signing date of the Underwriting Agreement and for a period that expires in 180 days after the settlement-delivery date of the shares issued in the framework of the Offering, subject to certain usual exceptions.
Lock-up commitment of the existing shareholders, holders of BSA, BSPCE and ORA
From the date of the prospectus and for a period that expires 360 days following the settlement-delivery of the Offering, for the integrality of their shares, subject to certain usual exceptions, it being understood that this lock-up undertaking covers all the shares held on the settlement-delivery date of the Offering, including the Shares Resulting from the Redemption of the ORA, but excluding the New Shares subscribed within the Offering.
The Shareholders' Agreement also provides for a pre-emption right to the benefit to the Parties to the Agreement, a right of first offer to the benefit of Mr. Anh Nguyen and a coordinated sales procedure (see section B.6 of the summary of the Prospectus).</td></tr>
<tr><td>E.6</td><td>Amount and percentage of immediate dilution resulting from the Offering</td><td><u>Impact of the Offering on a shareholder</u>
For reference, the impact of the issue on a shareholder owning 1% of the Company's share capital prior to the issue and not subscribing for the issue (calculated on the basis of 14,481,600 shares making up the Company's share capital would be as follows:
<table><tr><td></td><td colspan="2">Shareholding</td></tr><tr><td>(%)</td><td>Before dilution</td><td>After dilution*</td></tr></table></td></tr>
</table>

Before issuance of the New Shares	1.00%	0.90%
After issuance of 4,137,931 New Shares (if the Extension Clause is not exercised)	0.78%	0.71%
After issuance of 4,758,620 New Shares (if the Extension Clause is fully exercised and the Over-Allotment Option is not exercised)	0.75%	0.69%
After issuance of 5,472,413 Offered Shares (if the Extension Clause and the Over-Allotment Option are fully exercised)	0.73%	0.67%
After the issue of 3,103,448 New Shares (if the capital increase is limited to 75% of the Initial Offering)	0.82%	0.75%

**After :*

(i) redemption of 2,145,760 ORA entitled to subscribe for 1,258,514 new shares on the basis of the price equal to the low end of the indicative price range;

(ii) Exercise of the Company's BSA and BSPCE outstanding at the date of the Prospectus, which would result in the issuance of a total number of 417,250 new shares in the base of the low end of the price range.

Impact of the issue on the proportionate share of equity

For reference, the impact of the issue on the percentage of the Company's consolidated equity per share (calculation based on the Company's equity as indicated in the consolidated financial statements as at March 31, 2018, and a total of 14,481,600 shares that comprise the Company's share capital on the date of Prospectus on the basis of the low end of the price range (after allocation of legal and administrative costs and the global compensation of the financial intermediaries) would be as follows:

	Share of equity at March 31, 2018	
(in EUR by Share)	Before dilution	After dilution*
Before issuance of New Shares	(0.81)	(0.25)

		After issuance of 4,137,931 New Shares (if the Extension Clause is not exercised)	0.80	1.12
		After issuance of 4,758,620 New Shares (if the Extension Clause is fully exercised and the Over-Allotment Option is not exercised)	1.00	1.28
		After issuance of 5,472,413 Offered Shares (if the Extension Clause and the Over-Allotment Option are fully exercised)	1.20	1.47
		If the capital increase is limited to 75% of the Initial Offering, ie after the issue of 3,103,448 New Shares	0.45	0.81
		**After :* *(i) redemption of 2,145,760 ORA entitled to subscribe for 1,258,514 new shares on the basis of the price equal to the low end of the indicative price range;* *(ii) Exercise of the Company's BSA and BSPCE outstanding at the date of the Prospectus, which would result in the issuance of a total number of 417,250 new shares in the base of the lower bound of the price range.*		
E.7	**Expenses charged to the investor by the issuer**	Not applicable.		

1. RESPONSIBLE PERSONS

1.1. Person responsible for the French version of the Prospectus

Mr. Christophe Douat, Chairman of the Executive Board of MedinCell

1.2. Prospectus responsability statement

[INTENTIONALLY OMITTED]

Mr. Christophe Douat

Chairman of the Executive Board

Jacou, September 14, 2018

1.3. Person responsible for financial information

Mr. Jaime Arango

Chief Administrative and Financial Officer

3, rue des Frères Lumière

34380 Jacou

France

Tel.: +33 (0) 1 87 39 27 99

Email: **jaime.arango@medincell.eu**

2. RISKS FACTORS RELATED TO THE OFFERING

*In addition to the risk factors described in Paragraph 4 "Risk Factors" of the Registration Document (*Document de Base*), investors are invited to consider the following risk factors and other information included in the Securities Note before deciding to invest in the Company's shares. An investment in the Company's shares may entail risks. The Company has identified what it considers are the major risks relating to the Company's shares as at the date of the Prospectus – these are described below and/or set out in the Registration Document (*Document de Base*). If one of these risks occurs, it could have a material adverse effect on the Company's business, financial position, earnings and prospects. The price of the Company's shares may consequently decline and the investor may lose all or part of the sums invested in the Company's shares. Other risks and uncertainties not identified by the Company on the date of the Prospectus or risks that it considers, on the same date, not to be significant may nonetheless exist and materialize, and may also disrupt or have an adverse effect on the Company's business, financial situation, earnings and prospects and/or on the Company's shares.*

2.1. The Company's shares have never been traded on a financial market and will be subject to market fluctuations, and an active market could fail to develop or last

Prior to the admission of Company's shares to trading on the Euronext regulated market in Paris ("**Euronext Paris**"), they have never been listed on any financial market. The Offering Price (as defined below) is not indicative of the performance of the market price for the Company's shares once they have been admitted to trading on Euronext Paris. The actual price of the Company's shares once they have been admitted to trading on Euronext Paris may vary significantly from the Offering Price. Although the Company has applied for admission of its shares on Euronext Paris, there is no guarantee that a liquid market exists for the Company's shares or that if such a market did develop that it would last. The shareholders' agreement entered into between the current shareholders of the Company described in paragraph 18.4 of the Registration Document could also limit the liquidity of the Company's shares to a certain extent. If an active market in the Company's shares does not materialize, the market price of its shares and the investors' ability to trade their shares in satisfactory conditions may be affected.

2.2. The Company's share price is likely to be affected by significant volatility

The market price of the Company's shares may be affected significantly by various factors that impact the Company, its competitors, or the general economic conditions and market for long-acting injectable treatments. The market price of the Company's shares may fluctuate significantly in response to various factors and events, including the risk factors described in Chapter 4 of the Registration Document and the following:

- changes in the financial results, forecasts or outlook of the Group or its competitors or partners from one period to another;
- announcements from competitors, partners or other companies with similar activities and/or announcements concerning the market for long-acting injectable treatments, including those relating to the financial and operational performance of these companies or their prospects, or announcements of the Group's business sectors in respect of any issues affecting them;
- adverse developments in the regulatory environment applicable in countries or markets specific to the Group's business sector or the Group itself;
- announcements relating to modifications in the Company's shareholding;
- announcements relating to changes to the management team or key employees of the Company; and
- announcements relating to the scope of the Company's assets (acquisitions, disposals, etc.).

In addition, stock markets are prone to significant fluctuations that are often unrelated to the results and prospects of the companies whose shares are traded. Such market fluctuations and economic conditions could therefore also significantly affect the market price of the Company's shares.

2.3. The possible sale by the existing Company's shareholders of an important number of the Company's shares at the end of the lockup period could have a significant impact on the market price of the Company's shares

All the Company's shareholders and all holders of share warrants (*bons de souscription d'action*) (such share warrants being defined for the purposes of the document as "**BSA**") and founders' warrants (*bons de souscription de parts de créateur d'entreprise*) (such founders' warrants being defined for the purposes of the document as "**BSPCE**") and holders of bonds redeemable into shares (*obligations remboursables en actions émises par la Société*) (such bonds redeemable into shares being defined for the purposes of the document as "**ORA**") that will be redeemed upon settlement-delivery of the Offering, have irrevocably undertaken to the Joint Global Coordinators and Joint Bookrunners not to, directly or indirectly, offer, pledge, lend, transfer, assign or promise to sell Existing Shares for a period of 360 days following the settlement-delivery date (see paragraph 7.3.2 "Lock-up commitment (*engagement de conservation*)" of the Securities Note). Based on the assumption that the Extension Clause and Over-Allotment Option will be fully exercised at the median point of the indicative price range and following the redemption of the ORA by their holders for 1,258,514 new shares on the basis of a price equal to the low end of the indicative price range (excluding the New Shares subject to the Subscription Commitments, which are not subject to the lock-up commitment referred to in paragraph 7.3.2 of the Securities Note), the current holders of ORA would hold 75 % of the Company's share capital upon completion of the Offering in case of a 100% subscription, and 84 % of the Company's share capital in the event of an Offering limited to 75 %. The decision of shareholders to sell all or part of their shareholding on the market after the expiry of their lock-up commitment (covering the full amount of their shareholding) on the first day of trading of the Company's shares or, if the commitment is lifted, before its expiry, or the perception that such a sale by shareholders is imminent or probable, could have a material adverse effect on the Company's share price. However, this risk is mitigated by the various commitments made by the shareholders under the Shareholders' Agreement, as described in paragraph 18.4 of the Registration Document.

2.4. An insufficient number of subscriptions may reduce the capital increase (up to 75 % minimum of the amount for the proposed capital increase) or even result in the cancellation of the Offering if the subscription orders do not reach this minimum of 75% of the amount of the planned capital increase

If the demand is insufficient, the capital increase envisaged as part of the Offering (as defined in paragraph 5.1.1 of the Securities Note) may be limited to subscriptions received as soon as they reach three-quarters (75 %) of the original issuance, which would not jeopardize the completion of the Company's aims and objectives. In this respect, it is noted that the Company received Subscription Commitments for amounts of up to EUR 7.7 million representing 22.6 % of the gross proceeds of the Offering on the basis of the median point of the indicative price range before obtaining AMF's approval on the Prospectus.

Nevertheless, if the amount of subscriptions received does not reach three quarters (75 %) of the initial issuance, the Offering will be cancelled and the subscription orders would be void.

2.5. If the Underwriting Agreement is not signed or is terminated, the Offering may be cancelled, with each investor bearing and being responsible for its own losses or expenses resulting from such cancellation, as the case may be

The Underwriting Agreement may not be signed or, after having been signed, may be terminated. The Underwriting Agreement may be terminated by Bryan, Garnier & Co and Crédit Agricole Corporate and Investment Bank, hereafter referred to as the "**Joint Global Coordinators and Joint Bookrunners**" at any time up to (and including) the settlement-delivery date

of the Offering (if certain conditions and/or certain circumstances that may affect the success of the Offering, particularly (i) in the event of inaccuracies or non-conformity of the declarations and guarantees or any of the Company's undertakings, (ii) if one of the conditions precedents has not been fulfilled, (iii) in the event of a material adverse change in the situation of the Company and its subsidiaries, or (iv) in the event of certain international or national circumstances affecting, in particular, France, the United Kingdom or the United States (in particular, limitation, interruption or suspension of negotiations or interruption of banking activities or payment delivery on regulated markets, acts of terrorism, declaration of war or any other significant change in the national or international financial, economic or political situation) (see Paragraph 5.4.3 of the Securities Note).

If the Underwriting Agreement is not signed or is terminated, the Company's initial public offering and the Offering will be canceled retroactively. The Open Price Offer, the Global Placement (as defined in Paragraph 5.1.1 of the Securities Note), all the subscription orders placed in this context and, in the event of termination, all of the trading that took place up until (and including) the settlement-delivery date of the Offering, will be cancelled retroactively and will have to be settled, with each investor bearing and being responsible for its own losses or costs resulting from such cancellation, if applicable.

If the Underwriting Agreement is not signed or is terminated, the MedinCell Shares will not be admitted to trading on Euronext Paris. This information will be provided in a press release issued by the Company and a notice released by Euronext.

2.6. Absence of a policy to pay dividends in the short term in light of the Company's development

No dividend has been distributed by the Company since its incorporation.

The Company does not plan to adopt a policy to regularly pay dividends in light of its development.

2.7. The exercise of existing financial instruments giving access to capital, as well as all new issues or allocations of equity securities or financial instruments giving access to capital, particularly as part of a potential additional financing, could result in dilution for the shareholders of the Company

Since its incorporation, the Company has issued or awarded BSA, BSPCE and ORA. The ORA shall be automatically redeemed for shares issued by the Company on the settlement-delivery date of the Offering, i.e. October 1, 2018, pursuant to the indicative timetable.

The full exercise or redemption of all such allocated instruments that grant rights to acquire Company shares, and that are outstanding on the date the Company's shares are listed on Euronext Paris, would allow for the subscription of a maximum number of 1,534,108 New Shares on the basis of the median point of the indicative price range for the Offering Price – this represents a maximum dilution of 10.6 % on the basis of the current share capital.

As part of the continuation of its development program, the Company may seek new sources of financing, if necessary by resorting to further capital increases. In the future, the Company may, therefore, issue new shares, new capital securities or new financial instruments that grant rights to acquire part of the Company's share capital. Furthermore, as an incentive to its executives and employees and to attract additional talent, the Company may, in the future, issue or allot capital securities or new financial instruments that grant rights to acquire part of the Company's capital to its executives and employees. These potential future issuances and allotments could cause additional dilution – which may be significant – to the interests of the Company's current and future shareholders.

Thus, pursuant to the resolutions of the general meeting of the Company's shareholders that held on June 28, 2018, the shareholders granted the Executive Board a number of authorizations in order to proceed with one or more issuances of (i)

shares and/or securities that grant rights to acquire the Company's capital, (ii) shares giving access to other capital securities or giving entitlement to the allocation of debt securities, and / or (iii) transferable securities (including, in particular, all debt securities) grant rights to acquire capital securities of the Company (including, in particular, with the cancellation of the shareholders' preferential subscription right), and with the effect of deciding on the implementation of profit-sharing tool (in the form of founder's share warrants (*bons de souscription de parts de créateur d'entreprise*), share warrants (*bons de souscription d'actions*), options to buy or subscribe for shares (*options d'achat ou de souscription d'actions*) or to grant free shares (*attribution gratuite d'actions*).

3. KEY INFORMATION

3.1. Net working capital statement

On the date of the Prospectus, the Company certifies that the Group's net working capital is sufficient to fulfill its obligations and cash requirements over the upcoming 12 months, as of the date of the AMF's approval of the Prospectus, without considering the net proceeds of the Offering.

3.2. Capitalization and indebtedness

In accordance with the European Securities and Markets Authority ("**ESMA**") (ESMA/2013/319/Paragraph 127) recommendations, the table below contains the Company's consolidated capitalization at the date of July 31, 2018 and consolidated net indebtedness as at July 31, 2018.

(In thousands of euros)	**July 31, 2018**
1. Capitalization and indebtedness	
Current debt	**2,277**
Current debt guaranteed	742
Current debt secured	178
Current debt unguaranteed and unsecured	1,357
Non-current debt/long-term liabilities	**39,436**
Non-current debt guaranteed	2,128
Non-current debt secured	17,869
Non-current debt unguaranteed and unsecured	19,439
Shareholders' equity[(1)]	**(11,713)**
Equity	145
Share Premium	256
Other reserves	(12,114)
TOTAL capitalization and indebtedness	**30,000**
[(1)] Data based on non-audited consolidated financial statements as at July 31 2018, though not including results for the period from April 1 2018 to July 31 2018	
2. Net financial indebtedness	
A – Cash	11,906
B – Cash equivalents	0
C – Trading securities	0
D - Liquidity (A+B+C)	**11,906**

E - Current financial receivables	**740**
F – Endowment fund + non-current financial receivables	**3,795**
G - Short-term bank deposits	0
H – Borrowings due within a year	1,552
I – Other current financial debt	725
J - Current financial debt (G+H+I)	**2,277**
K - Net current financial indebtedness (J-D-E)	**(10,369)**
L – Non-current bank loans	11,692
M – Bonds issued	25,117
N – Other non-current loans	2,627
O – Non current financial indebtedness (L+M+N-F)	**35,641**
P – Net financial debt (K+O)	**25,272**
ORA [(2)]	**(7,594)**
Net Financial Indebtedness (after taking into account the redemption of the ORA in shares, subject to completion of the Initial Public Offering)	**17,678**

[(2)] These ORA will be subject to mandatory early redemption in the event of an IPO

No material change affecting the amount of the gross financial liabilities (not considering accrued interests/actualization) and the amount of equity has occurred since July 31, 2018.

It is specified that, as at the date of the Prospectus, there are no indirect or conditional debts other than those disclosed above.

The table below describes the net financial debt of the Company as at July 31, 2018, taking into account the repayment of the ORA. Business pledges have been granted by the Company in order to guarantee the financial debt disclosed below (see paragraph 21.2.8 of the Registration Document).

Consolidated data (IFRS) **(in EUR K)**	**TOTAL**	**Including short-term**	**Including long-term**
Bond issue (TEVA) [(1)]	17,523	-	17,523
BEI loan	7,442	-	7,442
Innov Plus loan	5,279	1,375	3,904

Other borrowings	3,875	902	2,973
Gross financial debt	**34,119**	**2,277**	**31,842**
Short-term investments in cash equivalents	-	-	-
Cash and cash equivalents	11,906	11,906	-
Endowment fund + non-current financial receivables	4,535	740	3,795
Net financial debt	**17,678**	**(10,369)**	**28,047**

(1) This amount does not take into account any potential request by TEVA to redeem part of its bond issue under the Offering (see paragraph 5.2.2 of the Securities Note).

3.3. Interests of individuals and legal entities participating in the issue

The Joint Global Coordinators and Joint Bookrunners and/or some of their affiliates may, in the future, provide banking, financial, investment, commercial or other services to the Company, its affiliates or shareholders, or to its corporate officers for which they may be remunerated.

3.4. Purpose of the issue and use of proceeds

The issue of the Offered Shares by the Company and the admission of MedinCell Shares to trading on Euronext Paris are intended to secure additional resources to the Company to finance its development plan and become a major global actor for long-acting injectable treatments.

The Company expects to use the net proceeds from the funds within the Offering, in connection with the issue of the New Shares, i.e. EUR 30.6 million (based on the median point of the indicative price range), in the following order of priority:

- The development and expansion of its product portfolio (funding of formulation research activities and preclinical and clinical phases, including external studies and staff costs) of approximately two-thirds of the net proceeds of the offer;
- Accelerating the development of its technology platform to other applications for approximately one-fifth of the net proceeds of the offer;
- The potential partial repayment of the bonds subscribed by Teva up to a maximum of one-tenth of the net proceeds, in accordance with its contractual commitments, in the event of a Teva's request to that effect (outside Teva's ability to subscribe to the Offering through an offset of its debt as prescribed in paragraph 5.2.2 of the Securities Note). In the absence of such a request from Teva, the balance of the net proceeds of the Offering will be mainly allocated to the first objective mentioned above.

With the exception of Teva's ability to request a partial repayment of its financing granted to the Company (see paragraph 5.2.2 of the Securities Note) and the Shares Resulting from the Redemption of the ORA, the Offering will not trigger an early repayment of any financing agreement entered into by the Company.

In the event that the Offering is subscribed only up to 75% of the initial issue, and on the basis of the price equal to the low end of the indicative price range, the funds raised would be predominantly allocated to the first objective mentioned above.

The pursuit of the Company's development programs, and in particular the necessary investments in clinical development, will continue to generate significant financing requirements that the Company will be unable to be self-finance. As a result, the Company may be required to seek other sources of financing, including through seeking further capital increases.

4. INFORMATION ON THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING ON EURONEXT PARIS

4.1. Type, class and record date of securities offered and admitted to trading

The shares that are subject of the application for admission to trading on Euronext Paris ("**Euronext Paris**") are the following:

- all of the 14,481,600 existing shares of the Company that comprise the Company's entire share capital, with a par value of EUR 0.01 each, all fully subscribed and paid up (the "**Existing Shares**");

- 1,258,514 new shares to be issued by the Company upon automatic redemption of the 2,145,760 bonds redeemable in shares issued by the Company, with such issue to be concurrent with the settlement-delivery delivery of the Company's shares as part of their admission to trading on Euronext Paris to be effected on October 1, 2018 according to the indicative timetable, (assuming redemption on October 1, 2018 and on the basis of the low end of the indicative range of the Offering Price of EUR 7.25) (the "**Shares Resulting from the Redemption of the ORA**");

- 4,137,931 new shares to be issued by the Company by way of (i) an open-price offer to the public in France and abroad (the "**Open Price Offer**") and, (ii) a global offering, mainly from the institutional investors in France and outside France (the "**Global Placement**"), in the context of a capital increase in cash with cancellation of the preferential subscription right of the shareholders, and by way of public offering, corresponding, for reference, for an amount of approximately EUR 34.1 million, including the issue premium, based on the median point of the price range, it being specified that:
  - the number of New Shares to be issued may be increased to a maximum number of 4,758,620 new shares, i.e. an indicative amount of approximately EUR 39.3 million, on the basis of the median point of the price range in the event of a full exercise of the Extension Clause (as defined below) (together, the "**New Shares**"); and
  - 713,793 additional new shares may be issued by the Company upon full exercise of the Over-Allotment Option (as hereinafter defined) (the "**Additional New Shares**").

The New Shares and the Additional New Shares are referred to jointly hereafter as the "**Offered Shares**".

The Existing Shares, the Shares Resulting from the Redemption of the ORA and the Offered Shares are referred to jointly hereafter as the "**MedinCell Shares**".

All of the MedinCell Shares are of the same class and have the same par value.

Record date

As soon as they are issued, the Offered Shares will be fungible and rank *pari passu* with the Existing Shares. They will confer a right to receive any dividend distributed by the Company on or after the date they are issued.

Name of the shares:

From October 2, 2018, negotiations will take place under the heading "MedinCell".

ISIN code

FR0004065605

Ticker symbol

MEDCL

Compartment

Compartment C

LEI code

969500R79U6PXCL2FF46

Business sector

NAF Code: 7219Z

ICB classification: 4573 Biotechnology

First listing and trading of the share

According to the indicative timetable, the first listing of the New Shares, Shares Resulting from the Redemption of the ORA and the Existing Shares on Euronext Paris should be held on October 2, 2018 and negotiations should start on October 2, 2018, on a single listing line entitled "MEDCL".

The trading terms of all the MedinCell Shares will be set out in an Euronext notice which will be released on the first trading date of the shares at the latest, on October 2, 2018 according to the indicative timetable.

In the event that the Underwriting Agreement (as this term is defined below) is not signed, the Offering will be canceled. In the event that the Underwriting Agreement is terminated in accordance with its terms, the Offering may be canceled retroactively, the certificate of the Fund Depository shall not be issued on the settlement-delivery date of the Offer, and all negotiations on MedinCell Shares since the date of the first negotiations would be retroactively canceled and shall be settled, with each individual investor making his / her personal case for loss of profits and losses resulting, if any, from such cancellation.

4.2. Applicable law and jurisdiction

The Company's shares are governed by French law.

In the event of any dispute involving the Company, the competent courts shall be those in the jurisdiction of the Company's registered office if the Company is the defendant, and will be designated in accordance with the nature of the dispute if the Company is the plaintiff, unless otherwise provided by the French Civil Procedure code (*Code de procédure civile*).

4.3. Form and registration of the shares

The MedinCell Shares may be held in either registered or bearer form, at the shareholder's choice.

In accordance with Article L. 211-3 of the French Monetary and Financial Code, they must be recorded in a securities account held by the Company or an authorized intermediary, as applicable.

As a result, the rights of shareholders will be evidenced by an entry in a securities account opened in their name on the books of:

- CACEIS Corporate Trust, appointed by the Company, for shares held in registered form administered by the Company (*titres au nominatif pur*);
- an authorized intermediary of the shareholder's choice and CACEIS Corporate Trust, appointed by the Company, for shares held in registered form administered by a financial intermediary (*titres inscrits au nominatif administré*); or
- an authorized intermediary of the shareholder's choice for shares held in bearer form (*titres au porteur*).

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial code, the new shares shall be transferred electronically from one account to another and the ownership of the new shares shall be evidenced by a book entry in the subscriber's securities account.

Application shall be made for the MedinCell Shares to be admitted to Euroclear France, which shall ensure the clearing of the shares between account holders-custodians. An application will also be filed to admit the shares to the clearing procedures of Euroclear Bank S.A./N.V and Clearstream Banking, *société anonyme* (Luxembourg).

According to the indicative timetable, the MedinCell Shares are planned to be recorded in securities accounts on September 28, 2018 and tradable as of October 2, 2018.

4.4. Issue currency

The New Shares will be issued in Euro.

4.5. Rights attached to the New Shares

As of the date of their issuance, the New Shares will be subject to all the provisions of the Company's by-laws as adopted by the ordinary and extraordinary general meeting of the shareholders dated June 28, 2018, subject to the condition precedent of the admission of the Company's shares to trading on the regulated market Euronext Paris. Under current French law and in accordance with the Company's by-laws, the main rights attached to the New Shares are the following:

Right to dividends – Rights to a share of the issuer's profits

The New Shares issued will carry rights to dividends under the conditions set out in paragraph 4.1 of the Securities Note.

The Company's shareholders will be entitled to a share of the Company's profits under the conditions set out in Articles L.232-10 *et seq*. of the French Commercial Code.

The shareholders' meeting approving the financial statements for a given year may decide to pay a dividend to all shareholders (Article L.232-12 of the French Commercial Code).

Interim dividends may also be distributed before approval of the financial statements for the year (Article L.232-12 of the French Commercial code).

The shareholders' meeting may grant shareholders the option of receiving all or part of the dividends, or interim dividends to be distributed either in cash or in shares issued by the Company (Articles L.232-18 *et seq*. of the French Commercial Code).

Dividends must be paid within a period of nine months after the closing date of the financial year. An extension may be granted by court order (Article L.232-13 of the French Commercial Code).

Any action brought against the Company for the payment of dividends owed with respect to the shares will become barred upon expiry of a five-year period as of the due date of the relevant payment. Furthermore, dividends will also be barred in favor of the State upon expiry of a five-year period as of the due date of the relevant payment.

Dividends paid to non-residents are in principle subject to withholding tax (see Paragraph 4.11 of this Securities Note).

No dividend has been distributed by the Company since its incorporation.

The Company does not plan to adopt a policy to regularly paid dividends regularly in light of its development stage.

Voting rights

Voting rights attached to shares are proportional to the percentage of capital they represent. Each share entitles its holder to one voting right (Article L.225-122 of the French Commercial code).

With regard to shares encumbered with usufruct, voting rights attached to these shares belong to the usufructuary in ordinary shareholders' meetings and to the bare-owner in extraordinary shareholders' meetings.

Pursuant to applicable legal provisions, double-voting rights shall be attached to shares paid in full which have been held in the registered form by the same holder for a two-year (2) period at least. In order to calculate this holding period, the holding period of the Company's Shares prior to the Shares' admission to trading on the regulated market Euronext Paris shall be taken into account.

The double-voting right may be exercised during any meeting. The double-voting right ceases automatically when the share is converted into bearer form or its ownership transferred.

Preferential subscription rights for capital increases

By default, the shares carry, a preferential subscription right to capital increases. Shareholders hold, in proportion to their shareholding, a preferential right to subscribe in cash to shares issued as part of an immediate or future increase in share capital. Throughout the subscription period, this right can be traded when detached from the shares, which are also tradable. Otherwise, the preferential right can be transferred under the same conditions as the share itself. Shareholders may individually waive their preferential subscription right (Articles L.225-135, L.228-91 and L.228-93 of the French Commercial Code). Moreover, the shareholders' meeting may cancel such right for an entire capital increase or one or more tranches of the said increase (Article L.225-135 of the French Commercial Code).

Right to a share in any surplus in the event of liquidation

Any shareholders' equity remaining after repayment of the nominal value of the shares will be shared between shareholders in the same proportion as their shareholding (Article L.237-29 of the French Commercial code).

Buyback clauses – Conversion clauses

The Company's by-laws do not contain any buyback or conversion clause.

Identification of shareholders

The Company has a right to request, at any time and at the Company's expense, to the central securities depository responsible for the keeping of the Company's securities issuance account, as the case may be, the name or company name, nationality, year of birth or year of foundation, the address of the holders of securities that confer an immediate or future right to vote in its shareholders' meetings, as well as the quantity of capital securities each holder possesses, and, if applicable, any restriction on said securities.

Based on the list provided by the central securities depository, the Company may, whether through this central securities depository or directly, under the same conditions and subject to the same penalties, require the persons appearing of said list, and whom the Company considers to be acting on behalf of third parties, to provide the identity of the holders of the shares and the number of shares owned by each of them.

As long as the Company considers certain shareholders whose identities have been disclosed to it and whom it considers to be acting on behalf of third parties, it is entitled to request that such holders disclose the identity of the owners of the said shares, and the number of shares owned by each of them (Articles L.228-2 *et seq*. of the French Commercial Code).

Ownership disclosure thresholders

In addition to legal and regulatory provisions relating to thresholds applicable as of the date of admission of the shares to trading on Euronext Paris, specific provisions in the Company's by-laws establish reporting requirements in regard to threshold crossing.

In accordance with Article L.233-7 *et seq.* of the French Commercial code, any individual person or legal entity, whether acting alone or in concert, who comes to hold, directly or indirectly, a shareholding equal to 2.5% of the share capital of the voting rights of the Company, or any multiple of this percentage, must notify the Company of the total number of shares or voting rights held (or to be held pursuant to Article L.233-7 of the French Commercial code), before and after the transaction having brought on said crossing, as well as the nature of the transaction. This notice shall be submitted by registered letter with acknowledgment of receipt (or by any other equivalent means for non-residents) sent to the Company's registered office no later than the end of the fourth trading date following the threshold crossing.

This disclosure requirement is also applicable, under the same conditions as stated above, whenever the percentage of capital or voting rights held falls below one of the thresholds mentioned above.

In the event of failure to comply with the above mentioned paragraphs regarding upward threshold crossing, the shareholder who has not duly fulfilled the disclosure requirement shall be barred from exercising the voting rights attached to the shares

in excess of the amount that has not been regularly disclosed to the shareholders' meeting to be held, until expiry of a two-year (2) period following the date on which the disclosure requirement was finally met.

4.6. Authorizations

4.6.1. Delegation of authority of the General Meeting of Shareholders held on June 28, 2018

The issue of New Shares and, if applicable, the Additional New Shares, was authorized by the 7th and 16th resolutions of the Company's extraordinary general meeting held on June 28, 2018 the text of which is set out below:

Seventh resolution – Delegation of authority to the Executive Board to increase the share capital on one or more installments, with cancellation of the preferential subscription right by way of a public offering

The extraordinary general meeting with the quorum and majority required for extraordinary general meetings, having reviewed (i) the Executive Board's report, (ii) the Statutory Auditors' report, and having noted that the share capital is fully paid-up, in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 *et seq.* of the French Commercial Code,

Delegates:

- in the context of the capital increase to be performed during the IPO, to the Executive Board; and
- after the IPO, to the Executive Board, with the option to sub-delegate within the limits set out below,

its authority to decide on the issue, by way of a public offering, on one or more installments, in the proportions and at the times it decides, in France or abroad, in euros, foreign currencies or units of account determined by reference to several currencies, of shares of the company, or equity securities giving rights to other equity securities, or giving the right to the allocation of debt securities, and/or securities (including in particular, all debt securities) giving access to equity securities of the Company or of any company directly or indirectly owning more than half of its capital or of which it directly or indirectly owns more than half of the capital, which may be paid for in cash, including by offsetting receivables;

Specifies, as necessary, that the issue of preferred shares and securities giving access to preferred shares is expressly excluded from this delegation;

Decides that the securities giving access to ordinary shares of the Company issued in this way may consist of debt securities or be associated with the issue of such securities, or may allow for the issue as intermediate securities. These may be in the form of subordinated or non-subordinated securities (and in these cases, the Executive Board will set their subordination level), with or without a fixed maturity, and may be issued either in euros or in foreign currencies, or in all monetary units established with reference to several currencies;

Decides that the maximum nominal amount of the capital increases that may be executed immediately and/or in the future pursuant to this delegation is set at EUR 100,000, (or the equivalent value in euros on the issue decision date, of this amount if issued in foreign currencies or in units of account established with reference to several currencies) and the maximum nominal amount of the capital increases that may be executed immediately and/or in the future pursuant to this delegation, shall be automatically deducted from the overall ceiling set by the fourteenth resolution; it being specified that the above maximum nominal amount will be increased by securities issued to protect the rights of holders of securities or other rights giving future access to the capital in accordance with the provisions of the French Commercial Code and, where applicable, the contractual provisions providing for other adjustment scenarios;

Decides that the maximum nominal amount of the debt securities that may be issued immediately or in the future pursuant to this delegation is set at EUR 100,000,000 or the equivalent value in euros on the issue decision date, of this amount if issued in foreign currencies or in units of account established with reference to several currencies, it being specified that:

- the nominal amount of debt securities that may be issued immediately or in the future pursuant to this delegation shall be automatically deducted from the overall ceiling set by the fourteenth resolution,
- this ceiling shall be increased, where applicable, by any redemption premium above the par value, and
- this ceiling does not apply to the debt securities referred to in Articles L. 228-40, L. 228-36-A and L. 228-92 paragraph 3 of the French Commercial Code, the issue of which is decided or authorized by the Executive Board in accordance with Article L. 228-40 of the French Commercial Code or in other cases, under the conditions determined by the Company in accordance with the provisions of Article L. 226-36-A of the French Commercial Code;

Decides to cancel the preferential subscription right of shareholders to the securities that may be issued pursuant to this delegation, with no indication of the beneficiaries,

Decides, under condition that the shares of the Company are admitted to trading on a regulated market, that the Executive Board may grant to the shareholders, for all or part of the securities issued pursuant to this delegation, an irreducible and/or reducible priority right the terms and conditions of exercise which it shall set within the limits of the legal and regulatory provisions in force; this subscription priority must be exercised proportionally to the number of shares held by each shareholder and may not give rise to the creation of transferable rights;

Notes that this delegation of authority includes, automatically, the waiver by the shareholders of their preferential subscription right to the ordinary shares of the Company to which the securities issued on the basis of this delegation give right;

Decides that, if the subscriptions have not absorbed the entire issue, the Executive Board may use, in the order that shall determine, all or some of the options stipulated below:

- limit the issue to the amount of subscriptions, under the condition that these subscriptions are equal to at least three-quarters of the issue initially decided,
- freely apportion all or some of the unsubscribed securities among the persons of its choosing, and
- offer all or part of the unsubscribed securities to the public on the French or international markets;

Decides that the issue price of the securities that may be issued pursuant to this delegation will be determined by the Executive Board in accordance with the following procedures:

- as part of the capital increase to be performed during the IPO, the issue price of the shares to be issued shall be set by the Executive Board in accordance with standard market practices for a global placement and determined by comparing the supply of shares and subscription requests from investors according to the “book-building technique" in accordance with market practice,
- after the IPO, the issue price of the shares to be issued shall be at least equal to an amount determined in accordance with the regulations applicable on the issue date (currently the weighted average price of the last three trading sessions preceding its setting, potentially minus a maximum discount of 5%, in accordance with Article R. 225-119 of the French Commercial Code) subject to the exception set out in the fifteenth resolution; and
- the issue price of securities granting access to the capital shall be such that the amount received immediately by the Company, plus, where applicable, any amounts that may be subsequently collected by it, i.e., for each share issued resulting from the issue of these securities, at least equal to the issue price as defined above;

Decides that the Executive Board will have, after the IPO, all powers to sub-delegate under the conditions permitted by law, the decision to execute or defer the execution of the capital increase decided by the Executive Board;

Decides, subject to the conditions set in the fourteenth resolution, that the Executive Board will have all powers to implement this delegation, within the limits and under the conditions specified above, in order to, in particular:

- to set the amount of the issue(s) that will be carried out pursuant to this delegation, and approve the form, the issue price, the dates, the period, the terms and conditions for the subscription, payment, issuance and dividend rights of the securities (which may be retroactive), within the legal or regulatory limits in force,
- to determine, where necessary, the conditions for exercising the rights attached to the shares or securities giving access to the capital to be issued, set the conditions for exercising the rights, where applicable, to conversion, exchange, redemption, including through the supply of assets of the Company such as securities already issued by the Company,
- to collect the subscriptions and the corresponding payments and record the capital increases in the amount of the shares subscribed and amend the articles of association accordingly,
- on its sole initiative, to charge the expenses of the capital increase(s) against the amount of the related issue premium(s) and withdraw from this amount the sums required to ensure the legal reserve is equal to one-tenth of the new capital after each capital increase,
- to enter into any agreement, in particular to ensure the proper completion of any issue, to proceed on one or more occasions, in the proportions and at the times it decides, in France and/or, where applicable, abroad, with the above-mentioned issues, and, where applicable,
- to determine and make all adjustments intended to take into account the impact of transactions on the Company's capital, particularly in the case of a modification of the share's nominal value, a capital increase via capitalization of reserves, a bonus share allotment, a division or consolidation of securities, the distribution of reserves or any other assets, depreciation of the capital, and any transaction relating to the capital, and define the conditions under which the rights of the holders of transferable securities giving access to the capital shall be preserved, and
- to record the completion of any capital increases under this authorization and make the corresponding changes to the articles of association; and in general, to take all measures and fulfill all formalities required for the issue, the admission to trading on a regulated market or the listing and financial services for the securities issued pursuant to this delegation, as well as for the exercise of related rights attached thereto;

Decides that this delegation shall be valid for a period of twenty-six (26) months from the date of this Meeting.

Sixteenth resolution – Delegation of authority to the Executive Board to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights.

The extraordinary general meeting, meeting with the quorum and majority required for extraordinary general meetings, having reviewed (i) the Executive Board report and (ii) the Statutory Auditors' report, in accordance with Articles L. 225-135-1 and R. 225-118 of the French Commercial Code,

Delegates to the Executive Board its authority, with the option to sub-delegate, to decide on the increase of the number of securities to be issued in the event of a capital increase of the Company with or without preferential subscription rights, at the same price as that used for the initial issue, within the deadlines and limits stipulated by the laws and regulations in force on the issue date (currently within thirty days of the closing of the subscription, subject to a limit of 15% of the initial issue and at the same price as that used for the initial issue), particularly in order to grant an over-allotment option in accordance with market practices;

Decides that the nominal amount of the capital increases decided under this resolution shall be deducted from the overall ceiling stipulated in the fourteenth resolution of this Meeting;

Decides that this delegation shall be valid for a period of twenty-six (26) months from the date of this meeting.

4.6.2. Resolution of the Executive Board

By virtue of the authorization referred to in the above paragraph, the Executive Board of the Company, at its meeting held on September 13, 2018:

- Decided to execute a capital increase in cash and by set-off against debt for a total nominal amount of EUR 41,379, with cancellation of the preferential subscription right, by offer to the public, with no priority subscription period, of a maximum of 4,137,931 New Shares with a par value of EUR 0.01 each, with the possibility of said number increasing to a maximum of 4,758,620 New Shares, by resolution of the Executive Board, on the day the final terms and conditions of the Offering, are set out by the Executive Board to increase the number of New Shares by a maximum of 15% set by exercising the Extension Clause (see paragraph 5.2.5 of the Securities Note "Extension Clause");
- Set the indicative price range for the issue of New Shares between EUR 7.25 and EUR 9.25 per share, it being noted that this range may be modified under the conditions set out in Paragraph 5.3.2.3 of this Securities Note; and
- Decided to grant an Over-Allotment option to the Stabilization Agent acting in the name and on behalf of the Joint Global Coordinators and Joint Bookrunners, representing a maximum of 15% of the number of New Shares, i.e. a maximum of 713,793 Additional New Shares if the Extension Clause is fully exercised.

The final terms and conditions for these capital increases, including the number and issue price of the Offered Shares, shall be determined by the Executive Board at a meeting to be held on September 27, 2018.

4.7. Expected date of issue of the New Shares

The excepted date of the settlement-delivery of the New Shares is October 1, 2018 according to the indicative time-table.

4.8. Restrictions on the transferability of the New Shares

The Company's by-laws do not provide restrictions to the transferability of the shares comprising the share capital of the Company.

4.9. French regulation governing public offer

As of the admission of its shares to trading on Euronext Paris, the Company shall be subject to the laws and regulations in effect in France governing mandatory public offers (*offre publique obligatoire*), buyout offers (*offre publique de retrait*) and squeeze-outs (*retrait obligatoire*).

4.9.1. Mandatory public offering (offre publique obligatoire)

Article L.433-3 of the French Monetary and Financial code and Articles 234-1 *et seq.* of the AMF General Regulation set out the conditions for filing a mandatory public offering, on terms that can be approved by the AMF, for all the equity securities and securities giving access to capital or to voting rights of a company whose shares are admitted to trading on the regulated market. Tender offers must be filed when any individual or legal entity, whether acting alone or in concert, within the meaning of Article L.233-10 of the French Commercial Code, should come to hold, directly or indirectly, more than five tenth of the capital or voting rights of company.

4.9.2. Buyout offers and squeeze-outs (offre publique de retrait and retrait obligatoire)

Article L.433-4 of the French Monetary and Financial code and Articles 236-1 *et seq.* (*offre publique de retrait*) and 237-1 *et seq.* (*retrait obligatoire à l'issue d'une offre publique de retrait*) and 237-14 *et seq.* (*retrait obligatoire à l'issue de toute offre publique*) of the AMF General Regulation set out the conditions for filing a public buyout offer and squeeze out bid to buy out minority shareholders of a company whose shares have been admitted to trading on a regulated market.

4.10. Takeover bids launched by third parties relating to the issuer's capital in the prior and current fiscal years

Non applicable.

4.11. Taxation in France

As the French laws and regulations currently stand, the following paragraphs summarize the tax consequences that may apply to individuals who become shareholders of the Company.

Their attention is nevertheless drawn to the fact that this information is simply a summary and provided for information only. The rules set out below may be the subject of legal or regulatory changes (which may apply retroactively) or by changes in the interpretation thereof by the French tax authorities.

In any event, this information does not constitute a comprehensive analysis of all of the tax consequences that may apply to any Company's future shareholder.

Investors are invited to consult their usual tax advisor regarding the tax regime that applies to their individual situation if they acquire, hold or sell any Company shares.

Non-French tax residents must also comply with the tax laws in effect in their country of residence, as potentially amended by the international tax treaty signed by this country and France.

It should be noted that the entry into force of the withholding income tax, on January 1, 2019, should not change the rules relating to taxation as set forth below. Indeed, (i) income from movable capital, and (ii) income arising from the transfer of securities and shares and all other gains attached are not subject to the said reform (Doctrine of administrative law BOI-IR-PAS-10-20180515, n°30).

However, individuals persons residing in France who carry out market transactions under similar conditions to that of a business carried out by a person conducting such transactions on a professional basis should approach his or her tax advisor to determine the consequences and conditions of application of the withholding tax on revenues arising from said operations.

4.11.1. Shareholders whose tax residence is located in France

4.11.1.1. Dividends paid to individuals who own Company shares as part of their private estate and not through a "stock savings plan" ("PEA") and who do not enter into stock market transactions under conditions similar to those that constitute a business carried out by a person who conducts this type of operation on a professional basis

As a rule, dividends are subject to income tax at a fixed rate of 12.8% on their gross amount (a flat rate tax called "*Prélèvement Forfaitaire Unique*" or "**PFU**"). By way of exception to the taxation of dividends under the PFU, and as a global option which the taxpayer may choose to apply to their general income tax return, dividends may be subject to the progressive income tax scale for their net amount (Article 200 A 2 of the new French General Tax Code, hereinafter the "GTC"). In such cases, dividends are taken into account when calculating the total income subject to the progressive income tax scale after applying, in particular, a 40% reduction (Article 158-3 of the French General Tax Code, and the "40% Reduction"). It should be noted that the option to apply the progressive income tax scale is global and covers all income, net gains, profits and receivables falling within the scope of application of the PFU. It is therefore not possible to apply the progressive income tax scale for certain part of the income, and the PFU for other part of income in respect of a single year.

Furthermore, it should be noted that, by virtue of Article 223 sexies of the GTC, taxpayers subject to income tax owe an exceptional contribution on high incomes ("**CEHR**") at the rate of:

- 3% of the portion of taxable income of reference that falls between EUR 250,000 and EUR 500,000 for taxpayers who are single, divorced or separated, and between EUR 500,000 and EUR 1,000,000 for taxpayers subject to joint taxation;
- 4% of the portion of taxable income of reference that exceeds EUR 500,000 for taxpayers who are single, widowed, divorced or separated, and EUR 1,000,000 for taxpayer subject to joint taxation

The tax base for the CEHR is composed of the amount of the taxable household income of reference, as defined in 1-IV of Article 1416 of the GTC. The income of reference referred to in Article 1417 of the GTC includes, in particular, dividends received by the relevant taxpayers, if the case may be, before application of 40% Reduction.

However, before being taxed according to the PFU or the progressive income tax scale, individual French residents are subject to a flat rate withholding tax at a rate of 12.8% on the gross amount of the income distributed, in accordance with Article 117 quater of the GTC subject to the exceptions set out below. The withholding is levied by the institution that pays the dividends if it is located in France. When the institution that pays the dividends is established outside of France, the income is declared and the corresponding withholding is paid within the first 15 days of the month that follows the month in which the income was paid either by the taxpayer himself or by the person that pays the income, if said person is domiciled in a Member State of the European Union or a country that is party to the Agreement on the European Economic Area and has entered into an agreement with France for mutual administrative assistance in the fight against fraud and tax evasion, and that said person has been mandated for this purpose by the taxpayer.

However, the individuals who are part of a taxable household whose reference taxable income for the penultimate year, as defined in 1° of IV of Article 1417 of the GTC, is less than EUR 50,000 (for taxpayers who are single, divorced or widowed) and EUR 75,000 for taxpayers who are subject to joint taxation, may request an exemption from this withholding, subject to the terms of Article 242 quater of the GTC, i.e., by providing, at the latest on November 30 of the year that precedes that in which the distributed income is paid, to the persons who make said payment, a sworn statement indicating that their reference taxable income indicated on the tax assessment notice for the income of the penultimate year preceding the payment of said income, is less than the thresholds indicated. However, taxpayers who acquire shares after the deadline for the submission of the abovementioned exemption request, may file this exemption request under certain conditions with the paying agent at the time these shares are acquired, in accordance with paragraph 320 of "administrative doctrine" BOI-RPPM-RCM-30-20-10-20160711.

When the paying agent is established outside of France, only individuals who belong to a taxable household whose reference taxable income for the penultimate year, as defined in 1° of IV of Article 1417 of the GTC, is equal to or higher than the amounts indicated in the previous paragraph, are subject to such tax.

Such tax does not constitute a discharge from the payment of income tax and, if applicable, the exceptional contribution on high incomes. However, it does constitute an income tax prepayment and is comprised in the overall income tax that is due for the year during which it is levied. In practice, when the rate of the non-discharging flat tax and that of the PFU are aligned, taxation of dividends subject to the PFU is withheld at the moment of levy of the non-discharging flat tax. Relevant shareholders are invited to consult their tax advisor to determine the tax regime for the income derived from the Company shares that applies to their situation.

If dividends are paid outside of France in a State or territory that is non-cooperative, within the meaning of Article 238-0 A of the GTC (the "NCST"), a withholding tax at the rate of 75% applies in accordance with the terms of paragraph 4.11.2 "Shareholders whose tax residence is located outside of France", fourth subparagraph, of the Securities Note, unless the Company provides proof that the distributions of these dividends in this State or territory are not intended to constitute nor

cause tax fraud by being located in said State or territory. Relevant shareholders are invited to consult their usual tax advisor to determine the methods in which this withholding tax is charged against the amount of their income tax.

Furthermore, whether or not the non-discharging withholding tax of 12.8% described above applies, the gross amount of the dividends distributed, if applicable, by the Company will also be fully subject to social contributions at an overall rate of 17.2% broken down as follows:

- the "general social contribution" ("CSG") at the rate of 9.9%;
- the "contribution to reimburse the social debt" ("CRDS") at the rate of 0.5%;
- the "social contribution" at the rate of 4.5%;
- the "additional social contribution" at the rate of 0.3%;
- the "solidarity withholding tax " instituted by the Social Security financing law for 2013 at the rate of 2%.

These social contributions are levied in the same manner as the 12.8% withholding tax described above when said withholding tax applies. Specific rules, which differ depending on whether the paying agent is established inside or outside of France, apply when the 21% withholding tax does not apply.

When subject to the PFU, such social contributions are non-deductible from taxable income. In the event of a global option for the taxation of dividends subject to the progressive tax rate on income, only the CSG is deductible from taxable income of the year of payment, and up to 6.8%.

Shareholders are invited to consult their usual tax advisor to determine the methods for the declaration and payment of the 12.8% withholding tax and the social contributions that apply to their situation, as well as, more generally, the tax regime that applies.

4.11.1.2. Special regime applicable to stock savings plan (« PEA ») and « PME-ETI » PEAs

For shareholders whose tax residence is in France, the Company's ordinary shares are assets eligible for the PEA.

Under certain conditions, the PEA gives a right:

- for the duration of the PEA, to an exemption from income tax and social contributions based on the net capital gains, dividends and other proceeds realized through investments made in the PEA framework, providing that these capital gains and proceeds are reinvested in the PEA; and
- when the PEA is closed (if this occurs more than five years after the date on which it was opened) or at the time of a partial withdrawal (if this occurs more than eight years after the date it was opened), to an income tax exemption for the net gain realized since the opening date of the PEA. However, these capital gains and proceeds are still subject to social contributions, additional contributions to this levy, the CSG and CRDS at the total rate of 17.2%.

Capital losses on shares held in the framework of a PEA are, in principle, only offset by the gains realized in the same framework (specific rules apply to certain cases in which the PEA closes, however). Investors are invited to consult their tax advisor on this issue.

Failure to comply with the exemption conditions will cause the capital gains and the proceeds resulting from the investments made in the framework of a PEA since its opening to become taxable (i) when a withdrawal occurs within two years of it being opened, at the rate of 22.5%, and (ii) when a sale takes place between two and five years from the date the PEA is opened, at the rate of 19% (Article 200 A of the GTC), to which is added in any event the social contributions described above at the overall rate of 17.2%. It should be noted that the 2014 French Budget Law created a new category of PEA called "PME-ETI", which provides the same benefits as the PEA.

Eligible securities must, in particular, be issued by a company that employs less than 5,000 individuals and also achieves annual sales revenue equal to or below EUR 1.5 billion or presents a total balance sheet that does not exceed EUR 2 billion.

The limit for payments in a PEA is capped at EUR 150,000 (EUR 300,000 for a married couple or partners of a civil arrangement, each person of the couple being a potential holder of a PEA).

The limit for payments in a PEA « PME-ETI » is capped at EUR 75,000 (EUR 150,000 for a couple, whether married or in a civil arrangement, each person of the couple being a potential holder of a PEA "PME ETI"). The PEA "PME-ETI" can be combined with a common PEA, and each taxpayer may only be a member of one "PME-ETI" PEA.

On the date of the Securities Note, the Company's shares are assets eligible for a "PME-ETI" PEA.

4.11.1.3. Dividends paid to legal entities subject to corporate income tax (ordinary law regime)

The dividends paid by these entities are taxable under common law conditions, i.e., in principle, at the normal corporate tax rate equal, for the current fiscal year starting January 1, 2018, to 28% for the portion of profits between EUR 38,120 and EUR 500,000, and 33.1/3% for the portion of profits exceeding EUR 500,000, increased, if applicable, by the social contribution of 3.3%, which applies to the amount of corporate tax that exceeds EUR 763,000 per 12-month period (Article 235 ter ZC of the GTC). For the fiscal year starting January 1, 2019, the normal corporate income tax rate shall be equal to 28% for the portion of profits between EUR 38,120 and EUR 500,000, and 31% for the portion of profits exceeding EUR 500,000.

We draw your attention to the fact that the 2018 French Budget Law is planning on a progressive decrease of the corporate income tax rate, to 25% in 2022.

In accordance with the terms of Articles 219-I.b and 235 ter ZC of the GTC, SMEs may benefit from a reduced corporate tax rate of 15% and an exemption from the 3.3% social contribution.

In accordance with Articles 145 and 216 of the GTC, entities subject to corporate tax and that have holdings representing at least 5% of the Company's capital, whether in usufruct or bare-ownership, may benefit, subject to certain conditions and optionally, from the parent company regime (*régime des sociétés mères*) according to which the dividends received by the parent company are not subject to corporate tax, with the exception of a fixed portion that represents the expenses and charges incurred by this company and which equal 5% of the amount of said dividends. To benefit from this exemption, the securities eligible for the parent company regime must, in particular, have been retained for two years as of the day of their book entry.

In principle, income distributed on shares held by entities established in France is not subject to any withholding tax.

However, if the dividends paid by the Company are paid outside of France and in an NCST, the dividends distributed by the Company will be the subject of a 75% withholding tax, unless the Company provides proof that the distribution of these dividends in this State or territory are not intended to constitute or cause tax fraud by being located in said State or territory (Articles 119 bis, 2. And 187.2 of the GTC).

Shareholders that are entities are invited to consult their usual tax advisor to determine the tax regime that applies to their situation.

4.11.1.4. Other shareholders

The Company's shareholders who are subject to a tax regime other than those referred to above, in particular taxpayers whose securities transactions fall outside the scope of the management of personal assets or who have recorded their

securities as assets on their business balance, must consult their usual tax advisor for information on the tax regime that applies to their specific situation.

4.11.2. Shareholders whose tax residency is located outside of France

In the current state of French law and subject to the potential application of international tax treaties, this paragraph summarizes the French tax consequences regarding withholding tax on the income from Company shares that may apply to investors (i) who are not residents of France within the meaning of Article 4 B of the GTC or whose registered office or center of effective management is located outside of France, and (ii) who will receive dividends associated with the Company shares they hold otherwise than through the intermediary of a "fixed place" or "permanent establishment" subject to tax in France.

These investors should nevertheless consult their usual tax advisor as to the tax regime that applies to their individual situation. Non-French tax residents must also comply with the tax laws in effect in their country of residence, as potentially amended by the international tax treaty signed by this country and France.

The dividends distributed by the Company are, in principle, subject to a withholding tax, levied by the institution that pays the dividends when the tax domicile or registered office of the actual beneficiary is located outside of France. Subject to the following, the rate of this withholding tax is (i) 12.8% when the beneficiary is an individual, and (ii) 15% when the beneficiary is an organization whose registered office is located in a Member State of the European Union or a State that is a party to the Agreement on the European Economic Area and has entered into an agreement with France for mutual administrative assistance in the fight against fraud and tax evasion, and, if it has its registered office in France, will be taxed in accordance with the special regime provided in Article 206.5 of the GTC (which targets organizations generically described as "not for profit"), as interpreted by "administrative doctrine" (BOI-IS-CHAMP-10-50-10-40-20130325, No. 580 et seq.) and applicable case law, and (iii) 30% in all other cases (subject to the information set out below).

However, the dividends distributed by the Company will be subject to a withholding tax at the rate of 75% regardless of the shareholder's tax residence (subject, if applicable, to the terms of the international treaties) if they are paid outside of France in an NCST, unless the Company provides proof that the distribution of these dividends in this State or territory are not intended to constitute or cause tax fraud by being located in said State or territory. The list of NCSTs is published in an Inter-Ministry Decree and updated every year.

This withholding tax may be reduced or even eliminated, in particular by virtue of (i) Article 119 ter of the GTC, which applies, under certain conditions, to shareholders that are entities and have their actual headquarters in a Member State of the European Union or a State that is a party to the Agreement on the European Economic Area and has entered into an agreement with France on double taxation which includes a clause on mutual administrative assistance in the fight against fraud and tax evasion, and that hold at least 10% of the capital of the distributing French company for two years and that fulfill all of the other terms and conditions of this article, as interpreted by "administrative doctrine" (BOI-RPPM-RCM-30-30-20-10-20160607), it being noted, however, that this ownership percentage is reduced to 5% of the capital of the distributing French company when the entity that is the actual beneficiary of the dividends holds a stake that satisfies the terms of Article 145 and is deprived of the ability to charge the withholding tax, and that the percentage of ownership is assessed by taking into account holdings for which it has full ownership (*pleine propriété*) or bare ownership (*nue propriété*), (ii) Article 119 quinquies of the GTC applicable to shareholders that are entities located in a Member State of the European Union or a State that has entered into an agreement with France which includes a clause on mutual administrative assistance in the fight against fraud and tax evasion that is the subject of a procedure comparable to that indicated in Article L. 640-1 of the French Commercial Code (or that has ceased payments and is in a situation in which its redress is obviously impossible) and that fulfill the other conditions set out in Article 119 quinquies of the GTC, or (iii) international tax treaties that may apply CE, 9

novembre 2015 n°370054 n°371132). Relevant shareholders are invited to consult their tax advisor to determine how they may benefit from this exemption and the terms thereof.

State of the European Union or a State or territory that has entered into an agreement with France which includes a clause on mutual administrative assistance in the fight against fraud and tax evasion and fulfill the conditions set out in Article 119 bis 2 of the GTC, (ii) raise capital from a certain number of investors in order to invest said capital, in accordance with a defined investment policy and in the interests of these investors, and (iii) present characteristics similar to those of mutual investments funds created in accordance with French laws and that fulfill the conditions set out in Article 119 bis 2 of the (doctrine of administrative law BOI-RPPM-RCM-30-30-20-70- 20170607), are exempted from this withholding tax.

It is incumbent on the relevant shareholders to consult their usual tax advisor in order to determine, in particular, whether they may be subject to the new law on non-cooperative States and territories and/or benefit from a withholding tax reduction or exemption. Shareholders are also invited to seek information on the practical terms of application of exemptions from withholding tax and, if need be, of international tax treaties, as provided, in particular, in "administrative doctrine" (BOI-INT-DG-20-20-20-20-20120912) related to procedures known as “normal” or “simplified” for the reduction or exemption of the withholding tax.

4.11.3. Stamp duties

In accordance with the terms of Article 726, I of the GTC, the sales of Company shares - if they are not subject to the tax on financial transactions described in Article 235 ter ZD of the GTC - may be subject to stamp duties if said sales are recorded in deeds (in France or abroad) at the single proportional rate of 0.1%.

5. TERMS AND CONDITIONS OF THE OFFERING

5.1. Conditions, Offering statistics, indicative timetable and terms of the subscription application

5.1.1. Conditions of the Offering

It is expected that the issuance of Offered Shares shall be part of a global offer (the "**Offering**"), which includes:

- a public offering in France in the form of an open price offer, mainly intended towards individuals (and not entities) (the "**Open Price Offer**"); and
- a global placement mainly intended towards institutional investors (the "**Global Placement**"), which includes:
  - a placement in France; and
  - an international private placement in certain countries (excluding, in particular, the United States, Australia, Canada and Japan); and
  - a private placement carried out by the Company in the United States, in connection with transactions eligible for an exemption from the registration requirements of the U.S. Securities Act of 1933.

The issuance of New Shares to the public in France will take place in accordance with the terms of Articles P 1.2.1 *et seq*. of Rule Book II of Euronext's market rules relating to specific rules that apply to French regulated markets. The distribution of New Shares between the Global Placement on the one hand, and the Open Price Offer on the other, shall be carried out by reference to the nature and scope of the demand and in accordance with the principles set out in Article 315-35 of AMF General Regulation.

Subject to the level of demand under the Open Price Offer, the number of shares allocated to fill the orders issued thereunder will equal at least 10% of the number of New Shares. If the demand under the Open Price Offer falls below 10% of the number of New Shares before any possible exercise of the over-allotment option, the balance of the remaining New Shares not allocated in the calculation of the Open Price Offer will be offered as part of the Global Placement.

Indicative timetable :

September 14, 2018	[INTERNATIONALLY OMITTED]
September 17, 2018	Issuance of the press release, announcing the Offering and the availability to the public of the Prospectus
	Publication by Euronext of the issue notice for the Open Price Offer
	Opening of the Offering
September 26, 2018	The Open Price Offer closes at 5:00 pm (Paris time) for subscriptions over the counter and at 8:00 pm (Paris time) for internet subscriptions
September 27, 2018	Closing of the Global Placement at noon (Paris time)
	Determination of the Offering Price and potential exercise of the Extension Clause
	Signing of the Underwriting Agreement
	Issuance of the press release issued indicating the Offering Price, the definitive number of New Shares and the results of the Offering
	Publication by Euronext of the Offering results notice

	Commencement of the exercise period for the Over-Allotment Option
October 1, 2018	Settlement-delivery of the Offering
	Redemption of ORAs
October 2, 2018	Commencement of trading for the Company's Shares on Euronext Paris (on a single listing line entitled “MEDCL”).
	Commencement of the potential stabilization period
October 27, 2018	Deadline for the exercise of the Over-Allotment Option
	End of the potential stabilization period

5.1.2. Amount of the Offering

On the basis of an Offering Price equal to the median point of the indicative price range or, in the case of a limitation of the capital increase to 75% of the Initial Offering, on the basis of a price equal to the low point of the indicative price range, gross proceeds and net proceeds from the Offering should be as follows:

In millions of euros	**Gross proceeds (1)**	**Net proceeds**
Initial Offering (on the basis of a price equal to the median point of the indicative price range)	34.1	30.6
Initial Offering and full exercise of the Extension Clause (on the basis of a price equal to the median point of the indicative price range)	39.3	35.4
Initial Offering, full exercise of the Extension Clause and Over-Allotment Option (on the basis of a price equal to the median point of the indicative price range)	45.1	40.9
In the case of a limitation of the capital increase to 75% of the Initial Offering (on the basis of a price equal to the low point of the price range)	22.5	19.6

(1) Including the proceeds which may result from a potential offset request from Teva (see paragraph 5.2.2 of the Securities Notes)

On the basis of an Offering Price equal to the median point of the indicative price range, expenses relating to the Offering that the Company must pay are estimated at EUR 3.6 million if the Extension Clause and the Over-Allotment Option are not exercised, and close to EUR 4.3 million if the Extension Clause and the Over-Allotment Option are fully exercised.

Theoretical market capitalization of the Company after the Offer

Theoretical market capitalization – in EUR K	Offering Price		
	Lower range : EUR 7.25	Median point : EUR 8.25	Upper range : EUR 9.25
After issuance of 4,137,931 New Shares (without exercice of the Extension Clause)	144,115.8	162,825.2	181,804.2
After issue of 4,758,620 New Shares (with exercice of the Extension Clause but without exercice of the Over-Allotment Exercice)	148,615.8	167,945.9	187,545.5
After issuance of 5,472,413 New Shares (with exercise of the Extension Clause and the Over-Allotment Option)	153,790.8	173,834.7	194,148.1
After issuance of 3,103,448 New Shares (in the case of a limitation of the capital increase to 75% of the Initial Offering)	136,615.8	154,290.7	172,235.2

5.1.3. Offering period and procedure

5.1.3.1. Principal features of the Open Price Offer

Open Price Offer period

The Open Price Offer will start on September 17, 2018 and end on September 26, 2018 at 5:00 pm (Paris time) for subscriptions over the counter and at 8:00 pm (Paris time) for internet subscriptions, if the financial intermediary authorizes internet subscriptions. The closing date for the Open Price Offer may change (see paragraph 5.3.2 of the Securities Note).

Number of New Shares under the Open Price Offer

A minimum of 10% of the number of New Shares under the Offering will be offered under the Open Price Offer before the potential exercise of the Over-Allotment Option. Therefore, if the demand expressed under the Open Price Offer in France allows, the number of shares allocated to fill the orders issued under the Open Price Offer will equal at least 10% of the number of New Shares before a potential exercise of the Over-Allotment Option. If the demand expressed under the Open Price Offer falls below 10% the number of New Shares before a potential exercise of the Over-Allotment Option, the balance of the remaining New Shares not allocated in the calculation of the Open Price Offer will be offered as part of the Global Placement.

The number of Offered Shares in the framework of the Open Price Offer may be increased or decreased in accordance with the terms set out in paragraph 5.1.1 of the Securities Note.

Authorized persons, receipt and transmission of orders

Persons authorized to issue orders in the framework of the Open Price Offer are individuals who are French citizens or reside in France or are citizens of one of the countries that are parties to the Agreement on the European Economic Area (Member States of the European Union, Iceland, Norway and Liechtenstein, hereafter referred to as the "States that belong to the EEA"), mutual funds and French entities or entities incorporated in States that belong to the EEA and that are not under the control of entities or persons of States other than the States that belong to the EEA, within the meaning of Article L. 233-3 of the French commercial code, as well as investment associations and clubs domiciled in France or in States that belong to the EEA and whose members are citizens of France or of one of the States that belong to the EEA, subject to the terms of paragraph 5.2.1 of the Securities Note. Other persons must seek information on local restrictions applicable to investments, as indicated in paragraph 5.2.1 of the Securities Note.

Individuals, entities and mutual funds that do not have accounts in France but allow for the subscription for shares under the Open Price Offer must open this type of account at an accredited intermediary for this purpose when they place their orders.

The subscription order must be signed by the principal or its representative, or, in the case of an investment management agreement, by its agent. In this case, the investment manager must:

- either have an authorization that provides specific stipulations indicating that its client has undertaken - in the framework of operations in which each investor can only place one order - not to place orders without having requested and received written communication from the manager that it has not placed an order for the same securities under the investment management authorization;
- or take any other reasonable measure to prevent multiple orders from being placed (for example, by the manager informing the client that it has placed an order for the client and therefore that the client may not directly place an order of the same nature without informing the manager of its decision in writing before the operation closes so that said manager can cancel the related order).

Categories of orders that may be issued in connection with the Open Price Offer

Persons who wish to participate in the Open Price Offer must place their orders with an authorized financial intermediary in France. Euronext will centralize the Open Price Offer in France.

Orders must be submitted at the latest on September 26, 2018 at 5:00 pm (Paris time) for subscriptions over the counter and at 8:00 pm (Paris time) for internet subscriptions, if the financial intermediary authorizes internet subscriptions, unless the offering closes early or is extended.

Requests do not bind the Company or the Joint Global Coordinators and Joint Bookrunners as long as such requests have not been accepted in accordance with the allotment rules described in Paragraph 5.2 of the Securities Note.

In accordance with Article P. 1.2.16 of Rule Book II of Euronext's harmonized market rules related to specific rules that apply to French regulated markets, orders will be broken down in line with the number of shares requested:

- A1 order portion: from 5 to 250 shares; and
- A2 order portion: over 250 shares.

A1 orders will benefit from preferential treatment compared to A2 orders if all of the orders cannot be fulfilled in their entirety.

It is also to be noted that:

- Each order must cover a minimum number of five shares;
- A principal may only issue one order; this order may not be divided among multiple financial intermediaries and must be entrusted to a single financial intermediary;
- The grouping of shares acquired in the name of members of the same taxable household (family-based orders) is allowed;
- Each member of a taxable household may issue an order; an order for an individual under legal age will be placed by his legal representative; each of these orders will benefit from the rights normally associated therewith; in the event of a reduction, said reduction will apply separately to the orders of each of the members of the taxable household;
- No order may be placed for a number of shares that represents more than 20% of the maximum number of Offered Shares under the Open Price Offer;
- If the application of the reduction rate(s) does not result in the allotment of a whole number of shares, this number will be rounded down to the nearest whole number;
- Orders will be set out as a number of shares, with no indication of the price, and will be considered to be placed at the Offering Price; and
- Even in the case of a reduction, the orders will be irrevocable, subject to the terms of paragraph 5.3.2 of the Securities Note.

The authorized financial intermediaries in France will send the orders to Euronext according to the timetable and terms of the notice announcing the launch of the Open Price Offer, which Euronext will issue.

Orders will be considered null and void if the Company's press release that indicates the final terms and conditions of the Global Placement and the Open Offer Price is not issued.

Reduction of orders

A1 orders take priority over A2 orders. A reduction rate that may total up to 100% may be applied to the A2 orders for the purpose of satisfying A1 orders.

Reductions will be applied proportionally within each order category. If the application of the reduction methods results in the allotment of a fractional number of shares, this number will be rounded down to the nearest whole number.

Order revocation

Subscription orders over the internet for the Open Price Offer may be revoked over the internet up until the closing of the Open Price Offer on September 26, 2018 at 8 p.m. (Paris time). It is up to individuals to consult their financial intermediary to verify whether the orders and the terms thereof sent by other means are revocable, or whether the orders sent over the internet may be revoked by means other than over the internet.

Furthermore, situations in which orders may be revoked due to changes in the terms of the Offering are described in paragraph 5.3.2 of the Securities Note.

Results of the Open Price Offer

The results of the Open Price Offer will be indicated in a press release issued by the Company and a notice issued by Euronext, which are planned to be released on September 27, 2018 unless an early closing occurs, in which case the publication of the release and notice will occur the day after the Offering is closed.

This notice will indicate the reduction rate that may potentially apply to the orders.

5.1.3.2. Principal features of the Global Placement

Period of the Global Placement

The Global Placement will start on September 17, 2018 and will end on September 27, 2018 at noon (Paris time). If the closing date for the Open Price Offer is postponed (see paragraph 5.3.2 of the Securities Note), the closing date of the Global Placement will be postponed accordingly.

The Global Placement may closed early without notice (see paragraph 5.3.2 of the Securities Note).

Persons qualified to issue orders under the Global Placement

Orders for the Global Placement will be placed mainly by institutional investors in France and other countries (outside of the United States, Australia, Canada and Japan).

Orders that may be issued under the Global Placement

The orders will set out a number of shares or monetary amounts requested. They may include conditions relative to pricing.

Receipt and transmission of orders that may be issued under the Global Placement

To be taken into consideration, the orders issued under the Global Placement must be received by one or more of the Joint Global Coordinators and Joint Bookrunners at the latest by 12.00 pm (Paris time) on September 27, 2018 unless the Global Placement closes early.

Only orders indicating a price in euros higher than or equal to the Offering Price, which will be set in the framework of the Global Placement under the conditions indicated in paragraph 5.3.1 of the Securities Note, will be taken into consideration for the allotment procedure.

Reduction of orders

Orders issued under the Global Placement may be reduced in full, partially or proportionally, if the subscriptions received under the Offering exceed the number of New Shares.

Order revocation

Any order issued under the Global Placement may be revoked by the Joint Global Coordinators and Joint Bookrunners who receive said order up until September 27, 2018 at 12.00 pm (Paris time), unless the Global Placement closes early or is extended.

Results of the Global Placement

The results of the Global Placement will be indicated in a press release issued by the Company and a notice issued by Euronext, which are planned to be released on September 27, 2018 unless an early closing occurs, in which case the publication of the release and notice should take place the day after the Offering is closed.

5.1.4. Offering withdrawal / suspension

The offering will take place (i) if the Underwriting Agreement referred to in paragraph 5.4.3 of the Securities Note is signed and not terminated at the latest on the settlement-delivery date of the News Shares and (ii) the depository certificate indicating the subscription for New Share is issued.

Therefore, if the Underwriting Agreement is not signed or is terminated, or if the depositary certificate is not issued, the subscription orders and the Offering will be canceled retroactively. If the Underwriting Agreement is terminated or if the event of the non-issuance of the certificate from the Fund Depository, all of the trading of shares that took place up to (and on) the settlement-delivery date will be canceled retroactively and will have to be settled. More specifically:

- The Open Price Offer, Global Placement and all of the orders places therein, will be canceled retroactively; and
- If the Underwriting Agreement is not signed or is terminated, or if the depositary certificate is not issued, neither the Existing Shares nor the Offered Shares will be registered on Euronext Paris.

If the Underwriting Agreement is terminated or if the depositary's certificate is not issued, this information will be the subject of a press release issued by the Company and a notice issued by Euronext.

Furthermore, if demand is insufficient or if a decision is taken to reduce the size of the Offering, the issue initially planned for the Offering may be limited to the subscriptions received as long as they total at least 75% of the amount of the issue initially planned.

If the total number of orders do not amount to at least 75% of the amount of the Offering initially planned, that is the subscription of a minimum of 3,103,448 New Shares, the Offering shall be canceled and the orders to subscribe shall be void.

5.1.5. Reduction of orders

See paragraphs 5.1.3.1 and 5.1.3.2, respectively, of the Securities Note for a description of the reduction of orders issued in the framework of the Open Price Offer and Global Placement.

5.1.6. Minimum and/ or maximum of shares that an order may cover

See paragraph 5.1.3 of the Securities Note for details on the minimum and/or maximum number of shares the orders issued in the framework of the Open Price Offer may cover.

There is no minimum or maximum amount for orders issued under the Global Placement.

5.1.7. Order revocation

See paragraphs 5.1.3.1 and 5.1.3.2, respectively, of the Securities Note for a description of the revocation of orders issued in the framework of the Open Price Offer and Global Placement.

5.1.8. Payment of funds and share delivery procedure

The price of the New Shares subscribed (see paragraph 5.3.1.1 of the Securities Note) in the framework of the Offering must be paid in cash by the party who placed the order at the latest on the settlement-delivery date of the Offering, i.e., according to the indicative timetable, October 1, 2018.

The shares will be registered in the account of the ordering parties as soon as possible after the publication of Euronext's notice indicating the results of the Offering, i.e., according to the indicative timetable, between September 27, 2018 and the settlement-delivery date at the latest, i.e., according to the indicative timetable, October 1, 2018.

The payment to the Company of the funds that correspond to the issue of the Additional New Shares in the framework of the Over-Allotment Option is planned for the second business day that follows the exercise of the Over-Allotment Option at the latest.

5.1.9. Publication of the Offering results

The results and the final terms of the Offering will be indicated in a press release issued by the Company and a notice issued by Euronext, which are planned to be released on September 27, 2018, unless it closes early (it being noted, however, that the Open Price Offer period may not be inferior to three trading days - see paragraph 5.3.2 of the Securities Note), in which case the publication of the release and notice should take place the day after the closing of the Offering.

5.2. Share distribution and allotment plan

5.2.1. Categories of potential investors – Countries in which the Offering will be available – Restrictions applicable to the Offering

5.2.1.1. Categories of potential investors and countries in which the Offering shall not be available

The Offering includes:

- a public offering in France in the form of an Open Price Offer, mainly intended for individuals (and not entities); and
- a Global Placement mainly intended for institutional investors, which includes:
    - a placement in France; and
    - an international private placement in certain countries (excluding, in particular, the United States, Australia, Canada and Japan);
    - a private placement carried out by the Company in the United States, as part of operations exempted from registration pursuant to the US Securities Act of 1933.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares offered in the global offering have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the global offering.

Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment for any particular client of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

5.2.1.2. Restrictions applicable to the Offering

The distribution of the Registration Document, the Securities Note, the Prospectus summary or any other document or information relating to the operations described in the Securities Note, or the offering or sale or subscription for the Company's shares may be governed by specific regulations in certain countries, including the United States. Any person in possession of the documents referred to above should seek information on, and comply with, any restrictions set out in local regulations. No orders may be accepted by authorized intermediaries from clients with an address in a country where such restrictions exist, and the corresponding orders will be considered null and void. Any person (including any trustee or nominee) who receives the Registration Document, the Securities Note, the Prospectus, its summary or any other document or information related to the Offering, may distribute said document(s) or cause it (them) to be distributed in these countries only in accordance with the laws and regulations applicable in each jurisdiction. Any person who, for whatever reason, distributes the abovementioned documents or causes said documents to be distributed in such a country must draw the recipient’s attention to the restrictions set forth in this paragraph.

The Securities Note, the Registration Document, the Prospectus, its summary and the other documents related to the capital increase that is the subject of the Securities Note do not constitute an offer for sale or solicitation related to an offer to subscribe for securities in any country in which such an offer or solicitation is illegal. The Securities Note, the Registration Document and the Prospectus have not been registered or approved outside of France.

The Joint Global Coordinators and Joint Bookrunners will offer the shares for sale exclusively in compliance with the laws and regulations in effect in the countries in which this sale offer is presented.

a) Restrictions concerning Member States of the European Union (other than France) in which the Prospectus Directive has been implemented

With regard to each Member State of the European Economic Area other than France (the "**Member States**") that has implemented the Prospectus Directive, no action has been taken or will be taken that would have the effect of allowing the New Shares or preferential subscription rights to be offered to the public such that the publication of a prospectus would be required in one of the Member States. Therefore, the New Shares or the preferential subscription rights may be offered in these Member States only:

- to qualified investors, as defined in the Prospectus Directive;

- to fewer than 150 individuals or entities (other than qualified investors, as defined in the Prospectus Directive) per Member State; or
- in any other circumstances falling within the scope of Article 3(2) of the Prospectus Directive.

For the purposes of this paragraph, (i) the expression "allowing the New Shares or preferential subscription rights to be offered to the public" in a Member State means any communication to persons in any form and by any means whatsoever that presents sufficient information on the conditions of the offering and the securities being offered so as to enable an investor to decide whether or not to purchase or subscribe these securities, as this definition has potentially been amended by the Member State; (ii) the term "Prospectus Directive" means Directive 2003/71/EC dated November 4, 2003 as transposed in the Member State (as amended, including Directive 2010/73/EU of the European Parliament and Council dated November 24, 2010).

These selling restrictions with respect to Relevant Member States apply in addition to any other selling restrictions which may be applicable in the Member States who have transposed the Prospectus Directive.

b) Additional restrictions in other countries

United States

The shares of the Company have not been and will not be registered within the meaning of the U.S. Securities Act of 1933, as amended (hereinafter the "**U.S. Securities Act**"). The shares of the Company may not be offered, sold, transferred, exercised or delivered, unless outside of the United States of America solely to individuals subscribing or purchasing shares in the context of offshore transactions as defined in, and in accordance with, Regulation S of the U.S. Securities Act and provided that these persons are not "U.S. Persons" within the meaning of Regulation S of the U.S. Securities Act.

The shares of the Company shall be offered and sold (i) outside of the United States solely in the context of offshore transactions to individuals who are not, and who do not act on behalf or in the interests of U.S. persons as defined in, and in accordance with, Regulation S of the U.S. Securities Act and (ii) subject to certain conditions, in the United States, by the Company only, in accordance with the registration exemption provided for private placements pursuant to Article 4 (a) (2) of the U.S. Securities Act.

United Kingdom

The Prospectus is distributed to and intended only for persons who (i) are located outside of the United Kingdom, (ii) are investment professionals (individuals with professional experience in investing) as defined by Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "**FSMA**") Order 2005 (the "**Order**"), (iii) are high net worth entities, or any other person who falls within the scope of application of Article 49(2) (a) to (d) of the Order (high net worth companies, unincorporated associations, etc.) or (iv) are persons to whom an invitation or incentive to undertake an investment activity (within the meaning of Article 21 of the FSMA) may be legally communicated and transmitted (hereafter collectively referred to as the "Relevant Persons"). Any invitation, offer or agreement related to the subscription of Company shares may only be proposed or entered into with Relevant Persons. The Company's shares that are the subject of the Prospectus may not be offered to persons located in the United Kingdom who are not Relevant Persons. Any person other than a Relevant Person may not use or rely on the Prospectus or any information therein. The individuals responsible for the distribution of the Prospectus must comply with the legal terms applicable to the distribution of the Prospectus.

Canada, Australia and Japan

The New Shares may not be offered or sold in Australia, Canada or Japan.

5.2.2. Subscription intentions from the Company's primary shareholders or members of its administrative, executive and supervisory bodies, or any other person who should place a purchase or subscription order over 5%

BNP Paribas Développement and CM-CIC Innovation have irrevocably undertaken to subscribe to the capital increase at a share price equal to the Offering Price, as determined by the Company's Executive Board on September 27, 2018 for a total amount of EUR 7,700,000 representing approximately 22.6% of the gross proceeds of the Offering, on the basis of the median point of the indicative price range for the Offering Price (without exercise of the Extension Clause and the Over-Allotment Option) (the "Subscription Commitments"). These Commitments are broken down as follows:

- BNP Paribas Developpement: EUR 3,000,000 (8.8 % of the gross proceeds of the Offering).
- CM-CIC Innovation : EUR 4,700,000 (13.8 % of the gross proceeds of the Offering), it being understood that such subscription on commitment is subject to the gross proceeds of the Offering exceeding EUR 30 million.

All of the orders mentioned above are to be fulfilled as a priority, subject, however, to a potential reduction in accordance with the usual allocation principles if the subscriptions received under the Offering exceed the number of New Shares.

These commitments represent 34.2% of the amount of the capital increase in the case of a limitation of the capital increase to 75% of the initial Offering (on the basis on the lower price range).

Furthermore, as part of the Offering, Teva, under the terms of the financing agreement with the Company, may, within an initial contractual period of two business days of the beginning of the Offering period:

- Subscribe to the Offering by debt offsetting part of the bond financing still due at the closing day of the Offering, at the Price of the Offering, (i) within the limit of 20% of the amount of the Offering, and (ii) without exceeding at any given time 5% of the share capital of the Company, and the number of shares received by Teva as such shall be calculated on the basis of an amount equal to 111% of the value of the share of the financing and/or;
- Request from the Company the allocation of a maximum amount of 10% maximum of the amount of the net proceeds of the Offering, without taking into account the subscription to the Offering through an offset, to the anticipated payment of a share of the bond financing.

5.2.3. Pre-allotment information

This information is set out in paragraphs 5.1.1 and 5.1.3 of the Securities Note.

5.2.4. Notice to subscribers

In connection with the Open Price Offer, investors who place subscription orders will be informed of their allotments by their financial intermediary.

In the framework of the Global Placement, investors who placed subscription orders will be informed of their allotments by the Joint Global Coordinators and Joint Bookrunners.

5.2.5. Extension clause

Depending on the quantity of the demand for the Offering, the number of New Shares may increase by 15%, i.e., a maximum of 4,758,620 New Shares (the "**Extension Clause**").

The decision to exercise the Extension Clause should be taken at the latest when the price is set by the Company, which should take place on September 27, 2018 according to the indicative timetable and will be indicated at the latest in the Company's press release and the notice from Euronext announcing the results of the Offering.

5.2.6. Over-Allotment Option

Furthermore, the Company will grant the Stabilization Agent (as defined below), acting in the name and on behalf of the Joint Global Coordinators and Joint Bookrunners an over-allotment option (the "**Over-Allotment Option**") for a maximum of 15% of the number of New Shares once the Extension Clause has been potentially exercised, i.e., a maximum of 713,793 New Additional Shares, at the Offering Price.

This Over-Allotment Option may be exercised by the Stabilization Agent, acting in the name and on behalf of the Joint Global Coordinators and Joint Bookrunners, on a single occasion, at any time, in whole or in part, at the Offering Price, for a duration of 30 calendar days as of the day of pricing of the Offering, i.e. at the latest on October 27, 2018 (included), solely to cover potential over-allotments and facilitate stabilization operations, if applicable.

If the Over-Allotment Option is exercised, this information will be brought to the public's attention by way of a press release issued by the Company.

5.3. Pricing of the Offering

5.3.1. Price setting method

Price of Offered Shares

The price of the Offered Shares under the Open Price Offer will be equal to the price of the Offered Shares in the framework of the Global Placement (the "**Offering Price**").

It is expected that the Offering Price on September 27, 2018 shall be set by the Executive Board, Joint Global Coordinators and Joint Bookrunners, it being noted that this date may be postponed or brought forward, as indicated in paragraph 5.3.2 of the Securities Note.

The Offering Price shall be determined by comparing the supply of shares within the framework of the Global Placement and the demands of investors according to the "book building technique" in accordance with market practice.

This calculation will be performed in particular on the basis of the following market criteria:

- the ability of the selected investors to ensure an orderly development of the secondary market;
- the order in which investor applications are received;
- the quantity requested; and
- the price sensitivity of the demands expressed by investors;

Indicative price range

The Offering Price may range from EUR 7.25 to EUR 9.25 per share. This range may be modified at any time up until (and on) the date planned for the pricing of the Offering under the conditions set out in paragraph 5.3.2 of the Securities Note.

THIS INFORMATION IS GIVEN FOR REFERENCE ONLY AND WITHOUT PREJUDICE TO THE PRICING OF THE OFFERING WHICH MAY BE FIXED OUTSIDE OF THE PRICE RANGE UNDER THE TERMS MENTIONED IN PARAGRAPH 5.3.2 OF THIS SECURITIES NOTE.

5.3.2. Publication procedure for the Offering Price and for changes to the terms and conditions of the Offering

5.3.2.1. Date of pricing of the Offering

It is expected that the Offering Price will be set on September 27, 2018, it being noted that this date may be postponed if market conditions and the results of the book building process do not allow for the Offering Price to be set at this date under satisfactory conditions. In this case, the new closing date for the Global Placement and the Open Price Offer and the new date planned for the determination of the Offering Price will be the subject of a notice issued by Euronext and a press release issued by the Company at the latest on the day before the initial closing date for the Open Price Offer (without prejudice to the stipulations related to a change in the closing date for the Global Placement and the Open Price Offer if there is a change in the price range, the Offering Price is set outside of the range or there is a change in the number of New Shares issued under the Offering indicated in paragraph 5.3.2.3).

The orders issued under the Open Price Offer before Euronext's notice and the Company's press release referred to above are issued will be maintained, unless they are expressly revoked before or on the new date of closing of the Open Price Offer (inclusive).

5.3.2.2. Publication of the Offering Price and the number of New Shares

The Offering Price and the final number of New Shares will be brought to the public's attention by way of a press release issued by the Company and a notice issued by Euronext on September 27, 2018, according to the indicative timetable, unless the Offering Price is set early, in which case the press release and notice should be issued on the day the Offering Price is fixed.

5.3.2.3. Modifications to the price range, determination of the Offering Price outside the range and modifications to the number of New Shares

Modifications that give rise to a right of revocation of orders issued under the Open Price Offer

In the event that the high end of the indicative price range is increased or if the Offering Price is set above the high end of the indicative price range (the initial or, if applicable, amended price range), the following procedure will apply:

- Publication of the new terms: the new terms of the Offering will be brought to the public's attention via a press release issued by the Company and a notice issued by Euronext. The Company's press release and Euronext's notice referred to above will indicate the new price range and, if applicable, the new timetable, along with the new closing date for the Open Price Offer, the new date planned for the determination of the Offering Price, and the new settlement-delivery date.

- Date of closing of the Open Price Offer: the date of closing of the Open Price Offer will be postponed or a new subscription period for the Open Price Offer will re-open, as applicable, so that at least two trading days occur between the date the abovementioned press release is issued and the new date of closing of the Open Price Offer.
- Revocability of the orders issued under the Open Price Offer: the orders issued under the Open Price Offer before the press release referred to above may be maintained, unless they are expressly revoked before or on the new date of closing of the Open Price Offer. New irrevocable orders may be issued up until and on the new date of closing of the Open Price Offer (however, these orders may be expressly revoked before or on the new date of closing of the Open Price Offer if the date to determine the Offering Price is once again postponed and/or the terms and conditions of the Offering are once again modified).

Changes that do not give rise to a right to revoke the orders issued under the Open Price Offer

The Offering Price may be set below the low end of the indicative price range or the range may be lowered. In this event, the Offering Price or the new indicative price range will be notified to the public in accordance with the terms of paragraph 5.3.2.2 of the Securities Note as long as the modification has no material effect on the other characteristics of the Offer.

Therefore, if the Offering Price is set below the low end of the indicative price range or if the lowering of the indicative price range has no material effect on the other characteristics of the Offer, the Offering Price will be brought to the public's attention via the Company's press release and Euronext's notice described in paragraph 5.3.2.2 of the Securities Note, the publication of which should occur on September 27, 2018 according to the indicative timetable, unless the Offering Price is set early, in which case the press release and the notice should be published on the day the Offering Price is set**.**

However, if the Offering Price is set below the low end of the indicative price range or if the lowering of the indicative price range has a material effect on the other characteristics of the Offering, the terms of paragraph 5.3.2.5 below will apply.

The number of New Shares may also be modified if said modification does not have a material effect on the other characteristics of the Offering. Otherwise, the terms of paragraph 5.3.2.5 below will apply.

5.3.2.4. Early closing or extension of the Offering

The closing dates for the Global Placement and the Open Price Offer may be brought forward (however, the Open Price Offer period may not cover less than three trading days) or extended under the following conditions:

- If the date of closing is brought forward, the new date of closing will be the subject of a press release issued by the Company and a notice issued by Euronext announcing this change at the latest on the day before the new closing date.
- If the date of closing is postponed, the new date of closing will be the subject of a press release issued by the Company and a notice issued by Euronext announcing this change at the latest on the day before the initial closing date. In this case, the orders issued under the Open Price Offer before the Company's press release and Euronext's notice referred to above are issued will be maintained unless they are expressly revoked before or on the new date of closing of the Open Price Offer.

5.3.2.5. Material modifications to the Offering terms

If material modifications are made to the terms and conditions initially defined for the Offering and are not provided for in the Securities Note, a supplement to the Prospectus will be submitted to the AMF's approval. The orders issued under the Open Price Offer and the Global Placement will become null and void if the AMF does not approve this supplement to the

Prospectus. The orders issued under the Open Price Offer and the Global Placement before the supplement to the Prospectus, approved by the AMF, is made available could be revoked during a period of at least two trading days after said supplement is made available (see paragraph 5.3.2.3 of the Securities Note for a description of the circumstances in which this paragraph could apply).

5.3.3. Restrictions or cancellation of the preferential subscription right

The Offered Shares are issued by virtue of the seventh resolution of the Company's extraordinary general meeting held on June 28, 2018 authorizing a capital increase with cancellation of the preferential subscription right by way of a public offering (see Paragraph 4.6 of the Securities Note).

5.3.4. Price disparity

The transactions which occurred in the past twelve months potentially affecting the share capital were the following:

- on December 21, 2017 and January 18, 2018, the Executive Board of the Company, pursuant to a delegation from a Shareholders' meeting dated December 21, 2017, made an initial bond issue in two tranches of a total nominal amount of EUR 3,990,000.75 by issuing 1,191,045 bonds with a par value of EUR 0.01 each, redeemable into ordinary shares of the Company no later than March 31, 2023, entirely in favor of funds managed by Seventure Partners. These ORA do not bear interest and will be subject to mandatory early repayment in the event that an IPO of the Company takes place before their maturity date ("**Seventure ORA**");
- on April 3, 2018, the Executive Board of the Company, the Executive Board of the Company, pursuant to a delegation from a Shareholders' meeting dated December 21, 2017, made a second bond issue of a total nominal amount of EUR 3,000,002.05 by issuing 895,523 bonds with a par value of EUR 0.01 each, redeemable into ordinary shares of the Company no later than March 31, 2023, entirely in favor of BNP Paribas Développement. These redeemable bonds do not bear interest and will be subject to mandatory early repayment in the event that an IPO of the Company takes place before their maturity date ("**BNP Paribas Développement ORA");**
- on April 3, 2018, the Executive Board of the Company, the Executive Board of the Company, pursuant to a delegation from a Shareholders' meeting dated December 21, 2017, made a third bond issue of a total nominal amount of EUR 198,293.20 by issuing 59,192 bonds with a par value of EUR 0.01 each, redeemable into ordinary shares of the Company no later than March 31, 2023, entirely in favor of CM-CIC Innovation. These redeemable bonds do not bear interest and will be subject to mandatory early repayment in the event that an IPO of the Company takes place before their maturity date ("**CM-CIC Innovation ORA**");

In accordance with the terms and conditions of the Seventure ORA, the BNP Paribas Développement ORA and the CM-CIC Innovation ORA, these will be subject to mandatory early repayment if an IPO of the Company takes place before their maturity date.

These ORA will therefore be automatically and compulsorily converted to stock if the IPO takes place. The resulting potential dilution will therefore depend on the Offering Price.

It is specified that 1,191,045 Seventure ORA, 895,523 BNP Paribas Développement ORA, and 59,192 CM-CIC Innovation ORA will be compulsorily and immediately redeemed in new ordinary shares in the event of, and on the settlement-delivery date, the Offering. The number of shares that will then be held by the Seventure funds, by BNP Paribas Développement and by CM-CIC Innovation respectively issued in repayment of the Seventure ORA will be calculated in accordance with the Offering Price. A premium will be applied on the par value of the ORA for the purposes of their redemption, equal to (i) 25% if the Offering Price is strictly below EUR 8 (for a EUR 0.01 share) or (ii) between 25% and 55% % (according to a linear formula) if the Offering

Price is between EUR 8 and the high end of the indicative price range. For example, the number of shares issued in redemption of the ORA and the corresponding premiums would be the following:

	Low end of the indicative price range	Median point of the indicative price range	High end of the indicative price range
	7.25	**8.25**	**9.25**
ORA Premium	*25.0%*	*26.3%*	*31.3%*
Seventure- Shares to be issued	700,522	621,656	576,018
BNP Dev - Shares to be issued	523,397	464,500	430,500
CM-CIC - Shares to be issued	34,595	30,702	28,455
Total of Shares Resulting from the Redemption of the ORA	**1,258,514**	**1,116,858**	**1,034,973**

Furthermore, as of the AMF approval date of the Prospectus, a total of 29,905 dilutive instruments (including 3,009 share warrants and 26,896 founders' share warrants), granting rights to 417,250 ordinary shares of the Company, were outstanding.

5.4. Underwriting

5.4.1. Contact information for the Joint Global Coordinators and Joint Bookrunners

Joint Global Coordinators and Joint Bookrunners

- **Bryan Garnier & Co**
  26 avenue des Champs-Élysées, 75008 Paris
  75013 Paris

- **Crédit Agricole Corporate and Investment Bank**
  12 place des Etats-Unis
  CS 70052, 92547 Montrouge Cedex

5.4.2. Contact information for the authorized intermediaries responsible for the deposit of funds from the subscription and financial services related to shares

The funds paid for the subscriptions will be centralized at CACEIS Corporate Trust who will establish the depositary certificate, which constitutes the record of the capital increase.

Securities services (registration of the shares in the registered form, conversion of the shares into bearer form) and financial services related to the Company's shares are undertaken by CACEIS Corporate Trust (14 rue Rouget de Lisle 92130 Issy Les Moulineaux - France / Tel : +33 1 57 78 34 44 / Fax : +33 1 49 08 05 80 / e-mail : contact@caceis.com).

5.4.3. Underwriting

The Offering will be the subject of a collateral agreement entered into between the Joint Global Coordinators and Joint Bookrunners and the Company, related to the Offered Shares (the "**Underwriting Agreement**").

The Joint Global Coordinators and Joint Bookrunners, severally and not jointly (*non solidairement*), will each undertake for a maximum number of shares to separately arrange subscriptions for or, if applicable, purchase themselves the New Shares and the Additional New Shares at the Offering Price on their respective settlement-delivery date, excluding the New Shares subject to the Subscription Commitments.

This underwriting agreement does not constitute a performance guarantee (*garantie de bonne fin*) with the meaning of Article L. 225-145 of the French commercial code.

The Underwriting Agreement should be signed on the date the Offering Price is set, i.e., September 27, 2018 according to the indicative timetable.

The Underwriting Agreement may be terminated at any time by the Joint Global Coordinators and Joint Bookrunners in certain circumstances up until and on the settlement-delivery date of the Offering planned to take place on October 1, 2018, according to the indicative timetable. The circumstances that may cause the termination of the Underwriting Agreement include, but are not limited to, inaccuracies or non-conformity of the declarations and guarantees or any of the Company's undertakings, if one of the conditions precedent has not been fulfilled and/or if certain specific events occur that render the investment, settlement or delivery of the New Shares impossible or seriously compromised in the opinion of the Joint Lead Managers and Bookrunners.

If the Underwriting Agreement is not signed or is terminated in accordance to its terms, the IPO and the Offering will be cancelled. In the event that the Underwriting Agreement is terminated in accordance with its terms, the Offering may be canceled retroactively - the certificate of the Fund Depository shall not be issued on the settlement-delivery date of the Offer, and all negotiations on MedinCell Shares since the date of the first negotiations would be retroactively canceled and shall be settled, with each individual investor making his / her personal case for loss of profits and losses resulting, if any, from such cancellation.

In particular :

- The Open Price Offer and the Global Placement, as well as all of the related orders placed thereunder, will be canceled retroactively;

- Neither the Existing Shares nor the New Shares will be admitted to trading on the regulated Euronext Paris market.

If the Underwriting Agreement is terminated, this information will be the subject of a press release issued by the Company and a notice issued by Euronext. In accordance with Section 6801/2 of Euronext's Rules, Euronext may not be held liable for any loss suffered by any person as a result of the Company's withdrawal of the Offering or the subsequent cancellation of the transactions.

5.4.4. Lock-up commitments

This information is set out in Paragraph 7.3 of the Securities Note.

6. ADMISSION TO TRADING AND TRADING ARRANGEMENTS

6.1. Admission to trading

Application has been made for admission to trading of the Existing Shares, the New Shares (including the New Shares issued if the Extension Clause is exercised), the Shares Resulting from Redemption of the ORA and the Additional New Shares (if the Over-Allotment Option is exercised) in Compartment C of Euronext Paris.

The trading terms of all the MedinCell Shares will be set out in an Euronext notice which will be released on the first trading date of the shares at the latest, on October 2, 2018 according to the indicative timetable.

According to the indicative timetable, the first listing of the New Shares, Shares Resulting from the Redemption of the ORA and the Existing Shares on Euronext Paris should be held on October 2, 2018 and negotiations should start on October 2, 2018, on a single listing line entitled “MEDCL”.

If the Over-Allotment Option is exercised, the admission to trading of the Additional New Shares will take place within a period of two trading days after the Over-Allotment Option is exercised, i.e., at the latest on October 27, 2018.

No other application for admission to trading on a regulated market or on a multilateral trading facility has been filed by the Company.

6.2. Listing market

On the date of the Prospectus, the Existing Shares have not been admitted to trading on any regulated or unregulated market.

6.3. Simultaneous offerings of the Company’s shares

Non applicable.

6.4. Liquidity agreement

No liquidity agreement related to the Existing Shares has been entered into as of the date of the Prospectus. A liquidity agreement related to the MedinCell Shares may be entered into after the admission of the MedinCell Shares to trading on Euronext Paris. The market will be informed of this agreement at the appropriate time, in accordance with applicable laws and regulations.

6.5. Stabilization – Market interventions

In accordance with the Underwriting Agreement referred to in paragraph 5.4.3 of the Securities Note, Crédit Agricole Corporate and Investment Bank (or any entity acting on its behalf), acting as the stabilization agent (the "**Stabilization Agent**"), in the name and on behalf of the Joint Global Coordinators and Joint Bookrunners, may (but is in no case bound to) carry out stabilization actions in accordance with applicable laws and regulations, in particular EU Regulation No. 596/2014 of April 16, 2014 on market abuse, and Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 (the "**Delegated Regulation**"). It is to be noted that there is no assurance that such operations will be launched and, in any event, an end may be brought to these operations at any time, without notice.

The purpose of stabilization measures is to support the market price of shares. This may affect the market price of the shares and may lead to setting a market price higher than in the absence of such measures. Should they be implemented, such measures may be carried out at any time for a 30-calendar day period from the date the Offering Price is set, i.e., according to the indicative timetable, up until and on October 27, 2018 (included).

If the Over-Allotment Option is exercised in whole or in part, the Company will issue a press release.

The Stabilization Agent will inform the competent market authorities and the public in accordance with Article 6 of the Delegated Regulation. During the stabilization period, the Stabilization Agent will ensure appropriate publication of the details on all stabilization operations at the latest at the end of the seventh day of trading that follows the execution of said operations.

In the framework of the Offering, the Joint Global Coordinators and Joint Bookrunners may over-allot up to the number of shares covered by the Over-Allotment Option, increased, if applicable, by a number of shares representing not more than 5% of the size of the Offering (excluding the exercise of the Over-Allotment Option), in accordance with Article 8 (b) of the Delegated Regulation.

In accordance with Article 7.1 of the Delegated Regulation, stabilization operations may not take place at a price that is higher than the Offering Price.

7. IDENTITY OF HOLDERS WITH AN INTENTION TO SELL THEIR SECURITIES

7.1. Individuals or entities who wish to sell their capital securities or securities with access to the Company's capital

Non applicable.

7.2. Number and class of securities offered by holders of securities who wish to sell their securities

Non applicable.

7.3. Lock-up commitments

7.3.1. Company's lock-up commitment (*engagement d'abstention*)

In accordance with the terms and conditions, the Underwriting Agreement, the Company has undertaken *vis-à-vis* the Joint Global Coordinators and Joint Bookrunners not to proceed with the issue, offering or sale, nor to agree to direct or indirect promises to sell (in particular in the form of operations related to derivatives with underlying shares) of shares or securities that, through conversion, exchange, redemption, presentation of a warrant or in any other manner, give a right to the allocation of shares issued or to be issued that represent a portion of the Company's capital, nor to publicly indicate an intention to proceed with any of the operations listed above in this paragraph from the date of the signing of the Underwriting Agreement and until the expiry of a 180-calendar day period after the settlement-delivery date of the shares issued in the context of the Offering, in the absence of the prior written agreement of the Joint Global Coordinators and Joint Bookrunners, as notified to the Company; it being noted that (i) the shares issued in the framework of the Offering, (ii) any operation conducted in the framework of a share buyback operation that complies with the applicable laws and regulations, as well as market rules, and (iii) the securities that may be issued, offered or sold to employees or corporate officers of the Company in the framework of future plans, authorized on the present date or that the Company's general meeting will authorize, are excluded from the scope of this lock-up commitment.

7.3.2. Lock-up commitment (*engagement de conservation*)

The New Shares subscribed by the Company's shareholders are not subject to a lock-up commitment.

However, all of the Company's shareholders on the date of the Prospectus, all the holders of share warrants ("**BSA**") and founders' warrants (" **BSPCE"**) and the holders of bonds redeemable into shares (*obligations remboursables en actions émises par la Société*) ("**ORA**"), have irrevocably committed themselves to the Joint Global Coordinators and Joint Bookrunners not to directly or indirectly offer, pledge, loan, transfer, sell or promise to sell the Company's shares or securities that give immediate or future right to the Company's shares they hold or will hold through the exercise of securities that give access to capital, nor enter into any other agreement or operation that leads to an equivalent financial result, nor publicly indicate an intent to proceed with one or more of the operations listed above in the present paragraph, until the expiry of a 360-calendar day period from the settlement-delivery date of the Offering.

8. ISSUE-RELATED EXPENSES

On the basis of an Offering Price equal to the median point of the indicative price range or, if applicable, in the event of a limitation of the capital increase to 75% of the Initial Offering, on the basis of a price equal to the low end of the indicative price range, the gross proceeds and the net proceeds of the Offering would be the following:

In million euros	Gross proceeds	Net proceeds
Initial Offering (on the basis of the median point of the indicative price range)	34.1	30.6
Initial Offering and full exercise of the Extension Clause (on the basis of the median point of the indicative price range)	39.3	35.4
Initial Offering, and the full exercise of the Extension Clause and Over-Allotment Option (on the basis of the median point of the indicative price range)	45.1	40.9
If the capital increase is limited to 75% of the Initial Offering (on the basis of a price fixed at the low end of the indicative range)	22.5	19.6

Based on an Offering Price equal to the median point of the indicative price range, expenses related to the Offering borne by the Company are estimated at approximately EUR 3.6 million, the Extension Clause and the Over-Allotment Option are not exercised, and approximately EUR 4.3 million in the event of full exercise of the Extension Clause and the Over-Allotment Option.

9. DILUTION

9.1. Impact of the issue on the proportionate share of equity

For reference, the impact of the issue on the percentage of the Company's consolidated equity per share (calculation based on the Company's equity as indicated in the consolidated financial statements as at March 31, 2017, and a total of 14,481,600 shares that comprise the Company's share capital on date of Prospectus on the basis of the low end of the price range (after allocation of legal and administrative costs and the global compensation of the financial intermediaries) would be as follows:

	Share of equity per share at March 31, 2018	
(in EUR by Share)	Before dilution	After dilution*
Before issuance of New Shares	(0.81)	(0.25)
After issuance of 4,137,931 New Shares (if the Extension Clause is not exercised)	0.80	1.12
After issuance of 4,758,620 New Shares (if the Extension Clause is fully exercised and the Over-Allotment Option is not exercised)	1.00	1.28
After issuance of 5,472,413 Offered Shares (if the Extension Clause and the Over-Allotment Option are fully exercised)	1.20	1.47
If the capital increase is limited to 75% of the Initial Offering, ie after the issue of 3,103,448 New Shares	0.45	0.81

**After :*

(iii) repayment of 2,145,760 ORA entitled to subscribe for 1,258,514 new shares on the basis of the price equal to the low end of the indicative price range;

(iv) Exercise of the Company's BSA and BSPCE outstanding at the date of the Prospectus, which would result in the issuance of a total number of 417,250 new shares in the base of the lower bound of the price range.

9.2. Impact of issue on a shareholder

For reference, the impact of the issue on a shareholder owning 1% of the Company's share capital prior to the issue and not subscribing for the issue (calculated on the basis of 14,481,600 shares making up the Company's share capital would be as follows:

	Shareholder's holdings	
(%)	Before dilution	After dilution*
Before issuance of the New Shares	1.00%	0.90%
After issuance of 4,137,931 New Shares (if the Extension Clause is not exercised)	0.78%	0.71%
After issuance of 4,758,620 New Shares (if the Extension Clause is fully exercised and the Over-Allotment Option is not exercised)	0.75%	0.69%
After issuance of 5,472,413 Offered Shares (if the Extension Clause and the Over-Allotment Option are fully exercised)	0.73%	0.67%
After the issue of 3,103,448 New Shares (if the capital increase is limited to 75% of the Initial Offering)	0.82%	0.75%

**After :*

(iii) repayment of 2,145,760 ORA entitled to subscribe for 1,258,514 new shares on the basis of the price equal to the low end of the indicative price range;

(iv) Exercise of the Company's BSA and BSPCE outstanding at the date of the Prospectus, which would result in the issuance of a total number of 417,250 new shares in the base of the low end of the price range.

9.3. Breakdown of share capital and voting rights

The tables below present the breakdown of the Company's share capital based on the principal assumptions related to the Offering at the median point of the indicative price range.

Shareholding on the date of the Prospectus

	Before dilution	
	Number of shares (1)	**% of capital and voting rights(2)**
TOTAL Nguyen Family	**4,320,543**	**29.83 %**
Anh Nguyen	1,998,243	13.80 %
Sabine Nguyen	2,322,300	16.04 %
TOTAL Executive Board, Supervisory Board and Managers	**2,954,379**	**20.40 %**
Christophe Douat	609,060	4.21 %
Nicolas Heuzé	322,226	2.23 %
Jaime Arango	25,001	0.17 %
Managers	699,602	4.83 %
Franck Sturtz	1,187,200	8.20 %
Autres membres du Conseil de surveillance	111,290	0.77 %
Employees	**2,371,878**	**16.38 %**
CM-CIC Innovation	**894,568**	**6.18 %**
Former employees and consultants and affiliates	**3,879,299**	**26.79 %**
Other	**60,933**	**0.42 %**
TOTAL	**14,481,600**	**100.00 %**

(1) The capital of the Company consists solely of ordinary shares.

(2) After the listing of the Company's shares for trading on the regulated market of Euronext in Paris, the Company's by-laws will grant a double voting right under certain conditions in accordance with Article L. 225-123 of the Trade code.

It is specified that 1,191,045 Seventure ORA, 895,523 BNP Paribas Développement ORA, and 59,192 CM-CIC Innovation ORA will be compulsorily and immediately redeemed in new ordinary shares in the event of, and on the settlement-delivery date, the Offering. The number of shares that will then be held by the Seventure funds, by BNP Paribas Développement and by CM-CIC Innovation respectively issued in repayment of the Seventure ORA will be calculated in accordance with the Offering Price. A premium will be applied on the par value of the ORA for the purposes of their redemption, equal to (i) 25% if the Offering Price is strictly below EUR 8 (for a EUR 0.01 share) or (ii) between 25% and 55% % (according to a linear formula) if the Offering

Price is between EUR 8 and the high end of the indicative price range. For example, the number of shares issued in redemption of the ORA and the corresponding premiums would be the following:

	Low end of the indicative price range	Median point of the indicative price range	High end of the indicative price range
	7.25	**8.25**	**9.25**
ORA Premium	*25.0%*	*26.3%*	*31.3%*
Seventure- Shares to be issued	700,522	621,656	576,018
BNP Dev - Shares to be issued	523,397	464,500	430,500
CM-CIC - Shares to be issued	34,595	30,702	28,455
Total of Shares Resulting from the Redemption of the ORA	**1,258,514**	**1,116,858**	**1,034,973**

In addition, on the date of the AMF's visa on the Prospectus, a total of 29,905 dilutive instruments (including 3,009 BSA and 26,896 BSPCE) giving entitlement to 417,250 ordinary shares of the Company is outstanding.

Finally, on the date of the AMF's visa on the Prospectus, there is no concerted action within the Company between the different shareholders.

Share Capital after the Offering and repayment of ORA on an undiluted basis[1]

Based on the median point of the indicative price range

	After issuance of 5,472,413 Offered Shares (in the event of full exercise of the Extension Clause and the Over-Allotment Option)		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights**
Anh Nguyen	1,998,243	9.48%	11.69%
Sabine Nguyen	2,322,300	11.02%	13.58%
Total Nguyen Family	4,320,543	20.50%	25.27%
Christophe Douat	609,060	2.89%	3.56%
Nicolas Heuzé	322,226	1.53%	1.88%
Jaime Arango	25,001	0.12%	0.07%
Managers	699,602	3.32%	4.08%
Franck Sturtz	1,187,200	5.63%	6.94%
Others members of the Supervisory Board	111,290	0.53%	0.55%
Total Executive Board + Supervisory Board + Managers	2,954,379	14.02%	17.10%
Employees	2,371,878	11.26%	13.67%
CM-CIC Innovation[2]	1,494,966	7.09%	4.37%
BNP Paribas Développement[3]	828,136	3.93%	2.42%
Seventure Partners Funds[4]	621,656	2.95%	1.82%
Former employees and consultants and affiliates	3,879,299	18.41%	21.86%
Other	60,933	0.29%	0.22%
Float	4,539,081	21.54%	13.27%
TOTAL	21,070,871	**100.00%**	**100.00%**

1 After taking into account the Subscription Commitments as described in paragraph 5.2. of the Securities Note (on the basis of these commitments being fully subscribed), not considering a potential TEVA debt offset in the framework of the Offering (see paragraph 5.2 of the Securities Note) and on the basis of an Offering Price equal to the median point of the indicative price range.

2 Of which 894,568 existing shares prior to the Offer, 30,702 Shares Resulting from the Redemption of the ORA and 569,696 shares subject to the Subscription Commitments.

3 Of which 464,500 Shares Resulting from the Redemption of the ORA and 363,636 shares subject to the Subscription Commitments.

4 Of which 621,656 Shares Resulting from the Redemption of the ORA.

	After issuance of 4,137,931 Offered Shares		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights**
Anh Nguyen	1,998,243	10.12%	12.16%
Sabine Nguyen	2,322,300	11.77%	14.14%
Total Nguyen Family	4,320,543	21.89%	26.30%
Christophe Douat	609,060	3.09%	3.71%
Nicolas Heuzé	322,226	1.63%	1.96%
Jaime Arango	25,001	0.13%	0.08%
Managers	699,602	3.54%	4.25%
Franck Sturtz	1,187,200	6.02%	7.23%
Others members of the Supervisory Board	111,290	0.56%	0.57%
Total Executive Board + Supervisory Board + Managers	2,954,379	14.97%	17.79%
Employees	2,371,878	12.02%	14.22%
CM-CIC Innovation[2]	1,494,966	7.57%	4.55%
BNP Paribas Développement[3]	828,136	4.20%	2.52%
Seventure Partners Funds[4]	621,656	3.15%	1.89%
Former employees and consultants and affiliates	3,879,299	19.66%	22.75%
Other	60,933	0.31%	0.23%
Float	3,204,599	16.24%	9.75%
TOTAL	19,736,389	**100.0%**	**100.0%**

1 After taking into account the Subscription Commitments as described in paragraph 5.2. of the Securities Note (on the basis of these commitments being fully subscribed), not considering a potential TEVA debt offset in the framework of the Offering (see paragraph 5.2 of the Securities Note) and on the basis of an Offering Price equal to the median point of the indicative price range.

2 Of which 894,568 existing shares prior to the Offer, 30,702 Shares Resulting from the Redemption of the ORA and 569,696 shares subject to the Subscription Commitments.

3 Of which 464,500 Shares Resulting from the Redemption of the ORA and 363,636 shares subject to the Subscription Commitments.

4 Of which 621,656 Shares Resulting from the Redemption of the ORA.

Based on the low end of the indicative price range

	After issuance of 3,103,448 Offered Shares (in the event of full exercise of the Extension Clause and the Over-Allotment Option)		
Actionnaires	**Number of shares**	**% of capital**	**% of voting rights**
Anh Nguyen	1,998,243	10.60%	12.50%
Sabine Nguyen	2,322,300	12.32%	14.53%
Total Nguyen Family	4,320,543	22.93%	27.03%
Christophe Douat	609,060	3.23%	3.81%
Nicolas Heuzé	322,226	1.71%	2.02%
Jaime Arango	25,001	0.13%	0.08%
Managers	699,602	3.71%	4.37%
Franck Sturtz	1,187,200	6.30%	7.43%
Others members of the Supervisory Board	111,290	0.59%	0.59%
Total Executive Board + Supervisory Board + Managers	2,954,379	15.68%	18.29%

Employees	2,371,878	12.59%	14.62%
CM-CIC Innovation[2]	1,577,439	8.37%	4.93%
BNP Paribas Développement[3]	937,190	4.97%	2.93%
Seventure Partners Funds[4]	700,522	3.72%	2.19%
Former employees and consultants and affiliates	3,879,299	20.59%	23.38%
Other	60,933	0.32%	0.23%
Float	2,041,379	10.83%	6.39%
TOTAL	18,843,562	**100.00%**	**100.00%**

1 After taking into account the Subscription Commitments as described in paragraph 5.2. of the Securities Note (on the basis of these commitments being fully subscribed), not considering a potential TEVA debt offset in the framework of the Offering (see paragraph 5.2 of the Securities Note) and on the basis of an Offering Price equal to the low end of the indicative price range.

2 Of which 894,568 existing shares prior to the Offer, 34,595 Shares Resulting from the Redemption of the ORA and 648,276 shares subject to the Subscription Commitments.

3 Of which 523,397 Shares Resulting from the Redemption of the ORA and 413,793 shares subject to the Subscription Commitments.

4 Of which 700,522 Shares Resulting from the Redemption of the ORA

10. ADDITIONAL INFORMATION

10.1. Advisors with an interest in the offering

Non applicable.

10.2. Persons responsible for the audit of the financial statements

10.2.1. Principal Statutory Auditors

- **PricewaterhouseCoopers Audit**, a member of Compagnie Régionale des Commissaires aux Comptes de Versailles, 63 rue de Villiers, 92200 Neuilly-sur-Seine, France, represented by Céline Gianni Darnet,

  appointed by the ordinary general meeting of the Company on July 1, 2015 for a six years term ending at the close of the general meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

- **Cabinet Becouze**, a member of Compagnie régionale des commissaires aux comptes d'Angers, 1 rue Buffon, 49100 Angers, France, represented by Fabien Brovedani,

  appointed by the ordinary general meeting of the Company on May 13, 2015 for a six years term ending at the close of the general meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

10.2.2. Alternate Statutory Auditors

- **Frédéric Travadon**, member of Compagnie Régionale des Commissaires aux Comptes d'Angers, residing at 1 rue Buffon, 49100 Angers, France,

  appointed by the ordinary general meeting of the Company on May 13, 2015 for a six years term ending at the close of the general meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

- **Yves Moutou**, member of Compagnie Régionale des Commissaires aux Comptes de Montpellier, residing at 650 rue Henri Becquerel, 34000 Montpellier, France,

  appointed by the ordinary general meeting of the Company on July 1, 2015 for a six years term ending at the close of the general meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

10.3. Expert's report

Non applicable.

10.4. Information in the Prospectus sourced from third parties

Non applicable.

ANNEX B—ENGLISH TRANSLATION OF MEDINCELL'S REGISTRATION DOCUMENT (*DOCUMENT DE BASE*)

The English translation of the Registration Document, which follows, is dated September 14, 2018 and excludes the Excluded Registration Document Sections as described under "*Important Information about this International Offering Memorandum and the Institutional Placement—Excluded Sections*".

A société anonyme (French corporation)
with Executive and Supervisory Boards and capital of €144,816
Registered office: 3 rue des Frères Lumière – 34380 JACOU, France
444 606 750 RCS MONTPELLIER (Montpellier Trade and Companies Register)

DOCUMENT DE BASE

[INTENTIONALLY OMITTED]

CONTENTS

GENERAL REMARKS

This document has been prepared in accordance with Annex XXV to Commission Delegated Regulation (EU) No 486/2012 of March 2012 (minimum disclosure requirements for SMEs).

Definitions

In this *document de base*, and unless otherwise specified, the terms the "**Company**" and "**MedinCell**" mean MedinCell S.A., a société anonyme with capital of €144,816, whose registered office is located at 3 Rue des Frères Lumière, 34380 Jacou, France, registered in the Montpellier trade and companies register (RCS) under number 444 606 750. The term the "**Group**" means the Company and its subsidiaries as described in Chapter 7, "Organization chart" of this *document de base*.

Disclaimer

This *document de base* contains information relating to the business of the Company and the market in which it operates. This information comes from studies carried out by internal or external sources (e.g., publications in the sector, specialized studies, information published by market research companies, analyst reports). The Company considers that, as of the date of this *document de base*, such information fairly presents its reference market and its competitive positioning in that market. However, this information has not been checked by an independent expert and the Company cannot guarantee that a third party using other methods to compile, analyze or calculate market data would obtain the same results.

Forward-looking information

This *document de base* also includes information on the objectives and the areas for development of the Company. These details are sometimes identified by the use of the future or conditional tenses and forward-looking terms such as "estimates," "considers," "targets," "expects," "intends," "should," "wishes" and "may," and variations thereof or similar terminology. Readers are reminded that these objectives and areas for development are not historical data and should not be interpreted as a guarantee that the facts and data mentioned will occur, that the assumptions will prove to be correct or that the objectives will be achieved. These are objectives that by definition may not be achieved and the information presented in this *document de base* may prove to be erroneous, without the Company being obliged in any way whatsoever to update it, subject to the applicable regulations, particularly the AMF General Regulations and European Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.

Risk factors

Investors are advised to carefully read the risk factors described in Chapter 4, "Risk factors" of this *document de base* before making an investment decision. Should all or any of these risks occur, this could have a material adverse effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development. Furthermore, other risks or uncertainties that are unknown or are considered immaterial by the Company as of the date of this *document de base*, could have the same adverse effect and investors could thus lose all or part of their investment.

Rounding

Some figures (including financial data) and percentages in this document have been rounded up or down. It may be that the totals given in this *document de base* differ slightly from those that would be obtained by adding up the exact (non-rounded) values for these figures.

Websites and hyperlinks

The content of any websites referred to or linked to in this document do not form part of this *document de base*.

Other

To facilitate reader understanding, Chapter 26 of this *document de base* contains a glossary of the main scientific and technical terms used (indicated by "*").

1. PERSONS RESPONSIBLE

1.1. Person responsible for the *document de base*

Christophe Douat, Chairman of the Company's Executive Board.

1.2. Certification by the person responsible

[INTENTIONALLY OMITTED]

Christophe Douat,
Chairman of the Executive Board
Jacou, September 4, 2018

1.3. Person responsible for the financial information

Jaime Arango
Chief Financial Officer
Address: 3 rue des Frères Lumière – 34380 JACOU, France
Telephone: +33 (0) 1 87 39 27 99
Email: jaime.arango@medincell.eu

2. STATUTORY AUDITORS

2.1. Principal auditors

- **PricewaterhouseCoopers Audit**, a member of Compagnie Régionale des Commissaires aux Comptes de Versailles, 63 rue de Villiers, 92200 Neuilly-sur-Seine, France, represented by Céline Gianni Darnet,

  appointed by the Ordinary General Meeting of the Company on July 1, 2015 for a term of six years ending at the close of the General Meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

- **Cabinet Becouze**, a member of Compagnie régionale des commissaires aux comptes d'Angers, 1 rue Buffon, 49100 Angers, France, represented by Fabien Brovedani,

  appointed by the Ordinary General Meeting of the Company on May 13, 2015 for a term of six years ending at the close of the General Meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

2.2. Deputy auditors

- **Frédéric Travadon**, member of Compagnie Régionale des Commissaires aux Comptes d'Angers, residing at 1 rue Buffon, 49100 Angers, France,

  appointed by the Ordinary General Meeting of the Company on May 13, 2015 for a term of six years ending at the close of the General Meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

- **Yves Moutou**, member of Compagnie Régionale des Commissaires aux Comptes de Montpellier, residing at 650 rue Henri Becquerel, 34000 Montpellier, France,

  appointed by the Ordinary General Meeting of the Company on July 1, 2015 for a term of six years ending at the close of the General Meeting called to approve the financial statements for the fiscal year ending March 31, 2021.

2.3. Information on statutory auditors having resigned, been dismissed or not reappointed

Not applicable.

3. SELECTED FINANCIAL INFORMATION

The financial information below is taken from the consolidated financial statements of the Company for the fiscal years ended March 31, 2018 and March 31, 2017, prepared in accordance with the IFRS as adopted by the European Union ("IFRS"), contained in Chapter 20 of this *document de base*, "Financial information on the Group's assets, financial position and performance." The consolidated financial statements for the fiscal years ended March 31, 2018 and March 31, 2017 were audited by the Company's Statutory Auditors, PricewaterhouseCoopers Audit and Cabinet Becouze. The Statutory Auditors' reports are presented in Chapter 20 of this *document de base*, "Financial information on the Group's assets, financial position and performance."

The selected accounting and operational data presented below should be read in conjunction with the information contained in section 5.2 of Chapter 9, "Review of the financial position and earnings," Chapter 10, "Cash flow and capital" and Chapter 20, "Financial information on the Group's assets, financial position and performance" of this *document de base*.

- ***Selected financial information from the balance sheet***

Audited consolidated data (IFRS) (in €k)	March 31, 2018	March 31, 2017
TOTAL ASSETS	**25,353**	**23,265**
TOTAL NON-CURRENT ASSETS	**11,714**	**9,302**
Of which intangible assets	2,018	1,585
Of which property, plant and equipment (1)	2,725	2,484
Of which non-current financial assets	4,483	2,560
Of which deferred tax assets	2,488	2,674
TOTAL CURRENT ASSETS	**13,639**	**13,963**
Of which inventory and work in process	1,321	779
Of which trade and other receivables	101	933
Of which other current assets	2,704	2,969
Of which short-term investments in cash equivalents	722	5,458
Of which cash and cash equivalents	8,791	3,824

TOTAL LIABILITIES	**25,353**	**23,265**
CONSOLIDATED SHAREHOLDERS' EQUITY	**(11,749)**	**(2,288)**
Of which shareholders' equity attributable to owners of the parent company	(11,783)	(2,332)
Of which non-controlling interests	34	44
TOTAL NON-CURRENT LIABILITIES	**28,969**	**20,065**
Of which financial liabilities – non-current	28,692	19,872
TOTAL CURRENT LIABILITIES	**8,133**	**5,488**
Of which current financial liabilities	2,305	832
Of which trade payables	2,441	2,148
Of which other current liabilities	2,806	2,428

(1) This total comprises expenses relating to a project to develop a prototype intended to improve formulation analyses and automatic characterization of release. As of March 31, 2018, the total amount recorded as "assets under construction" was €676k, with €322k of this amount being capitalized for the year ended March 31, 2018.

- ***Selected financial information from the income statement***

Audited consolidated data (IFRS) (in €k)	March 31, 2018 (12 months)	March 31, 2017 (12 months)
Income received for development services	3,134	6,749
Licenses/Milestones, Royalties	3,019	715
Income from the sale of polymers	285	1,069
Turnover (1)	**6,439**	**8,533**
Other income	1,862	1,421
Revenue	**8,301**	**9,954**
Recurring operating income / (expense)	**(6,897)**	**(2,724)**
Operating income / (expense)	**(7,378)**	**(3,589)**
Income /(loss) before tax	**(9,215)**	**(4,887)**
Tax expense	(360)	1,350
Consolidated net income /(loss)	**(9,575)**	**(3,537)**
Attributable to owners of MedinCell	*(9,571)*	*(3,561)*
Attributable to non-controlling interests	*(4)*	*24*

(1) At the Group's stage of development, no sales have as yet been generated from products. Income relates to milestones or the re-invoicing of expenses incurred in connection with partnership agreements.

- ***Selected financial information from the cash flow statement***

Audited consolidated data (IFRS) (in €k)	March 31, 2018 (12 months)	March 31, 2017 (12 months)
Net income /(loss)	(9,575)	(3,537)
Income and expenses with no cash impact or not related to operations	3,368	1,556
Change in working capital	781	(1,412)
Net cash from / (used in) operating activities	**(5,426)**	**(3,393)**
Net cash from / (used in) investing activities	**2,242**	**(7,893)**
Net cash from / (used in) financing activities	**8,153**	**14,642**
Impact of non-cash items and exchange rate fluctuations	(2)	(168)
Change in net cash	**4,967**	**3,188**

- ***Selected financial information from the net debt table***

Audited consolidated data (IFRS) (in €k)	March 31, 2018	March 31, 2017
Bond issue (TEVA)	17,029	15,986
Convertible bonds (Seventure Partners) **(1)**	4,200	-
Innov Plus loan	5,731	-
Other borrowings	4,037	4,719
Gross financial debt	**30,997**	**20,705**
Short-term investments in cash equivalents	(50)	(5,458)
Cash and cash equivalents	(8,791)	(3,824)
Endowment fund **(2)**	(4,648)	(2,500)
Net debt	**17,508**	**8,923**

(1) This loan will be subject to early redemption in the event of the Company's IPO.

(2) It is a cash investment provided as collateral for 50% of the outstanding capital in the scope of the Innov Plus loan (for more information on the details of this line, see note 5.7 of the appendix to the consolidated annual financial statements as of March 31, 2018 in section 20.1 of this *document de base*).

As of the registration date of this *document de base*, additional borrowings were subscribed by the Company for a gross amount of €10.7m, the details of which are provided in section 10.3 of this *document de base*.

4. RISK FACTORS

Any investment in a company implies a certain degree of risk. Potential investors are advised to read carefully all the information contained in this document de base and in particular, the information about all the risks inherent in such an investment, including the risk factors described in this Chapter, before deciding to subscribe or to acquire stock of the Company. The Company has reviewed the risks that, jointly or separately, could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

Potential investors are reminded that the list of risks and uncertainties described below is not exhaustive. The risks described below are those that the Company regards as material as of the date of this document de base. The Company considers that there are no further material risks other than those presented in this document de base. Other risks or uncertainties that are unknown or that had not been considered, as of the date of this document de base, likely to have a material adverse effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development, may exist or might occur.

4.1. Risks related to the development of the business and the Company's products

4.1.1. Risks related to the development by the Company of products requiring costly and highly regulated studies, with uncertainties in terms of the number, time frames and outcomes of such studies

The Company runs formulation, research and preclinical and clinical programs, alone or under partnership arrangements, with the primary objective of developing and marketing therapeutic products for effective and time-efficient treatment of certain diseases or conditions (for more details, refer to Chapter 6 of this *document de base*, "Overview of activities").

Developing a therapeutic product is a lengthy, complex and costly process. It takes place in several separate phases, each of which is costly and may lead to a failure or delay in obtaining a marketing authorization ("**MA**") for the product. In general, the time frame for development of a therapeutic product relating to human health is a long one, often taking more than 10 years between the discovery of a molecule (therapeutic product) and the actual marketing of the products. At present, the Company makes use exclusively of APIs already covered by an MA, combining them with its technology. While it may, therefore, qualify for a fast-track regulatory procedure in certain cases, the Company is not exempt from obtaining MAs, however, and is still required to proceed with certain common stages in the development and marketing of a pharmaceutical product, alone or with its partners; these stages are as follows:

- formulation (in vitro and in vivo studies);
- preclinical development (regulatory pharmacology studies);
- pharmaceutical development (production of the final product);
- where applicable, phase I clinical trials involving administration of the drug to healthy human subjects; the aim of this phase is to evaluate the safety of the drug, detect potential side effects and assess the tolerability of maximum administered doses in healthy subjects, as well as to evaluate the distribution of the drug throughout the body and its effect on the metabolism;

- where applicable, phase II clinical trials also involving administration of the drug to human subjects, but to a limited patient population with the disease; the aim of this phase is to provide initial evidence of the product's efficacy, to determine its dosage and to assess the tolerability for patients of effective doses;

- phase III clinical trials, extended to a larger patient population with the disease; the aim of this phase is to prove the efficacy and tolerability of the product in comparison with products already on the market or with placebos, to prepare an application with sufficient data for filing with the regulatory authorities;

- submitting and obtaining an MA, which enables actual marketing of the product;

- drug safety to monitor the adverse effects of authorized products; and

- phase IV post-MA clinical trials, sometimes conducted to monitor the effects and safety of authorized products.

The Company cannot guarantee that the results of formulation tests, preclinical trials or clinical trials that are ongoing or that will be conducted during these different phases will demonstrate the tolerability, safety or efficacy of its therapeutic products.

The therapeutic products developed by the Company could be shown, in phase I, II or III clinical trials, to be less effective than anticipated or to cause unsuspected adverse or toxic effects. The significance of the adverse effects caused by a therapeutic product or the fact that it is less effective than competitor products may be sufficient reason to discontinue development.

Furthermore, unfavorable results during the initial phases of development do not always allow a decision to be made on whether to continue with a project. Sample sizes, the length of the studies and the endpoints may not be sufficient to draw any firm conclusions on a program, and it may then require further investigations that could have an adverse impact on the Company's performance. Conversely, promising results during the initial phases, and even after advanced-stage clinical trials have been conducted, are no guarantee that the Company will be able to market its therapeutic products successfully.

Furthermore, the regulatory authorities of the various countries in which the Company intends to market its therapeutic products could have a different interpretation of the results from the Company. In any event, they may request additional tests on a discretionary basis or impose new and unexpected requirements in further trials. The outcome of these studies is thus highly uncertain from all points of view and as a result, the Company cannot guarantee that clinical trials will lead to marketable results or that such clinical trials will be completed within time frames that allow for profitable marketing.

Furthermore, the Company could face difficulties in recruiting and retaining patients for participation in the clinical trials that it needs to conduct. These difficulties could significantly lengthen the duration of planned clinical trials. In particular, once recruited, patients participating in these trials could suspend or discontinue their participation at any time without having to give a reason for doing so. As such, should too many patients terminate their participation in a clinical trial, the analysis of the findings of that trial might no longer have sufficient statistical power.

Any failure for a given indication during one of the different clinical phases could delay the development and marketing of the relevant product or even result in the discontinuation of its development.

Should any of the risks mentioned above occur, or in the event of failure or delay in the conduct of clinical trials of a therapeutic product, the product might not be authorized or could be delayed, which could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.1.2. Risks associated with the Company's ability to develop its product portfolio, in-house or in partnership

The Company had no products on the market as of the date of registration of this *document de base*.

The Company's business and its growth are based on the formulation, development and marketing of new therapeutic products to treat a variety of diseases or conditions (see Chapter 6 of this *document de base*, "Overview of activities").

The future success of the Company will depend on its ability (i) to improve and develop its technology to extend its scope, (ii) to formulate, develop and market new products, alone or in partnership, and (iii) to improve and market, alone or in partnership, its products under development so that they continue to be relevant for patients and practitioners.

The Company cannot guarantee that it will be able to ensure the development of new therapeutic products or improve its current products. Furthermore, the Company cannot guarantee that it will be able to identify new drug molecules compatible with its technology and therefore develop its portfolio of therapeutic products. Nor can it guarantee that future products or improvements made to therapeutic products under development will be accepted by practitioners or approved by regulatory authorities and payers. The Company therefore cannot guarantee that it will be able to successfully market its therapeutic products. The success of new products launched by the Company will depend on several factors including the Company's ability and, where applicable, that of its partners, to:

- clearly identify and anticipate practitioner's and patients' needs;
- develop and launch new products or improve its products appropriately;
- not breach third party intellectual property rights;
- where applicable, demonstrate the safety and efficacy of new products based on the results of clinical and scientific studies and clinical trials;
- obtain the necessary regulatory authorizations and approvals for the use and marketing of new products or improvements to existing products;
- if necessary, deliver appropriate training to potential users of the Company's products;
- secure the appropriate reimbursement agreements with payers; and
- develop a specialist marketing and distribution network.

Should the Company not succeed in developing new products or enhancing products under development to meet market expectations in a timely fashion, or if the demand for these products or enhancements were to prove insufficient, this could materially affect its business, its financial position, its performance, its development and its medium- to long-term outlook.

Nor can the Company guarantee that the development of these new products will achieve the desired results, or that it will be able to identify and develop new products that are effective in treating the

target diseases or conditions. Consequently, the Company's objective of developing several new therapeutic products in parallel and bringing a product to "Investigational New Drug" (IND) stage each year (see section 6.9 of this *document de base*) may not be achieved.

Failure, or results that do not meet the expectations placed on the discovery and development of new therapeutic products or the enhancement of existing therapeutic products, could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

4.1.3. Risk of short-term dependence on the Company's most advanced program

The Company's future prospects, particularly in the short term, are partly dependent on conclusive results for mdc-IRM, a therapeutic product in phase III trials as of the date of this *document de base*. This product is intended to be used to treat schizophrenia and more broadly, in the Company's programs relating to the treatment of schizophrenia. These prospects are therefore partially susceptible to any delays or failures in the development or marketing of these products.

mdc-IRM is the Company's product at the most advanced stage of development (see Chapter 6, "Overview of activities" of this *document de base*). Of the Company's other products, just one has reached the clinical development stage (mdc-CWM) while the Company's other products for various therapeutic areas are at various stages of formulation or preclinical development.

Failure or delay by the Company in developing and marketing therapeutic products to treat schizophrenia could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

The Company's development of a wide range of other products, however, allows it to limit its risk of dependence on the success of its most advanced program for the treatment of schizophrenia.

4.1.4. Risks related to the BEPO® technology

The Company's strategy is to formulate, develop and market prolonged-release injectable therapeutic products based on its BEPO® technology, which combines copolymers* with different APIs. These are innovative therapeutic products with a number of benefits for patients. The Company cannot guarantee, however, that such benefits will be sufficient to ensure satisfactory marketing.

Healthcare professionals could be reluctant to alter their practices to use the BEPO® technology, particularly for the following potential reasons, which remain entirely hypothetical as of the date of this *document de base*:

- lack of full or partial coverage of the cost of Company products by healthcare institutions and/or healthcare professionals due to limitations on reimbursement by payers*;

- the reluctance of certain healthcare professionals to use an innovative technology;

- fear among practitioners of incurring liability as a result of using a new technology; and

- more generally, resistance to change from healthcare professionals.

To increase buy-in from healthcare professionals, the Company intends to build on clinical and scientific studies relating to the efficacy and benefits (i) of its therapeutic products, (ii) of therapeutic products of the same type as those developed by the Company, and (iii) of long-acting injectables, to help them use and understand them.

Furthermore, for some patients, the Company's products (i) may not have the desired efficacy, (ii) could cause adverse local reactions to the injection, and (iii) could cause adverse effects throughout the extended period of treatment. In this case, it could be difficult to extract the deposit formed during the injection from the patient.

Furthermore, should the Company be unable to convince healthcare professionals of the value of its therapeutic products and its BEPO® technology, the result would be low market penetration, which would be likely to have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and its development.

The Company's medium- and long-term activities, performance, development and prospects will therefore be largely dependent on its ability to promote, protect and enhance its BEPO® technology platform.

4.2. Risks of dependence on Company partners, suppliers and subcontractors

4.2.1. Risks related to retaining and/or the proper performance of collaboration agreements with its main partners

The Company's current strategy is based on long-term partnership agreements with major players in the pharmaceutical industry with whom it intends to effectively develop the value of its products based on formulation results from preclinical or clinical studies. Some of these partnership agreements provide for various payments to the Company. These may include service fees, research subsidies, milestone payments and/or royalties on sales of products, based on the achievement of certain key stages defined in the contract and described in detail in Chapter 22, "Major contracts" of this *document de base*.

However, achievement of these key stages depends on the success of the development programs undertaken in accordance with each of the collaboration agreements. The Company cannot guarantee that the key stages will be achieved and therefore cannot guarantee that any corresponding payments or royalties will be paid by its partners. More generally, the Company cannot guarantee that all the amounts set out in these agreements will be paid to it.

Additionally, the progress of the development and marketing of its products rests on its partners' willingness to commit the human, material and financial resources to Company programs that will make it possible to conduct and complete the clinical trials required by law.

The Company's most advanced programs are therefore dependent on its partners' interest and on their diligence in continuing with the development of products incorporating its technology.

The Company's partners could also face difficulties in the technical and clinical validation of the products developed in partnership with the Company. Resulting delays or failures could slow down or even seriously damage the marketing of the products in question.

The Company's partners could also experience operational or economic difficulties, placing at risk the continuation of the programs underway with the Company. These partners may have budget restriction or may prioritize development programs other than the Company's and this could delay or even jeopardize the development and/or marketing of products incorporating the Company's technology.

Conflicts may also arise between the Company and certain partners. In particular, the Company cannot guarantee that one or more of its partners will not devise or seek to implement a business activity

using a technology that rivals all or part of the Company's technology, which would actually compete with the Company's business (see section 4.4.1 below on risks related to competition).

Nor can the Company rule out the possibility that certain partners with whom it is currently working, may reduce or break off their relations with the Company. A conflict of interest could arise between some of their activities and those they perform for the Company. This would result in a loss of know-how, expertise and financial resources for the Company, and could even lead to the disclosure of confidential information that is important for the Company's research and development efforts, despite the relevant partners' contractual obligation of confidentiality towards the Company.

Consequently, should the Company fail to achieve its objectives or if one or more of these agreements were to be terminated or were not renewed for any reason, this would have an adverse material effect on the Company's business, its prospects, its financial position, its performance and/or its development.

4.2.2. Risks associated with the lack of future partnership contracts for developing certain Company products

For the purpose of developing and marketing certain products, the Company may seek to establish new partnership agreements. It may be that the Company is unable to develop such partnerships or that they are entered into on less favorable financial terms than anticipated.

Should the Company be unable to establish such agreements, it would then need to find the skills in-house, along with the additional financial resources to develop, produce and market its products or it could potentially, if need be, have to terminate the development of certain programs.

In addition, even if the Company were successful in signing such agreements, it cannot guarantee that its new partners would be compliant with or that they would be able to comply with the applicable quality standards in their respective business areas, or that they would not encounter difficulties likely to delay or even restrict the marketing of the therapeutic products in question.

For certain products, if the Company were to obtain just one MA, the marketing of these products would be restricted to pharmaceutical companies. The Company could then seek to obtain pharmaceutical company status if it wished to market the said products on its own (see section 6.9.2 of this *document de base*). Taking this approach could also impact on the Company's organizational structure and its financing needs.

Should it fail to obtain such status, or alternatively, the Company would be required to identify and implement partnerships to market these products. The Company cannot guarantee that it will succeed in establishing such partnerships or that they would be concluded on favorable financial terms.

Furthermore, even if the Company were successful in establishing the said partnerships, they could be terminated or not renewed by its partners. The Company cannot guarantee that it will be able to protect itself from the harmful consequences, in concluding and maintaining future partnerships, of any events likely to harm its image, particularly at the environmental, social and ethical levels. In addition, these partners may not abide by their agreements, in whole or part, or may become involved in disputes with the Company about these agreements or the implementation strategy applicable to them, or suffer regulatory, financial or operational setbacks to their business, which could result in the development of ongoing programs being delayed or discontinued, or a reduced product sales volume for the Company.

Should the Company be unable to implement constructive new partnerships or to retain them, it could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.2.3. Risks associated with the Company's dependence on certain partners, suppliers and subcontractors to conduct its preclinical and clinical trials, for the supply of raw materials and components and to manufacture its products

As of the date of this *document de base*, the Company is subcontracting the production of its polymers to a single manufacturer, Purac Biochem B.V., a Dutch company belonging to the Corbion group ("**Corbion**"). This collaboration is achieved through CM Biomaterials B.V., a joint-venture established between the Company and Corbion (fully consolidated until the end of the 2017-2018 fiscal year and for which the Company is now considering the equity method of accounting starting from the current fiscal year ending on March 31, 2019) (see section 6.8.4, particularly concerning this change of accounting method deemed non-material in nature, and section 22.3 of this *document de base*) for the manufacture and distribution of polymers necessary to the formulation, development and marketing of various products developed by the Company. As the Company does not have its own polymer production site, CM Biomaterials B.V. ability to manufacture the polymers needed for its products is crucial for formulating, developing and marketing the said products. In addition, given the complexity involved in the manufacture, synthesis and separation-purification of its polymers, the number of other potential partners whom the Company could contact to outsource this production is limited.

In the event of default, bankruptcy or discontinuation of operations by Corbion or of a misunderstanding with this partner during the course of the proceedings of the governance bodies set up for the joint-venture, the Company might be unable to sign new contracts with other suppliers in the time frames required and/or under adequate technical conditions and/or on acceptable commercial terms and might therefore be unable to continue to formulate, develop and market its products in a timely or competitive manner.

Furthermore, the contracts agreed with Corbion by the Company or CM Biomaterials B.V. contain standard clauses that limit or exclude liability on the part of Corbion, meaning that the Company and CM Biomaterials B.V. will not receive full compensation for any losses they might incur in the event of default.

For the development of its products and their future marketing, the Company will need a substantially larger quantity of polymers than at present. In this regard, the Company's ability to source polymers on an industrial scale and therefore to conduct clinical phases and to market its products will depend on its ability to maintain its partnership with Corbion or to find another suitable partner.

Under the collaboration arrangement, the Company is committed to minimum polymer manufacturing volumes through CM Biomaterials B.V. If these volumes are not achieved, the Company may, in certain circumstances, be obliged to pay certain financial compensation to Corbion.

As part of its development, the Company could establish new collaboration arrangements, particularly for the manufacture of its therapeutic products and access to certain pharmaceutical compounds.

Should the Company be unable to maintain the collaboration with Corbion and/or to implement and maintain new partnerships, this could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.3. Risks associated with the marketing of products by the Company

4.3.1. Risks associated with the marketing of the Company's products and obtaining and retaining the relevant authorizations from the regulatory health authorities

As of the date of this *document de base*, the Company's products are still being formulated, and no MA application has been made for any of the Company's products.

In Europe and United States, and in many other countries, access to the market for therapeutic products is controlled and the marketing of such products must be authorized by a regulatory authority.

Responsibility for the steps to be taken to obtain the requisite marketing authorizations from the competent regulatory authorities often lies with the Company's partners, given their greater experience in this field. This may, however, create a potential risk of dependence on partners resulting from the Company's lack of control over authorization procedures.

Accordingly, all the therapeutic products developed by the Company require MAs for each country in which they are marketed. The Company cannot guarantee that any MA application will be approved by the regulatory authorities for a given country. Failure to obtain an MA in a given country will prevent the Company from manufacturing and marketing its therapeutic products in the country in question.

Obtaining an MA is dependent on several factors, including some that are not entirely within the control of the Company or its partners who have applied for the MA. These factors include the Company's ability to continue the development of its therapeutic products in research and/or formulation phase or in preliminary clinical phase, or to bring its therapeutic products currently in preclinical phase to clinical stage or from one clinical phase to the next, as well as its ability to successfully complete the clinical trials required in the time frames set, in a sufficiently large population and with adequate human, technical and financial resources. Obtaining an MA also depends on the ability of the Company and its partners to comply with Good Clinical Practice* and Good Laboratory Practice*. Furthermore, obtaining an MA in a given country or geographical region does not automatically or immediately mean that an MA will be obtained in other countries.

Before it can apply for an MA, the Company and its partners must demonstrate, through proper controlled clinical trials, that their products are safe, effective and have a positive risk-to-benefit ratio. Delay or failure may occur at any stage of development, including after the start of clinical trials.

Delay or failure in obtaining an MA in all or some of the Company's markets for a particular product could result in the loss of the development costs incurred, the market value of the product and the associated intellectual property, and the inability to market the product on a large scale. The result could therefore be a material adverse impact on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development, going beyond the region in question alone.

Furthermore, it is possible for an MA that has been properly obtained to be suspended in all or some of the Company's markets, particularly in the event of failure to comply with the rules of manufacture. Lastly, if, after an MA has been obtained by the Company or its partners, the Company's therapeutic products were to lead to unacceptable adverse effects or effects that were not detected during the clinical trial period, the MA in question could also be reconsidered. Should such an event involve one or more of the Company's therapeutic products, it could make it impossible to continue to market them for all or some of the intended indications and/or reduce their market prospects, which could

therefore have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development, going beyond the region in question alone.

4.3.2. Risks associated with the ability of the Company and its partners to determine the prices of products and the sales performance that depends on this

The Company's sales performance will depend partly on its ability and that of its partners, if applicable, to set the sales price for its products, whether they are paid for by patients or by third parties such as insurance companies, competent public agencies or social organizations.

The conditions for setting the sales price and the level of reimbursement for products are largely beyond the control of pharmaceutical companies. These fees are determined by the competent public agencies and committees, as well as by social organizations and private insurance companies.

In the current climate of control of healthcare spending and budget deficits in countries that are key markets for the Company, there is increasing pressure to keep selling prices and levels of reimbursement down and reduce them, and it is expected that this pressure will continue to increase in the future. This is expected to have the effect of making it more difficult to secure and maintain a satisfactory reimbursement rate for therapeutic products. The pressure on selling prices and the level of reimbursement is intensifying as a result of:

- the price controls imposed by many governments;
- the growing trend for certain products not to be reimbursed under budgetary policies; and
- the increased difficulty of securing and maintaining a satisfactory reimbursement rate for therapeutic products.

The sale price and/or level of reimbursement for the Company's products will be negotiated country by country, since, in most countries, manufacturers are not free to set the price of therapeutic products. This price and/or level of reimbursement will be set based in particular on the perceived and actual safety and efficacy of each product and their efficiency compared to other existing or future treatments.

Furthermore, the Company cannot guarantee that it will be able to obtain price levels and reimbursement rates that are as high as those granted to other therapeutic products, due in particular to the fact that the approach underpinning these other products is different from the approach taken for the therapeutic products developed by the Company.

Under certain partnership and collaboration contracts agreed by the Company, including the agreement pertaining to its most advanced program, the partner is in full control of the negotiation and setting of product selling prices. The Company's future performance in these therapeutic products is dependent on these prices and could therefore be materially impacted.

These terms of reimbursement will also therefore determine whether it is possible for the Company to receive royalties from its future partners on the sale of its therapeutic products and whether it can generate sufficient profits on the therapeutic products it intends to market directly. If a delay in the process of price negotiations creates a significant lag in bringing the product to market, if an appropriate level of reimbursement is not obtained for one of the Company's products, or if the price and the accepted reimbursement rate for the products marketed by the Company are changed at a

later date, this could have a material adverse impact on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

Furthermore, the Company is operating in a competitive market with firmly established major industrial players. These competitors have available resources that far outstrip the Company's. They may be able to adopt a more aggressive pricing policy than the Company.

This kind of environment could result in a fall in the price of the Company's products, which could impact the market penetration of its products and lead to a reduction in profit margins, thereby adversely affecting the Company's financial position, its performance, its development and its medium- and long-term prospects.

4.3.3. Risks associated with a lack of success in marketing the Company's products

As of the date of this *document de base*, none of the Company's products was covered by an MA. If, at the appropriate time, the Company, alone or with its partners, were to succeed in obtaining an MA authorizing it to market its therapeutic products, it might nevertheless fail to secure buy-in from the medical community, health care prescribers or third-party payers.

The Company's development and its ability to generate income will depend on the degree of market acceptance of the Company's products, which is based on several factors, including:

- efficacy and prescribers' and patients' perception of the therapeutic benefit of the products;
- the absence of any occurrence of adverse effects or interactions;
- the ease of use of the products, linked in particular to their method of administration;
- the cost of the treatments;
- the redemption policies of governments and other third-party payers;
- the effective implementation of a marketing strategy and a scientific publication strategy;
- support from opinion leaders in the target therapeutic areas;
- the reputation of the partner, if applicable; and
- the development and marketing of one or more competitor products for the same indications.

If one or more Company products were to fail to secure buy-in from the market in one or more countries, for one or more of the reasons cited above or for any other reason, such an event could have a negative impact on their sales potential or their profitability.

Similarly, the Company cannot guarantee that the assumptions it has used to determine the characteristics of the market it is targeting for each of its therapeutic products will prove true; this is the case in particular for reimbursement price levels (see section 4.7.2 of this *document de base*) and market share in the indications targeted by the Company.

Lastly, the Company's future profitability will depend in part on its ability or the ability of its partners to market its therapeutic products in a number of markets, particularly in the United States and Europe and, in this respect, to generate a return on its investment or establish an appropriate structure.

In any event, should any or all of these assumptions fail to materialize, the Company's evaluation of the size of the market and the sales prospects for its products could be adversely altered as a result, which would have a negative impact on the Company's business, its prospects, its performance, its financial position and its development.

4.3.4. Risks associated with the Company's experience and limited resources in terms of marketing, sales and distribution

The Company has limited commercial experience and as of the date of this *document de base*, it did not have the requisite authorizations nor the organizational structure or infrastructure necessary to market (marketing, sales and distribution) its therapeutic products.

Under its current partnership arrangements and assuming the Company would involve new partners with the necessary means and resources and the requisite experience to market its therapeutic products, the Company could find itself facing risks whose occurrence depends either partly or entirely on its partners. As such, in addition to the risks mentioned in section 4.2 above, it is possible that:

- partners may experience problems or may not deploy all the resources necessary for the commercial success of the Company's products; or

- conflicts may arise between the Company and some of its partners. In particular, the Company cannot guarantee that any of its partners will not develop or seek to implement a commercial activity using products that compete with those of the Company.

As an alternative or in addition to partnering, the Company could prepare an authorization application as a pharmaceutical company and set up a sales and marketing arrangement that would allow it to market its products itself.

In both these situations, the Company would then have to create its own sales, marketing, drug safety and price negotiation infrastructure, hire a head pharmacist, requiring changes to its structure and the introduction of a process to hire qualified personnel, which would necessitate additional budget specifically for this purpose. Should the Company fail, or should delays occur in introducing such tools or organizational structures, or in hiring and training specific teams, it could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.3.5. Risks associated with incorrect use of the Company's product and its image

The Company cannot guarantee that healthcare professionals and patients will use and store its products appropriately.

In fact, the products developed by the Company could be used and/or administered inappropriately (especially by practitioners) or stored in a non-compliant way. However, inappropriate use or failure to keep products in the proper conditions could result in the products distributed by the Company becoming harmful, or even partly or entirely ineffective, thereby harming its image. This could even, in certain cases, lead to legal action against it.

The Company's continuing success depends on its ability to maintain its reputation for diligence, professionalism and integrity. The Company endeavors to maintain the quality of its products. However, it cannot guarantee that it will be able to protect itself from damage to its reputation resulting from events that may affect it such as an incident due to misuse of the products, a conflict of interest or a dispute.

Media coverage of any issues could affect the Company's image and credibility with its existing and target clients and, consequently, its ability to maintain or develop certain activities. Its business, financial position, performance, development and medium- and long-term prospects could be affected.

4.4. Risks related to the business sector, the Company's markets and its economic environment

4.4.1. Risks associated with current and future competition in the Company's markets

The Company operates in a competitive sector in which several alternative therapeutic solutions are already being marketed, researched or are at various stages of development. The products incorporating the Company's technology are positioned in markets in which there are already therapeutic products that are sometimes in widespread use, especially in the schizophrenia market.

In addition, although the Company considers that its products offer solutions that differentiate them from the products available on the market, it cannot guarantee that competing therapeutic products or technologies, whether they already exist, are currently under development or are even unknown at present, might not, at some time in the future, take substantial market share and restrict the ability of the Company and/or its partners to successfully market the Company's products.

Even if the time required to develop products and obtain the relevant CE marking and/or approval from the United States Food and Drug Administration ("**FDA**") and/or from the European Medicines Agency ("**EMA**") is necessarily quite long (including for any modification to a product that already exists on the market), and even if the products developed may not have the same technical properties as those developed using the BEPO® technology, the possibility that a competitor may develop an alternative therapeutic product cannot be ruled out.

The Company's competitors could also develop new therapeutic products or technologies that are more effective, safer and/or less expensive than those developed by the Company, which could lead to a fall in demand for the Company's products.

Such events could have an adverse material effect on the Company's business, financial position, performance, development and medium- and long-term prospects.

4.4.2. Risks associated with the substantial size of some Company competitors

The various markets in which the Company operates and in which it may operate are generally highly competitive and in some cases, they are dominated by firmly established major pharmaceutical players. For example, the market for long-acting injectables for the treatment of schizophrenia, the target for the Company's most advanced program, is currently largely dominated by products from Janssen, a pharmaceuticals subsidiary of the Johnson &Johnson group (see section 6.5.3 of this *document de base*).

The Company's competitors have available resources that far outstrip those of the Company, and in certain cases, those of its partners:

- larger budgets for research and development, clinical trials, marketing their products and protecting their intellectual property;

- more experience of obtaining and maintaining regulatory authorization for their products and enhancements to existing products;

- a greater number of products for which there is long-term clinical data;
- better established distribution networks;
- greater experience and more resources in terms of product launch, promotion, marketing and distribution;
- better-established infrastructure; and
- a higher profile and a larger network within the market.

In addition, the needs of the markets in which the Company operates and their significant growth typically attract many new players, and encourage companies that already have a presence in this market to intensify their competitive efforts.

The Company cannot guarantee that competitors, with available financial, industrial or commercial resources that outstrip the Company's, will not develop products or research platforms that compete with the Company's own in terms of effectiveness, ease of use, mode of action or price, or that the market may consider to be of similar or superior quality to the Company's products, or that may make them obsolete.

The occurrence of one or more of these risks could materially affect the Company's business, financial position, performance and medium- and long-term prospects.

4.4.3. Risks associated with economic and financial conditions

The Company, alone or with its partners, will market its products in certain geographic regions where the balance of public accounts, local currencies or inflation rates could be affected by poor economic and financial conditions. This could erode the local competitiveness of the Company's products compared to competitors that operate in local currencies, negatively affect the sales prospects for the Company's products in these regions and its margins when it bills in local currencies, or compromise the recovery of its receivables from public or private sector players with which the Company conducts its business.

In countries that provide public or private social security cover for healthcare spending, the impact of poor economic and financial conditions could push payers to increase their pressure on the prices of medical devices, increase financial contributions by patients or become more selective in their criteria for reimbursement.

The occurrence of one or more of these risks could materially affect the Company's business, financial position, performance and medium- and long-term prospects.

4.5. Risks associated with the Company's organizational structure and its development strategy

4.5.1. Risks associated with dependence on qualified staff and key executives and the difficulty of attracting the new employees the Company would need for its development

The Company's success is heavily dependent on the work and expertise of the members of its management team, especially its executives, and its qualified scientific personnel.

Should these individuals be temporarily or permanently unavailable, this would deprive the Company of expertise, experience and technical abilities that it might not be able to replace. Furthermore, the

Company will necessarily have to hire new senior executives and qualified scientific staff to help and support the development of its activities as it expands into areas that will need additional skills, such as sales, manufacturing, quality assurance, regulatory affairs, and medical affairs.

The Company is competing with other companies, research bodies and academic institutions to hire and retain these individuals, and could thus be unable to attract or retain them on terms that are acceptable from an economic point of view. This inability may limit or delay the leveraging of the Group's technology platform or prevent the development, manufacture or marketing of its therapeutic products and thus have an adverse material effect on its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

To limit the occurrence of this risk, the Company previously introduced systematic employee incentive policies, either through the sale of shares to employees, or, more recently, by issuing instruments conferring access to the capital of the Company. A staff incentive program awarding variable compensation based on employees' performance was also introduced.

4.5.2. Risks associated with the implementation of Company strategy

The Company was founded in 2003 and operates in a fast-moving marketplace. It is difficult to evaluate its future prospects precisely.

The Company is likely to face risks inherent in its future strategy (see section 6.9 of this *document de base*). The Company could also face challenges in successfully developing its innovations to the point of marketing, establishing accurate forecasts and determining how its available resources should be invested, securing market acceptance for its existing and future innovative solutions, and in managing the implementation of its innovations and developing new ones.

The Company's business and prospects need to be reviewed in light of the risks and difficulties it has to contend with in this fast-moving market. These risks and difficulties include the Company's ability to:

- ensure and increase the attractiveness of its technology and therapeutic products, to practitioners in particular;
- increase the number of future customers for its products;
- develop a highly effective, adaptive research and development ("R&D") infrastructure;
- monitor changes within the competition, and in terms of key market trends;
- increase sales resulting from the products it offers;
- secure the appropriate reimbursement agreements from payers;
- adapt to any changes in the regulations in its area of business;
- identify, recruit, onboard and retain talent coming out of national or international training programs;
- successfully expand the Company's product portfolio and its business; and
- diversify its sources of income.

Should the markets targeted by the Company not develop in line with its expectations, or should the Company be unable to meet this market's needs, its business, its financial position, its performance, its development and its medium- and long-term prospects could be affected as a result.

4.5.3. Risks associated with the Company's ability to manage its internal growth

As part of its development strategy, the Company intends to hire senior management staff, scientific staff and other staff to enhance its operational capabilities for the purposes of its future development. These new hires will increase the Company's payroll. To manage this growth and ensure that new employees are successfully on boarded, the Company will need to have internal human resources management procedures suitable for a growing workforce (including its existing operational, financial and management IT systems), to hire, train and retain these employees, and to adequately anticipate the corresponding spending and the resulting financing needs.

The Company's inability to manage its internal growth, or the emergence of unexpected difficulties encountered during its expansion, could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

4.5.4. Risks associated with the Company's ability to manage its potential external growth

In the future, the Company's strategy could potentially include external growth, particularly through the acquisition of companies or assets, equity investments or the creation of joint-ventures in the Company's business sector and geographical areas where the Company wishes to strengthen or establish its presence.

However, the Company might not be able to identify attractive targets or strike deals at the right time and/or on satisfactory terms. The Company might also be unable, particularly given the competitive environment, to successfully conclude development or external growth operations planned in view of its investment criteria, which could have a material negative impact on the implementation of its strategy.

The profits expected from future or completed acquisitions may not be achievable within the time frames and at the levels expected.

The occurrence of one or more of these risks could materially affect the Company's business, financial position, performance and medium- and long-term prospects.

4.5.5. Risks associated with the use of information systems

To improve its performance, the Company is digitizing its data and its research activities. The Company's information systems are a necessary tool for its activities, and any failure of these systems could have a substantial impact on its business.

To maintain the security of these information systems and protect their users, the Company may be required to formally document the rules governing their use (in an IT charter) and specifying the main precautions and recommendations that any user must observe when using the information systems within the Company.

The Company cannot guarantee, however, that users will comply with these rules or that such rules will be sufficient to prevent the risks of cyber-attack, loss of sensitive data, disruption to the business, or incurring the liability of the Company.

Should such events occur, they could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

4.6. Risks related to intellectual property rights

4.6.1. Risks associated with uncertain and time-limited protection of patents and other intellectual property rights

The Company's medium- and long-term commercial success and viability are dependent on its ability to develop products protected by its own patents, or for which it has been granted exclusive operating licenses by the owners, particularly in Europe and the United States, and which do not conflict with patents filed by third parties. The Company's current strategy and its prospects are based on a portfolio of patents comprising three patent families owned by the Company and one family held on a co-ownership basis.

Furthermore, the Company intends to continue its policy of protecting its intellectual property by filing new patents as and when it sees fit. In particular, the Company intends to continue its policy of protection by filing new patent applications, where applicable, and requests for supplementary protection certificates ("**SPC**") to obtain an extension of the protection period for its patents beyond their initial expiration date. SPCs are based on the basic patent covering the product and the MA for the said product and may, under certain conditions, extend the duration of protection to a maximum of five (5) years in Europe. There are similar possibilities for extending patents in the United States and in other countries.

In any event, the Company is exposed to the following risks in relation to its intellectual property rights and it cannot be ruled out that:

- the Company may not manage to develop patentable inventions, which could significantly reduce the value of its products and processes, as well as their marketing;
- the Company may not manage to protect its patents or other intellectual property rights or obtain new patents for inventions that it may create;
- the Company's patents pending may not be granted by the competent offices or may be granted in an amended form;
- the Company may not succeed in securing an SPC, which may limit the protection period for any patent granted to the Company;
- the patents of the Company may be disputed and considered invalid;
- the Company's patents may not prevent patents involving products or similar procedures from being issued to third parties;
- the Company may not manage to enforce its patent rights or other intellectual property rights;
- the Company may not retain ownership of some of its patents or full control of its operating monopolies, given the pledge granted under the terms of a private instrument dated August 2, 2016 to TEVA Pharmaceuticals International GmbH (see Chapter 22, "Major contracts" of this *document de base*);

- the Company may be exposed to requests from third parties relating to the granting of license rights or payment, or to an order restricting the use of its intellectual property rights, whether these claims are with merit or not;

- the extent of the protection conferred by the Company's intellectual property rights may be inadequate to protect against infringement or competition or any other breach or prior control of patented technologies that third parties may have;

- the Company may have to go to significant expense in attempting to protect its intellectual property rights and it cannot be guaranteed that such expenditure will ensure that the Company will win its case or obtain satisfactory damages;

- the Company's intellectual property rights may be interpreted or granted differently in different countries, which could reduce the protection conferred by these rights;

- the Company's intellectual property rights may be ignored or may not be protected in countries where intellectual property law is less developed;

- the Company's expertise and its confidential information may be unduly disclosed or exploited by third parties, despite its efforts to take the necessary measures to prevent such a risk; and

- the Company's employees, its co-contractors, subcontractors or other parties may claim rights of ownership or request compensation for intellectual property which they may have helped to create, despite its efforts to take the necessary measures to prevent such a risk.

In view of the importance of intellectual property rights for the Company's business and viability, the occurrence of one or more of the risks cited above could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

4.6.2. Risks related to disputes pertaining to the defense of the Company's intellectual property rights and their implications for the Company continuing as a going concern

The Company's competitors may infringe the Company's patents. To try to prevent or put an end to the infringement of its patents by third parties, the Company may be required to engage in long and costly legal proceedings that could require significant involvement from the Company's senior management team, to the detriment of its operational development. The Company cannot guarantee that it will win its case or that it will be able to protect its intellectual property rights. Should it not succeed, this could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

In addition, there is no guarantee that current or future patent applications by the Company will be patented or that once patents have been issued, they will not be challenged, invalidated or circumvented or that they will provide effective protection from competition or from third parties' patents covering similar compounds. A lack of sufficiently extensive protection or the invalidation or circumvention of patents may have a negative impact on the Company.

4.6.3. Risks associated with the breach of third-party intellectual property rights by the Company and disputes relating thereto

The growth of the biotechnology industry and the resulting rise in the number of patents issued increase the risk that the Company's products may infringe, or that third parties may consider that they infringe, their own intellectual property rights.

As such, the Company cannot guarantee in all jurisdictions:

- that its products, processes, technologies, results or activities will not infringe or breach any patent or any other third-party intellectual property right;

- that third parties were not the first to invent some products or the first to file patent applications for inventions that are also covered by the Company's own patent applications (the Company cannot in fact be certain that it is the first to devise an invention and file a patent application, given that in most countries, the publication of patent applications is deferred for 18 months after applications are filed);

- that third-party holders of intellectual property rights will grant the Company a license if it appears that one of the Company's products, processes, technologies, results or activities is in violation of these third parties' rights;

- that third parties will not take legal action against the Company on the basis of an intellectual property right, even if such action were malicious or groundless, and that the Company would win its case, even if such action were malicious or groundless;

- that there are no prior trademarks or other intellectual property rights belonging to a third party which could afford grounds for infringement proceedings against the Company or for proceedings to restrict or prevent the Company's use of its brands, domain names or other similar rights; and

- that the Company's domain names will not be subject to a UDRP (Uniform Dispute Resolution Policy) or similar, or infringement proceedings, by a third party with prior rights (trademark rights, for example).

Any action against the Company in relation to its intellectual property rights or those of third parties could, regardless of the outcome, incur substantial costs, require extensive involvement from the Company's senior management team to the detriment of its operational development, or jeopardize the Company's reputation, impacting its financial position as a result. Some competitors with more substantial available resources than the Company might be better able to bear the costs of such proceedings and bring legal action as described above on one or more occasions in order to gain considerable advantages in the markets where they are in competition with the Company, which could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

4.6.4. Risks related to agreements pertaining to intellectual property and the confidentiality of Company information and know-how

In addition to its patented or patentable intellectual property rights, the Company holds certain information such as commercial secrets, particularly non-patentable or non-patented technologies, processes, and data, that it is developing alone or with its partners. Under collaboration contracts or confidentiality agreements between the Company and academic researchers, public or private sector entities, subcontractors or other third-party co-contractors, some of this confidential information,

including product data, may have been entrusted to the Company's partners for the purpose of conducting certain research and/or preclinical and clinical study programs.

The Company cannot guarantee that its co-contractors will protect its intellectual property rights and trade secrets or honor their commitments under confidentiality agreements or agreements pertaining to the division of future intellectual property rights. Additionally, it cannot be guaranteed that the Company will be able to enforce confidentiality or any other similar agreements or, should it manage to do so, that it will obtain satisfactory damages in the event that the said agreements have been breached.

Should the Company or its co-contractors be unable to keep such information confidential from third parties, or obtain satisfactory damages if the agreements mentioned above have been breached or satisfactory allocation of future intellectual property rights, it could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

4.6.5. Risks related to changes in intellectual property rights

The legal rules for the protection of intellectual property rights are subject to various changes in a number of countries that may be applicable without prior notice. As a result, should such rules be modified, especially as regards the term of patents or the conditions for granting certain rights, the value of the Company's intellectual property rights could shrink, or it could be prevented from obtaining new rights. Such an event could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development.

4.6.6. Risk of industrial espionage/cyber attacks

Given the highly technological and innovative nature of its activity and its advanced research and development projects that are likely to give it a competitive advantage in its markets, the Company is exposed to a risk of industrial espionage.

A disclosure or theft of the content of its scientific research would deprive the Company of potential sources of income and its technological progress, which could allow competitors to launch similar products.

Should such a situation arise, it could have an adverse impact on the Company, its prospects, its business, its financial position and/or its development.

4.7. Legal and regulatory risks

4.7.1. Risks associated with the regulatory environment

The Company is required to conduct its business in markets governed by numerous regulations which dictate that therapeutic products developed by the Company that qualify as "drugs" need to obtain various authorizations if they are to be marketed.

Some healthcare authorities – and in particular the French National Agency for Medicine and Health Product Safety (Agence Nationale de Sécurité du Médicament et des Produits de Santé, "**ANSM**"), the EMA and the FDA – have imposed increasingly stringent requirements for the volume of data required to demonstrate the efficacy and safety of a therapeutic product. These requirements have reduced the number of products meeting the criteria for granting a "New Drug Application" or an MA (defined

collectively as "**MA**") and therefore, the number of products authorized for marketing. Furthermore, and in any event, the regulations are likely to change in a way that could increase the Company's obligations or impose a more stringent regulatory environment.

The products marketed are also subject to regular periodic re-evaluation of the risk-to-benefit ratio following the granting of the AMM. As such, the belated discovery of issues not detected at the formulation, development or clinical trial stage may result in changes in the terms of reimbursement, as well as marketing restrictions, the suspension or withdrawal of a product, or an increased risk of liability claims from patients.

Should the Company be unable to comply with such regulations or changes in the regulatory framework, it could be refused MAs and/or have tough sanctions imposed, including fines, product recalls, sales restrictions, or temporary or permanent suspensions of its activities, or be subject to civil or criminal prosecution, which could prove particularly damaging to the Company.

For its diagnostic products that qualify as "medical devices," the Company must therefore obtain, for example, CE marking for Europe and an agreement from the FDA in the United States for any marketing of these products in these regions. In the United States, certain products developed by the Company could be marketed as Laboratory Developed Tests ("**LDT**"). This process enables such tests to be marketed without FDA approval, within laboratories certified to the standards for Clinical Laboratory Improvement Amendments ("**CLIA**"). However, the FDA has submitted a draft amendment to the regulations to the relevant stakeholders that could lead to a requirement for prior authorization, based on demonstrated clinical and analytical validity of the test.

This regulatory framework may therefore be required to change, particularly in key markets such as the USA and Europe where the regulations relating to medical devices will also be significantly reinforced following the adoption of new regulations (including Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices and Regulation (EU) 2017/746 of the European Parliament and of the Council of 5 April 2017 on in vitro diagnostic medical devices). Sometime between 2019 and 2020, medical devices will need to be certified as compliant with enhanced obligations in terms of assessment and medical device safety, which may go as far as necessitating clinical trials, a source of major costs, for class III devices, which are at greatest risk. Such changes could have the effect of limiting the indications for which the Company may market its products, preventing all marketing, or restricting products' eligibility for reimbursement by national authorities. The cost of compliance with existing regulations in order to maintain the authorizations or certificates obtained previously is substantial and is increasing. Should such a trend continue, it could reduce the economic value of the Company's products and, accordingly, its prospects for medium- and long-term growth.

The occurrence of one or more of these risks could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.7.2. Risks associated with changes in the policies for reimbursement of medical devices and therapeutic products

Eligibility for reimbursement affects healthcare institutions' choices of the products that they purchase and the prices they are willing to pay. The Company's ability to attain acceptable price and reimbursement levels from government authorities and public and private health insurance providers could therefore have an impact on its ability to market its products successfully and accordingly, its ability to generate sales.

Government authorities and public and private insurers strive to control healthcare expenditure by limiting both the level of cover and the rate for certain products or processes, particularly if they are innovative. There is ongoing economic, regulatory and political pressure to limit the cost of procedures involving medical systems and drugs. Many health insurance companies could therefore refuse to reimburse or reduce the percentage of costs reimbursed for certain products, which could also have a negative impact on the prices of the Company's products.

In addition, reimbursement policies vary from one country to another. The Company cannot be certain of obtaining maximum reimbursement in Europe, the United States or the other key markets in which the Company might sell its products, which could have a major effect on the marketing of new products in the countries concerned.

New legislative or administrative reforms of reimbursement systems in the countries where the Company's products will be distributed could also substantially reduce reimbursement for procedures using the Company's medical devices and/or therapeutic products (or even result in a refusal to insure these procedures), particularly through price regulation.

Despite the certifications obtained, the Company cannot guarantee that it will be able to obtain, for all countries in which it wishes to market its products, eligibility for reimbursement for the procedures performed using its products, or levels of coverage and reimbursement that are sufficient to encourage healthcare professionals to use and/or prescribe products developed by the Company in their practices. It is not and nor will it be able to foresee any changes over time in the conditions of coverage and reimbursement that it may have obtained.

Lack of reimbursement or coverage or inadequate reimbursement or coverage of the Company's products, or the adoption of more restrictive measures in terms of reimbursement or coverage, would be likely to have an adverse material effect on the Company, its business, its financial position, its performance, its development and its medium- and long-term prospects.

4.7.3. Risks associated with the Company's liability for breaches by its co-contractors and subcontractors

The Company uses and will continue to use co-contracting parties and subcontractors for certain aspects of its business. This exposes the Company to potential liability in respect of activities and fulfillment by its co-contractors and subcontractors of their obligations, over which the Company has no or very limited control. Thus, for example, the Company could be liable for damages, injury or death resulting from an accident involving a co-contracting party or a subcontractor. The liability incurred may exceed the upper limit set by the insurance policies taken out by the Company, or may not even be covered. Any liability incurred by the Company, whether or not it is covered by the insurance policies taken out by the said companies, could thus have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.7.4. Risks associated with product liability

Where applicable, the Company is and will be exposed to risks of liability during clinical development and, in the future, during the manufacture and marketing of its therapeutic products. As an example, it could thus be held liable for unexpected adverse effects by patients taking part in clinical trials. In addition, the Company could incur liability for undetected adverse effects caused by the interaction of one of the Company's products with other products once the said product has been marketed. Criminal charges and legal proceedings could also be filed or brought against the Company by patients, regulatory agencies, pharmaceutical companies or any other third party using or marketing the

Company's products. Such action may involve liability for the Company resulting from its activities, as well as from action by any partners, licensees or subcontractors, over whom the Company has little or no control.

Should the Company's product liability be invoked, this could seriously affect its reputation and the marketing of its products, which could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.8. Financial and market risks

4.8.1. Risks associated with historical losses and future losses

Since it was founded in 2003, the Group has posted net and operating losses in a number of fiscal years. These losses are primarily the result of investments in research and development.

In the short-term, the Group is expected to experience more substantial net and operating losses than in the past, owing in particular to:

- the development of programs underway or planned and relevant preclinical and clinical studies;
- the need to undertake new preclinical and clinical trials to tackle new market segments;
- R&D capacity development and the Company's anticipated internal growth;
- all the processes it will have to follow to obtain marketing authorizations and applications for its products to be reimbursed;
- increased regulatory requirements governing the manufacture of its products;
- any sales and marketing costs to be incurred based on the stage of product development reached in the different markets;
- the continuation of an active policy of research and development which may, where applicable, involve the acquisition of new technologies, products or licenses; and
- the variation in income generated by existing contracts, related to the progress of the corresponding projects.

The Group cannot guarantee that it will generate sufficient future income to offset past, present and future losses and reach its threshold of profitability, which could affect its ability to continue its operations. In addition, even if the Group achieves a satisfactory threshold of profitability, it may not be sustainable. Any inability to generate sustainable profits could have an adverse material effect on the Group, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.8.2. Liquidity risk

As of March 31, 2018, the Group had cash and cash equivalents amounting to €8,791k compared with €3,824k as of March 31, 2017.

As of the date of this *document de base*, the Group has specifically reviewed its liquidity risk and considers that it is able to meet its forthcoming maturities over the next 12 months, mainly on account of:

- the level of operational expenditure relating to studies conducted with partners and those that the Company conducts on its own products;

- its financial debt schedule;

- receipts expected relating to CIR (Crédit d'Impôt Recherche - research tax credit) and to progress in the development of certain partnership products.

The Group's ability to continue as a going concern was assumed in light of the following:

- the Group's historic losses mainly stem from investments in research and development;

- as of 31 March 2018, the Group had available cash of €8,791k;

- on December 21, 2017 and January 18, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders on December 21, 2017, issued 1,191,045 convertible bonds with a par value of €0.01 each and a total nominal amount of €3,990,000.75 in two tranches convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of funds managed by Seventure Partners. These convertible bonds do not bear interest and will be subject to mandatory early repayment in the event and as of the date that an IPO of the Company (the "**Initial Public Offering**" or "**IPO**") takes place before their maturity date (the "**Seventure convertible bonds**") (see Note 5.11.4 of section 20.1.1 of this *document de base*);

- on April 3, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders on December 21, 2017, issued 895,523 convertible bonds with a par value of €0.01 each and a total nominal amount of €3,000,002.05 convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of BNP Développement. These convertible bonds do not bear interest and will be subject to mandatory early repayment in the event and as of the date that an IPO takes place before their maturity date (the "**BNP Paribas Développement convertible bonds**");

- on April 3, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders on December 21, 2017, issued 59,192 convertible bonds with a par value of €0.01 each and a total nominal amount of €198,293.20, convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of CM-CIC Innovation. These convertible bonds do not bear interest and will be subject to mandatory early repayment in the event and as of the date that an IPO takes place before their maturity date (the "**CM-CIC Innovation convertible bonds**");

  The number of shares that will then be held by each of the holders of the CBs issued as redemption for the CBs will be calculated based on said IPO price.

  A premium on the nominal amount of the convertible bonds will be applied, for the purposes of their redemption, equal to (i) 25%, if the IPO price is strictly less than €8 (for shares with a par value of €0.01); (ii) between 25% and 55% (on the following straight-line basis of calculation 25 + [30 × (IPO price – 8) / 6]%) if the IPO price is between €8 and €14 (for shares with a par value of €0.01); or (iii) 55%, if the IPO price is strictly greater than €14 (for shares with a par value of €0.01).

  This nominal amount, plus the premium mentioned above, in addition to interest capitalized at the annual rate of 3% for the purpose of redemption in the event of an IPO of the Company on

the nominal amount, not including the CBs of each of the CB holders, will then be divided by the price of said IPO in order to obtain the final number of shares that will be held by each of the CB holders in redemption of the CBs.

- the Company signed a credit agreement for €20 million with the EIB as part of the development of a target number of programs. An initial tranche of €7.5 million was drawn in June 2018;

- finally, in January 2018, the Company received the repayment of the research tax credit ("**CIR**") for 2016, in the amount of €1,336,999.

The Group could need additional funds to make further investments that are unknown as of the date of this *document de base* or that are still difficult to assess as they involve projects under development. The clinical development of the Company's therapeutic products incurs variable costs and is governed by strict regulations. It is therefore difficult to fully predict all the costs related to preclinical and clinical development while many of the Company's therapeutic products are still at an early stage.

The development of the Company's therapeutic products and the continuation of its clinical development programs will continue to generate considerable financing needs in the future. The Company could find itself unable to self-finance its growth, leading it to look for other sources of finance, particularly by means of capital increases.

The extent and timing of the Company's financing needs depend on factors that are largely beyond the Company's control, such as:

- the costs associated with any requests for amendments to studies, or to enroll a larger number of patients;

- the costs of preparing, filing, defending and maintaining its patents and other intellectual property rights; and

- higher costs and longer time frames than expected for the various phases of development, and for obtaining MAs for its products and qualification for reimbursement for them, including the time to prepare applications to the competent authorities.

The Company might not succeed in securing additional capital when it needs it, or such capital might not be available on financial terms that are acceptable to the Company. Should the necessary funds not be available, the Company might need to:

- delay, reduce the number or extent or eliminate some of its research programs, preclinical or clinical trials;

- grant licenses for its technologies to partners or third parties, and/or enter into new collaboration agreements on less favorable terms for the Company than it could have obtained in a different context.

Should the Company raise capital by issuing new shares, its shareholders' holdings may be diluted. Insofar as it is available, debt financing may also include binding commitments for the Group and its shareholders and could incur additional financial costs that could affect the financial health of the Company.

The occurrence of one or more of these risks could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.8.3. Risks associated with debt and restrictive financial covenants

As of March 31, 2018, the Group's total net financial debt was €17,508k (see Chapter 10, "Cash and Capital" and note 5.11.2 of Chapter 20 "Financial information on the Group's assets, financial position and performance" of this *document de base*).

The following table shows the movement between gross debt and net debt as of March 31, 2018:

Audited consolidated data (IFRS) (in €k)	March 31, 2018
Bond issue (TEVA)	17,029
Convertible bonds (Seventure Partners) **(1)**	4,200
Innov Plus loan	5,731
Other borrowings	4,037
Gross financial debt	**30,997**
Short-term investments in cash equivalents	(50)
Cash and cash equivalents	(8,791)
Endowment fund **(2)**	(4,648)
Net financial debt	**17,508**

(1) This loan will be subject to early redemption in the event of the Company's IPO.

(2) It is a cash investment provided as collateral for 50% of the outstanding capital in the scope of the Innov Plus loan (for more information on the details of this line, see note 5.7 of the appendix to the consolidated annual financial statements as of March 31, 2018 in section 20.1 of this *document de base*).

As of the registration date of this *document de base*, additional borrowings were subscribed by the Company for a gross amount of €10.7m, the details of which are provided in section 10.3 of this *document de base*.

The gross debt maturity schedule is as follows:

Total financial debts as of March 31, 2018 (in €k)	< March 31, 2019	< March 31, 2020	< March 31, 2021	< March 31, 2022	< March 31, 2023	> March 31, 2023	Effect of discounting to fair value
30,997	2,353	2,096	2,058	5,287	7,338	11,916	(51)

The Group's debt may have negative consequences, such as:

- increasing the Group's vulnerability to a slowdown in business activity or to economic conditions;

- placing the Group in a less favorable position than its competitors who have a lower debt-to-cash-flow ratio;

- limiting the Group's flexibility to plan for or respond to changes in its operations and developments in its business sectors;

- limiting the Group's ability to make investments for growth;

- limiting the Group's ability to implement its external growth policy; and

- limiting the ability of the Company and its subsidiaries to borrow additional funds or raise capital in the future, and increasing the costs of such additional financing.

Furthermore, the Group's ability to honor its obligations, to pay interest on its borrowing or to refinance or repay its loans in accordance with the terms of the agreements, will depend on its future operational performance and may be affected by a number of factors, some of which are outside the Group's control (the economic climate, debt market conditions, regulatory changes, etc.).

The Group is also exposed to risks of interest rate fluctuation since a portion of the interest on its debt is at a variable rate equal to EURIBOR plus a margin.

In addition, the financing contracts entered into with Teva Pharmaceuticals International GmbH, a Teva ("**TEVA**") Group company, and the European Investment Bank (the "**EIB**") (see sections 10.3 and 22.4 of this *document de base*) require the Company to comply with covenants that would remain in force in the event of an IPO.

Concerning the contract entered into with TEVA, this bond issue is accompanied by commitments granted to subscribers by MedinCell, which would remain in force in the event of an IPO and which could be applied in the event of default by MedinCell:

- a fourth-ranking pledge over its business assets;

- a pledge comprising 50% of the intellectual property rights limited to developed products and to the geographic regions in which the Company intends to market its products.

Concerning the contract entered into with the EIB, these commitments restrict, inter alia, the Company's ability to:

- take on additional debt;

- pay dividends or make any other distribution;

- make investments in other companies (acquisitions);

- create liens or additional security;

- incur restrictions on the ability of its subsidiaries to pay dividends or make other payments;

- dispose of assets or equity interests in other companies;

- transact with affiliated companies;

- make a substantial change in its activity; and

- merge with other entities.

The purpose of the covenants attached to the EIB loan is particularly to restrict the use of cash resulting from this loan to the research and development programs concerned, excluding any other purpose, in particular the reduction of existing debt and the payment of dividends. No other guarantee is attached to this loan.

The restrictions contained in these contracts could affect its ability to conduct its business, and limit its ability to respond to market conditions or seize any commercial opportunities that may arise. As an example, these restrictions could affect the Company's ability to finance investments for its activities, make strategic acquisitions, investments or alliances, restructure its organization or finance its capital requirements. Furthermore, the Company's ability to comply with such covenants could be affected by events beyond its control, such as economic, financial and industrial conditions. Any breach of its commitments or these restrictions by the Company could lead to a default under the agreements mentioned above.

In the event of a default that has not been remedied or waived, the relevant creditors could call upon security existing on the assets of the Company, terminate their commitment and/or demand that all amounts outstanding be repaid immediately. This could trigger the cross-default clauses of other Company loans, a type of event that could have a material adverse impact for the Company.

4.8.4. Risks associated with access to research tax credits and the future use of tax loss carryforwards

The Company qualifies for the CIR (R&D tax credit), which provides a tax incentive for French companies located in France to expand their scientific and technical research efforts, by granting them a tax credit. The research expenditure eligible for the CIR includes salaries and compensation of researchers and research technicians, depreciation on fixed assets assigned to research operations, service provision subcontracted to approved research organizations (in the public or private sector) and the costs of patenting and maintaining patents.

The amounts received by the Company in respect of the CIR are as follows:

- for fiscal year 2016: €1,336,999 (received in 2018); and
- for fiscal year 2015: €928,419 (received in 2016).

The tax authority may request that companies substantiate the amount of the CIR credit and the eligibility of the work taken into consideration to benefit from this incentive. The tax authority recommends that companies compile a scientific file containing the supporting evidence necessary for establishing eligibility. There is still the possibility that the tax authorities may question the methods used by the Company to calculate research and development expenditure for determining CIR amounts. As a result, the risk that these CIR amounts may be disputed cannot be ruled out, bearing in mind that the claw-back may be used until the end of the third year after the special CIR calculation declaration is filed.

Should the Company's receipt of the CIR be jeopardized by a regulatory change or be challenged by the tax authorities, it could have an adverse material effect on the Company's financial position and its performance.

4.8.5. Risks associated with access to advances and public grants

On August 12, 2014, the Company obtained two zero-interest loans for innovation in the amount of €450,000 each from Bpifrance Financement, of which €180,000 had been repaid as of the date of this *document de base***.**

Since 2010, the Company has also been eligible for three repayable advance programs in a maximum amount of more than €1,200,000, with drawdowns made between 2010 and April 2013 (€120,000).

In some cases, such as if the Company were to cease to comply with the repayment schedule in the agreements for the repayable advances, it could be required to repay the advances early. This situation could force the Company to seek alternative funding solutions or postpone or terminate some of its research and development projects, which could have an adverse material effect on the Company, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.8.6. Interest rate risk

The Group's exposure to interest rates pertains to short-term investments and financial debts.

The short-term investments comprise term deposits with fixed interest rates. The change in interest rates therefore has no impact on the rate of return on these investments or the cash flows generated.

All the Group's debt obligations are fixed rate, with the exception of the €15 million TEVA bond issue for which the rate is Euribor +10% (see section 22.4.1 of this *document de base*). These are therefore the only repayments subject to interest rate risk.

Any change of +/- 5% in Euribor would not have a material impact on the Group's pre-tax profit (loss). No hedging instrument has therefore been put in place.

The Group does not take out financial instruments for speculative purposes.

Consequently, the Group considers its exposure to interest rate risk immaterial.

4.8.7. Currency risk

The Group prepares its accounts in euros and uses this currency in its day-to-day operations.

The Group's currency risk is immaterial given its current stage of development. The Group has no automatic full or partial backing.

The Group is exposed to currency risk, especially changes in the euro/US dollar exchange rate in light of (i) the consolidated net position of the US subsidiary (MedinCell Corporation), which is currently experiencing reduced research and development activity, (ii) debts in foreign currencies including the dollar loan, and (iii) the billing of certain accrued milestones. As of March 31, 2018, the dollar loan from MedPharMex was classified as a liability for the Company, in the amount of €811,622 (US$1 million).

The impact of a change in the euro/US dollar exchange rate of +/- 10% on the net position and the consolidated net income of the US subsidiary (MedinCell Corporation) for the two reporting periods is set out below:

(In € thousands)	March 31, 2018		March 31, 2017	
Change in €/$ exchange rate	Net equity	Net income	Net equity	Net income
+10%	(20)	(26)	(97)	47
-10%	19	26	95	(48)

Although the Group intends to favor the euro as its currency for the purpose of its contracts, it is not always able to do so. Accordingly, some of the contracts mentioned in Chapter 22, "Major contracts" of this *document de base* provide for payment in US dollars. The number and value of contracts denominated in US dollars could increase due to the development of new products by the Company and their marketing in new markets. Such expansion would incur greater exposure to currency risk. Consequently, the Group would be exposed to risks of exchange rate fluctuations between the euro and the currencies in question – including the US dollar – which could have an adverse material effect on the Group, its business, its prospects, its ability to achieve its objectives, its financial position, its performance and/or its development.

4.8.8. Credit risk

The Group applies conservative management of its available cash.

As of March 31, 2018, the Group had cash and cash equivalents amounting to €8,791k compared with €3,824k as of March 31, 2017.

The Group has not taken out financial instruments for the purpose of hedging credit risk.

Credit risk is linked to deposits with banks and financial institutions; the Group invests its cash with tier-one financial institutions and, consequently, does not incur any credit risk on its cash.

4.8.9. Dilution risk

Since it was founded, the Company has issued and allocated stock warrants (SWs) and founders' stock warrants (FSWs), representing a total potential dilution of 2.88% on an undiluted basis as of the date of this *document de base* (see section 21.1 of this *document de base*).

The Company has also issued convertible bonds (CBs). In accordance with the terms and conditions of the Seventure convertible bonds, the BNP Paribas Développement convertible bonds and the CM-CIC Innovation convertible bonds, these will be subject to compulsory early repayment if the IPO takes place before their maturity date.

These convertible bonds will therefore be automatically and necessarily converted to stock in the event and as of the date that the IPO takes place. The resulting potential dilution will therefore depend on the IPO price.

Under its incentive policy for executives and employees and in order to attract additional skills, in future the Company may also issue or allot shares or new financial instruments giving access to the Company's capital that could result in additional, potentially material, dilution for current and future shareholders of the Company. The dilution could cause the Company's stock price to fall (see section 21.1.5 of this *document de base*).

Furthermore, the Extraordinary General Meeting of Shareholders of June 28, 2018 delegated powers to the Executive Board to increase the capital and/or issue transferable securities giving access to the

capital on one or more occasions; details (including how the issue price is arrived at, and any discounts) are given in section 21.1.5 of this document.

4.8.10. Equity and financial instrument risk

As of the date of this *document de base*, the Company did not hold any equity interests in listed companies and was therefore not exposed to equity risk.

4.8.11. Risks related to asset pledges

As of the registration date of the *document de base*, the business capital of the Company was subject to pledges.

By private agreement dated July 3, 2014, the business capital of the Company was pledged for a debt of €336,000 in favor of Banque Populaire du Sud (Record No. 586 of July 11, 2014).

By private instrument dated February 24, 2016, the business capital of the Company was pledged for a debt of €402,500 in favor of BNP Paribas. This registration is *pari passu* with Record No. 349 below (registration dated March 8, 2016 no. 191).

By private instrument dated April 11, 2016, the business capital of the Company was pledged for a debt of €420,000 in favor of Banque Populaire du Sud. This registration is *pari passu* with Record No. 191 above (Record No. 349 of April 28, 2016).

By private instrument dated August 2, 2016, the business capital of the Company was pledged for a debt of €15,000,000 in favor of TEVA Pharmaceuticals International GmbH, a company under Swiss law located at Schlüsselsstrasse 12, 8645 Jona, Switzerland (Record No. 652 of August 9, 2016).

Furthermore, a pledge on certain industrial property rights of the Company was granted under a private instrument dated August 2, 2016 in favor of TEVA Pharmaceuticals International GmbH. In the event of a realization of this pledge by TEVA, the Company could continue to use the Pledged Intellectual Property Rights without affecting the Company's ability to develop and market therapeutic products under other programs.

In the event of default by the Company pursuant to the terms of the contracts and obligations outlined above, one or more of these pledges could be enforced by the Company's creditors, which could have an adverse material effect on the Company, its business, its outlook, its ability to achieve its objectives, its financial position, performance and/or development.

4.9. Risks associated with judicial and administrative proceedings/Exceptional events

As of the date of this *document de base*, there are no government, judicial or arbitration proceedings, including any proceedings that are pending or threatened of which the Company is aware, that are likely to have material effects on the Company, its business, its prospects, its ability to achieve its objectives, its financial position and/or its development, or that have had such effects during the last 12 months. In the normal course of their business, Group companies may be involved in a number of judicial, administrative, criminal or arbitral proceedings, particularly in terms of civil liability, competition, intellectual property, taxation, industrial or environmental matters. Monetary claims for substantial amounts are or may be made against one or more Group companies in connection with some of these proceedings. Any corresponding provisions that the Group may be required to record in its financial statements may not be sufficient. In addition, it cannot be ruled out that in future, new proceedings, whether connected or not with proceedings in progress, may be brought against a Group

company in relation to risks identified by the Group or to new risks. If these proceedings are lost, they could thus have a significant adverse effect on the Group's business, performance, financial position and prospects.

4.10. Insurance and risk cover of the Company

4.10.1. Risks linked to insurance cover

The Company cannot guarantee that it will always be able to maintain and, where necessary, to obtain, at any time, insurance cover that allows it to respond to liability actions that could be taken against it or to respond to an unexpected or exceptional situation. If its liability were to be challenged in this way, and if the Company were to be unable to arrange insurance cover or to maintain such cover at an acceptable cost or if its insurance cover were to prove insufficient in responding to any claims, this could have a significant adverse effect on the Company's business, its prospects, its ability to achieve its objectives, its financial position, its results and/or its development.

4.10.2. Table of insurance policies taken out by the Company

Insurance policy taken out/Risks covered	Insurer	Annual insurance premium (excluding fees and taxes)	Amount of insurance cover	Expiration
Third-party liability (Territorial extent: world, with the exception of complaints based directly or indirectly on misconduct at the subsidiaries or participating interests registered in the United States or Canada)	AIG ASSURANCE	€11,900	Capped at €3,000,000 per insurance period Sub-limits: - Cover for "*Damage to reputation*": €100,000 per insurance period - Cover for "Consultancy and communication fees in the event of extradition": €50,000 per insurance period - Cover for "*Support costs for restrictive measures on property*": €60,000 per individual insured; capped at €200,000; - Cover for "Preventing financial difficulties for the company": €30,000 per insurance period - Cover for "*Attorney fees in relation to a court-ordered liquidation*": €50,000 per insurance period	11/9/2018

Insurance policy taken out/Risks covered	Insurer	Annual insurance premium (excluding fees and taxes)	Amount of insurance cover	Expiration
Third-party liability – IPO of MedinCell on the Euronext Paris market (Territorial extent: world)	AIG ASSURANCE	€25,520	Capped at €3,000,000 per insurance period Sub-limits: - Cover for "Damage to reputation": €100,000 per insurance period - Cover for "Psychological support": €50,000 per insurance period - Cover for "Force majeure event": €50,000 per insurance period - Cover for "Crisis management": €100,000 per insurance period - Cover for "Protection of personal data": €50,000 per insurance period	1/23/2019
Damage to property – Operating Losses and Financial Losses Laboratory equipment/Facilities/IT/Buildings/Rental risks/Equipment, furniture, fixtures and fittings/Claims by neighbors and third parties/Electrical damage/Glass breakage/Damage to machinery/Damage to IT and office equipment	CHUBB INSURANCE	€5,476.17	Main caps: - Laboratory equipment: €1,295,999 - Buildings/Tenant risks: €980,000 - Equipment, furniture, fixtures and fittings: €2,639,711 - Claims by neighbors and third parties: €1,000,000	7/19/2017, automatic renewable

5. INFORMATION ABOUT THE ISSUER

5.1. History and development of the Company

5.1.1. Legal name of the Company

The Company's legal name is: MedinCell S.A.

5.1.2. Place of registration of the Company and registration number

The Company is registered with the Montpellier Trade and Companies Register under number 444 606 750.

The NAF industry code for the Company is 7219Z.

5.1.3. Date of incorporation and term

The Company was incorporated on January 9, 2003 for a term of 99 years expiring on January 8, 2102, except in the event of early dissolution or extension.

5.1.4. Registered office of the Company, legal form and applicable legislation

The Company's registered office is located at:

3 rue des Frères Lumière – 34380 JACOU, France

Telephone: +33 (0) 4 67 02 13 67

Website: www.medincell.com

The Company is a limited company with Executive and Supervisory Boards.

The Company's fiscal year ends on March 31 each year.

The Company is governed by French law and its operation is primarily subject to Articles L. 225-1 et seq. of the French Commercial Code.

5.1.5. History of the Group

2003-2009
Creation of the Company and development and validation of the BEPO® technology under the leadership of Anh Nguyen.

2009-2013
Arrival of Christophe Douat and initial scientific collaborations in human health based on BEPO® technology.

2013
Signature of a multi-product partnership agreement between the Company and TEVA and launch of the formulation of an initial product to treat schizophrenia (mdc-IRM).

2015
Launch of the formulation of a second (mdc-TJK) and third product (mdc-ANG) to treat schizophrenia, in partnership with TEVA.

Creation of the CM Biomaterials B.V. joint-venture to manufacture polymers between the Company and Corbion.

2016
Signing of a cooperation and licensing agreement with Arthritis innovation Corporation ("**AIC**") and launch of the formulation of an initial product, in partnership with AIC, to manage postoperative pain and inflammation in knee replacement surgery, as part of the program.

Grant of the key patent for the BEPO® technology in the United States.

First human injection of a BEPO® product as part of the schizophrenia program in partnership with TEVA (mdc-IRM) (pilot clinical phase in Great Britain).

Move to the new premises at 3 rue des Frères Lumière in Jacou.

Signing of a €15 million bond financing agreement with TEVA.

Start of Phase I clinical trials in the United States for the schizophrenia program in partnership with TEVA (mdc-IRM).

2017
Kick-off of activities to formulate the first products developed in-house, in the areas of anesthesia, pain and organ transplant.

Grant in Europe of the main patent for the BEPO® technology.

CM-CIC Innovation takes an equity stake in the Company with the buyback of securities from existing shareholders.

Signature by the Company of a collaboration agreement with the Bill & Melinda Gates Foundation to develop long-acting contraceptives for developing countries (mdc-WWM).

Issue of convertible bonds by the Company in favor of funds managed by Seventure Partners.

2018
Launch of preclinical studies on the mdc-TJK schizophrenia program, in partnership with TEVA.

Signing of a financing contract with the BEI for in-house formulation and product development.

Launch in the United States of the Phase III study on the mdc-IRM schizophrenia program, in partnership with TEVA.

Launch of the Phase II study in the United States on the mdc-CWM program to manage postoperative pain and inflammation in knee replacement surgery, in partnership with AIC.

Issue of convertible bonds by the Company in favor of BNP Paribas Développement and CM-CIC Innovation.

5.2. Investments

The following discussion should be read in conjunction with the entirety of this *document de base* and in particular, with the Group's consolidated financial statements for the fiscal years ended March 31, 2017 and March 31, 2018 as set out in section 20.1 of this document. The Group's consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements for fiscal years ended March 31, 2017 and March 31, 2018 were audited by the Company's Statutory Auditors, PricewaterhouseCoopers Audit and Becouze. The Statutory Auditors' reports are set out in section 20.4.1 of this *document de base*.

5.2.1. Main capital expenditures over the last two years

The main capital expenditure amounts over the last two years are as follows (see also section 10.2.2 of this *document de base*):

Consolidated financial statements, IFRS (in thousands of euros)	March 31, 2018	March 31, 2017
Intangible assets	630	485
Property, plant and equipment	794	1,346
Non-current financial assets	4,483	2,560
TOTAL	**5,907**	**4,391**

Fiscal year ended March 31, 2017

Intangible assets pertain to:

- expenditure of €202k related to the international extension of the Company's patents; and
- €283k of assets under construction for the creation of a prototype to improve formulation analyses and automatic characterization of release. This prototype was used during the previous year and is expected to deliver future economic advantages in terms of productivity and reliability of data.

Property, plant and equipment relate to capital expenditure intended to support and maximize the Group's growth. They include:

- The development of the new building including a lab with an analysis room and controlled atmosphere rooms for a total of €676k;
- €80k for the purchase of hardware linked to the increase in the workforce; and lastly
- €568k of property, plant and equipment under construction relating to the creation of new rooms in the labs.

Fiscal year ended March 31, 2018

Intangible assets pertain to:

- expenditure of €308k related to the international extension of the Company's patents; and

- €322k of assets under construction for the creation of a prototype to improve formulation analyses and automatic characterization of release, as already discussed above for fiscal year ended March 31, 2017.

Property, plant and equipment consist of the development of new rooms in the lab, including a new controlled atmosphere room, lab equipment and the purchase of hardware relating primarily to server and data security. The total includes the restatement of finance leases relating to lab analysis instruments for €236k.

The increase in non-current financial assets relates to, (i) €2,324k for the portion due in more than one year of deposits to the endowment fund invested in bonds, pledged as collateral for a loan, (ii) a reduction of €848k in investments in general funds and (iii) €442k for the portion of the CIR amount for the first quarter of 2018 due in more than one year, to be received at the start of 2020.

5.2.2. Main investments in progress

As of March 31, 2018, there were no material investments in progress.

5.2.3. Main investments planned

As of the date of this *document de base*, the Company does not intend to make any material investments in the next few years for which the Company's management bodies have made firm commitments.

6. OVERVIEW OF BUSINESS ACTIVITIES

MedinCell is a technological pharmaceutical company that is developing a portfolio of long-acting injectables. With its 110 employees, it aims to improve the efficiency of medical treatments for all types of markets and populations. Its two most advanced products, which address the treatment of schizophrenia and postoperative orthopedic pain, are respectively in Phase III and Phase II clinical studies in the United States. Its seven other programs in development or formulation research target different therapeutic areas (depression, chronic pain, contraception, etc.) in which the Company believes patented proprietary BEPO® technology is likely to be a game changer.

The products developed by MedinCell use APIs present in drugs that are already marketed (whose efficacy and safety are known and documented). They therefore combine the relatively low risk of reformulating a known drug with the significant commercial potential of a new treatment.

For the development and manufacture of its products, MedinCell collaborates with leading partners, such as TEVA Pharmaceuticals, AIC, The Bill & Melinda Gates Foundation and Corbion.

The Company and its partners are currently focusing on the clinical development of their most advanced products in the United States where they plan to obtain the first regulatory marketing approvals. Generally, the Company and its partners plan to target other geographical areas, in addition to the United States and to the extent that it would be relevant from the medical and economic viewpoint, especially Europe and Japan, as well as developing countries. Some programs developed by the Company target developing countries as a priority.

6.1. General presentation

General presentation

The BEPO® technology allows controlled delivery of an API for a specified period of several days, weeks or months from a single injection, either subcutaneous for systemic action or local for a targeted action.

A long-acting subcutaneous injection is an alternative to conventional methods for drug administration, often oral. It seeks to increase the efficiency of treatments by improving adherence, a major issue in health on the global scale. The WHO estimates that one patient in two does not start or does not continue to follow their treatment and that adherence improvement would have a greater impact than any improvement in specific medical treatments[1].

A local long-acting injection allows an API (active pharmaceutical ingredient) to be administered directly into the targeted area, for example intra-articular or perineural, particularly in the context of surgical procedures. The objective is to significantly reduce the quantity of drugs relative to what would have been administered systemically to achieve the same effect while limiting side effects.

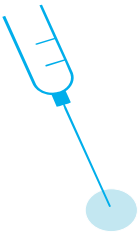
During the injection, the BEPO® technology forms a polymer depot a few millimeters in size under the skin or locally that diffuses the API, and which is then resorbed by the body over the desired period of time, like a mini pump that is injectable and bioresorbable.

[1] World Health Organization: Adherence to Long-Term Therapies, Evidence for Actions (2003)

Product formulation

Each formulation contains

- Patented polymers
- A hydrophilic solvent
- The API



Subcutaneous or local injection

A depot is formed at the time of the injection

Controlled release

The API is diffused steadily until the depot disappears completely.

Given existing long-acting injectable technologies, the Company believes that its BEPO® technology has significant advantages for the development, marketing and use of its products, including:

- Controlling delivery: the Company's expertise in the design of BEPO® allows it to develop specific polymers for each of the products it develops, allowing the best optimization of API delivery (control of the profile and duration of delivery, from several days to several months),

- Subcutaneous or localized administration: the BEPO® technology allows the administration of an active ingredient by subcutaneous injection, simpler, less painful and more easily reversible (the subcutaneous depot can be seen by imaging and possibly removed) than administration by intramuscular injection. The BEPO® technology also permits localized administration of an active ingredient for targeted efficacy and reduction of systemic adverse reactions,

- Rapid formulation: MedinCell's know-how allows it to formulate its product candidates generally in fewer than 24 months, before the start of the preclinical and clinical development phases,

- Control of production costs: controlled production costs of the BEPO® technology could help to treat a maximum number of patients, including in developing countries where there is a significant potential for growth for the pharmaceutical industry,

- Solid intellectual property: the Company's intellectual property is protected until at least 2033 in the United States, and has been the subject of numerous evaluations on the part of the Company's partners, and

- Controlled industrialization: industrial facilities for BEPO® polymer production, set up through the CM Biomaterials B.V. joint-venture (fully consolidated until the end of fiscal year 2017-2018 and for which the Company now expects to account using the equity method from the current year ending March 31, 2019) in collaboration with the Corbion Company, a recognized player in the manufacture of polymers for the pharmaceutical industry, are already sized for commercial phases.

All the products developed by the Company use APIs present in drugs that are already marketed and off-patent. Their efficacy and safety are therefore known and documented. The chances of success are thus different from those of a new drug molecule for which there are currently no complete

efficacy or safety data. Costs and development time can also be reduced thanks to simplified regulatory processes, notably 505(b)2 in the United States, which could help to avoid or facilitate certain clinical phases. The Company believes that its products could have a real therapeutic benefit for patients and thus present significant commercial prospects. These are routinely evaluated in market studies conducted by external experts of clinicians and payers to value the contribution of long-acting injectables for the targeted indications.

The BEPO® technology and its manufacturing process were designed to help develop new treatments in many indications and on a large scale, potentially allowing markets in both developed and emerging countries to be addressed. The latter are a significant part of the prospects for growth in the coming years for the pharmaceutical industry globally.

The Company develops its drugs alone or in partnership. The most advanced product, in collaboration with TEVA, is in Phase III of its clinical development in the United States, the final stage before marketing. The BEPO® patented polymers are produced by Corbion (CRBN – listed company on Euronext Amsterdam), a Dutch leader in the production of biomedical polymers, with which the Company has created a joint-venture in August 2015. They currently have the capacity to provide BEPO® polymers in commercial quantities to Good Manufacturing Practice (GMP) standards.

Besides, it is pointed out that as of the date of this *document de base*, the Company is not yet generating turnover from product sales. Its historical sales mainly consist of invoicing for formulation services and milestone payments, as provided for by a number of agreements signed with partners (see Chapter 22, "Major contracts" of this *document de base*) and does not represent future sales from products. In accordance with product development cycles and depending on the financial parameters implemented in the context of partnerships, the Company's turnover could vary significantly from one year to another until the first products are marketed.

During the development phase in progress, the main indicators tracked by the Company for its business activity are available cash and value creation estimated through the number of products and their respective stage of maturity.

History of the Company

Development and validation: 2003–2009

Years dedicated to the maturation of the BEPO® technology, now patented in many countries including the United States, Europe and China.

Expansion: 2009–2017

In 2009, the Company started collaborating with pharmaceutical partners in the field of human health. The Company notably signed a major agreement with TEVA in 2013 for products development, and three products are currently in development or in formulation research.

Until the end of 2017, the Company deliberately financed its activities mainly via its industrial collaborations. This unique model allowed it to maintain a certain financial independence and fulfill its mission to significantly improve the efficiency of medical treatments for all types of markets and populations while allowing it to share the value created with its employees, and current and future shareholders. The Company is more than 50% owned by active employees. During this period, the Company received support from BPI through several innovation loans as well as support from its partner, TEVA, who loaned it €15 million in 2016 to finance its own product development and R&D activities.

From the second half of 2017, the Company considered that its stage of maturity justified entering into financial partnerships to accelerate its growth. It is now supported by CM-CIC Innovation, Seventure Partners (a subsidiary of Natixis Investment Managers / BPCE Group), and BNP Paribas Développement.

In March 2018, BEI provided its support in the form of a loan of €20 million, of which a first tranche of €7.5 million was collected in June 2018.

Growth from 2017 onwards

As of 2017, the Company has initiated a new stage of growth, which is reflected by the expansion of its product portfolio. The Company is structured to:

- identify the opportunities offered by long-acting injectable treatments, notably via its BEPO® technology, in new therapeutic indications, extensively testing and validating drug molecules in the laboratory with the goal of filing at least one application for authorization to start clinical trials (IND/CTA) for a new product each year;

- initiate a growing number of programs through its own resources, beyond the initial formulation research phase (potentially up to marketing).

The Company recently received the Occitanie Regional Innovation Prize. The Company was voted the most creative SME in France as part of the RMC-BFM “Trophée Bougeons-Nous” (“Let’s get moving” Award) and is one of a small number of French companies holding the BPI Pass French Tech label.

Portfolio of products in development or formulation research

The Company currently has nine products in development or in formulation research in its portfolio:

- ***Three products in clinical and preclinical development***

One product based on risperidone, in Phase III clinical studies (FDA) in schizophrenia, in partnership with TEVA (subcutaneous injections). The company believes that this product could present more advantages relative to the currently available long-acting injectable antipsychotics, which represented a turnover of USD 4.4 billion in 2017 with an average growth rate of 21% per year over the last 5 years (see Section 6.5.3 of this *document de base*), in particular:

- An administration by subcutaneous injection, simpler, less painful and more easily reversible (the subcutaneous depot can be seen by imaging and possibly removed) than currently available intramuscular injection,
- Significantly lower injection volumes than those of currently available products to limit side effects,
- Doses and durations of action adapted to the needs of practitioners (1 month and 2 months),
- Ease of use: the product does not need to be reconstituted before use.

One product injected locally and based on celecoxib, in Phase II (FDA) clinical studies in the treatment of pain, in partnership with AIC (a company created by North American surgeons), which could represent a potential market of more than three million patients in the United States by 2030 when the product is marketed on the basis of current projections (refer to Section 6.6.1).

A product in preclinical phase in schizophrenia, in partnership with TEVA (subcutaneous injection) based on a drug molecule other than risperidone and which could target patients other than those of mdc-IRM.

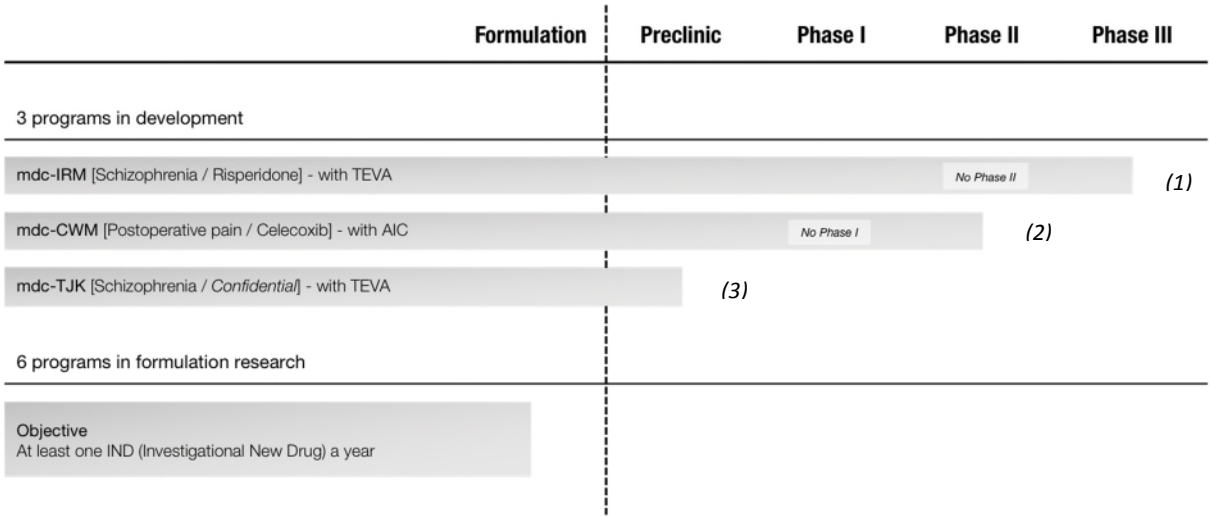
- ***Six products in formulation research***

A contraception program in partnership with the Bill & Melinda Gates Foundation, administrated by subcutaneous injection,

Five other programs in therapeutic areas such as the central nervous system, pain or organ transplantation, including the third product developed in partnership with TEVA.

The programs, for which a final formulation is not yet available, present variable levels of risk depending on their technical, medical and regulatory complexities, the financial investments that they represent and their ability to be licensed to a partner.

Portfolio of MedinCell products



(*1) Start of Phase III for the mdc-IRM product in April 2018*

(2) Start of Phase II for the mdc-CWM product in May 2018

(3) Start of the preclinical phase for the mdc-TJK product in March 2018

The Company believes that Phase III clinical studies for the mdc-IRM product could last up to 24 months. After the Phase III study and in the event of positive results, the Company's partner should file a Marketing Authorization (MA) with the FDA in order to commercialize the mdc-IRM product in the United States.

The efficacy data from the Phase II clinical study for the mdc-CWM product are expected in the first half of 2019 and could, depending on the data obtained, either lead to the initiation of a Phase IIb clinical study to establish the appropriate dose, or allow direct initiation of a Phase III clinical study, the last step before the MA application. In the latter case, marketing of the mdc-CWM product could be anticipated as early as 2021.

Depending on the results of the preclinical and clinical studies currently underway, a Phase I clinical study for the mdc-TJK product could be initiated in the first half of 2019.

By the summer of 2019, the Company, alone or in partnership, could also start preclinical studies for two products currently in the formulation research phase.

Generally, and given the potential of its BEPO® technology, the Company plans to broaden its portfolio of products presented below, alone or in partnership, by filing at least one application for authorization to start clinical trials (IND/CTA) for a new product each year.

Indicative timetable for the principle upcoming development steps on the MedinCell product portfolio

Schizophrenia		1st half of 2019	2nd half of 2019	1st half of 2020
mdc-IRM	API: Risperidone Current status: Phase III in the United States (start in 2nd quarter of 2018)		Phase III Interim results	Phase III Final results
mdc-TJK	API: *Confidential* Current status: Preclinical launch in the first quarter of 2018	Launch of Phase I		
mdc-ANG	API: *Confidential* Current status: Formulation research	Preclinical launch		Launch of Phase I

Expanding the product portfolio *(Most advanced formulation research programs)*		1st half of 2019	2nd half of 2019	1st half of 2020
mdc-CWM	Indication: Pain and inflammation API: Celecoxib	Phase II Final results	Launch of Phase IIb	
mdc-CMV	Indication: Anesthesia and pain API: Ropivacaine	Preclinical launch		Launch of Phase I/II
mdc-WWM	Indication: contraception API: 2 Progestin			Preclinical launch

6.2. Competitive advantages

The Company believes it has all the strengths needed to establish itself as a leading technical pharmaceutical group, capable of developing long-acting injectable treatments and making them available to many patients worldwide. These products could conceivably be used across a broad panel of indications, for systemic or local action, and they could increase treatment efficiency, notably via better adherence, improve patient quality of life perceptibly, and be a factor in achieving savings for the different health systems. To allow the rapid development of its products, it relies on its patented BEPO® technology, the use of already-approved APIs and the unique know-how of its high-level team and partners. The Company already possesses a product portfolio covering a number of therapeutic indications, the most advanced ones currently being in the clinical phase in the United States, in the fields of schizophrenia (Phase III) and postoperative orthopedic pain treatment (Phase II).

6.2.1. A team in alignment with a common vision

Since the creation of the Company in 2003, the know-how and strong involvement of its employees have been essential elements in the Company's development. Its 110 employees, representing around thirty nationalities, have a large shareholding in the Company and share a common ambition: to have a real and positive impact on global health.

All of the Company's employees are able to become shareholders as soon as they start working at MedinCell. In this way, they become real partners, they are strongly involved, and their interests are clearly aligned with those of the Company. The desire to involve employees with the Company's success from the beginning has led to the development of a dynamic entrepreneurial culture at all levels of the business in the service of operational effectiveness.

To attract new talent, maintain motivation and ensure the alignment of its team, the Company has developed several incentive programs for all its employees (bonuses, profit-sharing, equity incentive programs, etc.), mainly collective and equitable in nature.

In addition to its employees, the Company relies on a network of high-level specialists in different fields relating to its activities (toxicology, drug production, polymer manufacture, market access, etc.).

The Company continuously collaborates with internationally-recognized physicians and surgeons for the identification of unmet medical needs for which its BEPO® technology may provide benefits. These partners actively participate in defining the specifications for target products and the development activities for these products.

6.2.2. The opportunity for long-acting injectables

The Company is developing a new generation of long-acting injectables in a number of therapeutic areas, positioning itself in markets with a strong potential, given the advantages of these devices.

A single injection for several days to several months of action

Replacing regular drug administration, generally orally, by a single subcutaneous or local injection (intra-articular or perineural, for example), new generations of long-acting injectables allow a therapeutic action that can range from several days to several months, depending on the targeted objective.

More efficient treatments

Reformulating APIs that have already demonstrated their efficacy, these new treatments allow more efficient patient management. In particular, they guarantee that the drug is actually taken and delivered optimally and regularly. Administered subcutaneously or locally, they act in a targeted manner, notably sparing the digestive tract. They can also allow the quantity of API necessary to be reduced, thereby limiting the side effects.

An economic opportunity for health systems

Beyond improving patient quality of life, long-acting injectables also potentially offer significant savings for the different health systems. Their increased efficiency helps to improve adherence and reduce costs related to, inter alia, the management of relapses, worsening of the disease, re-hospitalizations, treatment extensions or occupational disabilities generally associated with poor treatment adherence.

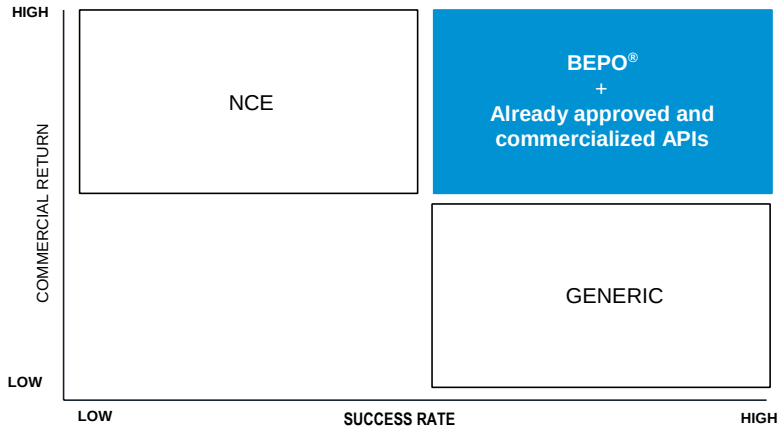
More accessible treatments

Long-acting injectables may also be an effective solution for developing care access in emerging countries, particularly when they can be produced at low cost, which the BEPO® technology aims to achieve. They are particularly suited to countries where the drug distribution network is not developed and where physicians, hospitals and nursing staff play a key role in treatment access. The Company is currently collaborating with the Bill & Melinda Gates Foundation in the development of a long-acting injectable contraceptive for humanitarian purposes (see Section 22.2 of this *document de base*).

6.2.3. A portfolio of products with a very attractive risk/benefit profile

The Company believes that the development of long-acting injectables using APIs present in drugs that are already marketed (and whose efficacy and safety are known and documented) offers an attractive risk/benefit profile. This product category makes it possible to combine the relatively low risk of reformulating a known drug with the significant commercial potential of a new drug by a significant increase in treatment efficiency relative to existing forms. The use of already-approved and off-patent APIs may reduce product costs and development times via simplified regulatory processes such as 505(b)2 in the United States, which reduces the burden of certain regulatory clinical phases (refer to Section 6.10 of this *document de base*).

Risk vs. benefit profile of MedinCell products



6.2.4. Three products currently in development, the most advanced of which is in Phase III in partnership with TEVA

The Company has three products in development including two products in clinical study phases in the United States:

- The mdc-IRM product, which entered into a Phase III clinical study (FDA) in April 2018 for schizophrenia treatment, in partnership with TEVA (subcutaneous injection),

- The mdc-CWM product, which entered into a Phase II clinical study (FDA) in May 2018 in the treatment of postoperative orthopedic pain, in partnership with AIC (local injection).

The Company also has a product in the preclinical development phase in its portfolio, mdc-TJK, and six other products in formulation research in various therapeutic areas.

Development of a range of products for schizophrenia treatment with TEVA

Long-acting injectables offer recognized advantages in the treatment of mental illness, an area in which adherence is a major issue. This is especially the case for schizophrenia, which affects more than 23 million people globally[2] and which, in the United States alone, represents 20% of all hospital stays measured in hospital days[3] and an estimated economic excess cost of USD 134.4 billion to USD 174.3 billion per year[4]. The long-acting injectable antipsychotic market was USD 4.4 billion in 2017, showing an annual increase of 20%[5].

TEVA and the Company worked together in 2013 to develop subcutaneous injectable versions, with a duration of action of one month and two months, of risperidone, one of the most widely-used antipsychotics in the world. This product, mdc-IRM, is the first of a broader range currently in formulation research and development for schizophrenia treatment. In 2016, mdc-IRM was the

[2] World Health Organization: http://www.who.int/mediacentre/factsheets/fs397/fr/

[3] Comprehensive understanding of schizophrenia and its treatment, Maguire GA : https://www.ncbi.nlm.nih.gov/pubmed/12227084

[4] The Economic burden of schizophrenia in the United States in 2013, Analysis Group, Otsuka, Lundbeck LLC – 2016: https://www.ncbi.nlm.nih.gov/pubmed/27135986

[5] IMS sales data - MIDAS

subject of a Phase I pilot study in Great Britain in 59 healthy volunteers, then in 2017, a regulatory Phase I study in the United States in 99 patients diagnosed with schizophrenia, which allowed product safety and target dosages to be validated. Benefiting from an accelerated regulatory process (505(b)2), mdc-IRM is currently in a Phase III clinical study in the United States in 417 patients, the last stage before marketing. The second product developed in collaboration with TEVA for the treatment of schizophrenia, mdc-TJK, is currently in the preclinical study phase.

TEVA is a recognized pharmaceutical player in central nervous system disorder treatments, combining generic and originator drug development capacities, and benefiting from a strong commercial presence in the United States, which represents nearly 75% of the global antipsychotics market[6]; it is an ideal partner for the Company for mdc-IRM. The collaboration with the Company for this product, as well as for two other products, was confirmed in March 2018 by TEVA's new management team following a major strategic reorganization implemented in late 2017. The agreement with TEVA includes covering development costs associated with these products, the payment of milestones as the different products are being developed (some of which have already been paid), and also the payment of royalties and marketing milestones once they are marketed.

[6] IMS sales data - MIDAS

A broad portfolio of products

The Company's second most advanced product, mdc-CWM, which was developed in collaboration with AIC, is currently in Phase II in the United States. It is a new formulation of celecoxib, injectable into the intra-articular space during total knee arthroplasty surgery, with the goal of significantly reducing postoperative pain and inflammation.

The Company also has six products in its portfolio in the formulation research or preclinical study phase, in the following therapeutic areas: pain, the central nervous system, anesthesia/analgesia, contraception and organ transplantation.

Among these, the mdc-WWM program aims to develop an injectable contraceptive that remains active for six months and is bioresorbable, intended particularly for developing countries. It is supported by the Bill and Melinda Gates Foundation, which provided funding of USD 3.5 million to the Company in support of the formulation research stage.

6.2.5. BEPO®, a flexible technology with significant competitive advantages

The flexibility of the BEPO® technology means that the deployment of long-acting injectables can be envisaged in many therapeutic areas. In addition to the benefit of this type of treatment compared to the regular administration of tablets in regard to therapeutic adherence and toxicity, notably as described in Section 6.2.2 of this *document de base*, the BEPO® technology offers other significant advantages for the development, marketing and use of products.

Superior control of API delivery

The MedinCell team has expertise in the design of the polymers that are used in the composition of the products it develops, each formulation being unique. This know-how allows it to calibrate and control the duration of action of each treatment as well as the dose, which is delivered continuously and optimally within the therapeutic window. This also helps to avoid the "burst" at the time of injection, that is to say the initial concentration peak of the API that could lead to adverse reactions, while guaranteeing that the product acts immediately by delivering the right dose of API. The BEPO® technology also makes it possible to adjust the viscosity of the product and minimize the injection volume necessary for treatment.

The product stability also helps to limit as much as possible, or even to eliminate, reconstitution procedures prior to product injection, which avoids any handling errors by medical staff and shortens the time necessary for the injection procedure.

Subcutaneous or localized administration

The product intended to form a depot that will be resorbed completely can be administered either subcutaneously or in a localized manner, into a joint or around a nerve, for example.

Subcutaneous administration allows a systemic effect, i.e., the API passes through the bloodstream to treat the patient. In this scenario, the digestive tract is spared, which avoids API loss that is inherent to oral drug administration. In particular, this helps to reduce the quantity of API needed, thereby limiting the possible side effects. Moreover, a subcutaneous depot can be visualized using ultrasound, which in some cases, and if necessary, would allow it to be easily removed (contrary to intramuscular injections, currently the most widespread administration method in the long-acting injectable market).

A local, long-acting injection allows the API to be administered in a precise location, for example around a nerve or into a joint, for a targeted treatment. Once again, the objective is to significantly reduce the quantity of API relative to what it would have been necessary to take systemically (by injection or orally) to have the same effect, thereby limiting the side effects.

Speed of development

The BEPO® technology makes it possible to formulate new products relatively quickly since it generally takes the Company fewer than 24 months to develop a formulation (formulation research phase). The increase in the number of programs also allows the MedinCell team to gain experience in technology control, which allows it to accelerate the formulation research stage without impairing the quality of the process. The Company has also developed an internal microfluidic tool, MC Fluidics, allowing real-time continuous and automatic monitoring of formulations using laboratory testing.

The use of APIs that have already been approved and marketed is also a factor in speed of development, allowing the Company to benefit from accelerated regulatory processes in accessing the market, such as 505(b)2 in the United States. This is especially the case with the mdc-IRM and mdc-CWM products.

Control of production costs

Other than the API, the ingredients used in the product composition consist of polymers and a solvent. Although the choice of combinations among the millions of possibilities is complex, these components are widely available and their production costs are relatively low. This is an essential characteristic of the BEPO® technology, which was developed with the aim of being able to guarantee the accessibility of quality treatments to a maximum number of patients. It is a potential answer to the inflated healthcare expenditure in developed countries like France, where it has risen from 2.5 to 9 GDP percentage points between 1950 and 2015[7], and a mean for treating a maximum number of patients, including in developing countries, where there is a significant potential for growth in the pharmaceutical industry.

Intellectual Property

The BEPO® technology is protected by patents belonging exclusively to the Company and these have already been granted until 2033 in the United States and until 2031 in Europe and China. Each product developed by the Company, alone or in partnership, can, depending on the case and the country, be subject to specific patents. These particularly concern the combination of the BEPO® technology with a particular API, or even a new treatment method made possible by a product.

The Company's patents have been subjected to numerous evaluations, on the part of its partners in particular, and especially TEVA, who is engaged in the development of a number of products alongside the Company.

The Company's strategy includes broadening its patent portfolio by extending the BEPO® technology, with the aim of making it compatible with a maximum number of therapeutic drug molecules with particular physicochemical properties and improving drug delivery control.

[7] Ministry of Health (2017)

The know-how and intellectual property specific to the production of BEPO® polymers is also controlled by the Company via its joint-venture, CM Biomaterials B.V., thus limiting the risk of its products being copied beyond the lifetime of its patents.

6.2.6. MedinCell is already structured for growth

Adaptation of the financing model to the company's maturity

Since the creation of the Company, its teams have been able to demonstrate adaptability in financing the development of the BEPO® technology, especially via prestigious collaborations and partnerships. Indeed, the Company has successfully built strong and lasting relationships with recognized partners such as TEVA, the Bill and Melinda Gates Foundation, Corbion, AIC, and others. The Company is thus able to keep its mission intact, while creating a broad portfolio of high-potential products, the most advanced of which are already in clinical phases II and III.

In order to finance and accelerate its growth, the Company has undertaken several financing operations since the summer of 2016, demonstrating the confidence of its renowned partners and investors. Thus, the Company has entered into a first bond financing with TEVA in 2016, and, as of October 2017, has issued bonds redeemable in ordinary shares of the Company with CM-CIC Innovation, Seventure Partners and BNP Paribas Développement for a total amount of approximately €7.2 million. These convertible bonds do not bear interest and will be subject to mandatory early repayment in the event that an IPO takes place before their maturity date (see Section 21.1.2 of this *document de base*).

The Company also received the support of the EIB in March 2018 in the form of a loan of €20 million (see Section 22.4.2 of this *document de base*).

This financing has allowed the Company to start formulation research for several new products internally, to broaden the capacities of the BEPO® technology and to develop its skills internally.

Loan for industrialization

As another aspect of its maturity, the Company created a joint-venture, CM Biomaterials B.V., with Corbion in 2016 (Euronext Amsterdam: CRBN), one of the main global manufacturers and suppliers of biopolymers for the pharmaceutical industry. This collaboration particularly aims to ensure a good transition in terms of quality and quantity between the polymers used during the formulation research phases and those necessary for the clinical development and marketing of the products. This association should also allow the know-how and intellectual property specific to the manufacture of BEPO® polymers to be protected and the costs relating to product development to be reduced.

A structured approach for expanding the portfolio of products in development

With a team that has demonstrated its ability to develop technology with proven potential and a strong network of partners, the Company is now accelerating its development by expanding its product portfolio.

The opportunities offered by long-acting injectables are numerous, and applicable to a broad range of therapeutic areas. Thanks to its versatility, the BEPO® technology allows a large number of drug molecules to be considered. The extension of the technology aims to increase this potential.

In order to develop its product portfolio, the Company is endowed with a tool for identifying the opportunities offered by long-acting injectables. This systematic evaluation process seeks to prioritize programs and minimize the risks before startup of the formulation research phase. Some drug molecules are also selected by considering discussions between the Business Development and Alliances team, and potential or existing partners.

Unmet medical needs in developed and developing countries are identified by the Company's strategic marketing team, which relies on a network of leading international experts. Composed of six people and relying on a privileged partnership with the market access company, GroupH, the team analyses the markets and unaddressed or poorly addressed needs, evaluates the possible impacts and determines the therapeutic objectives of the products (in particular, dose to deliver and duration). Compatible with the BEPO® technology, the selected drug molecules are tested in the laboratory in order to maximize the chances of success when progressing to formulation research.

Extension of the technology

To support the development of its product portfolio, the Company also has a team dedicated to extending the BEPO® technology, working to increase the number of compatible drug molecules, especially among biologics, and broaden the field of possibilities offered (duration of action, dose, etc.).

The Company has also entirely digitized its laboratory and has developed several tools for refining and accelerating the development processes for new products:

- Big Brain, which brings together all the data produced by the Company in order to allow cross-fertilization of all the Company's R&D teams;

- MC Fluidics, which makes it possible to analyze in-vitro tests continuously and in real time. This new tool, developed by the Company and currently being tested at the prototype stage in the Company's laboratory, could help to optimize resources, significantly increasing the number of tests that can be done simultaneously and creating economies of scale.

6.3. Strategy

The reformulation and/or repositioning of pharmaceutical molecules that have already been approved by health authorities and marketed, in combination with the BEPO® technology, allows the Company to develop long-acting injectables with the aim of making treatments more efficient.

The Company believes that these types of product, which have emerged in the past few years with the end of patents protecting numerous APIs, offer an attractive risk/benefit profile, since the efficacy and safety of the drug molecules are already known and documented. Their commercial prospects could therefore prove significant while they have a potentially reduced risk profile and development period.

The Company's strategy is comprised of three phases, implemented successively since 2013:

- The development and marketing of a range of products for treating schizophrenia in partnership with TEVA, with notably:

    (i) mdc-IRM, the Company's most advanced product, currently in Phase III clinical trials in the United States, based on the drug molecule risperidone, for a duration of action of one month and two months;

    (ii) the mdc-TJK product, currently in the preclinical development phase, based on a commonly-used atypical antipsychotic, for which no subcutaneous long-acting injectable version is marketed; and

    (iii) a third potential product, based on another atypical antipsychotic, is currently in the formulation research phase and could supplement the range of products available for schizophrenia treatment.

- The development of several programs in other therapeutic areas, notably including:

    (i) the mdc-CWM product, based on celecoxib, intended for the treatment over several weeks of postsurgical orthopedic pain and inflammation, currently in phase II clinical trials in the United States, developed in collaboration with the Canadian company, AIC;

    (ii) mdc-WWM, intended for the development of a six-month long-acting injectable contraceptive based on a progestin, developed with the support of the Bill & Melinda Gates Foundation, currently in the formulation research phase; and

    (iii) four other products currently in the formulation research phase covering various indications (depression, pain, transplantation, etc.).

- Expanding the product portfolio:

    (i) horizontally, by increasing the number of products in its portfolio at the rate of at least one IND / CTA (request to start clinical studies for a new product) per year with the establishment of a capacity to identify therapeutic needs and commercial opportunities that can be addressed by the BEPO® technology, alone or in partnership; and

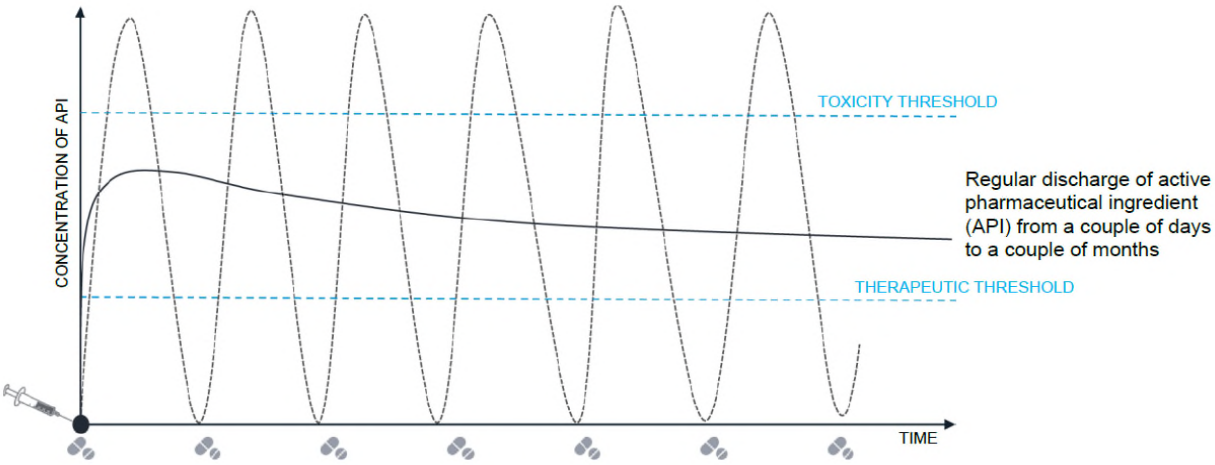
    (ii) vertically, by integration of new capacities, ensuring the development of its own products beyond its historical expertise in formulation, potentially up to marketing. This change, initiated in 2016, should allow the Company to maintain better control of its products and thereby maximize the creation of value.

The Company and its partners are currently focusing on the clinical development of their most advanced programs in the United States and plan to obtain regulatory marketing approvals for the products targeted as a priority in this country. Generally, the Company and its partners plan to target other geographical areas, in addition to the United States and to the extent that it would be relevant from the medical and economic viewpoint, especially Europe and Japan, as well as developing countries.

6.4. Market opportunities for injectable products with controlled and extended release

Beyond the demonstrated efficacy of an API for a given indication, long-acting injectables make it possible, notably, to replace the regular administration of a drug by a single injection. This aims to maintain, over time, the diffusion and concentration of the API within the therapeutic window, i.e., above the therapeutic threshold and below the toxicity threshold.

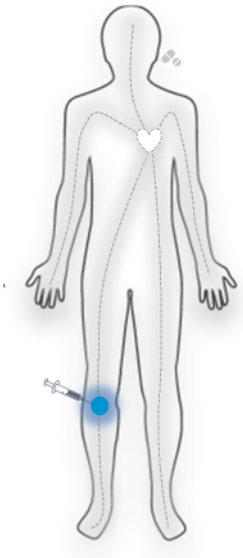
A controlled and extended release of API



Note: the curves of the table above are normalized for illustration purposes.

A localized release of API

The BEPO® technology also permits the development of products administered locally, which could allow targeted efficacy of the API and reduction of systemic adverse reactions,



6.4.1. Therapeutic adherence

Therapeutic adherence is defined as the "way in which a patient follows, or does not follow, medical prescriptions and cooperates with respect to his/her treatment. Nonadherence with the prescribed treatments can cause these treatments to be ineffective or the disease to relapse. It sometimes relates to treatment constraints or the treatment's side effects"[8].

Adherence is an essential issue for patients and health systems. Good adherence can have many positive consequences: improvement in treatment efficacy, improvement in patient quality of life and saving of money for patients, the health system and society in general.

There are many reasons to explain why someone would stop following their treatment or not follow it as prescribed by their physician, whether intentionally or not. There are patient-associated factors, their acceptance of the disease, perception of the risk and beliefs related to treatment efficacy and their side effects. There are also factors related to the characteristics and burden of the drug treatment. Finally, there is the patient's social and economic background, the quality of their medical follow-up and insurance reimbursement for their treatment.

Patient adherence is regularly studied and these studies are in agreement that half of patients do not correctly follow their prescription[9], regardless of whether they have a chronic or acute disease. In 2013, the Center for Disease Control (CDC) estimated that nonadherence cost the US nearly USD 300 billion each year and that it was directly responsible for 125,000 deaths and 10% of hospitalizations.

Long-acting injectables are a suitable answer to the problem of adherence in many patients.

6.4.2. The payer viewpoint

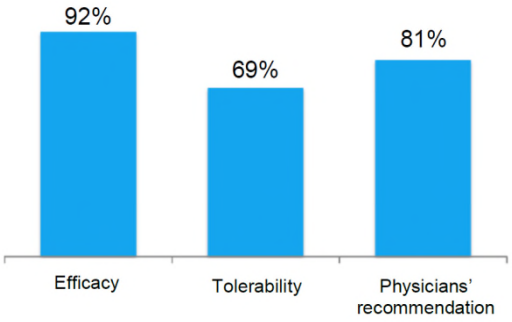
A study ordered by the Company and conducted by GroupH in 2014, *Payers' Views on Long Acting Injectables - Potential To Create Payer Value,* validated the benefit in principle of long-acting injectables to payers. Conducted among 26 payer agencies in the United States, Europe, Latin America and Asia, the study showed that they are generally very aware of the lack of treatment adherence, resulting particularly from the dosage form.

[8] Larousse Médical

[9] World Health Organization: Adherence to Long-Term Therapies, Evidence for Actions (2003)

How can long-acting injectables improve treatments?

Spontaneous answers (% of payers questioned)

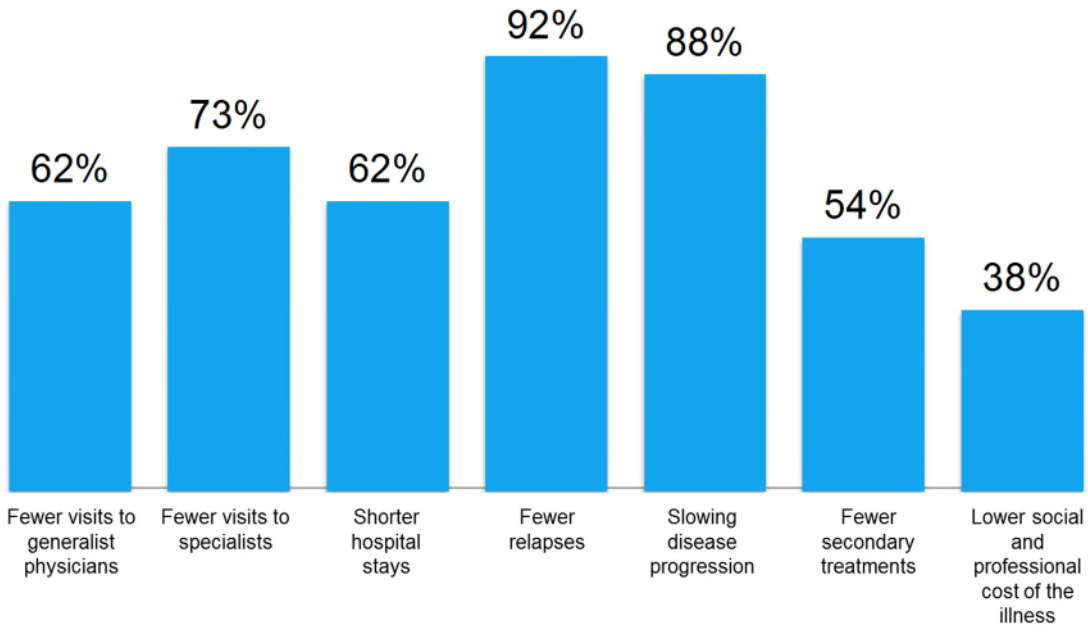


The reformulation of a certain number of treatments into injectables with controlled and extended release is considered by healthcare stakeholders to be an interesting approach to improving treatment efficacy, and incidentally a driver for significant potential savings, thanks in particular to:

- reducing the number of relapses,
- slowing disease progression,
- lowering the number of PCP or specialist doctor visits,
- reducing hospitalization periods,
- reducing the use of secondary drugs, especially for treating adverse side effects,
- reducing the cost of managing patients unable to work due to occupational disability, in particular.

How can long-acting injectables generate savings?

Spontaneous answers (% of payers questioned)



6.4.3. MedinCell's competitive advantages

Several companies are working on technologies for the development of long-acting pharmaceutical products. The characteristics of these technologies make it possible to obtain variable durations of action and mean they are more or less suited to certain APIs.

The table below compares the principal players specialized in developing and/or marketing pharmaceutical products based on their proprietary technologies for delivering long-acting injectables or implantables identified by the Company.

Comparison of the main long-acting delivery technologies[10]

Company	Market capitalization	Technology	Stage of development	Versatility	Duration of release	Route
MedinCell S.A.	-	PLA-PEG polymer depots	Phase III	●●●	< 12 months*	subcutaneous
Alkermes Plc.	USD 7.0 billion	PLGA polymer microspheres and prodrugs	MA	●	< 6 months	intramuscular
Pacira Pharmaceuticals Inc.	USD 1.44 billion	Multivesicular liposomes	MA	●	< 1 months	subcutaneous
Heron Therapeutics, Inc.	USD 2.17 billion	TEG-POE polymers	MA	●●	< 1 months	subcutaneous
Camurus AB	USD 500 million	Crystalline lipid depots	MA application	●●	< 1 months	subcutaneous
Durect Corporation	USD 317 million	Sucrose acetate depots	MA application	●●	< 1 months	subcutaneous
Intarcia Therapeutics Inc.	-	Osmotic titanium minipumps	MA application	●●●	> 3 months	implants
Ascendis Pharma A/S	USD 2.54 billion	Transporter prodrugs	Phase III	●	< 6 months	intramuscular
Mapi Pharma Ltd.	-	PLGA polymer microspheres	Phase II	●●	< 6 months	intramuscular

* Although the Company's products, currently in development or formulation research, have a target duration of action of a few days to 6 months, the Company has already conducted proof of concept studies in animals in order to prove the potential of its technology over periods of as much as 12 months.

The Company believes that its BEPO® technology places it in an ideal position to develop an extensive portfolio of competitive long-acting injectables, given the following factors, in particular:

- the unique know-how of its teams and its expertise in polymer design leading to great flexibility in the determination and formulation of the possible durations of action, the APIs

[10] Market capitalization at April 24, 2018 / Technology: type of extended release injectable technology / Development stage: preclinical or MA (marketing authorization) phases / Versatility: qualitative evaluation done by the Company of the potential actual pharmacological value of the technology. This evaluation is done from the public data and, in particular, accepted patents. It principally considers administration route (subcutaneous or intramuscular), flexibility of the technology to formulate different types of therapeutic drug molecules, its ability to release these drug molecules over time, or even its ability to preserve their structural integrity (whether or not organic solvents are used, for example). ● not very favorable, ●● favorable, ●●● very favorable / Duration of release: maximum duration of release, according to the results described in the original patents published / Route: administration route, the subcutaneous administration route is considered the most favorable for its ease of access – Source: MedinCell

that can be formulated, and the administration method for the products developed by the Company;

- the support of high-level partners for the programs under development, having thus validated the BEPO® technology and its potential, as well as access to a large network of experts;

- optimal organization of its R&D capacities, which are in the process of being augmented with a view to broadening its portfolio of products in development and extending the technology;

- fast development ensured by the BEPO® technology as well as the experience of its teams and the development of its R&D capacities;

- controlled industrialization via the joint-venture created with Corbion, one of the main manufacturers and suppliers worldwide of biopolymers for the pharmaceutical industry;

- controlled production costs;

- a model for financing and selecting partners with high added value (technical, commercial and/or financial); and

- a solid intellectual property policy.

6.5. Development of an innovative product portfolio for schizophrenia treatment

6.5.1. Challenges related to schizophrenia

The disease

Schizophrenia is a serious mental illness, which is accompanied by a loss of contact with reality, delirium and changes in thinking, speech and behavior. Patients are often incapable of distinguishing between reality and their own perception of events. It is generally distinguished by three types of symptoms:

- so-called positive symptoms, which are not observed in people in good health: hallucinations, delirium, thought and speech disorders, agitation and psychomotor disorders, etc.

- so-called negative symptoms which are a reduction in psychological capacities that are normally present: apathy and social withdrawal, depersonalization, etc., and,

- so-called cognitive symptoms, attention deficit, memory loss, etc.

The disorganized behaviors associated with schizophrenia symptoms can lead to difficulties for patients in conducting a normal life, whether for the simple tasks of everyday life, the ability to work, or the interactions with their friends and family.

According to the World Health Organization, schizophrenia affects more than 23 million people in the world and is more common in men than women. The risk of dying prematurely is 2 to 2.5 times greater for subjects with schizophrenia compared to the total population. Deaths are often due to physical diseases, like cardiovascular, metabolic or infectious conditions. More than 50% of people with schizophrenia do not receive appropriate care and 90% of untreated individuals live in developed

countries[11]. In the United States, schizophrenia represents 20% of hospitalization days and 50% of psychiatric hospitalizations[12].

A 2016 study estimated the excess economic cost of schizophrenia in the United States to be between USD 134.4 billion and USD 174.3 billion for 2013, including USD 37.7 billion (24%) of direct healthcare costs, USD 9.3 billion (6%) of other direct costs, and USD 117.3 billion (76%) of indirect costs. The most important components were excess costs associated with unemployment (38%), loss of productivity attributable to the disease and its treatments (34%) and direct healthcare costs (24%)[13].

Antipsychotic treatments

The traditional treatments for schizophrenia seek to reduce the severity of psychotic disorders and behaviors. To this end, the antipsychotics have shown great efficacy in the management of positive symptoms and they are generally used as a first-line treatment[14]. The initiation of an antipsychotic treatment involves the progressive adjustment of the dose tailored to each patient to reach therapeutic efficacy while limiting side effects[15]. Improvement of psychotic symptoms is generally observed at the end of a few days but can, in some cases, take up to 4 to 6 weeks. Once the treatment is initiated, the recommended approach is to continue the antipsychotic treatment indefinitely, since some randomized clinical studies have demonstrated a considerable reduction in relapse risk compared to treatment discontinuation[16]. Changes in antipsychotic product or dose adjustments occur frequently in the event of poor therapeutic efficacy[17] or if there is emergence or exacerbation of adverse reactions[18]. Patients are continuously monitored to allow a fast response to adverse reactions and to promote good treatment adherence and efficacy[19].

The most commonly used antipsychotic products for schizophrenia treatment are atypical antipsychotics (or second-generation antipsychotics), a new generation of more effective drugs with fewer adverse side effects than first-generation antipsychotics. In 2016, the most commonly prescribed atypical antipsychotics for schizophrenia treatment included risperidone, aripiprazole, paliperidone (risperidone metabolite), olanzapine and lurasidone[20]. The majority of these drug molecules have a common mechanism of action, acting as DA and 5-HT receptor antagonists, and have similar levels of efficacy. The choice of drug molecule to use for the treatment of a schizophrenic patient depends on many factors, particularly the foreseeable side effects. These drugs are also prescribed for the treatment of other mental symptoms, especially for bipolar disorders.

---

[11] World Health Organization: http://www.who.int/mediacentre/factsheets/fs397/fr/

[12] Comprehensive understanding of schizophrenia and its treatment, Maguire GA: https://www.ncbi.nlm.nih.gov/pubmed/12227084

[13] The Economic burden of schizophrenia in the United States in 2013, Analysis Group, Otsuka, Lundbeck LLC – 2016: https://www.ncbi.nlm.nih.gov/pubmed/27135986

[14] Buchanan et al. 2009

[15] Lehman et al., 2004

[16] Leucht et al., 2012

[17] Essock et al., 2006

[18] Stroup et al., 2006

[19] Lehman et al., 2004

[20] IMS sales data, MIDAS & Globaldata, MedinCell

Comparison of the side effects of the main antipsychotics (extract)[21]

Drug molecule	QT interval prolongation[22]	Hypotension[23]	Sedation	Weight gain	Metabolic syndrome[24]	Extrapyramidal symptoms[25]	Hyperprolactinemia[26]
Lurasidone	–	–	+	+/–	–	+	+/–
Aripiprazole	–	–	–	+/–	+/–	+/–	–
Olanzapine	+	+	++	+++	+++	+/–	+
Paliperidone	+	++	+	++	++	+	+++
Risperidone	+	++	+	++	++	+	+++

Notes:

+++ occurrence / severe;

++, occurrence / moderate;

+, occurrence / mild;

–, occurrence / very mild.

Each of the atypical antipsychotics commonly used for the treatment of schizophrenia has a specific potential side effect profile and efficacy level that varies depending on the patient. The Company develops long-acting injectables based on various atypical antipsychotics with the objective of offering a consistent choice of products to effectively treat a maximum number of patients.

---

[21] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3132094/table/t5-tcrm-7-239

[22] QT interval prolongation: the QT interval is one of the electrical data points of an electrocardiogram, corresponding to the electrical duration of cardiac contraction. Its prolongation can be an adverse reaction related to antipsychotic drug administration

[23] Hypotension: hypotension is lower-than-normal blood pressure

[24] Metabolic syndrome: metabolic syndrome denotes the combination of a series of health problems with poor body metabolism as the common factor

[25] Extrapyramidal symptoms: extrapyramidal symptoms are adverse physical and mental reactions to antipsychotics, including movement disturbance, impatience or tremors

[26] Hyperprolactinemia: hyperprolactinemia corresponds to prolactin concentrations raised above normal values. Some antipsychotics may cause hyperprolactinemia, which can give rise to side effects for patients

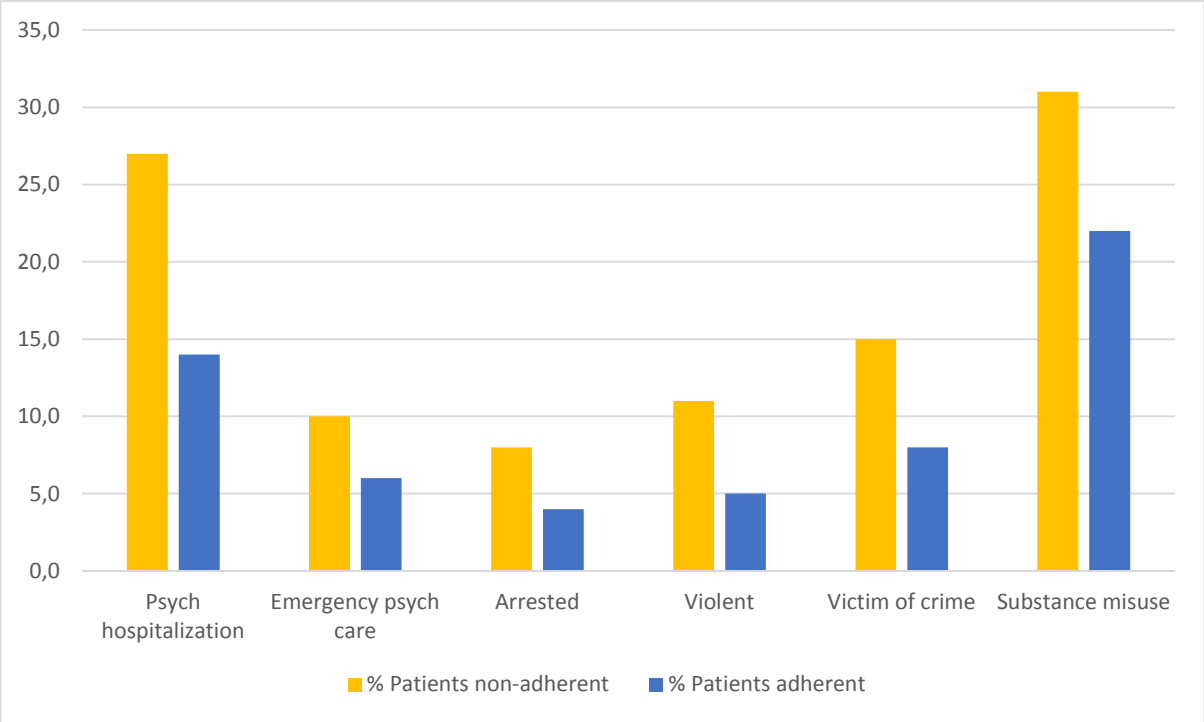
The problem of nonadherence

Although antipsychotic treatments have demonstrated their efficacy, reducing the relapse rate from 64% to 27% within twelve months (treatment vs. placebo)[27], treatment nonadherence remains a common phenomenon among schizophrenic patients and a major problem in treating the disease.

A systematic analysis of 39 studies determined a mean treatment nonadherence rate of 41% in schizophrenic patients. A narrowing of this analysis to five of the most methodologically-rigorous studies (defining adherence as taking the drugs at least 75% of the time), showed an increased nonadherence rate of 50%[28].

Lack of adherence with antipsychotic treatments leads to an increase in hospitalizations, use of emergency psychiatric services, violence and its legal consequences, drug addiction, etc. It is therefore a real public health problem with significant consequences for patient quality of life and major costs for society.

Consequence of nonadherence in the United States[29]



The advantages of long-acting injectable antipsychotics

[27] Leucht et al. Lancet 2012 ; 37:2063–2071

[28] Lacro JP, Dunn LB, Dolder CR, Leckband SG, Jeste DV. Prevalence of and risk factors for medication nonadherence in patients with schizophrenia: a comprehensive review of recent literature. J Clin Psychiatry. 2002;63:892–909

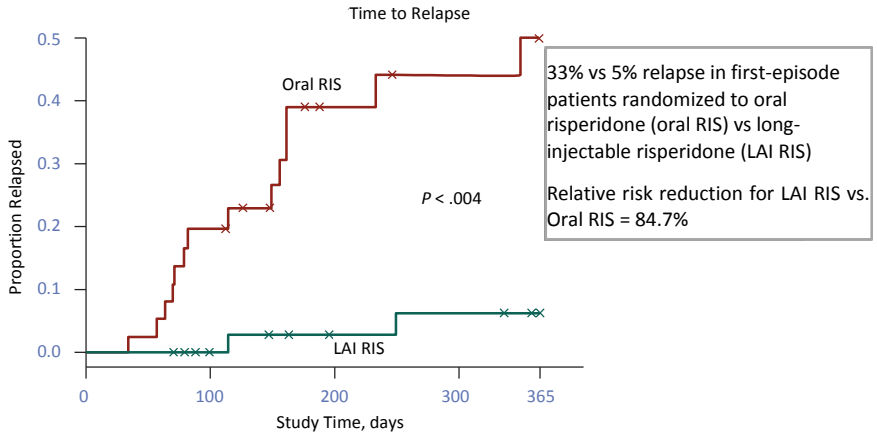
[29] Nonadherence with antipsychotics medication in schizophrenia: challenges and management strategies, Peter M Haddad, Cecilia Brain and Jan Scott: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4085309/figure/f3-prom-5-043/

The success of the first long-acting antipsychotic injectables currently marketed, despite their suboptimal characteristics (intramuscular injections, large volumes, initial oral supplementation, etc.; see below) and the availability of oral generic alternatives, leads the Company to believe that there are major unmet needs in the treatment of schizophrenia, to which the long-acting injectable antipsychotics being developed by the Company may be an answer.

A clinical study conducted between 2005 and 2012 and published in 2015 by Kenneth Subotnik, Ph.D. and his colleagues at the University of California, Los Angeles , has demonstrated the superior efficacy of a long-acting injectable version of risperidone for the treatment of schizophrenic individuals. Researchers followed 83 newly diagnosed individuals: 40 participants received a dose of 25 mg of risperidone by injection every two weeks and 43 participants received a daily oral dose of 2 mg (3 other patients initially included in the study did not continue).

Over a period of 12 months, the study showed that the relapse rate was 84.7% lower for the injectable group compared to the oral treatment group, and the injectables were also associated with lower levels of hallucinations and delirium. The percentage of participants requiring hospitalization over 12 months was 5% for the patients on the injectable versus 18.6% for those on the oral treatment.

Relapse risk: oral treatment vs. long-acting injectable[30]



Patients (N = 86) with recent onset of schizophrenia were randomized to receive LAI RIS every 2 weeks or daily oral RIS; half of each group was simultaneously randomized to receive
cognitive remediation to improve cognitive functioning or healthy-behaviors training to improve lifestyle habits and well-being.

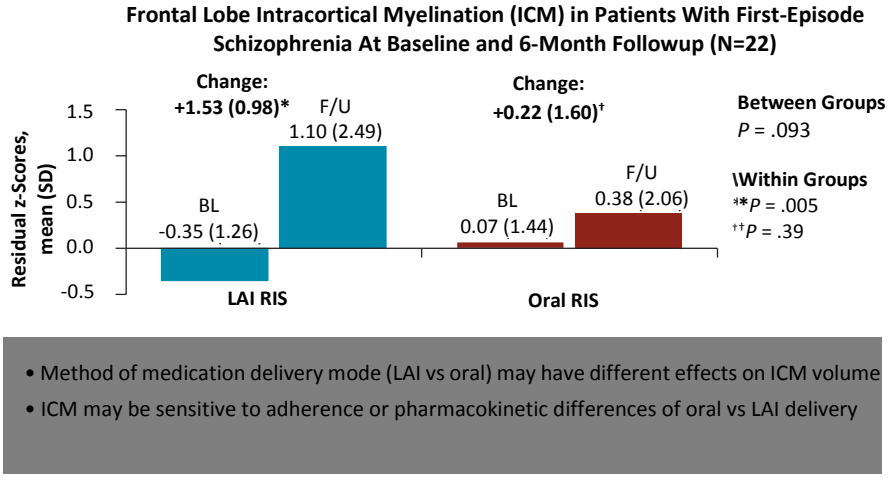
RIS: risperidone.
Subotnik KL et al. *JAMA Psychiatry*. 2015;72:822-829.

[30] Subotnik et al., 2015

The study also showed that the use of long-acting injectables made an improvement in intracortical myelination and patient cognitive function possible. These last results lead us to believe that the use of long-acting injectable antipsychotics from the onset of schizophrenia symptoms could positively impact the progression of the disease and improve the long-term outcome for antipsychotic treatments.

The authors conclude their study as follows: "... it would suggest that the use of long-acting injectable antipsychotics early in schizophrenia can modify the trajectory of the disorder and lead to better long-term outcomes. This possibility would be a "game changer" for the field. "[31]

Intracortical Myelination of the frontal lobe: oral treatment vs. long-acting injectable[32]



[a]Results represent change per month based on covariance analyses adjusted for race.
BL: baseline; F/U: follow-up; LAI: long-acting injectable; SD: standard deviation.

Despite their superior efficacy as observed in the studies cited above, long-acting injectable antipsychotics only represented 11% of antipsychotic prescriptions in 2016[33] in the seven main markets, i.e., the United States, Canada, France, Germany, Italy, Spain and the United Kingdom. The Company believes that an improvement in some of the characteristics of the long-acting antipsychotics could allow wider and faster adoption of these products.

[31] Subotnik et al., 2015: "... it would suggest that the use of long-acting injectable antipsychotics early in schizophrenia can modify the trajectory of the disorder and lead to better long-term outcomes. This possibility would be a "game changer" for the field. "

[32] Bartzokis G et al. *Schizophr Res*. 2012;140:122-128

[33] IMS sales data, MIDAS & Globaldata, MedinCell

6.5.2. MedinCell products for schizophrenia treatment

The Company and its partner, TEVA, are developing a consistent and complementary portfolio of long-acting injectable antipsychotics for the treatment of schizophrenia. This portfolio includes two programs in the development phase:

- The mdc-IRM Q1M* and Q2M* products, which combine the risperidone drug molecule with the Company's BEPO® technology for durations of action of one and two months. Risperidone is an atypical antipsychotic, i.e., a second-generation neuroleptic, approved by the FDA for the treatment of schizophrenia since 1994 and sold under the name Risperdal. The mdc-IRM Q1M and Q2M products have been evaluated in two clinical studies conducted on a total of 147 subjects (59 healthy volunteers and 88 schizophrenic patients). These trials have shown the safety of the BEPO® technology and validated the pharmacokinetic profiles over the target durations. Following the results of these two clinical phases, the Company's partner, TEVA, has initiated a Phase III clinical trial, and the first patients were injected in the second quarter of 2018.

- The mdc-TJK product, which combines the Company's BEPO® technology with one of the principal atypical antipsychotics, commonly used in the treatment of the disease. The one-month mdc-TJK product is currently in the preclinical study phase.

A third potential product combining the BEPO® technology with another atypical antipsychotic is currently in the formulation research phase, and could complement the range of products for schizophrenia treatment.

The aim of the characteristics of products for schizophrenia treatment is to improve patient treatment adherence and increase the adoption of long-acting injectables in this therapeutic area. These products are actually designed to be administered in a single low-volume subcutaneous injection, unlike the majority of existing long-acting products, which are injected intramuscularly and in generally larger volumes. They also provide immediate efficacy, unlike some existing products that require an initial oral supplementation.

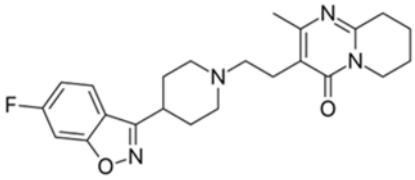
<u>First product candidates: mdc-IRM Q1M and Q2M</u>

The Company's first product candidates for schizophrenia treatment are the mdc-IRM Q1M and Q2M products, which combine the drug molecule risperidone with the Company's BEPO® technology for durations of action of one and two months, respectively.

Risperidone

Risperidone is an atypical antipsychotic, a serotoninergic (5-HT2A receptor) and dopaminergic (D2, D3 and D4 receptor) antagonist. The substance also binds to alpha-1-adrenergic receptors, histaminergic H1 receptors and, to a lesser extent, alpha-2-adrenergic receptors. It does not have affinity for cholinergic receptors. Risperidone has been approved by the FDA since 1994 for the treatment of schizophrenia in adults and adolescents aged 13 to 17, and has been marketed under the name Risperdal. Currently available in oral and intramuscular injectable versions, risperidone is approved in a number of other indications, including treatment for dementia, anxiety, some bipolar disorders, depression, and manic or psychotic episodes.

Chemical structure of risperidone



Risperidone is commonly used for first-line treatment of schizophrenia "since its safety profile is the most suitable for medium or long-term treatments"[34]. An intramuscular injectable version, Risperdal Consta®, is marketed by Janssen, a pharmaceutical subsidiary of the Johnson & Johnson group. This product has had great commercial success among long-acting injectables for schizophrenia treatment. Risperdal Consta®, annual sales of which reached a peak of USD 1.6 billion in 2011[35], is a product that can be administered by biweekly intramuscular injections requiring 17 steps for reconstitution, and oral supplementation for several weeks at the start of treatment.

Characteristics of the mdc-IRM Q1M and Q2M products

The Company and its partner, TEVA, are developing new injectable and subcutaneous formulations of risperidone for the treatment of schizophrenia. The mdc-IRM Q1M and Q2M products contain the risperidone drug molecule combined with two polymers developed by the Company, and dimethyl sulfoxide (DMSO), which is used as a solvent. During subcutaneous injection, the suspension instantly forms a solid depot of several millimeters under the skin, which delivers a therapeutic dose of risperidone throughout the duration of action of one or two months, depending on the version chosen, without a need for additional oral supplementation at the start of treatment.

The Company and its partner, TEVA, plan to distribute the mdc-IRM Q1M and Q2M products in the form of prefilled syringes at different doses: 50 to 125 mg for the 1-month version (Q1M), 100 to 225 mg for the 2-month version (Q2M).

Given the results of the preclinical and clinical studies described below, the Company believes that the mdc-IRM Q1M and Q2M products could provide the following advantages for schizophrenia treatment:

- subcutaneous injections are less painful and less complex to administer than intramuscular injections, and also allow the depot to be seen by imaging, and potentially extracted;

- they involve reduced injection volumes;

[34] GroupH - qualitative research and forecast on Schizophrenia - *June 2017*

[35] Globaldata

- there are two durations of action (one and two months) and different dosages, offering practitioners the necessary flexibility;

- they provide an immediate action that does not require oral supplementation at the start of treatment;

- these products do not require a complex reconstitution process.

Clinical results

The safety and efficacy profiles of oral and injectable products based on risperidone for the maintenance treatment[36] of schizophrenia have been well documented. mdc-IRM Q1M and Q2M products are being developed in compliance with the 505(b)(2) regulatory pathway in the US allowing referencing to the efficacy and safety data of for existing reference products (see description of 505(b)(2) regulatory pathway in section 6.10 below). In this respect, it was possible to directly initiate the mdc-IRM Q1M and Q2M products in a Phase III clinical study in the United States on the basis of the results obtained in a Phase I clinical study, without the need for a Phase II clinical study.

To date, mdc-IRM products have been tested in human through two completed clinical trials in a total of 158 individuals, including 59 healthy volunteers and 99 schizophrenic patients as described in the table below.

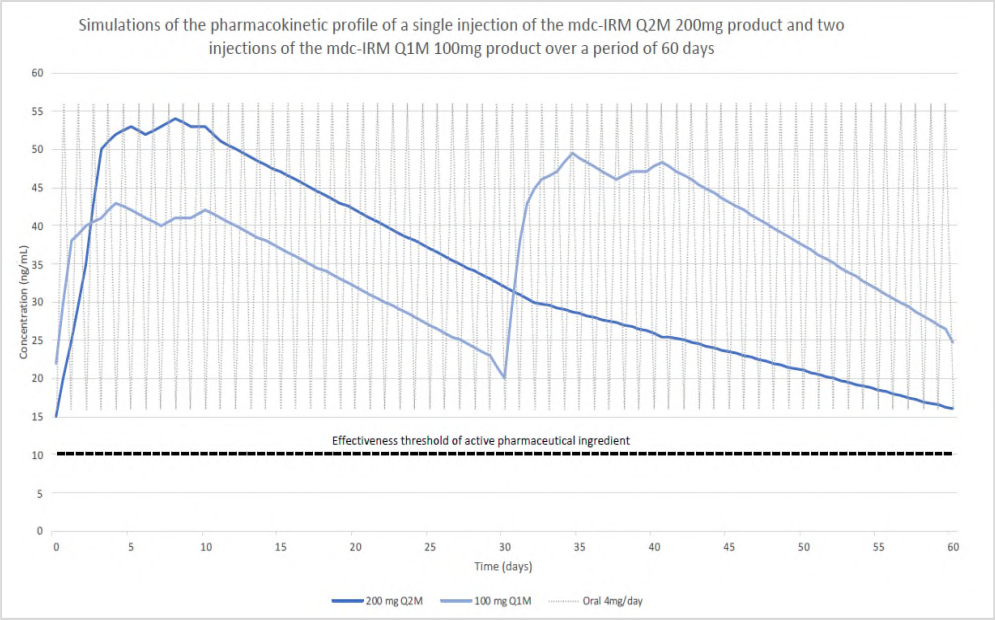
[36] Maintenance treatment: drug treatment administered chronically once the disease has been contained. The disease usually reappears if the treatment is discontinued.

Type	Study title	Population	Country, centers and periods	Study design	Main results:
Pilot Phase I	*"A two-part study, to evaluate the safety, tolerability and pharmacokinetics of a novel risperidone prolonged-release suspension for subcutaneous injection TV-46000[37] (part 1) and evaluate the influence of manipulation of the injection site and the site of administration on the pharmacokinetics of the risperidone (part 2")*	53 healthy volunteers 6 other patients received an injection of the BEPO® vehicle without risperidone	Country: Great Britain Center(s): 1 Period: February 2016– October 2016	Part 1: open-label, nonrandomized, ascending dose study (5 cohorts) Part 2: open-label, nonrandomized, ascending dose study (2 cohorts)	Safety profile consistent with the other risperidone formulations. No serious adverse reactions linked to the mdc-IRM product Favorable risk/benefit profile No significant change in pharmacokinetic parameters during change of the injection area Validation of doses and target durations: 1-month and 2-month products
Phase I	*"Sequential, single ascending dose and multiple dose study to evaluate the safety, tolerability, and pharmacokinetics of TV-46000, risperidone extended-release injectable suspension for subcutaneous use, in patients with schizophrenia or schizoaffective disorder"*	99 schizophrenic patients injected, with 88 patients included in the safety study	Country: United States Center(s): 3 Period: June 2016– January 2018	Open-label, single ascending dose (SAD) and multiple ascending dose (MAD) study (8 cohorts)	

[37] TV-46000 is TEVA's code name for the mdc-IRM products

Pharmacokinetic profiles

mdc-IRM Q1M and Q2M: pharmacokinetic profile simulation



The results from these trials have shown that the mdc-IRM products Q1M and Q2M in various doses provide a rapid establishment of clinically-relevant risperidone plasma concentrations which peak during the first 24 hours, avoiding any need for oral complementation after treatment initiation, and then slowly decrease over one to two months, respectively. Doses were selected based on the comparability of plasma concentrations with those obtained with oral risperidone over a 24-hour dosing interval, with the aim to ensure adequate exposure throughout the dosing period.

The diagram indicates that risperidone plasma concentrations after single and repeated steady-state dosing lies within the same intervals as the oral risperidone reference product, but without the daily variations that are seen in plasma concentrations for oral risperidone. Safety

Safety, including local tolerance at the site of injection, for mdc-IRM was studied in the two clinical trials completed to date. The results from the two trials, for a total of 147 individuals, showed a safety profile consistent with the known safety profile of risperidone, along with good local tolerability at the site of injection. Two serious adverse events have been reported from cohort 8 of the US Phase I, both events were assessed by both the investigator and sponsor as not related to mdc-IRM. There were no other serious adverse events in patients who received mdc-IRM in this study.

mdc-IRM Q1M and Q2M – Safety analysis

(American SAD/MAD Phase I study – Cohort 1 to 8 – Summary)

Analysis of adverse effects observed during the clinical phase	Cohort 1 (50 mg) 1 dose, Abdomen (N=12)	Cohort 2 (75 mg) 1 dose, Abdomen (N=12)	Cohort 3 (100 mg) 1 dose, Abdomen (N=12)	Cohort 4 (150 mg) 1 dose, Abdomen (N=12)	Cohort 5 (225 mg) 1 dose, Abdomen (N=12)	Cohort 6 (50 mg) 3 doses, Abdomen (N=12)	Cohort 7 (75 mg) 3 doses, Abdomen (N=12)	Cohort 8 (225 mg) 1 dose, Upper arm (N=12)
Frequency of appearance of treatment-related adverse reactions	3 patients (25%)	4 patients (33%)	5 patients (42%)	3 patients (25%)	11 patients (92%)	3 patients (25%)	5 patients (42%)	Data available by late 2018
Most commonly observed treatment-related adverse reactions	Weight increase, injection site pain, erythema, swelling, pruritus and induration, blood creatinine phosphokinase increase, headache and sedation.							Data available by late 2018
Characteristics of treatment-related adverse reactions	Mild to moderate All injection site adverse events were transient and resolved. None were serious							Data available by late 2018
Results of laboratory tests, vital signs, ECG and psychiatric assessment scales	Consistent with known safety profile of risperidone and did not reveal any new safety signals for mdc-IRM							Data available by late 2018

Phase III Clinical Study

In April 2018, our partner TEVA initiated a Phase III clinical trial in the United-States to evaluate the efficacy, safety, and tolerability of different dose regimens of mdc-IRM Q1M and Q2M products administered subcutaneously as compared to placebo during maintenance treatment in adult patients with schizophrenia[38].

Study design

Type	Study title	Population	Country, centers and periods	Study design	Outcome measures
Phase III	*"A multicenter, randomized, double-blind, placebo-controlled study to evaluate the efficacy, safety, and tolerability of Risperidone Extended-Release Injectable Suspension (TV-46000) for Subcutaneous Use as Maintenance treatment in Adult Patients with Schizophrenia"*	596 schizophrenic patients, men and women aged 18 to 65 at baseline, with a confirmed psychiatric diagnosis, clinically stable and eligible for treatment. 1:1:1 randomization	Country: United States, Bulgaria Center(s): 80 (est.) Period: Q2 2018 - Q4 2019 (est.)	Multicenter, randomized, double-blind, placebo-controlled study to evaluate the efficacy and safety of the mdc-IRM Q1M and Q2M treatments (median time to impending relapse)	Primary outcome measure: - time to impending relapse Secondary outcome measures: - impending relapse rate at week 24 (Kaplan-Meier method) - observed rate of impending relapse - percentage of stable patients - percentage of patients in remission The study will be concluded on observation of 207 events (impending relapse) / the study will be terminated on observation of 125 events (impending relapse) if the interim results are statistically significant

Statistical consideration for the study

Median time to impending relapse was observed to be 7 months in the placebo arm of a similarly designed study[39]. Assuming a similar placebo effect in this study, as well as hazard ratio of 1.82 (placebo vs mdc-IRM), at a 2-sided alpha of 0.025, and randomization of 1:1:1 (Q1M:Q2M:placebo), a

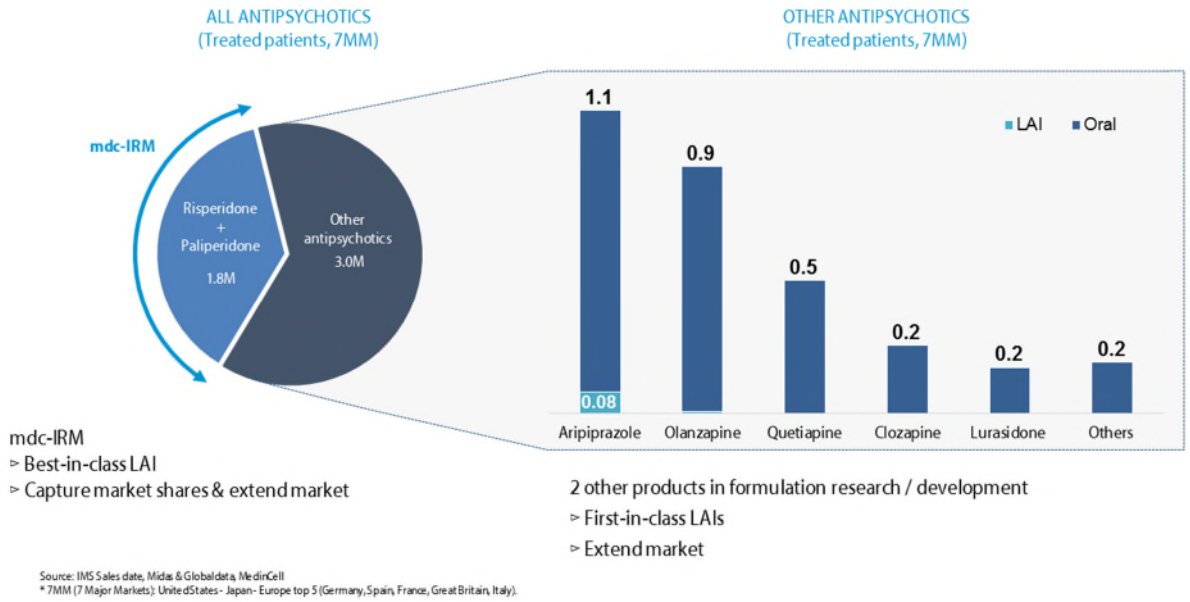
[38] https://clinicaltrials.gov/ct2/show/study/NCT03503318?term=tv-46000&rank=1

[39] Kane et al 2012

total of 207 relapse events will need to be observed during the double-blind maintenance stage of the study for the 3 treatment groups (combined) to reach a statistical power of approximately 90%.

Assuming an accrual time of 6 months and a maximal treatment duration during the double-blind maintenance stage of approximately 13 months, approximately 139 patients will need to be randomized to each treatment group for a total of 417 patients randomized. Assuming that 30% of the patients enrolled during the pre-treatment period will not be randomized to the double-blind maintenance period, a total of 596 will need to be enrolled during the pre-treatment period. Extension of the range of products for schizophrenia treatment

Despite a mean annual increase of 21% since 2012[40], the adoption of long-acting injectables remains limited, especially given the characteristics of existing products (intramuscular injections, side effects, oral supplementation, complexity of use, etc.) or the unavailability of certain antipsychotic drug molecules in an injectable version. Thus, for the year 2016, long-acting injectable antipsychotics only represented 11%[41] of antipsychotic prescriptions in the seven principal markets (United States, Canada, EU5). The Company believes that the application of the BEPO® technology to certain atypical antipsychotics could help to improve certain essential characteristics of long-acting injectables and/or to formulate certain drug molecules currently unavailable in an injectable version.



The Company therefore plans to develop a consistent and complementary portfolio of long-acting injectable antipsychotics for the treatment of schizophrenia. In addition to the mdc-IRM Q1M and Q2M products, the Company is developing the mdc-TJK product allowing therapeutic diffusion over several weeks of a very common antipsychotic with validated efficacy and for which no satisfactory long-acting injectable version is available. The mdc-TJK product started its preclinical study phase in the first quarter of 2018 in collaboration with TEVA. The Company is also working on the formulation of other antipsychotics that could complement its product portfolio in schizophrenia treatment. These notably include recent antipsychotics with demonstrated efficacy that do not exist in a long-acting injectable version.

[40] IMS sales data, MIDAS & Globaldata, MedinCell

[41] IMS sales data, MIDAS & Globaldata, MedinCell

Regulatory aspects

The clinical studies for the mdc-IRM Q1M and Q2M products were designed to meet the requirements of US regulatory procedure 505(b)(2), applying to drugs that modify an existing approved product. The drug developer may partially rely on the data that were already used in a prior approval application, either by the same developer or by another company. This approach allows the developer to perform fewer preclinical and/or clinical studies, thereby accelerating the regulatory and clinical process and reducing related costs. The standards for 505(b)(2) approval are nevertheless identical to those for the introduction of a new drug in compliance with the 505(b)(1) procedure, particularly with regard to the efficacy and safety of the drug. The European equivalent of 505(b)(2) is the procedure relating to hybrid drugs. This procedure can be used for cases that do not strictly meet the definition of "generic drug" because changes have been made to the API, indications, strength, composition or administration method. The standards are relatively similar to that for the US 505(b)(2) regulatory procedure.

The Company believes that Phase III clinical studies for the mdc-IRM product could last up to 24 months. After the Phase III study and in the event of positive results, the Company's partner should file an MA with the FDA in view of marketing the mdc-IRM product in the United States. The Company's partner, who holds the global rights on the mdc-IRM product, is currently concentrating its efforts on the development and registration of the product in the United States, which represents 75% of the long-acting injectable antipsychotic market and may decide at a later date whether to undertake the studies necessary for registration in other regions, particularly in Europe.

Depending on the results of the preclinical and clinical studies currently underway, a Phase I clinical study for the mdc-TKJ product could be initiated during the first half of 2019.

6.5.3. Market and positioning of the MedinCell products

Market growth and dynamics

Source: IMS Sales date, Midas & Globaldata, (1) Atypical Antipsychotics, (2) Conventional Antipsychotics
* 7MM (7 Major Markets): United States - Japan – Europe top 5 (Germany, Spain, France, Great Britain, Italy).

Over the course of 2017, antipsychotic sales in the seven principal markets (United States, Canada, Europe) amounted to approximately USD 12.5 billion, 75% of which were in the United States; long-acting injectables representing a growing share of the market.

In 2016, they represented total sales of USD 4.4 billion in the seven principal markets, showing a mean annual growth of 21% in the past five years compared to a mean annual drop of 11% for oral treatments over the same period. The long-acting injectable antipsychotic market is currently dominated by Janssen's products, Risperal Consta® and Invega®, with total sales amounting to approximately USD 3.4 billion in 2017, or 77% of antipsychotic long-acting injectable sales. [42]

Positioning of the mdc-IRM Q1M and Q2M products

The table below compares the main characteristics of the mdc-IRM products and those of the principal long-acting injectables currently marketed.

[42] IMS sales data, MIDAS & Globaldata, MedinCell

Characteristics of long-acting injectables for the treatment of schizophrenia[43]

Product	Abilify Maintena	Aristada	Risperdal Consta	Invega	Perseris[44]	mdc-IRM
Company	Otsuka	Alkermes	Janssen (Johnson & Johnson)	Janssen (Johnson & Johnson)	Indivior	MedinCell
Drug molecule	Aripiprazole	Aripiprazole	Risperidone	Paliperidone (risperidone metabolite)	Risperidone	Risperidone
Technology	Proprietary technology	Proprietary technology	Alkermes technology	Alkermes technology	Durect technology	BEPO® technology
Route of administration	Intramuscular	Intramuscular	Intramuscular	Intramuscular	Subcutaneous	Subcutaneous
Volumes injected	0.70–2.00mL	1.60–3.90mL	> 2.00 mL	0.25–2.62mL	0.80 mL	0.14–0.70mL
Duration of action	1 month	1 and 2 months	2 weeks	1 and 3 months	1 month	1 and 2 months
Oral supplementation	Potential	Potential	Yes	Potential	No	No
Ease of use	Reconstitution in several steps	Ready to use	Reconstitution in several steps	Ready to use	Reconstitution in several steps	Ready to use
Annual cost of treatment (United States, 2016)	USD 15,934	USD 15,825	USD 9,972	USD 12,647	N/A	N/A
2017 sales (gross)[45]	USD 789m	USD 139m	USD 691m	USD 2,728m	N/A	N/A

In view of the competitive environment for the mdc-IRM product, the Company believes that it has numerous advantages that could lead to a real disruption of the market for long-acting injectable treatments for the treatment of schizophrenia. The improvements particularly relate to the following characteristics:

- Administration route: the long-acting injectable antipsychotics currently marketed are intramuscular products, while the products being developed by the Company are subcutaneous injectables, simpler and less painful to administer. Unlike intramuscular products, subcutaneous depots can also be seen by imaging and potentially extracted if necessary.

- Speed of action: some long-acting injectables currently marketed are not immediately active and require oral supplementation for several weeks during treatment initiation. The aim of the

[43] Source : MedinCell

[44] Marketing planned from 2018 in the United States

[45] Source: IMS

products being developed by the Company is to have immediate therapeutic efficacy without requiring oral supplementation.

- Available antipsychotics: the principal long-acting injectable antipsychotics currently marketed are based on the risperidone (Risperdal Consta®), paliperidone (Invega®) and aripiprazole (Abilify Maintena®, Aristada®) drug molecules. Certain antipsychotics with proven efficacy and/or limited side effects, not currently available in a long-acting injectable version, could be developed based on the BEPO® technology.

- Duration of action: the principal long-acting injectable antipsychotics currently marketed have durations of action of between two weeks and three months. The products developed by the Company could achieve optimal durations of action not currently available with some drug molecules.

- Side effects and risks related to the injection: some currently-marketed long-acting injectable antipsychotics have specific side effects and risks that limit their commercial potential and that are subject to a warning by regulatory authorities in some cases. For example, some products have an FDA black box warning related to post-injection risks and require observation at a specialized center for a given period of time following each injection. In some cases, the subcutaneous injectables being developed by the Company could reduce these side effects and the specific risks related to injectables.

- Complexity of use: some currently-marketed long-acting injectable antipsychotics require many reconstitution steps, which can make their use complicated. In some cases, notably for the mdc-IRM product, injectable antipsychotics being developed by the Company could be ready-to-use products with improved usability.

6.5.4. Partnership with TEVA

In November 2013, the Company entered into a collaboration and license agreement with TEVA for the development of several products based on the BEPO® technology (see Chapter 22, "Major Contracts" of this *document de base*). Under this agreement, TEVA has obtained exclusive global rights for the development and marketing of the mdc-IRM and mdc-TJK products for schizophrenia treatment. A third program, mdc-ANG, is currently in the formulation research phase and could enter into development in the future.

TEVA operates globally and has a significant presence in the United States (representing more than 50% of its revenues), in Europe and in many other markets throughout the world. TEVA is one of the primary global pharmaceutical groups, and develops and markets a large drug portfolio across two markets:

- Generic drugs comprising chemical and therapeutic equivalents to the original drugs in various dosage forms, such as tablets, capsules, injectables, etc. This market includes over-the-counter pharmaceutical products as well as API manufacturing activities. TEVA is currently the primary manufacturer of generic drugs in the United States and Europe.

- Originator drugs, mainly in the therapeutic area of the central nervous system, including the Copaxone® and Austedo® products.

The Company has undertaken to grant TEVA, in return for royalties, an exclusive, worldwide patent, know-how and technology license for the development and marketing of the products covered by their collaboration, with the exception of its rights in polymers manufacturing technology.

The Company is prohibited from developing or marketing, alone or as part of a partnership, pharmaceutical products comprising the APIs used in the products that are the subject of the partnership with TEVA.

In return, in addition to paying fees, TEVA has undertaken to finance the development, including clinical studies, of said products. TEVA has also undertaken to maintain relations and interactions with the administrative authorities granting any authorizations associated with these products.

Under the terms of this agreement, any intellectual property rights non severable from MedinCell S.A. patented technology (including BEPO® technology) that exist or would be developed as part of the joint development program, by each party individually or jointly, remain the sole legal and beneficial property of MedinCell S.A.. Any other intellectual property rights, developed by each of the parties individually or jointly, will remain, as the case may be, the exclusive property of the concerned party or, will be jointly owned in equal shares by MedinCell S.A. and TEVA.

The Company believes that TEVA is a particularly appropriate partner for the development and marketing of its schizophrenia products given:

- Its dual expertise in the development of generic and originator products;

- Its positioning and expertise in the therapeutic area of the central nervous system;

- Its strong presence in the United States, currently representing 75% of the schizophrenia market[46].

In December 2017, TEVA announced the implementation of a complete restructuring plan aiming to considerably reduce its cost base, to unify and simplify its organization and to improve the commercial performance, profitability, cash flow generation and productivity of its activities. As part of this restructuring plan, TEVA conducted a review of all its research & development projects and terminated many programs and collaborations. During the first quarter of 2018, TEVA's new management team confirmed the maintenance of the collaboration with the Company for the development and marketing of long-acting injectables in the field of schizophrenia, notably going on to Phase III studies for its mdc-IRM product and in to preclinical studies for its mdc-TJK product, which demonstrates for the Company the willingness of its partner to pursue these development programs in the future.

The product candidates developed as part of the collaboration are evaluated and selected jointly by both partners. The collaboration started in November 2013 with the mdc-IRM program as the first project, aiming to formulate a long-acting injectable version of risperidone, a flagship drug molecule for the treatment of schizophrenia.

Under this collaboration, the Company is responsible for initial formulation activities until lead formulations are identified*. TEVA is then responsible for preclinical and clinical development activities, regulatory activities and product manufacturing and marketing.

The Company and TEVA are collaborating in protecting intellectual property for the products developed jointly. In accordance with the terms of the collaboration and license agreement between

[46] Source : TEVA

the two companies, the intellectual property generated by either party, alone or jointly, in the context of the partnership, remains the entire property of the Company when it cannot be used without infringing on the Company's patents.

The TEVA and Company teams interact daily in all the areas related to the programs that are the subject of the collaboration. A Joint Development Committee, composed of representatives from each of the partners, meets quarterly for any important decisions related to the programs.

Beyond the schizophrenia product collaboration, TEVA strengthened its collaboration with the Company in 2016 by subscribing to a €15 million bond issue to support the R&D and development efforts and activities relating to its own product portfolio (see Chapter 22, "Major Contracts" of this *document de base* for further details).

6.6. Postoperative pain and inflammation: the market opportunities seized by MedinCell

6.6.1. The challenges related to postoperative pain and inflammation

Postoperative pain measurement is the primary predictive factor for patient satisfaction after a surgical procedure[47]. Pain management is therefore a major health issue with a substantial economic and social impact, since it can potentially involve longer hospitalizations, additional procedures, missed work and addictions to certain opioids used in the treatment of pain. Current pain management practices for postoperative pain vary considerably according to the physician and the hospital, and generally rely on multimodal treatment. However, their efficacy remains limited since 57% to 73% of surgical patients indicate that they suffer from moderate to extreme postoperative pain[48].

The use of opioids in the treatment of postoperative pain is widespread in the United States: a 2014 study shows that they were used for 90% of surgical patients[49]. The use of opioids is also accompanied by negative side effects in 96% of surgical patients, increasing the hospitalization period in 55% of cases[50].

---

[47] Buvanendran A, Fiala J, Patel KA, Golden AD, Moric M, Kroin JS. The incidence and severity of postoperative pain following inpatient surgery. Pain Med. 2015;16(12):2277–2283

[48] Gan TJ, Habib AS, Miller TE, White W, Apfelbaum JL. Incidence, patient satisfaction, and perceptions of post-surgical pain: Results from a US national survey. Curr Med Res Opin. 2014;30(1):149-160

[49] Gan TJ, Habib AS, Miller TE, White W, Apfelbaum JL. Incidence, patient satisfaction, and perceptions of post-surgical pain: Results from a US national survey. Curr Med Res Opin. 2014;30(1):149-160

[50] Kessler ER, Shah M, Gruschkus SK, Raju A. Cost and quality implications of opioid-based postsurgical pain control using administrative claims data from a large health system: Opioid-related adverse events and their impact on clinical and economic outcomes. Pharmacotherapy. 2013;33(4):383-391

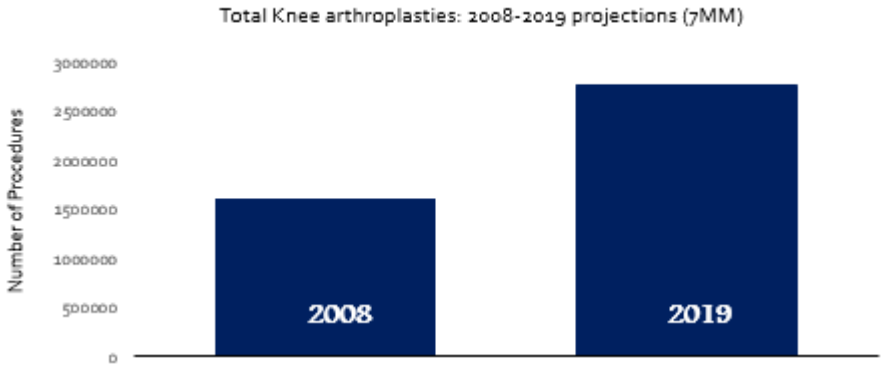
In the United States, opioid addiction*, which can follow a prescribed postoperative use, has reached epidemic proportions in the past few years. The Centers for Disease Control and Prevention (CDC) estimates that 91 people a day die from opioid overdose in the United States. Fighting this addiction is a US priority motivating all healthcare players to find alternative treatments. Outside the United States, the efficacy of postoperative pain management remains a major issue worldwide with major economic and social implications.

The postoperative pain treatment market in the United States was estimated at USD 6 billion in 2017, representing approximately 22 million surgical procedures (30% of which were orthopedic procedures) and a per-patient cost of around USD 300 per year. Long-acting postoperative pain treatments were only used in 4% of cases[51], [52].

Total knee arthroplasty

Approximately 693,400 total knee arthroplasties were performed in the United States in 2010[53]. The number of procedures is constantly increasing and could reach 3.5 million by 2030[54]. During total knee arthroplasty, the total excision of cartilage, bone resection and cementing of large prosthetic implants to the bone, is generally accompanied by substantial pain, inflammation, swelling and bleeding. Effective postoperative orthopedic pain management directly impacts hospitalization periods, success rates and the time necessary for total patient recovery.

Total knee arthroplasties: 2008-2019 projections (7MM)[55]



Although total knee arthroplasty is the most widespread procedure in the treatment of knee disorders, between 5% and 44% of patients who receive such a procedure suffer chronic pain,

[51] GBI Research. Global Business Intelligence Industry Report. Pain Management Therapeutics Market to 2017 – Price Competition to Intensify Following Patent Expiries of Lyrica and Cymbalta. http://www.gbiresearch.com/report-store/market-reports/archive/pain-management-therapeutics-market-to-2017-price-competition-to-intensity-following-patent-expiries-of-Lyrica-and-Cymbalta

[52] 10/2015 Cofactor Group analysis of US Surgical Procedure Volumes (LIS 2013). Procedures were screened for severity of postoperative pain and suitability of long-acting local anesthetics

[53] S. N. Williams, M. L. Wolford, A. Bercovitz, Hospitalization for Total Knee Replacement Among Inpatients Aged 45 and Over: United States, 2000-2010. *NCHS Data Brief*, 1-8 (2015)

[54] S. M. Kurtz *et al.*, Future clinical and economic impact of revision total hip and knee arthroplasty. *The Journal of bone and joint surgery. American volume* 89 Suppl 3, 144- 151 (2007)

[55] Kurtz et al, 2007, Projections of primary and revision hip and knee arthroplasty in the United States from 2005 to 2030; JBJS 89:780-5

complications and unsatisfactory clinical results, and it is not possible to predict which patients will be affected. These poor results generally follow poorly controlled postoperative pain and inflammation. They often require revision surgery, which greatly impairs patient quality of life and generates a substantial socioeconomic burden due to its complexity, cost and high level of complications. A recent study shows that opioid consumption is significantly increased following total knee arthroplasty in the acute and chronic postoperative phases.

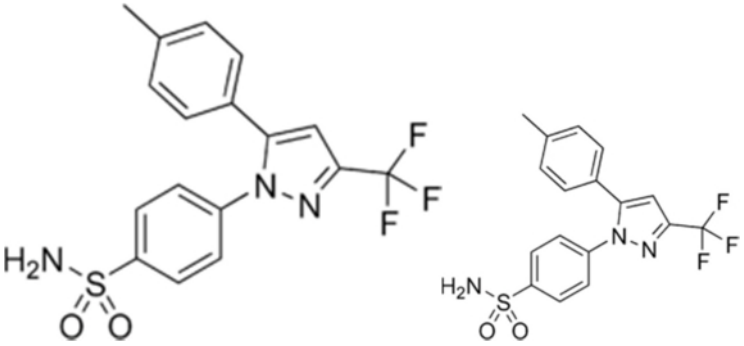
Since the intensity of the pain and inflammation after knee arthroplasty surgery and their possible consequences are not predictable from patient to patient, all patients undergoing this type of procedure are likely to benefit from the mdc-CWM product preventatively, which could represent a potential market of more than three million patients in the United States by 2030 when the product is marketed on the basis of current projections[56].

6.6.2. The mdc-CWM product

In partnership with AIC, the Company is developing an intra-articular injectable product for the treatment of postoperative pain and inflammation in the context of total knee arthroplasty, based on celecoxib.

Celecoxib is a nonsteroidal anti-inflammatory drug belonging to the cyclooxygenase 2 (COX-2) inhibitor family, commonly called coxibs. Celecoxib was approved by the FDA in the oral capsule form in 1998 and marketed under the Celebrex tradename. It is indicated for relieving osteoarthritis, rheumatoid arthritis, ankylosing spondylitis, acute pain and dysmenorrhea. The clinical efficacy of oral celecoxib in the treatment of acute pain has already been studied in the context of total knee or hip arthroplasties: participants treated postoperatively with celecoxib reported lower pain scores and a lower opioid consumption than participants receiving the placebo. A generalization of the use of celecoxib in its oral form for postoperative pain management cannot be considered, however, due to the systemic risks involved. In the short term, COX-2 inhibitors like celecoxib can actually increase the risk of postoperative bleeding by interacting negatively with the drugs used for deep vein thrombosis prophylaxis. There is also an increased risk of complications, especially cardiovascular, associated with long-term systemic exposure to COX-2 inhibitors, such as celecoxib, which is the subject of FDA black box warnings in the United States for this reason.

Chemical structure of celecoxib



Characteristics of the mdc-CWM product

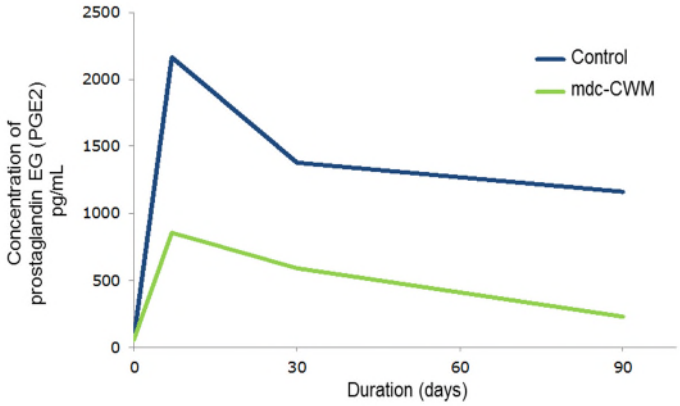
The Company and its partner, AIC, are developing a new celecoxib formulation that is injectable into the joint space during the total knee arthroplasty surgery. The mdc-CWM product combines the celecoxib drug molecule with two polymers developed by the Company and dimethyl sulfoxide (DMSO) used as a solvent. Immediately after the intra-articular injection, administered at the end of the surgical procedure, the product forms a solid depot several millimeters in size, delivering a dose

of celecoxib that could help to manage pain and inflammation locally for up to 12 weeks after the procedure.

Preclinical and clinical studies

AIC has conducted in-vivo studies, and notably a study in sheep to investigate the impact and safety of a dose of 0.3 mL of the mdc-CWM product in a surgical model simulating total knee arthroplasty. This study demonstrated that the mdc-CWM product reduced prostaglandin E2 (PGE2) levels immediately after injection, and maintained the PGE2 reduction for up to 90 days. Knees treated with the mdc-CWM product notably demonstrated improved postoperative movement compared to controls. No safety problems were detected during the study. Synovial tissue histopathology also showed that the polymers included in the mdc-CWM product degraded safely and there were no differences compared to the surgical controls from 14 days after injection onwards.

PGE2 concentration in synovial fluid



The Phase II clinical study currently underway aims to demonstrate that the local (versus oral) introduction of a single dose of celecoxib into the joint space during surgery offers a safer alternative, significantly impacting postoperative pain and function by inhibiting the initial inflammation levels relating to total knee arthroplasty. During the postoperative period, the prolonged local release of celecoxib could not only minimize systemic exposure, but also strongly reduce pain and the oral consumption of other analgesics.

The main characteristics of the clinical study currently underway on the mdc-CWM product are indicated in the table below.

Study design

Type	Study title	Participants	Locations	Study design
Phase 2	*"A Phase 2, Randomized, Single-Blind, Active-Control, Parallel Group Study to Evaluate the Safety and Activity of a Single Administration of F14 for Management of Postoperative Pain in Participants Undergoing Unilateral Total Knee Replacement "*	50 patients	United States	Single-site, randomized, single-blind study in patients operated on for total knee arthroplasty. The primary objective of the study is to evaluate the safety of a single administration of the mdc-CWM product during a total knee arthroplasty. The secondary objectives include measuring the efficacy of the postoperative pain treatment as well as measuring the reduction in opioid intake in patients receiving a single administration of the mdc-CWM product during a total knee arthroplasty. The study will also evaluate the pharmacokinetic profile of celecoxib in the plasma after a single administration of the mdc-CWM product. The study will also evaluate the intensity of pain between 0 and 72 hours post-surgery (measurements taken at 12, 24, 48 and 72 hours). Planned duration of the study before receipt of efficacy data: 21 months (4 months of recruitment phase, 12 months of follow-up phase and 5 months of post-study analysis phase).

Regulatory aspects

The clinical strategy for the mdc-CWM product was formulated to meet the requirements of US regulatory procedure 505(b)(2), applying to drugs that modify an existing approved product. The drug developer may partially rely on the data that were already used in a prior approval application, either by the same developer or by another company. This approach allows the developer to perform fewer preclinical and/or clinical studies, thereby accelerating the regulatory and clinical process and reducing related costs. The standards for 505(b)(2) approval are nevertheless identical to those for the introduction of a new drug in compliance with the 505(b)(1) procedure, particularly with regard to the efficacy and safety of the drug. The European equivalent of 505(b)(2) is the procedure relating to hybrid drugs. This procedure can be used for cases that do not strictly meet the definition of "generic drug" because changes have been made to the API, indications, strength, composition or administration method. The standards are relatively similar to that for the US 505(b)(2) regulatory procedure.

Clinical studies for the mdc-CWM product were initiated directly in Phase II given the fact that it can only be tested under real conditions by the placement of a knee prosthesis.

The efficacy data from the Phase II clinical study for the mdc-CWM product are expected in the first half of 2019 and could, depending on the data obtained, either allow the initiation of a Phase IIb clinical study to establish the appropriate dose, or allow direct initiation of a Phase III clinical study, the last step before the MA application. In the latter case, marketing of the mdc-CWM product could be anticipated as early as 2021.

6.6.3. Positioning of MedinCell products in the market

Positioning of the mdc-CWM product

There is currently no product similar to mdc-CWM (intra-articular celecoxib long-acting injectable).

The closest indirect competitor could be Exparel®, developed and marketed by the American company, Pacira Pharmaceuticals, Inc. (Nasdaq – PCRX), used in total knee arthroplasties.

Exparel® releases bupivacaine, an amide-bond local anesthetic, to prolong analgesia for a postoperative period of 72 hours. Despite its limited duration and its lack of effect on inflammation, Exparel®, which is sold at approximately USD 300 per dose in the United States, achieved USD 284 million in sales in 2017.

6.6.4. Partnership with the Arthritis Innovation Corporation (AIC)

On February 19, 2016, the Company entered into a collaboration and license agreement with AIC (see Chapter 22, "Major Contracts" of this *document de base*) to develop one or more products based on BEPO®. Under this agreement, AIC has obtained exclusive global rights for the development and marketing of the mdc-CWM product for the treatment of postoperative pain from total knee arthroplasty.

AIC is a Canadian company created in 2013 by Dr. Wayne Marshall and Dr. Nizar Mahomed, experienced surgeon-entrepreneurs of the Toronto West Hospital orthopedic surgery division, one of the primary North American centers for total knee and hip arthroplasty, which treats more than 2000 patients each year. AIC, initially financed by its founders and employees, is now supported by several Canadian investors and relies on the expertise of a recognized network of partners such as CitoxLab (preclinical studies), Camargo (the 505(b) (2) regulatory process), Cato research (a CRO), etc.

The Company believes that AIC is a particularly suitable partner for the development of the mdc-CWM product given the founders' advanced knowledge of orthopedic surgery and its unmet needs.

Under this collaboration, the Company is responsible for initial formulation activities until lead formulations are identified. AIC is then responsible for preclinical and clinical development activities and regulatory, manufacturing and product marketing activities, and the financing thereof.

The Company and AIC are collaborating in protecting intellectual property for the products developed jointly. In accordance with the terms of the collaboration and license agreement between the two companies, all the intellectual property generated by either party, alone or jointly, under the partnership, remains the entire property of the Company except for intellectual property relating to a pharmaceutical drug molecule that is the property of AIC or that relating to an injection device (co-ownership).

The AIC and Company teams interact regularly in all the areas related to the programs that are the subject of the collaboration. For the co-development of the mdc-CWM product, a Joint Development Committee composed of representatives of each of the partners meets quarterly for any important decisions related to the programs.

The collaboration and license agreement between the two companies provides for the Company to receive 50% of the profits made by AIC on the development and marketing of the mdc-CWM product.

Beyond the indication initially targeted, the Company and its partner plan to study opportunities to develop and market this product in other indications, which could require additional clinical studies to be conducted.

6.7. Extension of the product portfolio

6.7.1. Products in the formulation research phase

The opportunities offered by long-acting injectables are numerous. The Company is set up to identify and rigorously evaluate them in multiple therapeutic areas, relying on a network of healthcare professional partners.

The table below shows the Company's portfolio of programs in the formulation research phase that have not yet reached the preclinical or clinical phase. These programs, for which a final formulation is not yet available, present variable levels of risk depending on their technical, medical and regulatory complexities, the financial investments that they represent and their ability to be licensed to a partner. Each program is subject to regular review by the Company, which can decide to continue or discontinue it depending on its progress and associated risks.

mdc-CMV			
Drug molecule Ropivacaine	Indication Anesthesia and prevention of postoperative pain	Description Single perineural injection before or during the procedure	Partner Internal MedinCell program

Problems / unmet needs

- Ropivacaine is one of the principal standard treatments in Europe in the context of anesthesia and prevention of postoperative pain, but there is no injectable version that has the duration of action generally sought (72–96 hours vs. 24 hours with current forms)
- To obtain an optimal duration of analgesia, various treatments are generally used that are administered with catheters, which increases the risk of infection and the duration of hospitalization for the patient.
- Strong opioids are part of the treatments used, which increases the risk of addiction. The use of opioids for pain management is currently a public health problem, particularly in the United States
- The bupivacaine used in certain injectable products (e.g.: Exparel®) is suboptimal relative to ropivacaine (duration of action of 48 hours, toxicity and uncontrolled motor block)

Potential MedinCell solution / expected benefits

Ropivacaine long-acting injectable:

- Motor block control (4 hours maximum)
- Immediate efficacy (6–7 minutes in in-vivo tests)
- Anesthetic effect then analgesic effect for 72–96 hours with a single injection
- Reduced cardiac and nervous system toxicity
- Two possible administration routes: infiltration or peripheral nerve block
- No need to use opioids and catheters.
- Reduced hospital stays and corresponding costs
- No other known ropivacaine long-acting injectables in development

<table>
<tr><td colspan="4">mdc-NVA</td></tr>
<tr><td>Drug molecule

Ropivacaine</td><td>Indication

Treatment for post-trauma peripheral chronic neuropathic pain</td><td>Description

Perineural injection that can be repeated every 4 to 6 weeks</td><td>Partner

Internal MedinCell program</td></tr>
<tr><td colspan="4">Problems / unmet needs

▪ No treatment is currently approved for chronic post-trauma peripheral neuropathic pain.

▪ In practice, management is done with systemic treatments (antidepressants, antiepileptics) with moderate efficacy and safety

▪ Infiltrations and nerve blocks are an established option but use is limited by the need for catheters to extend pain control (consequences: increased risk of infection and longer hospital stays)

▪ High use of opioids in some regions (addiction risk, a public health problem, especially in the United States)</td></tr>
<tr><td colspan="4">Potential MedinCell solution / expected benefits

Ropivacaine long-acting injectable:

▪ Prolonged effect variable from 2 to 6 weeks

▪ Local action limiting systemic adverse reactions

▪ Reduction of opioid and catheter use.

▪ Reduction of hospital durations and therefore costs

▪ No other known ropivacaine long-acting injectables in development</td></tr>
</table>

<table>
<tr><td colspan="4">mdc-WWM</td></tr>
<tr><td>Drug molecule

Levonorgestrel / Etonogestrel</td><td>Indication

Contraception</td><td>Description

Subcutaneous depot with a 6-month duration of action</td><td>Partner

Bill & Melinda Gates Foundation (developing countries)

MedinCell internal program (developed countries)</td></tr>
<tr><td colspan="4">Problems / unmet needs

▪ 80 million unwanted pregnancies each year in developing countries[56] due to lack of available contraceptive solutions

▪ Current alternatives have drawbacks:

o Oral contraception is associated with a higher risk of failure (unwanted pregnancy)

o Implants require technical skill to be positioned. They cannot be resorbed and therefore must be extracted after use

o Medroxyprogesterone depots are associated with tolerability problems, notably weight gain, bone density loss, potential reduction in HIV barriers</td></tr>
<tr><td colspan="4">Potential MedinCell solution / expected benefits

▪ Levonorgestrel (or etonogestrel) long-acting injectable:

▪ Better treatment adherence and therefore reduced risk of unwanted pregnancy

▪ Ease of injection

▪ Bioresorbable depot not requiring extraction

▪ Allows flexibility in contraception management (6 months), reversible

▪ Better safety profile than medroxyprogesterone

▪ First levonorgestrel (or etonogestrel) subcutaneous biodegradable depot

This product is presented in more detail in Section 6.7.2 of this document de base.</td></tr>
</table>

[56] WHO Unsafe Abortion: Global and Regional Estimates of the Incidence of Unsafe Abortion and Associated Mortality

<table>
<tr><td colspan="4">mdc-ANG</td></tr>
<tr><td>Drug molecule

Confidential</td><td>Indication

Central nervous system</td><td>Description

Monthly subcutaneous injection</td><td>Partner

Confidential partner</td></tr>
<tr><td colspan="4">Problems / unmet needs

▪ Poor antipsychotic treatment adherence</td></tr>
<tr><td colspan="4">Potential MedinCell solution / expected benefits

long-acting injectable:

▪ Reduction in the risk of relapse and more generally costs resulting from poor treatment adherence</td></tr>
</table>

mdc-ELK			
Drug molecule Escitalopram	Indication Treatment for major depressive episodes	Description Monthly subcutaneous injection	Partner Internal MedinCell program

Problems / unmet needs

- With 20% prevalence according to the WHO, depression is the most common psychiatric disorder globally. It is characterized by episodes of major depression, single or recurrent depending on the patient.
- 50% of patients do not respond to current treatment, which is partially explained by poor treatment adherence
- Many patients stop their treatment because the effect is only felt after several weeks
- Consequences: limited efficacy, relapses
- There are currently no long-acting alternatives

Potential MedinCell solution / expected benefits

Escitalopram long-acting injectable:

- Standard treatment for major depressive episodes
- Better efficacy, fewer relapses due to better treatment adherence and reduced associated costs
- Improvement of the safety profile (gastrointestinal disorders)

First selective serotonin inhibitor long-acting injectable

mdc-GRT

Drug molecule	Indication	Description	Partner
Tacrolimus	Prevention of graft rejection in solid organ transplant patients	Monthly subcutaneous injection, lifelong treatment	Internal MedinCell program

Problems / unmet needs

Tacrolimus is the standard treatment for the prevention of graft rejection. It has several drawbacks:

- The oral form is characterized by greater inter- and intra-patient variability
- The oral form induces adverse gastrointestinal reactions, worsening absorption problems
- The therapeutic window is narrow, leading to adverse reactions (neurotoxicity)
- Lifelong treatment with one or two daily oral administrations
- Poor treatment adherence with serious consequences (graft rejection, dialysis, limited availability of grafts, etc.)

Potential MedinCell solution / expected benefits

Tacrolimus long-acting injectable:

- This administration method could allow controlled release of the API and a reduction in variability
- Better safety profile
- Better treatment adherence
- Fewer graft rejections
- Reduced hospitalization durations and more generally reduced costs resulting from poor treatment adherence
- No other known tacrolimus long-acting injectables under development
- Injectable in the beginning of formulation with a technical risk potentially greater than the Company's other products

6.7.2. Partnership with the Bill & Melinda Gates Foundation

The Company is working with the Bill & Melinda Gates Foundation for its mdc-WWM program, seeking to develop a six-month injectable contraceptive that could facilitate access for women in developing countries (refer to Section 22.2 of this *document de base*).

The Company believes that the combination of a progestin with its BEPO® technology could help to design long-acting injectable contraceptives suited to the specific challenges relating to developing countries, including a need for low cost drugs, and addressing poorly-developed distribution systems and even certain cultural barriers. It is estimated that 80 million women in developing countries have an unwanted pregnancy each year and that a quarter of them resort to a risky abortion. Improving access to effective contraceptives could reduce unwanted pregnancies, deaths due to pregnancy and childbirth, abortion rates and the number of infant deaths. It is therefore a public health issue that can also have a real economic and cultural impact for women.

The mdc-WWM aims to design a 6-month contraceptive requiring only a single subcutaneous injection. Studies have shown the superior efficacy of long-acting reversible contraceptive methods (LARC) relative to other contraceptive methods[57]. The risk of contraception failure in women using oral contraceptive pills, the contraceptive patch or the vaginal ring is actually 17 to 20 times higher than women using LARCs, mainly due to lack of adherence. Unlike existing LARCs, such as contraceptive implants, no surgical procedure would be necessary for the BEPO® contraceptive.

The mdc-WWM program, in partnership with the Bill & Melinda Gates Foundation, is part of the Company's commitment to make its innovative therapeutic solutions available to a greater number of people. As part of this collaboration, the Bill & Melinda Gates Foundation granted the Company financing of USD 3.5 million for a fixed duration until September 30, 2019, for which a first payment of approximately €1.7 million (USD 2 million) was received by the Company in December 2017 and other payments conditional on achieving certain therapeutic product development milestones, and in agreement with the Bill & Melinda Gates Foundation.

The Company estimates that the mdc-WWM product could enter the preclinical phase from the first half of 2020.

All the development and marketing rights in developed countries for products resulting from the mdc-WWM program are held by the Company, and the Bill & Melinda Gates Foundation holds the development and marketing rights in other countries as part of its Global Access program.

6.8. The BEPO® technology

The Company has developed its own BEPO® technology, which aims to control and ensure the regular delivery at the therapeutic dose of an API for several days, weeks or months from a bioresorbable depot a few millimeters in size, injected subcutaneously or locally (intra-articular or perineural for example).

The Company thus offers an alternative to conventional drug administration methods (particularly oral) that could improve treatment efficiency and meet some of the major global health challenges,

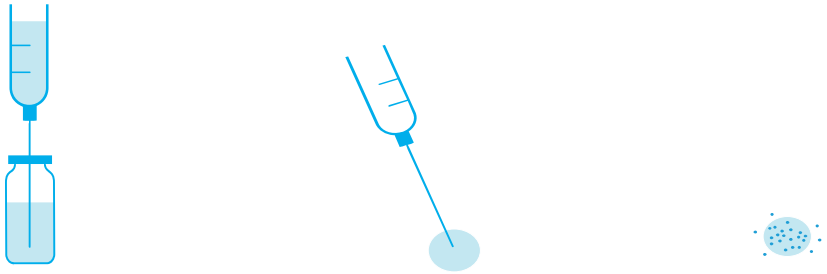
[57] Winner, B; Peipert, JF; Zhao, Q; Buckel, C; Madden, T; Allsworth, JE; Secura, GM. (2012), "Effectiveness of Long-Acting Reversible Contraception", New England Journal of Medicine, 366 (21): 1998–2007, doi:10.1056/NEJMoa1110855, PMID 22621627

including improving patient adherence and safety, improving treatment efficacy, and also reducing the time and expense of developing and manufacturing treatments.

6.8.1. Mechanism and composition

Mechanism

A subcutaneous or local injection leads to the formation of a polymer depot a few millimeters in size under the skin that diffuses the API while being resorbed for the desired duration, like a mini pump that would be injectable and bioresorbable.



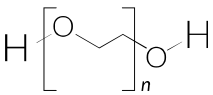
Product formulation		
Each formulation contains	Subcutaneous or local injection	Controlled release
• Customized PEG/PLA polymers • A hydrophilic solvent • The API	A depot forms immediately after injection	The API is diffused steadily until the depot disappears completely

Composition

Each product is composed of a solution of diblock (DB) and triblock (TB) polymers containing hydrophilic and water-soluble sequences (polyethylene glycol - PEG) bound to hydrophobic and amorphous blocks (Poly (D, L-lactic acid) - PLA), which precipitate by forming a depot when they are exposed to an aqueous environment. The API is trapped in the polymer matrix, then released steadily as the polymer degrades. The release kinetics of the API contained by the depot can be regulated by adjusting different parameters.

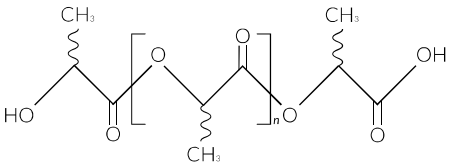
The polymers

PEG - Polyethylene Glycol



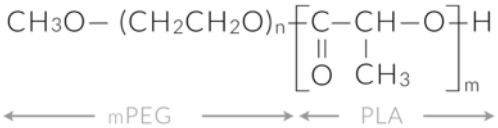
Hydrophilic and water soluble, PEG is available in a broad range of molar masses.

PLA - Poly (D,L-lactic acid) or poly (D,L-lactide)

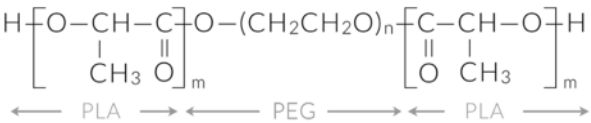


Hydrophobic and amorphous, PLA is produced from the cyclic monomer, lactide. It degrades by hydrolysis.

Diblock Copolymers



Triblock Copolymers



Solvent

DMSO (dimethyl sulfoxide) is a strongly-polar organic liquid miscible with water with a very low level of toxicity. It is widely used as a solvent in varied pharmaceutical and non-pharmaceutical applications.

Synthesized for the first time in 1866 and used as a solvent since the 1920s, DMSO has been the subject of numerous preclinical and clinical studies that have validated its safety. We can particularly site a clinical investigation study of DMSO as a treatment for refractory cancer pain: 26 patients received 8 cycles of an intravenous infusion of 20-60 mL of DMSO (>99%) once a day for 10 days, with a 2-day break between each cycle. No adverse effects of DMSO[58] were observed in this study (the volumes of DMSO used in BEPO® formulations are much lower than those tested in this study).

DMSO, as a solvent combined with the BEPO® technology, has already been used in two clinical-phase studies conducted in 2016 and 2017, with no adverse effects observed. It has also been approved by the US regulatory agency, the FDA, for Phase II and Phase III clinical trials that are currently underway.

In 2008, the OECD concluded, on the basis of the available physicochemical, toxicological and ecotoxicological data relating to DMSO, that it does not pose any significant hazard for human and environmental health[59]. These findings were in line with the fact that DMSO is not classified as a hazardous substance according to European regulatory criteria. As such, DMSO is a sustainable

[58] Hoang BX, Tran DM, Tran HQ, Nguyen PT, Pham TD, Dang HV, Ha TV, Tran HD, Hoang C, Luong KN, Shaw DG (2011) Dimethyl sulfoxide and sodium bicarbonate in the treatment of refractory cancer pain. J Pain Palliat Care Pharmacother. 25: 19-24

[59] https://www.arkema.com/fr/media/actualites/detail-actualite/Les-experts-de-lOCDE-concluent-a-linnocuite-du-DMSO-pour-la-sante-humaine-et-lenvironnement/

standard solution for replacing solvents that are hazardous to health such as N-methyl pyrrolidone (NMP) and dimethylformamide (DMF).

Each formulation is unique

Formulation research work is guided by the Target Product Profile (TPP), which includes the product target specifications and is determined prior to launching the program. The TPP determines:

- The drug molecule used, since each drug molecule has different physicochemical properties that influence the product formulation;

- The targeted duration of action (from a few days to several months), which influences the API load that has to administered;

- The dose of API that has to be steadily diffused.

To achieve these objectives, the BEPO® technology offers several "levers". These various adjustment parameters are used during the formulation research stage to obtain a product prototype. For each product, a new combination of polymers is created, which makes each formulation unique and exclusive.

The principal variable used are:

- The proportion of polymers, solvent and API entering into the product composition;

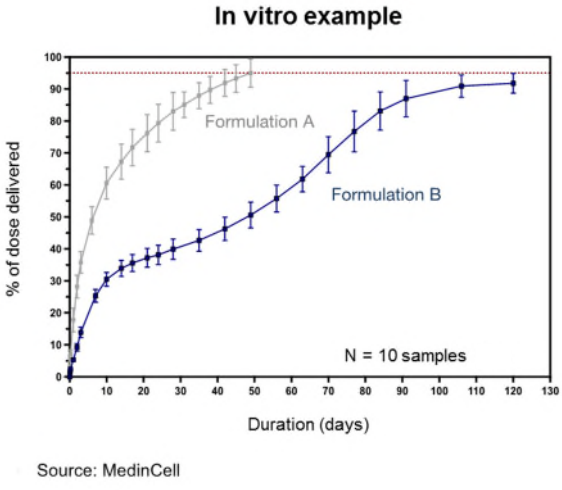
- The diblock polymer / triblock copolymer ratios;

- The PEG / PLA ratio;

- The properties (lengths) of the PEGs and PLAs; and

- The properties of the solvent used.

In addition to treatment duration and continuously-delivered dose, these various factors control the "burst" (or Cmax), i.e., the maximum concentration of the API observed immediately after injection, as well as the product injection volume and viscosity.



Source: MedinCell

6.8.2. Safety of the PEG and PLA polymers

The PEG and PLA polymers used in the composition of the BEPO products are already widely used in the pharmaceutical industry and have proven safety.

For example, the Korean company, Samyang Biopharmaceuticals, markets a cancer drug, Genexol®PM, using the mPEG-PLA constituent in the form of solubilizer micelles improving the aqueous solubility of the API; the product is administered intravenously at a dose of 30 or 100 mg of paclitaxel in a minimum of 150 mg of mPEG-PLA per injection. Seventeen clinical studies have demonstrated the safety and improved efficacy of this formulation on hundreds of patients tested in Korea, Singapore, Russia and the United States. Genexol®PM obtained its first marketing authorization in South Korea in February 2007 for skin cancer and certain forms of lung cancer, and is currently the most commonly prescribed paclitaxel product in Korea. Genexol®PM also obtained marketing authorization in Europe. Samyang Biopharmaceuticals Corporation uses the mPEG-PLA constituent for its same solubilizer properties in another cancer drug approved in Korea under the tradename Nanoxel®M.

The Company also regularly conducts in-vivo toxicity testing. Currently, no systemic toxic effects linked to the vehicle have been identified and no chemical fractions suspected of genotoxicity have been detected.

6.8.3. Advantages of the BEPO technology

The BEPO® technology combines the advantages common to all long-acting treatments with advantages of its own:

- subcutaneous injection or local application;
- completely bioresorbable depot;
- immediate and controlled delivery of the API, from several days to several months;
- limited quantity of API;
- medical imaging and possible removal;
- duration from a few days to several months;
- “burst” control;
- immediate action;
- safety.

Advantages for development and marketing:

- technology easily adaptable to many APIs;
- accelerated regulatory process with the use of drug molecules already known and used;
- relatively low manufacturing costs due to the polymer production capacities of CM Biomaterials B.V.

6.8.4. Polymer manufactured and supplied by a JV with Corbion

Industrial scale manufacturing of polymers complying with Good Manufacturing Practice is a major issue for the development and commercial deployment of the Company's products.

From this perspective, the Company entered into a collaboration in 2010 with the Dutch group, Corbion, one of the principal global manufacturers of biopolymers for the pharmaceutical industry. Listed on Euronext Amsterdam, with 1794 employees (full-time equivalents) and with a turnover of EUR 891.7 million in 2017, the Corbion group has the know-how and suitable industrial facilities for the needs and quality standards of the pharmaceutical industry.

In 2015, the Company and Corbion realized their collaboration by the creation of a joint-venture, CM Biomaterials B.V., for the manufacture and distribution of BEPO® polymers. In the context of the creation of the joint-venture, CM Biomaterials B.V., (i) the Company has undertaken to buy its polymers and to make its best efforts to ensure that its partners buy their BEPO® polymers exclusively from CM Biomaterials B.V., and (ii) Corbion operates as the subcontractor manufacturer for CM Biomaterials B.V. for polymer manufacture (the drugs being manufactured directly by the Company's partners).

Therefore, CM Biomaterials B.V. generates its turnover by the sale of BEPO® polymers to MedinCell and its partners. A part of the margin realized by CM Biomaterials B.V. after deducting its operating expenses, and in particular those relating to the remuneration of manufacturing activities carried out by Corbion as a subcontractor, is retroceded to MedinCell and Corbion under a license agreement between the Company, Corbion and CM Biomaterials B.V. (See section 21.2.22.3 of this *document de base*).

To this end, the two parties jointly manage the activities of CM Biomaterials B.V. MedinCell nevertheless had some special rights regarding certain commercial terms and conditions, including a right to approve or reject contractual agreements with certain customers or a particular price level, which the Company waived by supplemental agreement dated August 27, 2018. Thus, as regards both the IFRS and the contract, the joint-venture was fully consolidated for the fiscal years 2016-2017 and 2017-2018. Given the changes made to the contract by the above-mentioned supplemental agreement, the Company now plans to recognize the joint-venture by the equity method from the current year ending March 31, 2019. The change in accounting method using the equity method was considered by the Company as insignificant on the basis of an analysis of the balance sheet and income statement aggregates.

The Company and Corbion licensed the intellectual property rights, including the expertise and technology specific to the manufacture of BEPO® polymers, to the joint-venture. The intellectual property relative to the BEPO® technology itself remains exclusively held by the Company and is not licensed to the joint-venture. The joint-venture subcontracts the production of BEPO® polymers to Corbion, which is solely responsible for the implementation, maintenance and financing of the production units required for this purpose.

The Company believes that its collaboration with Corbion will help to reduce the scale up risk faced by companies of similar size and at a similar stage of development as the Company, i.e.:

- ensuring a good transition in terms of quality and quantity, between the polymers used during the formulation research phases and those necessary for the clinical development and marketing of its products;

- maintaining a consistent level of production quality for all the BEPO® polymers used in its various products, by itself or its partners;

- protecting the know-how and intellectual property specific to the BEPO® polymer, which could help to protect its products beyond the validity period for its patents;

- reducing costs relating to the development of its products.

As part of the agreements implemented between Corbion and the Company when creating CM Biomaterials B.V., guarantees were put in place between the two partners to ensure a minimum level of business for Corbion and to guarantee the manufacturing and supply of polymers to MedinCell S.A. and its partners in good time and under all circumstances. Corbion notably is committed to creating a second production site to secure the manufacturing of BEPO® polymers for CM Biomaterials B.V.: a new production site was set up for this purpose in Georgia in the United States. The Company believes that the production capacities available under its collaboration with Corbion will meet the polymer needs for the clinical development and marketing of its products.

The know-how and intellectual property specific to the production of BEPO® polymers are also controlled by the Company via its joint-venture, CM Biomaterials BV, thus limiting the risk of its products being copied beyond the lifetime of its patents.

6.9. Development strategy: objective of one IND per year

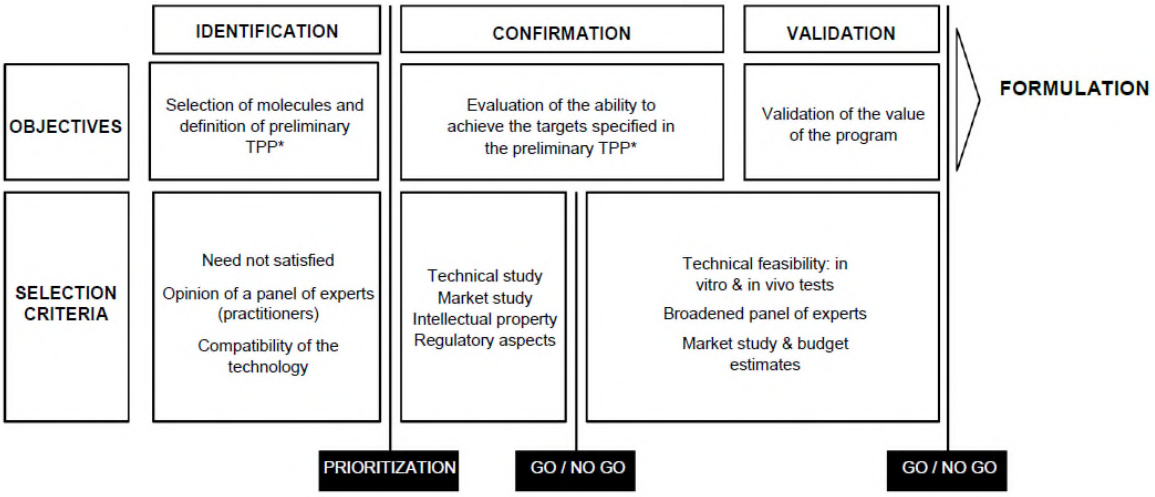
6.9.1. Identification of opportunities

The opportunities offered by long-acting injectables are numerous. The company has been set up to identify and rigorously evaluate them. To this end, the Company's teams and its network of partners work exclusively on drug molecules that are already approved and proven. However, the Company is examining some opportunities for use of the BEPO® technology:

- for the development of products using new drug molecules not on the market (new chemical entities) requiring extended and/or localized action for which the BEPO® technology could be an enabler,

- for the development of products for animal health that could represent an additional growth driver for the Company.

Identification – confirmation – validation process



Identification

In order to develop its product portfolio, the Company has developed a mechanism and a structured process for identifying the opportunities offered by injectables with controlled and long-acting delivery. This evaluation process seeks to minimize risk prior to a program entering the formulation research phase. The drug molecules tested are identified by the Company's strategic marketing team after market and needs analysis, evaluation of possible impacts, the opinion of a panel of experts and a first evaluation of the compatibility of the BEPO® technology. Some drug molecules are also selected by considering discussions between the Business Development and Alliances team, and potential or existing partners.

The objectives of this first stage are:

- the selection of drug molecules and the prioritization of current and future projects;

- the definition of preliminary Target Product Profiles (TPPs), which define notably the drug molecule used and the indication for the product.

Confirmation and validation

The TPPs identified and selected during this first stage are then the subject of an in-depth study that involves the Company's various teams and also external experts to evaluate the program in all its aspects.

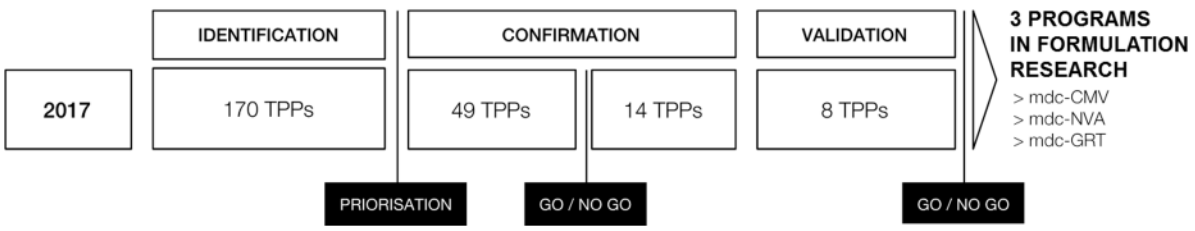
- Technology: the Company has a dedicated team in its laboratory to identify and evaluate the feasibility of the program and any constraints related to the drug molecule through a series of preliminary in-vivo and in-vitro tests.

- Marketing and sales: at this stage, in-depth marketing studies are conducted in collaboration with specialized agencies to assess the competitive environment and confirm commercial opportunities as well as the potential impact of the product in terms of treatment access for the greatest number of people in developed or emerging countries. Focus groups are held with panels of experts to refine the TPP by specifying the project outlines (product duration of action, dose, etc.).

- Intellectual property: issues relating to the product's intellectual property and any obstacles related to product marketing are examined.

- Regulation: a first regulatory strategy is also studied from the evaluation stage in order to anticipate any constraints or identify certain opportunities.

Different milestones help to decide whether to go further or to stop the evaluation process depending on interim information. TPPs that reach the end of the processes are deemed suitable to go to the formulation research stage, which marks the launch of the program.

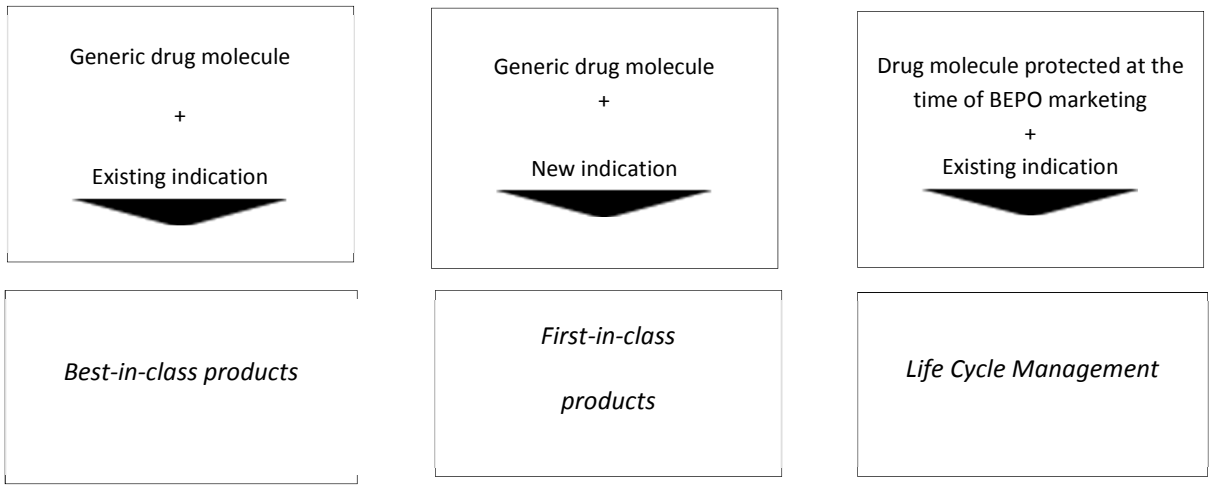


The attrition between each stage can be explained by various factors related to, for example, the market identified in developed or developing countries, the compatibility of the drug molecules with the BEPO® technology in its current state, a lack of consensus among specialists, etc. In many cases, it is not permanently abandoned. The tested drug molecule could be evaluated again in the future and go to the next stage, for example due to changes in the BEPO® technology, a more favorable evaluation of the commercial potential, or a broader consensus of our panel of experts, etc.

The Company's identification and evaluation tool helped to identify and validate 8 TPPs during the 2017 fiscal year and helped 3 programs enter the formulation research phase. These programs are currently being developed internally and are therefore being financed by the Company, which holds full ownership. The stated objective of the Company is to file at least one application to initiate a clinical trial each year, in the United States, Europe or elsewhere, notably as part of its Global Health strategy.

Opportunities with approved drug molecules

The use of an already approved drug molecule can be applied to different strategies to gain or retain market shares, according to whether it is already in the public domain (generic) and whether or not the product is intended for an existing indication.



Opportunities with new drug molecules

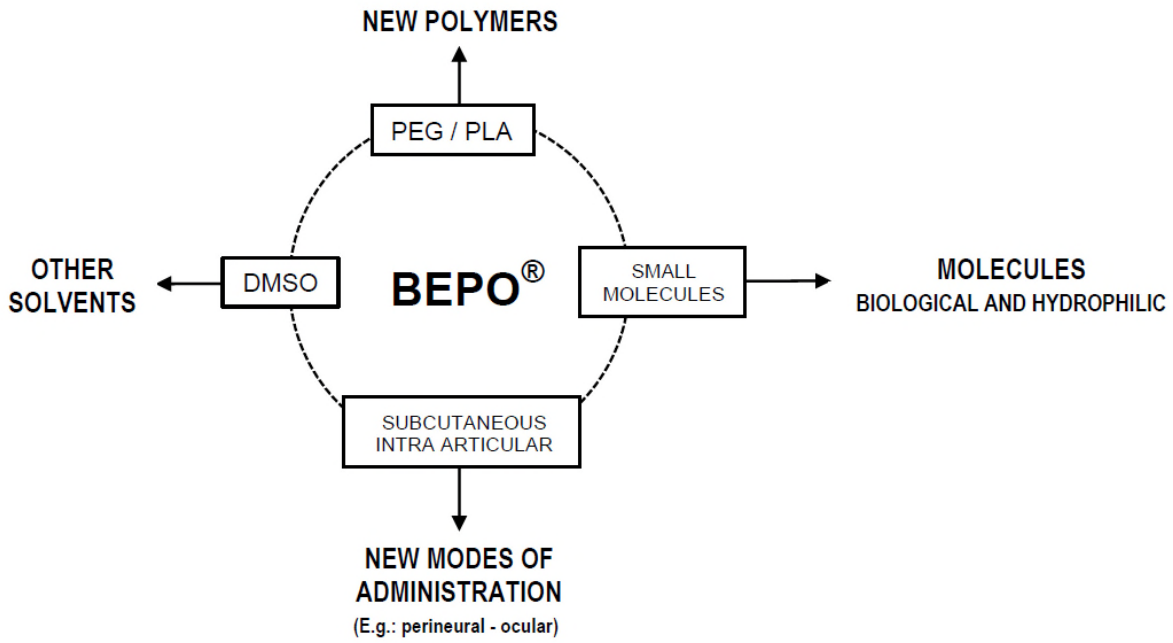
The Company believes that certain therapeutic drug molecules can achieve their full potential as injectable treatments with controlled and extended delivery. For other drug molecules, whose exploitation is limited or even inconceivable due to issues of toxicity, the Company believes that the BEPO® technology could be a solution to enable their use.

Opportunities related to extension of the technology

The extension of the BEPO® technology through research programs implemented by the Company aims to:

- naturally increase the number of compatible drug molecules, by making it compatible with biological and hydrophilic drug molecules;

- define new administration methods in addition to subcutaneous and intra-articular injections;
- develop or adapt devices for product injection and storage.



Network of experts

The Company relies on a large network of experts for the identification and validation of its product candidates, the definition of the product candidate specifications, the design of its studies, etc. This network includes the experts listed below:

Field	*Expert*
Central nervous system	*Prof. Keith Nuechterlein, University of California, Los Angeles (UCLA)*
Central nervous system	*Prof. Kenneth Subotnik, University of California, Los Angeles (UCLA)*
Central nervous system	*Prof. Benjamin Ellingson, University of California, Los Angeles (UCLA)*
Central nervous system	*Prof. Todd Tishler, University of California, Los Angeles (UCLA)*
Orthopedic Surgery	*Dr. Wayne Marshall, orthopedic surgeon, Toronto Western Hospital, Canada / cofounder of AIC*
Orthopedic Surgery	*Dr. Nizar Mahomed, orthopedic surgeon, Toronto Western Hospital, Canada / cofounder of AIC*

Anesthesia	*Prof. Xavier Capdevilla, Head of the Anesthesia and Intensive Care Department, CHU de Montpellier and École de Medecine de Montpellier / President of the Société Française des Anesthésistes Réanimateurs (French Society of Anesthesia and Intensive Care Medicine, SFAR)*
Anesthesia	*Prof. Christophe Dadure, Anesthesia and Intensive Care, CHU de Montpellier*
Pain	*Prof. Patrick Mertens, Head of the Department of Neurosurgery, CHU de Lyon*
Pain	*Prof. Alain Serrie, Head of the Department of Pain Medicine – Palliative Medicine, hôpital Lariboisière Paris*
Transplantation	*Prof. Marie Essig, Professor of Medicine and Head of the Department of Nephrology, CHU de Limoges*
Transplantation	*Prof. Pierre Marquet, Professor of Medicine, University of Limoges / former president of the International Association of Therapeutic Drug Monitoring and Clinical Toxicology (IATDMCT)*
Toxicology	*Prof. Jacques Descotes, senior consultant*
CMC & Regulatory	*Frédéric David, senior consultant*
Global Health	*Dr. Inon Schenker, senior consultant*

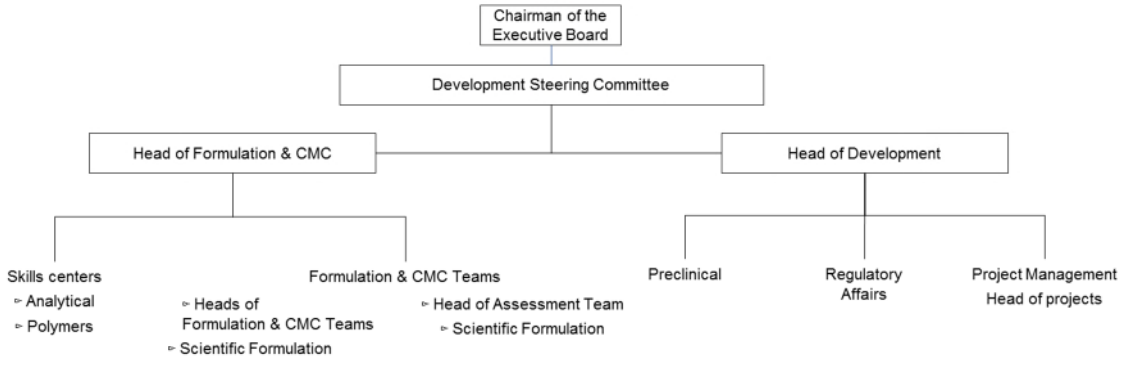
6.9.2. Functional organization and extension of R&D capacities of the Company

To support its growth strategy and develop its product portfolio, the Company has structured itself with the aim of maintaining its ability to innovate and the agility of its teams.

Supervised by a steering committee, two main divisions coexist and interact throughout the lifetime of the programs, one dedicated primarily to the product formulation research stage and the other to the preclinical development phase.

The first corresponds to the Company's historic activities and know-how.

The second aims to provide the Company with means to implement its strategy with the inclusion of new capacities, beyond its historic formulation expertise, to ensure sole preclinical and clinical development of its products, potentially up to the marketing stage.



To achieve its objectives, the Company plans to double the number of research formulation teams it has by 2019 and to add new areas of expertise, particularly to support programs in their preclinical and clinical phases (formulation managers, formulation/CMC manager, clinical development expert, business developers, etc.).

The Company also plans to continue to invest in the development of its technical facilities, to adapt to the growth of its business activities and its workforce, while maintaining a high level of quality and safety.

6.9.3. A selective partnership strategy

The Company's partners have played an important role in the Company's first stages of development. For example:

- Numerous scientific collaborations helped to finance the development of the BEPO® technology.

- A first extensive partnership with TEVA helped start the development of the product portfolio by providing the Company with TEVA's substantial financial resources and skills, especially with regard to regulatory aspects.

The partnership with AIC allowed the Company to benefit from the expertise of a network of North American surgeons to precisely define the Targeted Product Profile and to ensure its financing.

Beyond the resources allocated to the development of a long-acting contraceptive, the collaboration with the Bill & Melinda Gates Foundation allows the Company to benefit from a powerful partner to reach as many women around the world as possible and facilitate their access to contraception.

The partnership with Corbion, embodied by the CM Biomaterials B.V. joint-venture allows the Company to anticipate and prepare the future production of its products currently in development while preserving the intellectual property related to its know-how.

The search for and selection of partners relies on a strategy of alliances based on long-term objectives and a collaboration between the Company and the partner. The Company has significant experience to conduct developments with different partner profiles covering varied arrangements (JV, scientific partnership, industrial partnership) and fields of collaboration.

The Company has now entered into a new stage of its growth where it aims to extend its product portfolio and to include the necessary skills, particularly technical and regulatory skills, to get past the formulation research stage and to proceed as far as possible with the internal development of products, notably to the clinical stage.

Depending on the program in development, the Company nevertheless reserves the opportunity to enter into one or more partnerships to support it in the launch of a new program or in later development phases, in order to increase the product's chances of success, optimize project financing or allow wider distribution of the products.

Each collaboration is evaluated according to the added value that it can provide to the program, according across different areas:

- **Preclinical and clinical development,** by providing technical skills related to an API and/or a particular therapeutic area, or regulatory expertise, for example;

- **Market access,** by capitalizing on the established presence of its partner, its expertise and its sales force;

- **Financing,** by seeking to optimize the creation of future value for the Company;

- **Manufacture of the product,** in order to benefit from the partner's know-how and industrial facilities;

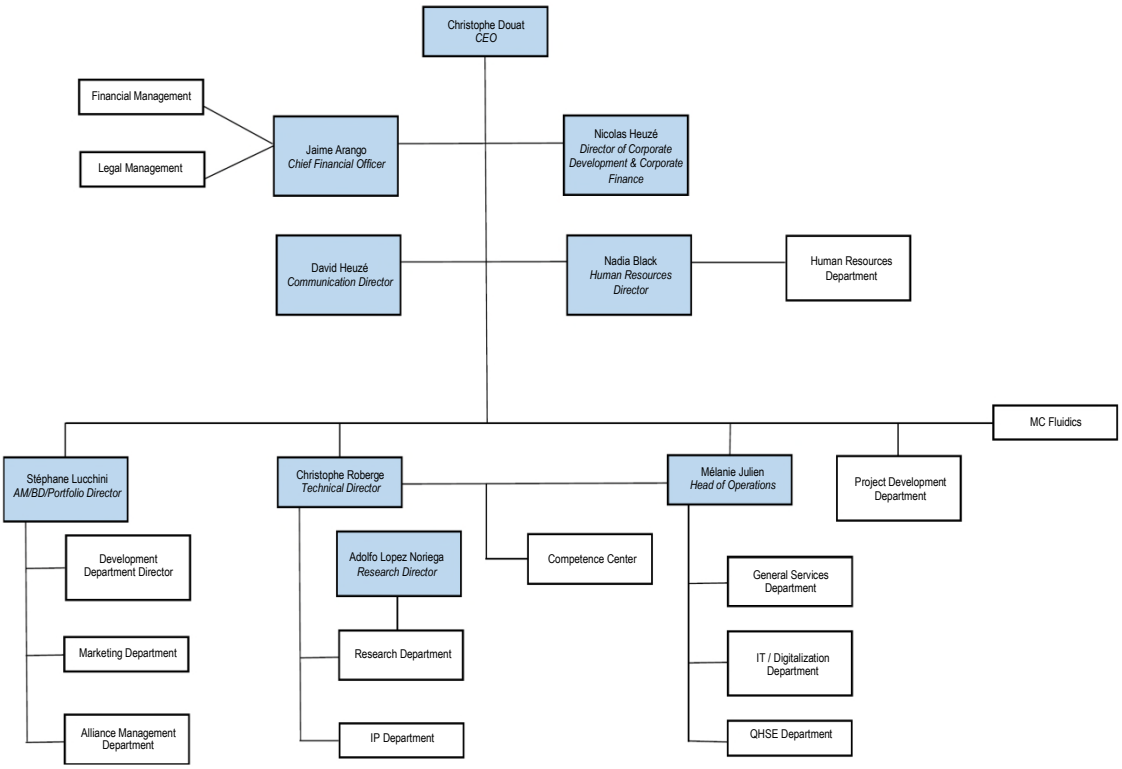
- **Accessibility of the products to the greatest number of people (Global Health),** by relying on the presence of a partner or its network in emerging markets, for example;

- **The development of a consistent product range,** favoring *"multiple-product"* collaborations.

The Company has developed an international network involving partners providing added value to support its growth. The Company plans to continue in this way by identifying and selecting, if necessary, the best partners for each product being evaluated or developed. This selective strategy seeks to maintain the Company's mission while optimizing value creation.

6.10. Organization of the Company

As of the date of this *document de base*, the Company's operational organization chart was as follows:



The Group's senior managers possess significant experience in their respective fields. This experience is summarized in section 14.1.1 of this *document de base*.

6.10.1. The R&D and innovation structure

R&D teams

MedinCell's R&D teams are made up of 77 employees (among a total of 110 employees at the Company) as of March 31, 2018, of whom 50% have a master's degree and 39% have a PhD.

Research. The primary research mission is to generate the creation of knowledge and innovation. Its objectives are to provide numerous tools to the formulation teams, from assessment to development, to enable them to accomplish their mission more easily. Research is also responsible for the generation of new intellectual property.

Formulation development projects. The mission of the formulation teams is to design and implement dosage form development projects necessary for refining the pharmaceutical form with respect to regulations and health and safety rules, costs and deadlines. The teams therefore deliver a lead formulation for submission to the next phases and notably for validation by healthcare agencies. The formulation teams at MedinCell are organized by project, so a project team will develop its own formulation in a given therapeutic application.

Assessment. The primary mission of the Assessment team is to assess the risks and opportunities in the development of a given drug with the BEPO technology®. This notably includes:

- identification of medical needs,
- assessment of potential markets, and
- preliminary technical feasibility.

Analytical. The analytical center works in close collaboration with all the formulation project teams in order to understand their needs and offer solutions to them. It exercises its expertise and advises on the most appropriate analytical equipment to use and develops and validates the appropriate analytical methods for the project.

Polymers. The polymers center works to support formulation projects to synthesize polymers (the core of the BEPO® technology) in order to meet the project needs, and is involved in scaling up processes for industrialization.

Preclinical. The preclinical center coordinates all the in-vivo activities in support of the projects in the lead formulation research phase and supports the implementation of toxicology studies.

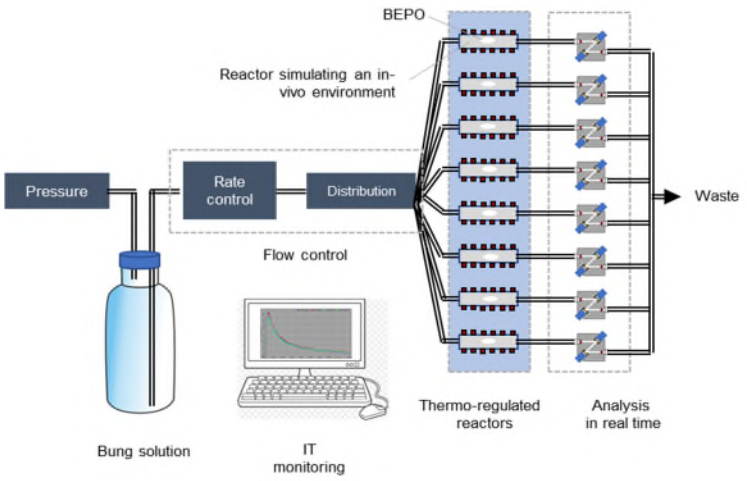
Regulatory affairs. The regulatory affairs department implements regulatory strategies for the projects and assists project leaders in their needs/understanding of regulatory prerequisites. It prepares and submits the necessary documents for validation to health regulatory agencies.
It also performs regulatory monitoring, ensuring the latest updates on regulatory requirements.

Quality, health, safety, environment (QHSE). The QHSE department supports the various teams and mainly R&D to ensure compliance with the applicable regulatory requirements and continuous improvement in the processes and practices in place in the laboratory.

MC Fluidics. The main goal of the MC Fluidics team is to set up innovative tools to implement an optimized and automated process for lead formulations research. This helps not only to optimize

resource management, but also to draw parallels between the various tests and to achieve economies of scale.

MC Fluidics process diagram



Relationships with external providers

MedinCell has established long-term relationships with expert consultants, especially in the field of toxicology and industrial drug development. These consultants, contractually tied to MedinCell, are involved in the analysis and interpretation of certain results, in the creation of development strategies pertaining to their area of expertise, including their contribution to the preparation of regulatory dossiers, and in the critical review of certain key reports.

MedinCell has been enriched by a large network of technical service providers, particularly companies specialized in preclinical development (pharmacokinetic, efficacy or toxicity studies), as well as companies specialized in cutting-edge technical fields (advanced physicochemical analysis methods, complex bioanalyses, manufacture of active ingredients on demand, for example).

Finally, active scientific collaborations are underway with French and European university laboratories and research centers on subject areas that are important simultaneously in consolidating our understanding of the current technological platform, in developing products requiring a multidisciplinary network of specialized expertise, and finally in developing and deploying new approaches in terms of extending the current technological platform.

Financial investment in R&D

MedinCell has devoted more than half (56%) of its resources to investments dedicated to research and development of the products and technologies described in this section and it intends to continue to do so. At this time, 50% of these investments include expenses related to employees and the rest are expenses related to external specialized resources such as clinical research organizations (CROs), raw materials and the use of external experts.

Group R&D outlook

Concerning the Assessment group (technical feasibility assessment phase) and the teams working on internal projects (formulation research phase), MedinCell plans to continue investing in order to strengthen the technical (specialized equipment) and human (quantitatively and qualitatively in terms of skills) capacity to address its ambition to grow its internal product portfolio. The Company notably plans to integrate technologies that will help to screen lead formulations more quickly and more effectively.

The aim of this research group is to continue to strengthen its range of skills and technical capacity in the area of the synthesis and physicochemistry of polymers for pharmaceutical use, as well as to strengthen its network of expertise in the area of the formulation of complex injectable forms, in order to propose innovative solutions for the formulation of APIs such as peptides, proteins or highly soluble small molecules. This group is very innovation-oriented and new patents are being prepared to protect recent work.

The policy for protecting innovations

Industrial protection in the broad sense of the term is a priority of the Company. For almost all its patents, the Group first filed a patent application in France and then international "PCT" extensions, and national extensions in the territories selected according to the patent's strategic importance.

The Company is examining the necessity to file patent applications on a case-by-case basis to protect certain technical procedures and products.

At the date of registration of this *document de base*, the Company had an international patent portfolio (see Chapter 11 "Research & Development, Patents, Licenses, and other Intellectual Property Rights" of the *document de base* for all the patents) relative to its activities combined in the following two families:

1. Biodegradable drug delivery compositions
2. Biodegradable drug delivery for hydrophobic composition

The Company also owns or co-owns patents covering products and processes that it does not currently use in the course of its activities.

1. Retroinverso analogs of spadin with increased antidepressant effects
2. Method for morselizing and/or targeting pharmaceutically active ingredients to synovial tissue.

6.10.2. The production site and the use of subcontractors

MedinCell has a general chemistry laboratory for evaluating formulations. This laboratory has precision analytical equipment to weigh, assay, measure and evaluate the characteristics of formulations and their constituents.

The activities are conducted in environments that help to protect both staff (handling of solvents under a hood compliant with standards NF EN 14175-4 and NF X 15-206, handling of APIs at weighing stations compliant with standards EN 1822 and NF X 15-211), and the product (production of samples for in-vivo studies under type 2 MSC). Environments classified ISO 8 are also available with adequate

gravimetric, opacimetric and high performance filters, as well as pressure/vacuum cascades according to the area, to work with highly potent active pharmaceutical ingredients.

Facilities are present to perform laboratory syntheses in order to manufacture and evaluate new polymers.

MedinCell also has special temperature conditions for the storing, drying and evaluation of polymers and formulations: numerous temperature-controlled ovens / cabinets from -80°C to +80°C, climate chambers at 37°C, 4°C and -20°C, stability chambers usable for studies in accordance with ICH Q1.

In order to manage the waste resulting from its activities, restricted areas are available to store solid and liquid waste that is treated by specialized companies, and whose treatment is tracked by the Company up to final treatment.

The main activities of the laboratory in the context of formulation development projects are:

- defining formulations to test,
- aliquoting substances and very precisely weighing separate ingredients,
- preparing formulations by mixing in the order and proportions defined by the study protocol,
- homogenizing formulations,
- characterizing formulations with specifically-developed analytical methods,
- studies relating to dissolution, compatibility, extended release in vitro, stability, etc., and
- preparation and sampling for in-vivo studies that are subcontracted to specialized companies.

6.11. Regulatory framework

6.11.1. Introduction

The governmental authorities of the United States, at the federal, state and local levels, as well as the authorities of other countries very broadly regulate, inter alia, research, development, procedures for evaluation, manufacturing, quality control, approval, labeling, packaging, storage, tracking, promotion, advertising, distribution, post-marketing monitoring and notification, marketing and the import/export of pharmaceutical products such as those developed by the Company. As a general rule, before a pharmaceutical product can be marketed, a great deal of data must be collected to demonstrate quality, safety and efficacy; these data must be presented using a specific format to each regulatory authority and submitted for review and approval by the regulatory authorities in question.

In the context of developing its products in the United States, the Company's most advanced products, mdc-IRM and mdc-CWM, are subject to an FDA 505(b)(2) accelerated procedure. The Company hopes to be able to benefit again from this procedure in the future for other programs insofar as it uses drug molecules already approved by the competent regulatory authorities.

In Europe, the Company hopes to be able to benefit from the hybrid procedure for the development of its products (see below).

6.11.2. Development of pharmaceutical products in the United States

In the United States, pharmaceutical products are regulated by the FDA under the federal Food, Drug, and Cosmetic Act (FDCA) and the corresponding implementing regulations. Pharmaceutical products are also subject to other federal, state and local legislation and regulations. The process for obtaining regulatory approvals and subsequent compliance with applicable federal, state, local, and non-US laws and regulations requires a significant investment in time and financial resources. Failure to comply with current requirements in the United States at any time during the development or approval process for a product, or after its approval, can expose the applicant to administrative or legal sanctions. Such sanctions can include the refusal of the FDA to grant pending approvals, withdrawal of an approval, suspensions of clinical evaluation, letters of information ("untitled") or warnings, the recall of products or withdrawal of the products from the market, the seizure of products, injunctions for total or partial suspension of production or distribution, fines, exclusion from government contracts, returns and reimbursements, or civil or criminal penalties. Any enforcement action on the part of regulatory agencies or legal authorities may materially harm the Company.

To be able to be legally marketed in the United States, the product candidates belonging to the Company and its partners must receive prior approval by the FDA by means of a New Drug Application (NDA). The process required by the FDA before marketing a pharmaceutical product in the United States generally comprises the following stages:

- conducting a vast program of nonclinical evaluations, also called preclinical evaluations, in the laboratory, preclinical animal studies and formulation studies complying with current regulations, notably FDA Good Laboratory Practice (GLP);

- submitting to the FDA an Investigative New Drug (IND) that must come into effect before the start of clinical trials in humans;

- performing adequate and correctly controlled clinical trials in humans, complying with current regulations on INDs and other regulations related to clinical trials in order to establish the safety and efficacy of the product candidate in the proposed indication;

- submitting an NDA (New Drug Application) to the FDA;

- performing a satisfactory preapproval inspection by the FDA of the manufacturing units in which the product will be produced to monitor the application of FDA current Good Manufacturing Practice (cGMP), and to ensure that the premises, methods and monitoring procedures are suitable to maintain the nature, dosage, quality, purity and strength of the product;

- possible auditing by the FDA of the preclinical and/or clinical study sites that generated the data provided in support of the NDA; and

- reviewing and validating the NDA by the FDA before any marketing or sale of the product in the United States.

The data to be provided in support of an NDA are generated as part of two distinct development phases: the preclinical phase and the clinical phase. The preclinical development phase is generally composed of laboratory evaluations of the drug chemistry, formulation and stability, as well as animal studies to evaluate toxicity, in order to support conducting subsequent clinical evaluations. Preclinical studies must be conducted in compliance with federal regulations, including GLPs. As part of the IND dossier, the sponsor must submit to the FDA the results of preclinical studies, as well as manufacturing

information, analytical data, any available clinical data or publications, and a proposed clinical protocol. The IND dossier seeks to obtain approval from the FDA to administer an investigational drug in humans. The submission of an IND mainly focuses on the general investigational plan and the clinical trial protocols. The IND automatically takes effect 30 days after receipt by the FDA, unless the FDA has concerns or questions regarding the proposed clinical trials and suspends the IND clinical evaluation during this 30-day period. In this case, the IND sponsor and the FDA must resolve any outstanding problems before clinical trials start. The FDA can also impose the suspension of the clinical evaluation of a product candidate at any time before or during clinical trials due to safety or noncompliance problems. As a result, the Company and its partners cannot be certain that the submission of an IND will lead to FDA approval to start clinical trials, or that, once these trials have started, there will be no problems that could lead to temporary or permanent discontinuation of the trials.

The clinical development phase involves the administration of the product candidate to healthy volunteers or patients under the supervision of qualified investigators (generally physicians who are neither employed by nor under the control of the trial sponsor), in accordance with GLPs, which includes obtaining informed consent from all research patients for participation in a clinical trial. Clinical trials are conducted according to terms and protocols that establish in detail, inter alia, the objectives of the clinical trial, the administration procedures, the patient screening and exclusion criteria, and the parameters that should be used to monitor patient safety and evaluate product efficacy. Each protocol, as well as any later amendments to that protocol, must be submitted to the FDA as part of filing the IND. Moreover, each clinical trial must be examined and approved by an institutional review board (IRB), within or at the service of each establishment in which the clinical trial will be conducted. The IRB is responsible for protecting the well-being and rights of participants in clinical studies and is involved, for example, in determining whether the risks for individuals participating in a clinical study are limited to a minimum and are reasonable compared to the expected benefits. The IRB is also responsible for approving the informed consent form, which must be provided to each clinical trial subject or their legal representative, and for monitoring the clinical trial up until its conclusion.

Regulations also govern the production of reports on clinical studies currently underway and the publication of their final results in the public records. The sponsors of clinical trials on products regulated by the FDA are required to register and disclose certain information regarding these clinical trials, which will be made publicly available on the www.clinicaltrials.gov website. Information concerning the product, patient population, evaluation phase, study sites and investigators, as well as other aspects of the clinical study are then made public as part of this registration process. Sponsors are also obligated to discuss the results of their clinical trials after they have been concluded. The disclosure of the results of these trials can be postponed until the new product or new indication being studied has been approved.

Clinical trials are generally conducted in three consecutive phases, which can overlap, known as Phase I, Phase II and Phase III clinical trials:

- Phase I clinical trials generally relate to a small number of healthy volunteers and have the primary objective of evaluating the metabolism, pharmacological action, tolerability and safety of the product candidate, and, to the extent possible, preliminary evidence of its efficacy.

- Phase II clinical trials usually consist of conducting studies in patients with the disease in order to determine the necessary dose to obtain the desired benefits. At the same time, safety data and additional information on product pharmacokinetics and pharmacodynamics are collected, along with the identification of any adverse reactions and risks in terms of safety, as well as a preliminary evaluation of efficacy.

- Phase III clinical trials generally relate to large numbers of patients and are designed to provide the necessary data to establish the efficacy and safety of the product in its planned use and to define the overall risk/benefit ratio of the product and lay the appropriate foundations for product approval. In Phase III clinical trials, the product can be compared to a placebo and/or to other treatments (active comparators). The duration of treatment is often extended in order to imitate the actual use of a product in the context of its marketing.

Post-MA (post-marketing approval) studies, sometimes called Phase IV clinical studies, can also be conducted after obtaining the initial marketing approval. These trials are used to collect additional data concerning treatment experience in patients in the planned therapeutic indication. In some cases, the FDA may request that the sponsor undertake to conduct additional clinical trials as a condition for validation of the NDA in order to supplement the evaluation of the safety and efficacy of the pharmaceutical product after validation of the NDA.

Progress reports detailing the clinical results must be submitted at least annually to the FDA and written safety reports concerning the IND must be submitted to the FDA and investigators in order to report serious and unexpected adverse events or any test results in laboratory animals suggesting the existence of a significant risk for human patients. Phase I, Phase II and Phase III clinical trials may not be completed successfully within the defined time-frame, or even at all. The FDA, IRB or sponsor may decide to temporarily or permanently discontinue a clinical trial at any time for various reasons, in particular if it appears that patients are exposed to an unacceptable health risk. Likewise, the IRB may temporarily or permanently discontinue a clinical trial in the facility concerned if it is demonstrated that the clinical trial is not being conducted according to the IRB's requirements or if the drug has been associated with serious unexpected harmful reactions in patients. Moreover, some clinical trials are supervised by an independent group of qualified experts set up by the sponsor of the clinical trial, called a Data Safety Monitoring Board (DSMB). This committee is responsible for granting approval to continue the trial at predefined intervals, based on the consultation of certain data from the trial. The Company or its partners may also have to temporarily or permanently discontinue a clinical trial due to changes in commercial objectives and/or the competitive environment. Simultaneously with clinical trials, companies usually conduct additional animal studies and must also collect additional information on the chemical and physical characteristics of the product candidate, while finalizing the process for manufacturing the product in commercial quantities in compliance with cGMPs. The manufacturing processes must ensure consistent production of quality batches of the product candidate and must, inter alia, include methods to test the nature, dosage, quality and purity of the final product. In addition, appropriate packaging must be selected and tested, and stability studies must be conducted in order to demonstrate that the product candidate is not subject to unacceptable deterioration during its shelf life.

Process for NDA review by the FDA

Once studies are completed, the data from the trials are analyzed in order to evaluate product safety and efficacy. The results of preclinical studies and clinical trials are then submitted to the FDA as part of an NDA, accompanied by the proposed label for the product and information relevant to its evaluation. The NDA is an application for approval for the marketing of a pharmaceutical product in one or more defined indications and must provide evidence of the safety, purity, strength and efficacy of the product on the basis of extensive preclinical and clinical evaluations. The application must mention the negative or ambiguous results of preclinical studies and clinical trials, as well as the positive results. The data submitted in support of a marketing approval application must be sufficient, in terms of quality and quantity, to establish the safety and efficacy of the investigational product in a satisfactory manner for the FDA. The NDA must be validated by the FDA for a pharmaceutical product to then be marketed in the United States.

Pursuant to the Prescription Drug User Fee Act (PDUFA), in its amended version, each NDA must be accompanied by payment of a significant user fee, which is adjusted annually. The PDUFA also imposes an annual fee on the product for drugs for human use and an annual establishment fee on prescription drug manufacturing units. Fee exemptions or reductions are possible in some cases.

Once the accepted NDA is registered, i.e., if applicable, sixty days after the submission of the NDA, the FDA sets the objective of examining NDAs within a period of 10 months after the registration date in a standard review or in a period of six months in a priority review, that is, if the application relates to a product intended for treatment of a serious or life-threatening condition and, in the event that if it is approved, is likely to provide a significant improvement in terms of safety or efficacy. The review process may be significantly prolonged due to requests for additional information or clarification from the FDA. As part of this process, the FDA examines the NDA in order to determine, inter alia, if the proposed product candidate is safe and effective for the planned use and if it is manufactured in compliance with cGMP so as to guarantee and preserve its nature, dosage, quality, purity and strength. When the product candidate is a new drug or drug posing complex safety or efficacy problems, the FDA may refer applications to an advisory committee (usually a panel of clinicians and other experts) in order to examine and evaluate them and to issue a recommendation regarding whether the application should be approved and under what conditions. Advisory committee recommendations are not binding for the FDA, but the FDA takes them carefully into account when making its decisions. The FDA may wish to reanalyze the clinical trial data, which could lead to long discussions between the FDA and the Company or its partners as part of the review process. The review and evaluation of an NDA by the FDA is an onerous procedure that takes a long time, sometimes longer than initially planned, and, for some products, the Company or its partners may not obtain approval within the expected timeframes or even at all.

In order to approve an NDA, the FDA will perform a preapproval inspection of the new product manufacturing units in order to determine if they are compliant with cGMPs and will also do an audit of the data from clinical trials in order to ensure that they are compliant with GCP requirements. Once the FDA has evaluated the application, the manufacturing process and the manufacturing units, it may issue an approval letter or a complete response letter (CRL). An approval letter authorizes marketing of the product with a specific therapeutic information sheet in specific indications. A complete response letter indicates that the application cycle is completed and the application in its present form has not been approved. The complete response letter usually describes all the deficiencies in the NDA specifically identified by the FDA. This letter may request additional clinical data and/or one or more additional Phase III pivotal clinical trials and/or other substantial requests in connection with the clinical trials, preclinical studies or manufacturing. When a complete response letter is received, the applicant may either submit the NDA again, providing responses concerning all the deficiencies identified in the letter, or withdraw their application. Even if these data and information are submitted, the FDA may ultimately decide that the NDA does not meet the required criteria for approval. The data resulting from clinical trials are not always conclusive and the FDA may interpret the data differently than the Company or its partners.

There is no guarantee that the FDA will ultimately allow the marketing of a product in the United States, and there is a possibility that the Company or its partners may face significant difficulties or costs during the review process. In the event a product receives marketing approval, the approval may be significantly limited by being restricted to certain specific populations or particular dosages, which could reduce the commercial value of the product. Furthermore, the FDA may require that specific contraindications, warnings or precautions be mentioned on the product label or it may impose conditions for the validation of the NDA, such as the application of other changes in the proposed label, the development of adequate controls and specifications, or an undertaking to conduct post-marketing evaluations or clinical trials and a follow-up to monitor the effects of approved products. For example, the FDA may request Phase IV evaluations in the form of clinical trials designed to further

evaluate the safety and efficacy of the product, and may require testing and monitoring programs to monitor the safety of approved products that have been brought to market. The FDA may also impose other conditions; in particular, the may require that a Risk Evaluation and Mitigation Strategy (REMS) be implemented, in order to ensure that the product is safe to use. If the FDA concludes that an REMS is necessary, the sponsor of the NDA must submit an REMS proposal. The FDA will not evaluate the New Drug Application (NDA) in the absence of an approved REMS if one has been requested. An REMS may include treatment guides, plans for communication with physicians or measures to guarantee safe use of the product, such as methods to restrict distribution, patient registers and other risk minimization tools. All these restrictions applied to the approval or marketing of the product can limit commercial promotion, distribution, prescription or dispensing of the products. Product approval may be withdrawn due to failure to comply with regulatory standards if there are problems after initial marketing.

The 505(b)(2) simplified procedure for modified drugs

The submission of an NDA under Section 505(b)(2) of the FDCA, is a specific regulatory process applicable to new drugs modifying a pharmaceutical product already approved by the FDA. For example, it can be:

new dosages, compositions or administration methods (such as going from oral to injectable administration);

- extension of a drug to a new population with different indications;

- a combined product containing pharmaceutical ingredients that have been previously approved;

- a modification of an API (for example a different salt).

The Company's two most advanced products, mdc-IRM and mdc-CWM, are subject to an FDA 505(b)(2) accelerated procedure. The Company hopes to be able to benefit from this procedure in the future in relation to other programs insofar as it uses generic pharmaceutical molecules already approved by the competent regulatory authorities.

Under an NDA 505(b)(2), the drug sponsor may partially rely on the data that have already been used in a prior marketing application, either by the same sponsor or by another company. Under some conditions, this approach may allow the sponsor to conduct fewer preclinical and/or clinical studies necessary for marketing approval of the new product, thereby accelerating the regulatory and clinical process and reducing development costs. The efficacy and safety standards required for the approval of an NDA 505(b)(2) remain, nevertheless, identical to those provided for the introduction of a new drug that has not already been approved by the FDA.

Orphan drug designation

The FDA may grant orphan drug status to drugs intended to treat a rare disease or condition affecting fewer than 200,000 people in the United States, or if it affects more than 200,000 people in the United States, when the development and marketing costs for the drug for this type of disease or condition cannot reasonably be covered by their sale in the United States. Orphan drug status must be requested prior to filing an NDA. The FDA makes the identity of the therapeutic agent and its potential orphan use public after it grants orphan drug status. This status does not confer any advantage, nor does it shorten the duration of the regulatory review and the approval process.

In the United States, orphan drug status provides financial incentives like the possibility of obtaining grants to finance the costs of clinical trials, tax benefits and user fee waivers. In addition, if a product

obtains the first FDA approval for the indication for which it has orphan status, it is guaranteed marketing exclusivity for seven years, which means that the FDA cannot approve any other application that would market the same drug for the same indication except in limited circumstances such as if clinical superiority of the new product over the product having exclusivity is demonstrated or if the manufacturer having exclusivity is unable to produce sufficient quantities of the drug that has received orphan status. However, competitors may obtain approvals for different products but in the indication that received marketing exclusivity or even for the same product but having a different indication from the one benefiting from exclusivity. This exclusivity may also block the approval of one of the drugs belonging to the Company or its partners for a period of seven years if a competitor obtains approval for a similar drug as defined by the FDA or if the drug candidate of the Company or its partner is considered to fall within the area of a competitor's product for the same indication or disease. If a drug benefiting from orphan drug status receives marketing approval for an indication more extensive than the designated one, it may not benefit from the above-mentioned marketing exclusivity.

Accelerated development and review programs ("Fast Track")

The FDA has an accelerated program called "Fast Track", which is intended to accelerate or facilitate the review procedure for new drugs fulfilling certain criteria. More precisely, new drugs can benefit from a Fast Track procedure if they are intended to treat a serious or life-threatening condition and prove capable of meeting unmet medical needs regarding this condition. The Fast Track procedure applies jointly to the product and the specific indication for which it is studied. The sponsor of a new drug can ask the FDA to apply a Fast Track procedure to the drug at the time of submission of the IND, or at any time thereafter, and the FDA must establish whether the product fulfills the conditions for a Fast Track procedure within 60 days of receipt of the sponsor's request. Unique in its type, the Fast Track procedure permits the FDA to consider the successive, rolling review of sections of the marketing approval application before submission of the complete application, if the sponsor provides a submission schedule for the sections of the application, if the FDA agrees to validate the sections of the application and deems the schedule acceptable and if the sponsor pays any user fee due during the submission of the first section of the application.

Any product for which a marketing approval application is submitted to the FDA, including as part of a Fast Track procedure, may be eligible for other types of FDA programs seeking to accelerate development and review, such as priority review and accelerated approval. Any product is eligible for priority review or can benefit from a review within six months after the date of acceptance of the registration of a complete NDA, if it is likely to provide a significant improvement to the treatment, diagnosis or prevention of a disease compared with products already marketed. The FDA will try to allocate additional resources to the evaluation of a new drug approval application benefiting from a priority review in view of facilitating this review.

Moreover, a product may be eligible for accelerated approval. Drugs whose safety and efficacy are studied in the treatment of serious or life-threatening diseases and that provide significant therapeutic benefits over existing therapies may receive accelerated approval, which means they may be approved on the basis of adequate and properly controlled clinical trials establishing that the product has an effect on an alternative endpoint reasonably likely to predict a clinical benefit, or on the basis of an effect on an endpoint other than survival or irreversible morbidity. The FDA may require the sponsor of a drug benefiting from accelerated approval to conduct adequate and correctly-controlled clinical tests after marketing as a condition for approval.

If the FDA concludes that a drug whose efficacy has been demonstrated can be used safely only if its distribution or use is subject to certain restrictions, it will require application after product marketing of any restriction of this type that it deems necessary to ensure safe use of the drug, for example:

- restriction of distribution to certain facilities or physicians with specific training or experience; or

- distribution subject to the condition of performing specifically-designated medical procedures. The restrictions imposed will be proportional to the specific safety issues posed by the product. Furthermore, the FDA currently sets as a condition for accelerated approval the prior approval of promotional materials, which may have a negative impact on the timeframe for commercial launch of the product. The Fast Track procedure, priority review and accelerated approval do not change the requirements for approval but can speed up the development or approval process.

Breakthrough Therapy status

The FDCA was amended by the Food and Drug Administration Safety and Innovation Act (FDASIA), requiring the FDA to accelerate the development and review of innovative treatments. A product may receive innovative treatment status if it is intended for the treatment of a serious or life-threatening condition and if the preliminary clinical results indicate that it could provide a significant improvement over existing treatments for one or more clinically-meaningful endpoints. The sponsor can ask that a product candidate receive the innovative treatment status at the time of submission of the IND, or at any time thereafter, and the FDA must establish whether the product fulfills the conditions to receive this status within 60 days of receipt of the sponsor's request. If the status is granted, the FDA must make the necessary arrangements to accelerate the development and review of the product marketing approval application, including holding meetings with the sponsor throughout the development of the product, providing the sponsor in a timely manner with the guidance necessary to ensure that the development program aiming to combine preclinical and clinical data will be as efficient as possible, by making use of experienced professionals as part of an interdisciplinary review, by designating an interdisciplinary project manager to head the FDA review team that will facilitate the effective review of the development program and assume the role of scientific liaison between the review team and the sponsor, and by taking measures to ensure that the design of clinical trials will be as efficient as possible.

Pediatric studies

According to the terms of the Pediatric Research Equity Act (PREA), each NDA or NDA supplement must include data evaluating the safety and efficacy of the product in the indications claimed in all the relevant pediatric subpopulations and data justifying the dosage regimen and administration recommended in each pediatric subpopulation within which the product is safe and effective. The FDASIA requires any sponsor planning to submit a marketing approval application for a drug containing a new API, new indication, new dosage form, new dosage regimen or new administration route, to submit an initial Pediatric Study Plan (PSP) within a period of sixty days after the end-of-phase-II meeting or as agreed between the sponsor and the FDA. The initial PSP must include a description of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, the age groups studied, relevant endpoints and the statistical approach, or reasons justifying not including this detailed information, and any request to postpone pediatric evaluations or to obtain a partial or complete waiver of the requirement to submit data from pediatric studies, by attaching the relevant information in support of the dossier. The FDA and the sponsor must reach an agreement concerning the PSP. The sponsor may submit amendments to be made to the validated initial PSP at any time if changes in the pediatric study plan are considered according to data collected in nonclinical studies, early-phase clinical trials and/or other clinical development programs. The FDA may, on its own initiative or at the request of the applicant, postpone the obligation to submit data or agree to a partial or complete waiver.

Post-marketing requirements

After approval of a new product, the manufacturer and the approved product continue to be subject to FDA regulations, including, inter alia, monitoring activities and record keeping, notification to the competent regulatory authorities of adverse events related to the product, submission to regulatory authorities of updated safety and efficacy information, requirements regarding product sampling and distribution, and compliance with the requirements related to promotion and advertising, which include, inter alia, standardized rules for direct consumer advertising, restrictions on the promotion of products in the context of uses or in patient populations not included in the labeling of the product as approved ("off-label use"), limitations on scientific and educational activities sponsored by industry, and requirements related to Internet promotion activities. Although physicians are legally allowed to prescribe drugs for off-label use, manufacturers may not market or promote this type of off-label use. Changes or improvements made to the product or its labeling, or changes to the manufacturing site are often subject to approval by the FDA and other regulatory bodies; however, this approval may or may not be obtained or may give rise to a laborious review process. Promotional material for prescription drugs must be submitted to the FDA in conjunction with their first use. Any distribution of prescription drugs and pharmaceutical samples must comply with the Prescription Drug Marketing Act (PDMA), an integral part of the FDCA.

In the United States, once a product is approved, its manufacture is subject to full and continuous application of FDA regulations. FDA regulations require that products are manufactured in specific approved units in compliance with cGMPs. cGMP regulations require, inter alia, quality control and quality assurance, as well as keeping records and corresponding documents, and include the requirement to conduct investigations and take corrective measures if cGMPs are not complied with. Manufacturers and other entities involved in the manufacture and distribution of approved products are required to register their facilities with the FDA and certain state agencies, and may be subject to regular inspection, without notice, by the FDA and certain state agencies with a view to monitoring compliance with cGMPs and other legislation. Consequently, manufacturers must continue to invest time, money and energy in the area of production and quality control in order to remain in compliance with cGMPs. These regulations also impose certain organizational, procedural and documentation requirements in connection with manufacturing and quality assurance activities. NDA holders using manufacturers, laboratories or packaging units under contract are responsible for the choice and monitoring of qualified companies and, in some cases, of qualified suppliers for supplying these companies. These companies and, if applicable, their suppliers may be subject to FDA inspections at any time, and any violation that is discovered, including noncompliance with cGMPs, could give rise to enforcement action that could lead to the interruption of the operational activities of these facilities or could make it impossible to distribute the products that they manufacture, process or evaluate. The discovery of problems related to a product after its approval may lead to restrictions being imposed on the product, the manufacturer or the approved NDA holder, including, inter alia, product recall or withdrawal from the market.

The FDA may also request post-marketing evaluations, sometimes called Phase IV evaluations, risk minimization plans and pharmacovigilance measures in order to monitor the effects of an approved product or set conditions for approval that could restrict the distribution or use of the product. The discovery of previously unknown problems concerning a product or noncompliance with current FDA requirements can have detrimental consequences, notably bad publicity, enforcement action by legal or administrative authorities, warning letters from the FDA, a requirement to correct advertising or communication with physicians, and civil or criminal sanctions, inter alia. Newly-discovered or newly apparent safety or efficacy data may necessitate amending the approved labeling for a product, especially by adding new warnings and contraindications, and may also necessitate implementing risk management measures. Moreover, new governmental requirements, including those resulting from

new legislation, may arise and the FDA's policy may change, which could delay or impede regulatory approval for products in development.

Other regulatory issues

The production, sale, promotion and other activities after product approval are also subject to regulations issued by numerous regulatory authorities, other than the FDA, notably, in the United States, the Centers for Medicare & Medicaid Services (CMS), the United States Department of Health and Human Services, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration and the Environmental Protection Agency, as well as state and local governments. In the United States, sales, marketing actions and scientific/educational programs must also comply with state and federal laws relating to fraud and abuse, data confidentiality and security, as well as transparency, and to requirements regarding pricing and reimbursement in connection with governmental third party payers, inter alia. The handling of any controlled substance must comply with the US Controlled Substances Act and the Controlled Substances Import and Export Act. The products must meet the applicable requirements for child-resistant packaging, in accordance with the US Poison Prevention Packaging Act. Production, sales, promotion and other activities are also potentially subject to federal and state laws regarding consumer protection and unfair competition.

Drug distribution is subject to additional regulatory requirements, notably requirements for full data logging, licensing, storage and security to prevent unauthorized sale.

Failure to comply with regulatory requirements exposes companies to possible prosecution or regulatory measures. Depending on the circumstances, failure to comply with applicable regulatory requirements may result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, refusal or withdrawal of product marketing approval and prohibition for the company from entering into supply contracts, including public contracts. Furthermore, even if a company complies with the requirements of the FDA, inter alia, new information concerning the safety or efficacy of a product could lead the FDA to change or withdraw the product's marketing approval. Sales prohibitions or restrictions, or the withdrawal of future products that the Company or its partners market may be detrimental to its activities.

Regulatory or legislative changes or changes in the interpretation of existing regulations may have repercussions on activities of the Company and its partners in the future, requiring, for example: (i) changes in their production agreements; (ii) additions or changes to the labeling of their products; (iii) recall or discontinuation of their products (iv) additional data logging requirements. If such changes need to be imposed on the Company or its partners, they could harm the Company's activities.

Patent term restoration and commercial exclusivity in the United States

Depending on the schedule, duration and particular provisions of the marketing approval (MA) granted to the product candidates of the Company and its partners by the FDA, certain US patents could be eligible for a limited term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, also called the "Hatch-Waxman Amendment". It authorizes the restoration of a patent term for a maximum period of five years to compensate for the time lost during product development and the FDA's regulatory process. However, the restoration of the patent term cannot exceed the remaining term of said patent beyond 14 years from the date of marketing approval. The patent term restoration period is generally equivalent to half of the term elapsed between the IND application date and the NDA submission date, to which is added the time elapsed between the NDA submission and its approval. Only one patent applicable to an approved drug is eligible for extension. Furthermore, the extension application must be submitted before the expiration of the patent. The

US Patent and Trademark Office (PTO), in consultation with the FDA, examines and approves the restoration of a patent term. In the future, the Company or its partners may request the restoration of the term of the licensed patents that they currently hold to extend their lifecycle beyond their current expiration dates, depending on the planned length of clinical trials and other factors involved in filing the relevant NDA.

Pediatric exclusivity is another type of regulatory commercial exclusivity in the United States. If it is granted, it extends the existing periods of exclusivity and the patent term by six months. This six-month exclusivity, which is counted from the end of another exclusive protection or the end of a patent term, may be granted based on the voluntary conduct of a pediatric trial, complying with a "written request" issued by the FDA for the clinical trial in question.

6.11.3. Process for examining and authorizing medicinal products in the European Union

In the European Union, future product candidates are also subject to strict regulatory requirements. As in the United States, drugs may only be sold if a marketing authorization has been granted by the competent regulatory authorities.

Also as in the United States, the various preclinical and clinical phases in the European Union are subject to substantial regulatory control. Although Directive 2001/20/EC on the Conduct of Clinical Trials sought to harmonize the regulatory framework for clinical trials in the European Union by defining common rules for the control and authorization of clinical trials in the EU, Member States have transposed and applied the provisions of this Directive differently, leading to significant variations in the regimes of the different Member States. To improve the current system, a new regulation, Regulation No. 536/2014 on clinical trials of medicinal products for human use and the repealing of Directive 2001/20/EC, were adopted on April 16, 2014 and published in the Official Journal of the European Union on May 27, 2014. This regulation seeks to harmonize and rationalize the authorization process for clinical trials, simplifying adverse event reporting procedures, improving clinical trial supervision and enhancing the transparency of these trials.

Under the current regime, before a clinical trial can be initiated, it must be approved by two separate organizations, i.e., the national competent authorities (NCA) and at least one ethics committee (EC) in each of the European countries in which the trial will be conducted. All suspected unexpected serious adverse reactions (SUSARs), due to the investigational drug and occurring during the clinical trial must be reported to the NCA and the EC in the Member State in which they have occurred.

In the European Economic Area (EEA), medicinal products can only be sold if they have obtained marketing authorization (MA). There are two types of marketing authorization:

- European Union MAs, issued by the European Commission through the centralized procedure, based on the opinion issued by the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) and valid throughout the territory of the EEA. The centralized procedure is mandatory for some types of products, notably biotech drugs, orphan drugs, and drugs containing a new API indicated in treatment for AIDS, cancer, neurodegenerative disorders, diabetes and autoimmune and viral diseases. It is optional for products that do not contain a new API that has not yet been authorized in the EEA, or for products containing a major therapeutic, scientific or technical innovation or having a public health benefit in the European Union.

- national MAs, issued by the competent authorities of the EEA Member States and only covering their respective territory, are available for products that are not concerned by the mandatory field of application of the centralized procedure. When marketing a product

already authorized in a Member State of the EEA, this national MA may be recognized in other Member States via the mutual recognition procedure. If the product has not received national MA in any Member State at the time of application, it may be simultaneously authorized in several Member States via the decentralized procedure. In this case, an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant to act as the Reference Member State (RMS). The competent authorities of the RMS prepare an evaluation report, a preliminary summary of product characteristics (SPC), package leaflet and labelling, which are sent to the other Member States, called "Concerned Member States" (CMS). If the CMSs do not raise any objections, based on the possibility of a serious risk for public health, concerning the evaluation, SPC, labelling or package leaflet proposed by the RMS, a national MA is granted for the product in all the Member States (i.e., the RMS and the CMS). Pursuant to the procedure described above, before the granting of a MA, the EMA or competent authorities of the EEA Member States evaluate the risk/benefit ratio of the product based on scientific criteria related to its quality, safety and efficacy.

Hybrid procedure

The EEA offers a hybrid marketing authorization application procedure for products similar to a product already authorized but not generic. As defined in Article 10 (3) of Directive 2001/83/EC, this hybrid procedure applies for products similar to a product already authorized but which does not meet the definition of a generic medicine, or for which bioequivalence cannot be demonstrated through bioavailability studies or involving certain APIs, therapeutic indications or administration methods, etc., different from those already approved. Marketing authorization applications may partially rely on the existing preclinical and clinical data of the product already authorized.

The Company hopes to be able to benefit from this hybrid procedure in the context of the development of its pharmaceutical products.

6.12. Table of concordance with Delegated Regulation (EU) No. 486/2012

Annex XXV of Delegated Regulation (EU) No. 486/2012 of 30 March 2012 **6. Overview of business activities**	***Document de base* 6. Overview of business activities**
6.1. Main activities	Sections 6.1, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9 and 6.10
6.2. Main markets	Sections 6.5.3 and 6.6.3
6.3. When the information provided in accordance with points 6.1 and 6.2 have been influenced by extraordinary events, this should be mentioned	N/A
6.4. If the issuer's business or profitability is significantly affected, provide information, in summary form, on the issuer's degree of dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	Sections 6.5.4, 6.6.4, 6.7.2 and 6.8
6.5. Indicate the items on which any statement of the issuer concerning its competitive position is based.	Section 6.4.3

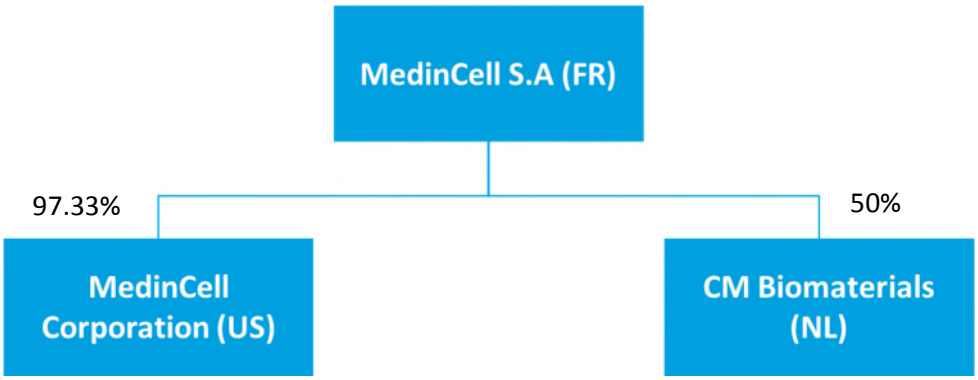
7. ORGANIZATIONAL CHART

7.1. Legal organizational chart

As of the date of this *document de base*, the Company had no branches or secondary establishments.

It holds directly:

- 97.33% of the shares and voting rights of a US company, MedinCell Corporation.
- 50% of the shares and voting rights of a Dutch company, CM Biomaterials B.V.



7.2. Group companies

The Company was created on January 9, 2003 with the aim of providing technological solutions to improve patient compliance and in general, to enable maximum effectiveness at an affordable price in the administration of APIs, to make them accessible to as many people as possible.

MedinCell Corporation was created in February 2010. It relocated to Boston in 2014 and as of the date of this *document de base*, it is only a representative office.

CM Biomaterials B.V. was created in August 2015 in the Netherlands under the terms of a joint-venture agreement between the Company and Corbion for the manufacture and distribution of polymers (see Chapter 22, "Major contracts" and section 6.8.4 of this *document de base* for more information). To this end, the two parties jointly manage the activities of CM Biomaterials B.V. MedinCell nevertheless had some specific rights regarding certain commercial terms and conditions, including a right to approve or reject contractual agreements with certain customers or a particular price level, which the Company waived by supplemental agreement dated August 27, 2018. Thus, in terms of both the IFRS and the contract, the joint-venture was fully consolidated for the 2016-2017 and 2017-2018 fiscal years. Given the changes applied to the contract by the aforementioned amendment, the Company now plans to account for the joint-venture using the equity method from the current year ending on March 31, 2019 (with regard to this change of accounting method, deemed non-material in nature, see section 6.8.4 of this *document de base*).

The Company and Corbion licensed the intellectual property rights, including the expertise and technology specific to the manufacture of BEPO polymers, to the joint-venture. The joint-venture subcontracts the production of BEPO polymers to Corbion, which is solely responsible for the implementation, maintenance and financing of the production units required for this purpose.

7.3. Description of the Group's financial flows

See Chapter 19, "Related party transactions" of this document.

8. PROPERTY, PLANT AND EQUIPMENT

8.1. Property and equipment

8.1.1. Leased properties

As of the date of this *document de base*, the Company did not own any property. The properties described below are buildings that the Company rents.

Agreements and supplemental agreements	Lessor	Address	Effective date	Expiration date	Annual rent (excluding tax and charges)
Commercial lease upon condition precedent	Rose Tisserand, usufructuary of the property located on the parcel of land registered under section AK, number 96 Éric Tisserand, bare owner of the property located on the parcel of land registered under section AK, number 96 and owner of the property located on the parcel registered under section AK, number 235 Didier Tisserand, bare owner of the property located on the parcel of land registered under section AK, number 96	Commercial premises of 1,400 sq.m at 3 rue des Frères Lumières, 34380 Jacou, France	March 14, 2016 for nine full and consecutive years	March 14, 2025	€117,600
Commercial lease	SCI Pageno	Four business premises: - One business premises of 167 sq.m - One business premises of 153 sq.m - One business premises of 156 sq.m - One business premises of 125 sq.m at 1 avenue Charles Cros, 34380 Jacou, France	6/1/2009	5/31/2018	€54,000

8.2. Environmental issues

There are no environmental issues likely to have a significant influence on the use of the Company's premises, in view of the use made of them. The nature of the Company's activities does not entail significant risk for the environment.

9. REVIEW AND ANALYSIS OF THE FINANCIAL POSITION AND INCOME

The following discussion should be read in conjunction with the entirety of this *document de base* and in particular, with the Group's consolidated financial statements for the fiscal years ended March 31, 2017 and March 31, 2018 as set out in section 20.1 of this *document de base*, "Historical financial information." The Group's consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements for fiscal years ended March 31, 2017 and March 31, 2018 were audited by the Company's Statutory Auditors, PricewaterhouseCoopers Audit and Becouze. The Statutory Auditors' reports presented in section 20.4.1 of this *document de base* relate to fiscal year ended March 31, 2018; the reports in section 20.4.2 relate to fiscal year ended March 31, 2017.

9.1. General presentation

9.1.1. Introduction

The Company is specialized in the development of biodegradable polymer-based processes for controlled, long-acting delivery of APIs in drugs injected into the human body. However, it differs from biotech companies to the extent that these programs concern a new method of administration for drugs that have already obtained a marketing authorization.

The key items of the income statement over the reporting period are as follows, bearing in mind that the products resulting from developments led by MedinCell have not reached the phase of commercial exploitation.

Audited consolidated data (IFRS) (in €k)	March 31, 2018 (12 months)	March 31, 2017 (12 months)
Income received for development services	3,134	6,749
Licenses/Milestones, Royalties	3,019	715
Income from the sale of polymers	285	1,069
Turnover (1)	**6,439**	**8,533**
Other income	1,862	1,421
Revenue	**8,301**	**9,954**
Recurring operating income / (expense)	**(6,897)**	**(2,724)**
Operating income / (expense)	**(7,378)**	**(3,589)**
Income /(loss) before tax	**(9,215)**	**(4,887)**
Tax expense	(360)	1,350
Consolidated net income /(loss)	**(9,575)**	**(3,537)**
Attributable to owners of MedinCell	*(9,571)*	*(3,561)*
Attributable to non-controlling interests	*(4)*	*24*

(1) At the Group's stage of development, no sales have as yet been generated from products. Income relates to milestones or the re-invoicing of expenses incurred in connection with partnership agreements.

Since its creation, the Company has focused its efforts on:

- developing the BEPO® technology platform (see section 6.8 of this *document de base*) for sustained release of the APIs of drugs administered via subcutaneous injection;

- the implementation of preclinical and clinical programs for long-acting injectable drugs. Up until March 31, 2017, the programs were all undertaken on a partnership basis with industrial partners, particularly pharmaceutical companies who were responsible for the financing and future marketing. Since the fiscal year starting April 1, 2017, the Company has shifted towards developing its own drugs, which it funds with the support of partners in industry and finance. The Company also obtained the support of the EIB in March 2018 with the provision of €20 million in funding (see section 22.4.2 of this *document de base*).

The Company has three products in development including two products in clinical study phases in the United States:

- the mdc-IRM product, which is in Phase III clinical trials (FDA) for the treatment of schizophrenia in partnership with Teva (subcutaneous injection), under a multi-product partnership agreement with Teva (see section 22.1.1 of this *document de base*); and

- the mdc-CWM product, which is in Phase II clinical trials (FDA) in the treatment of orthopedic postoperative pain, in partnership with AIC (local injection) (see section 22.1.2 of this *document de base*).

The Company also has a product in the development phase in its portfolio, mdc-TJK, and six other products in formulation research in various therapeutic areas.

The Company has also signed a collaboration and financing agreement with the Bill & Melinda Gates Foundation (see section 22.2 of this *document de base*) for the development of long-acting contraceptives for developing countries and has kicked off formulation activities for the first products developed in-house, in the areas of anesthesia, pain and organ transplant.

9.1.2. Research and development

The Company conducts research and development activities in order to discover and develop new long-acting injectable drugs.

In accordance with IAS 38 Intangible Assets, in-house research expenses are expensed as incurred under “Research and Development Costs”.

Development expenses are capitalized when they satisfy the following criteria defined by IAS 38: the technical feasibility required to complete the project; the Company’s intention to complete the project; the ability to use the asset; the probability of expected future economic benefits from the asset; the availability of resources; and the reliable measurement of development expenses.

Given the high degree of uncertainty attached to the Company’s development projects using the BEPO® technology, these conditions will only be met when the regulatory procedures necessary for marketing the products have been completed.

As the bulk of expenditure is incurred prior to this stage, internal development costs arising before the MA is secured, consisting primarily of feasibility research and clinical development costs, are expensed in the year in which they are incurred, under the “Research and Development Costs” line item.

However, in 2018, the current program reached a prototyping stage relating to the automatic characterization of release, with the criteria required for capitalizing the development costs being met.

The Company also devotes a considerable proportion of its resources to protecting its intellectual property by filing international patents and patent applications (see Chapter 11, "Major contracts"). These amounts are included in the intangible assets recognized by the Company.

9.1.3. Partnerships and sub-contracting

The Company has two types of partnerships.

- partnerships agreed for the development of long-acting injectable drugs; and
- an industrial partnership involving a joint-venture, CM Biomaterials B.V., between the Company and Purac Biochem B.V., a Corbion group company, for the manufacture of polymers (see section 22.3 of this *document de base*). With dedicated industrial capacity, this joint-venture will produce the polymers necessary for clinical trials and ensure future supply to manufacturers for the purpose of drug manufacture once MAs have been secured.

9.1.4. Significant factors with an impact on business and performance

In view of the stage of development of the Company's business, the main factors that have an impact on its business and performance are:

- the size of the R&D programs, especially those concerning candidate drugs developed in-house, and compliance with their progress schedule;
- the existence of tax incentives for companies undertaking research of a technical and scientific nature, such as the R&D tax credit;
- the euro/US dollar exchange rate, since income streams under certain partnership agreements are determined in US dollars, while the majority of the Company's expenses are in euros;
- the allocation to corporate officers and certain partners of financial instruments conferring access to its capital. The Company's performance is affected by the corresponding expense, which is recognized in the financial statements in accordance with IFRS.

The financial risk factors are also described in section 4.8 of this *document de base*.

9.1.5. Proforma financial information

Not applicable.

9.2. Analysis of the income statement

9.2.1. Operating income / (expense)

The operating expense generated in the last two fiscal years was €(7,378k) as of March 31, 2018 and €(3,589k) as of March 31, 2017. The details of this expense are shown below.

9.2.1.1. Income from continuing operations

The total income from continuing operations generated by the Company for the two fiscal years reported and the breakdown thereof are as follows:

In €k	March 31, 2018	March 31, 2017
Turnover	**6,439**	**8,533**
Income received for development services	3,134	6,749
Licenses, Milestones, Royalties	3,019	715
Income from the sale of polymers	285	1,069
Other income from continuing operations	**1,862**	**1,421**
Research tax credit	1,862	1,421
Revenue	**8,301**	**9,954**

Sales as of March 31, 2018 were €6,439k compared with €8,533,k as of March 31, 2017. These figures include:

- billing for formulation research activities (€3,134k for the year ended March 31, 2018) corresponding to financial contributions from partners to the costs incurred for partnership products: billing for formulation research services, re-billing for raw materials (polymers, APIs, etc.), specific equipment and external services (in vivo tests, consultants, etc.). The year-on-year change in the amount billed is explained (i) by the progress of partnership products that require less involvement from the Company once formulation research activities are complete and (ii) by the Company's strategy of focusing its efforts on the in-house development of products that do not qualify for partnership funding during the formulation research phase;

- billing fixed amounts to certain partners (milestone payments) in consideration for licensed rights to the Company's patents and tied to the achievement of key development stages provided for in the contract. Milestones billed for fiscal year ended March 31, 2018 amounted to €3,019k, consisting primarily of milestone payments received in respect of the decisions to move the mdc-IRM product to phase III and the mdc-TJK product to preclinical phase.

- the sale of BEPO® polymers to Company partners for formulation research and the manufacture of products used in preclinical and clinical studies. The drop in income is linked to inventory amassed during the year ended March 31, 2017 and used during the following year, especially for the manufacture of products used during the preclinical and clinical phases for the mdc-IRM product.

CIR income in the amount of €1,862k was recognized for the year ended March 31, 2018, versus €1,421k the previous year. This increase is linked to growth in the Company's R&D activity, in line with its strategy (see also section 9.2.1.3 below).

9.2.1.2. Cost of goods and services sold

The cost of goods and services sold includes €218k in purchases of consumables used by the CM Biomaterials BV subsidiary in the manufacture of polymers, compared with €885k the previous year, in conjunction with the fall in sales of polymers explained above.

9.2.1.3. Research and development costs

The research and development costs recognized as expenses in the years shown rose by 17.2% and break down as follows:

In €k	March 31, 2018	March 31, 2017
Employee-related expenses	**(4,464)**	**(3,746)**
Employee-related expenses excluding share-based payments[1]	(4,419)	(3,723)
Share-based payments	(45)	(23)
Other operating expenses paid	**(3,726)**	**(3,254)**
Subcontracting, studies and provision of services	(1,866)	(1,668)
Raw materials and consumption	(458)	(472)
Fees and consulting	(832)	(613)
Rents and associated costs, insurance, shipping charges	(376)	(395)
Other taxes	(42)	(30)
Grants	84	75
Travel and transportation	(236)	(151)
Other unpaid operating expenses	**(656)**	**(551)**
Net depreciation expense and provisions	(656)	(551)
Total research and development costs	**(8,846)**	**(7,551)**
[1] Of which CICE (tax credit for competitiveness and employment) share	110	90

The main period-on-period changes are:

- employee-related expenses were up by 18.7% (excluding share-based payments). This increase should be considered in the context of the change in the specialized workforce, from 69 employees at the end of March 2017 to 77 to end of March 2018 (i.e., an increase of 11.6%). The team was strengthened in this way (including in the area of assessment) as a result of the desire to ramp up in-house product development and extend the BEPO® technology.

- the costs of subcontracting, studies and service provision is up by 11.9%, attributable to the increase in studies commissioned from Contract Research Organizations (CRO) in connection with product formulation research.

- fees and consulting up by 35.7%, due especially to the rise in the expertise required to accelerate the development of an internal product portfolio especially due to the increase of expertise required to accelerate the development of a portfolio of internal products and the extension of technology BEPO®.

As well as this expenditure recognized as expenses for the period, there are also amounts relating to a project to develop a prototype for improving formulation analyses and the automatic characterization of release. Following the completion of the first stage, the Company launched the production of new prototypes. This project fulfills all the criteria capitalizing the development costs. As of March 31, 2018, the total amount recorded as “assets under construction” was €676k, with €322k of this amount being capitalized for the year ended March 31, 2018.

9.2.1.4. Sales and marketing costs

Sales and marketing costs recognized during the last two years break down as follows:

In €k	March 31, 2018	March 31, 2017
Employee-related expenses	(907)	(661)
Employee-related expenses excluding share-based payments[1]	(899)	(658)
Share-based payments	(8)	(3)
Other operating expenses paid	(981)	(628)
Subcontracting, studies and provision of services	(177)	(283)
Travel and transportation, trade fairs, documentation	(198)	(157)
Fees and consulting	(557)	(137)
Rents and associated costs	(19)	(17)
Other taxes	(5)	(3)
Other	(25)	(29)
Other unpaid operating expenses	-	-
Net depreciation expense and provisions	-	-
Total sales and marketing costs	**(1,888)**	**(1,289)**
[1] Of which CICE (tax credit for competitiveness and employment) share	20	13

The approximately 46.5% rise in these costs is explained primarily by:

- an increase of 37.2% in employee-related expenses with the workforce at period-end having grown from seven to nine employees, following the reorganization of the team and the addition of new employees whose role is to (i) identify opportunities for new long-acting injectable treatments as part of a portfolio of products developed in-house and (ii) develop new partnerships,

- a substantial rise in the fees and consulting item attributable to the increased use of consultants for analysis and validation of commercial opportunities for products under development and the selection of future products for in-house development, and

- travel and transportation costs up by 26.1% in connection with the various meetings with the Company's industrial partners for the purpose of ongoing programs or to negotiate new ones, such as the partnership with the Bill & Melinda Gates Foundation entered into in November 2017 (see section 22.2 of this *document de base*).

9.2.1.5. Overheads and administrative costs

The breakdown of overheads and administrative costs over the last two years is as follows:

In €k	March 31, 2018	March 31, 2017
Employee-related expenses	(2,233)	(1,517)
Employee-related expenses excluding share-based payments[1]	(2,217)	(1,507)
Share-based payments	(16)	(10)
Other operating expenses paid	(2,012)	(1,435)
Subcontracting, studies and provision of services	(111)	(130)
Fees and consulting	(1,301)	(727)
Grants	15	9
Travel and transportation, shipping costs	(305)	(267)
Rents and associated costs, insurance	(249)	(152)
Advertising	(30)	(113)
Taxes (of which tax credits)	72	28
Other	(103)	(83)
Other unpaid operating expenses	-	-
Net depreciation expense and provisions	-	-
Total overheads and administrative costs	**(4,246)**	**(2,953)**
[1] Of which CICE (tax credit for competitiveness and employment) share	45	30

The approximately 43.8% rise in these costs is explained primarily by:

- a rise of 47.2% in payroll corresponding to a workforce of 24 at period-end, up from 19 employees following additional hires to the IT systems and IT security, human resources, and finance teams, particularly with a view to the IPO;

- fees and consulting up by 79%, primarily attributable to investor relations activity, legal fees, and advice on non-dilutive financing arranged by the Company during the year ended March 31, 2018.

9.2.1.6. Recurring operating income / (expense)

The recurring operating expense generated in the last two fiscal years was €(6,897k) as of March 31, 2018 and €(2,724k) as of March 31, 2017.

9.2.1.7. Other operating income and expenses

Other operating expenses fell substantially, from €903k to €590k year-on-year.

For the year ended March 31, 2018, they relate mainly to allocations to provisions for risks of €333k in association with pending disputes with former employees of the Company, and a net book value of €78k for property, plant and equipment and intangible assets disposed of or scrapped.

As of March 31, 2017, they mainly comprised €306k of expenses related to the implementation of a better fortunes clause on the abandonment of a shareholder current account, and €539k of fees written off on a planned capital increase initiated by the Company and abandoned following the €15

million bond issue to TEVA (see Note 5.11.3 of the notes to the consolidated financial statements inserted at section 20.1.1, Note 5.11.1 of the notes to the consolidated financial statements inserted at section 20.1.2 and section 22.4.1of this *document de base*).

9.2.2. Composition of net income /(loss)

9.2.2.1. Financial income / (expense)

In €k	March 31, 2018	March 31, 2017
Income from short-term investments	56	21
Interest on financial debts	(1,848)	(1,305)
Cost of net financial debt	(1,792)	(1,284)
Exchange loss	-	(114)
Change in fair value of the convertible bond	(210)	-
Impairment of short-term investments	(15)	-
Other financial expenses	(1)	(191)
Other financial expenses	(226)	(305)
Exchange gain (loss)	43	291
Other financial income	138	-
Other financial income	181	291
Total financial income / (expense)	**(1,837)**	**(1,298)**

The net financial loss amounted to €1,837k for the year ended March 31, 2018 and €1,298k for the year ended March 31, 2017. The increase of 41.5% is primarily attributable to:

- interest on financial liabilities up by €543k, mainly relating to interest on the €15 million bond issued to Teva (see Note 5.11.3 of the notes to the consolidated financial statements inserted at section 20.1.1, Note 5.11.1 of the notes to the consolidated financial statements inserted at section 20.1.2 and section 22.4.1 of this *document de base*) which had an impact over 12 months of the past year compared with approximately 8 months for the year ended March 31, 2017 (loan secured in July 2016);

- €210k in expenses related to the change in fair value on the Seventure convertible bonds issued in December 2017 and January 2018 for an amount of €3,990k.

The Company also posted a sharp drop in exchange gains, from €291k to €43k, offset by €138k in financial income from cash investments. The fall in exchange gains can be explained primarily by the change imposed by accounting regulations in the way that commercial exchange gains made in 2018 are reported: they are now shown as operating income whereas previously they were shown as financial income.

9.2.2.2. Taxes

While deferred tax income of €1,350k, stemming mainly from the pre-tax loss of €4,887k was recognized for the year ended March 31, 2017, a tax charge of €360k was recorded in respect of the year ended, including a €184k adjustment for deferred taxes and €176k in taxes payable relating to MedinCell Corporation.

In €k	March 31, 2018	March 31, 2017
Taxes payable	(176)	-
Deferred taxes	(184)	1,350
(Expenses)/Tax income	**(360)**	**1,350**

As of March 31, 2018, the Company had tax loss carryforwards of €21,118k. Note that this tax loss can only be offset against a maximum of 50% of the taxable profit for the fiscal year, this limit being applicable to the portion of profits above €1 million. The unused balance of the loss can be carried forward to subsequent fiscal years and can be offset under the same conditions, without limitation.

As of the same date, the Company had recognized deferred tax assets on losses of €2,560k, on a base of €10,246k. The Company expects to be profitable within five years and therefore that it will use this deferred tax asset by 2022/2023.

After financial income and tax were taken into account, consolidated net loss was €(9,575k) as of March 31, 2018, including a Group share of €(9,571k), compared with €(3,537k) as of March 31, 2017, including a Group share of €(3,561k).

9.2.2.3. Net income /(loss) per share

Net loss per share for the Company was €(0.66) and €(0.25) for the years ended March 31, 2018 and March 31, 2017 respectively.

It should be noted that net loss per share as of March 31, 2017 had been adjusted retrospectively to account for the effect of the 50 for 1 share split decided by the General Meeting of Shareholders of the Company on March 16, 2017. Given the net loss, the diluted net loss per share is the same as the net loss per share.

9.3. Analysis of the consolidated balance sheet

9.3.1. Non-current assets

In €k	March 31, 2018	March 31, 2017
Intangible assets	2,018	1,585
Property, plant and equipment	2,725	2,484
Non-current financial assets	4,483	2,560
Deferred tax assets	2,488	2,674
TOTAL NON-CURRENT ASSETS	**11,714**	**9,302**

As of March 31, 2018:

- intangible assets mainly comprise patent fees and software purchases (€1,342k net) and assets under construction relating to the costs for a prototype (€676k) described in section 9.2.1.3 above.

- property, plant and equipment mainly comprised technical installations and lab equipment (€1,046k net) and fixtures and fittings for premises (€1,069k net).

Other financial assets and other non-current assets comprise:

- securities of Banque Populaire du Sud held (€6k);

- deposits and guarantees on ongoing operations (€59k);

- the portion due in more than one year (€2,324k) of deposits to the endowment contract invested in bonds, pledged as collateral for a loan;

- cash placed in a euro-denominated fund (€1,652k);

- the portion of the CIR for the first quarter of 2018 (€442k), which will be payable at the start of 2020.

9.3.2. Current assets

In €k	March 31, 2018	March 31, 2017
Inventory and work in process	1,321	779
Trade receivables	101	933
Other current assets	2,704	2,969
Short-term investments in cash equivalents	722	5,458
Cash and cash equivalents	8,791	3,824
TOTAL CURRENT ASSETS	**13,639**	**13,963**

Inventory primarily comprises finished polymer products.

As of March 31, 2018, trade receivables were composed of pending bills for ongoing or planned R&D work. The change is mainly due to the invoicing in March 2017 of R&D work for the following quarter (April-June 2017).

Other current assets break down as follows:

In €k	March 31, 2018	March 31, 2017
Advance payments on orders	21	28
Employee-related receivables	17	10
Tax receivables	2,429	2,792
Prepaid expenses	225	80
Other	12	60
OTHER CURRENT ASSETS, GROSS	**2,704**	**2,969**
Depreciation	-	-
OTHER CURRENT ASSETS, NET	**2,704**	**2,969**

Tax receivables consist mainly of the portion of the CIR for 2017 that will be available during 2018, and VAT credits.

The increase in prepaid expenses is principally due to the use of sub-contractors, insurance premiums and other operating expenses.

As of March 31, 2018, short-term investments correspond to the current portions of cash collateral at in the amount of €687k (while the non-current portion of €2,324k is recognized in other non-current financial assets) and term deposits in the amount of €50k. Please also refer to Note 5.7 to the consolidated financial statements as of March 31, 2018 included in section 20.1 of this *document de base*.

The "Cash and cash equivalents" item only comprises cash at bank and in hand.

9.3.3. Shareholders' equity

In €k	March 31, 2018	March 31, 2017
Capital	145	144
Additional paid-in capital	230	199
Reserves	(2,587)	886
Net income /(loss) for the year attributable to owners of the parent company	(9,571)	(3,561)
Non-controlling interests	34	44
CONSOLIDATED SHAREHOLDERS' EQUITY	**(11,749)**	**(2,288)**

The Company made strictly limited use of new share issues, and these were linked exclusively to stock warrant (SW) and founders' stock warrant (FSW) plans.

The negative figure for shareholders' equity can be explained by the losses made in the last two fiscal years, when the Company's position became negative given its desire to (i) use its own funds to invest in the creation of a portfolio of products developed in-house and (ii) ramp up the extension of the BEPO® technology.

9.3.4. Non-current liabilities

In €k	March 31, 2018	March 31, 2017
Financial liabilities – non-current	28,692	19,872
Employee benefits	277	193
TOTAL NON-CURRENT LIABILITIES	**28,969**	**20,065**

The bulk of non-current liabilities consists of the portion of financial debt due in more than one year, which comprises the following main components:

- the €15 million bond issued to Teva (see Note 5.11.3 of the notes to the consolidated financial statements inserted at section 20.1.1, Note 5.11.1 of the notes to the consolidated financial statements inserted at section 20.1.2 and section 22.4.1 of this *document de base*) in July 2016 and which stood at €17,029k on March 31, 2018, including capitalized interest;

- the Seventure convertible bonds issued in December 2017 and January 2018 for a nominal amount of €3,990k and shown on the balance sheet as €4,200k, given the impact of discounting to fair value; and

- an "*Innov Plus*" bank loan of a nominal amount of €7,000k from Banque Populaire du Sud under the terms of an agreement signed on March 28, 2017 (net amount of €5,731k as of March 31, 2018), with the portion due in more than year as of March 31, 2018 amounting to €4,356k.

Employee benefits correspond to the current value of pension liabilities.

9.3.5. Current liabilities

In €k	March 31, 2018	March 31, 2017
Financial liabilities – current	2,305	832
Provisions – current portion	415	79
Trade payables	2,441	2,148
Tax liabilities payable on earnings	166	-
Other current liabilities	2,806	2,428
TOTAL CURRENT LIABILITIES	**8,133**	**5,488**

Current financial liabilities correspond to the portion of the Company's financial debt due in less than one year. They include €1,375k relating to the *"Innov Plus"*loan of €7,000k obtained from Banque Populaire du Sud during the previous fiscal year and a total of €389k relating to three advances from French public investment bank BPI.

Provisions relate mainly to labor arbitration proceedings.

Supplier payables rose slightly as the polymer inventory was amassed.

Corporate income tax due corresponds to the amount payable recognized by MedinCell Corporation.

Other current liabilities break down as follows:

- social security payables consisting primarily of bonuses paid in April and accrued payroll costs for the last quarter (€1,174k as of March 31, 2018 and €1,052k as of March 31, 2017);

- tax payables (€14k as of March 31, 2018 and €68k as of March 31, 2017);

- other payables (€234k as of March 31, 2018 and €141k as of March 31, 2017);

- deferred income in the amount of €1,385k as of March 31, 2018 (versus €1,166k as of March 31, 2017), corresponding to formulation research activities billed to partners or for which grants have been received and that the Company has yet to carry out.

10. CASH AND CAPITAL

This Chapter is devoted to information on shareholders' equity, liquidity and the sources of financing of the Company and its subsidiaries for fiscal years ended March 31, 2017 and 2018. The comments on the financial statements found in Chapter 10 are to be read in conjunction with Notes 7, 8 and 9 to the audited consolidated financial statements prepared in accordance with IFRS as adopted by the European Union, included in section 20.1 of this *document de base* for the Company.

The Company's financing requirements arise from the research and development costs incurred by its activities, including numerous preclinical and clinical trials and the development of the BEPO® platform.

10.1. Information on the Company's capital, liquidity and sources of financing

10.1.1. Information on capital and liquidity

As of March 31, 2018, the Company held cash and cash equivalents of €8,971k, plus €722k in short-term investments in cash equivalents.

As a result, the Company's net financial debt over the reporting period was as follows:

In €k	March 31, 2018	March 31, 2017
Short-term investments in cash equivalents	722	5,458
Cash and cash equivalents	8,791	3,824
Total cash and cash equivalents and short-term investments in cash equivalents	**9,513**	**9,282**
Current financial liabilities	2,305	832
Financial debt – Current portion (A)	**2,305**	**832**
Non-current financial liabilities	28,692	19,872
Financial debt – Non-current portion (B)	**28,692**	**19,872**
Financial debt (A)+(B)	**30,997**	**20,705**
Frozen endowment fund and euro funds	**3,976**	**2,500**
Net financial debt	**17,508**	**8,923**

10.1.2. Sources of financing

Since its creation, the Group has been financed by:

- capital increases;
- bond issues;
- innovation assistance from Bpifrance;
- repayments received in respect of Research Tax Credit (CIR);
- income from partnership agreements.

10.1.2.1. Capital financing

The Group has made strictly limited use of fundraising, with the last time it did so being over 10 years ago. The total gross proceeds from the Group's fundraising efforts since it was founded amount to just €333k, including the issue premium (and exclusive of fees on the premium), as summarized in the table above.

10.1.2.2. Debt financing

The Group's financial debt increased substantially over the two reporting periods in line with the decision to develop products in-house, rising from €4,322k as of April 1, 2016 to €20,705k as of March 31, 2017 and €30,997k as of March 31, 2018.

These increases are mainly attributable to:

During fiscal year ended March 31, 2017

Receipt in July 2016 of the €15 million bond issued to Teva (see Note 5.11.3 of the notes to the consolidated financial statements inserted at section 20.1.1, Note 5.11.1 of the notes to the consolidated financial statements inserted at section 20.1.2 and section 22.4.1 of this *document de base* and see Note 5.11.1 of the notes to the consolidated financial statements inserted at section 20.1 of this *document de base* describing the terms of this loan.)

During fiscal year ended March 31, 2018

- Seventure convertible bonds: see Note 5.11.3 to the consolidated financial statements included in section 20.1 of this *document de base*, describing the terms of this loan; and
- The release of a bank loan for €7,000k guaranteed up to 50% by bonds from a locked endowment fund: see Note 5.11.2 of the Notes to the consolidated financial statements included in section 20.1 of the this *document de base*, describing the terms of this loan.

The change in the debt is described in detail in Note 5.11.1 to the consolidated financial statements included in section 20.1 of this *document de base*.

10.1.2.3. State aid financing

Since it was created, the Group has received various types of state aid. Three repayable advances granted in 2010, 2012 and 2013 are still in the process of being repaid.

The movements over the period are outlined below:

Repayable aid – In €k (1)	First assistance Bpifrance/Region	Second assistance Bpifrance/Region	Third assistance Bpifrance	TOTAL
Balance sheet Liabilities as of 4/1/2016	556	337	75	968
+ receipts	-	25		25
- repayments	(163)	(75)	(18)	(256)
- (discounting) accretion	30	18	4	52
Balance sheet Liabilities as of 3/31/2017	423	305	61	789
+ receipts	-	-	-	-
- repayments	(238)	(130)	(29)	(397)
- (discounting) accretion	23	13	4	40
Balance sheet Liabilities as of 3/31/2018	208	188	36	432

First assistance: this was repayable aid for innovation of €800k funded on an equal basis by OSEO (now Bpifrance) and the Languedoc-Roussillon region under a contract signed on 28 July 2010. This was allocated to the project to develop a reliable method of formulation for a polymer gel for controlled delivery of peptides and proteins. A supplemental agreement dated November 2013 recorded the end of the program and restricted the amount of aid to actual expenditure, i.e., a total of €759.4k. The balance of €208k outstanding as of March 31, 2018, is all due in less than one year.

For sales of licenses or marketing, the Company is liable to pay OSEO, no later than March 31 each year and from January 1, 2012 onwards:

- 48.0% of the income, excluding tax, received during the previous calendar year from the sale or assignment of licenses, patents or know-how, when the said sales or assignments cover all or part of the outcomes of the program supported, and

- 48.0% of the income, excluding tax, generated from marketing and including sale to a third party or use by the Company for its own needs in prototyping, small-series production and modeling as part of the program.

Second assistance: in May 2012, the Company was granted repayable aid for innovation of €400k, financed by OSEO and the Languedoc-Roussillon region, which put up €300k and €100k respectively. This was allocated to the project to develop a polymer gel for controlled delivery of proteins, including antibodies. The balance outstanding as of March 31, 2018 was €188k.

Third assistance: in 2013, the Company was granted repayable aid for innovation of €90k, funded by OSEO and received in full during the fiscal year ended March 31, 2014. This was allocated to the project to develop an anti-HIV peptide formulation for weekly administration. The balance outstanding as of March 31, 2018 was €36k.

For sales of licenses or marketing, the Company is liable to pay OSEO, no later than March 31 each year and from January 1, 2015 onwards:

- 60.0 % of the income, excluding tax, received during the previous calendar year from the sale or assignment of licenses, patents or know-how, when the said sales or assignments cover all or part of the outcomes of the program supported, and

- 60.0% of the income, excluding tax, generated from marketing and including sale to a third party or use by the Company for its own needs in prototyping, small-series production and modeling as part of the program.

10.1.2.4. Financing from the R&D tax credit (Crédit d'Impôt Recherche, CIR) and the Innovation tax credit (Crédit d'Impôt Innovation, CII)

The CIR receivable has changed as follows over the two reporting periods:

In €k	CIR
Receivable as of April 1, 2016	**1,268**
+ tax receivable recognized in the period	**1,353**
- payment received during the year in respect of the CIR for 2015	(928)
Other movements	2
Receivable as of March 31, 2017	**1,695**
+ tax receivable recognized in the period	1,783
- payment received during the year in respect of the CIR for 2016	(1,337)
Other movements	29
Receivable as of March 31, 2018	**2,170**

10.1.3. Off-balance sheet commitments

Refer to Note 8 to the consolidated financial statements as of March 31, 2018 included in section 20.1 of this *document de base*.

10.2. Cash flows

There was a positive closing net cash flow balance of €4,119k for fiscal year ended March 31, 2018, compared with a positive net cash flow of €5,688k the previous fiscal year.

In €k	March 31, 2018	March 31, 2017
Net cash from / (used in) operating activities	**(5,426)**	**(3,393)**
Net cash from / (used in) investing activities	**2,242**	**(7,893)**
Net cash from / (used in) financing activities	**8,153**	**14,642**
Impact of non-cash items and exchange rate fluctuations	(2)	(168)
Change in net cash	**4,967**	**3,188**

10.2.1. Cash flow from operating activities

Net consumption of cash from operations amounted to €5,426k and €3,393k for fiscal years ended March 31, 2018 and March 31, 2017 respectively.

In €k	March 31, 2018	March 31, 2017
Net income /(loss)	**(9,575)**	**(3,537)**
Income and expenses with no impact on cash flow or not related to operations	**3,368**	**1,556**
- Elimination of provisions	453	38
- Elimination of depreciation on property, plant and equipment and intangible assets	658	552
- Charges relating to share-based payments	70	36
- Cost of net financial debt	1,792	1,393
- Elimination of tax expense (tax income)	360	(1,352)
- Income from disposal of assets	80	-
- Better fortunes clause	-	306
- Other non-cash income and expense items	(45)	583
Change in working capital requirement	**781**	**(1,412)**
- Inventory	(679)	(759)
- Net trade receivables	829	1,225
- Trade payables	434	498
- Other operating receivables	(181)	(1,019)
- Other operating payables	378	(1,357)
Corporate tax paid	**-**	-
NET CASH FROM / (USED IN) OPERATIONS	**(5,426)**	**(3,393)**

Note that the net consumption of cash during the past year was favorably impacted by an improvement of €781k in the working capital requirement, whereas a deterioration of €1,412k had been recorded for the previous fiscal year.

The change in other operating liabilities is primarily due to the reduction in deferred income on partner billing.

10.2.2. Cash flow from investment activities

There was a closing net cash flow balance of €1,394k for fiscal year ended March 31, 2018 related to investing activities, while net consumption of cash for the previous fiscal year was €5,393k (see section 5.2.1 of this *document de base*).

In €k	March 31, 2018	March 31, 2017
Purchases of property, plant and equipment	(558)	(1,346)
Purchases and production of intangible assets	(630)	(485)
Change in short-term investments in cash equivalents	2,528	(3,583)
Change in non-current financial assets	846	(2,500)
Interest income received	56	21
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**2,242**	**(7,893)**

Purchases of property, plant and equipment fell considerably year-on-year, in view of the fact that fiscal year ended March 31, 2017 included the development of a new building, which explains the high cost of €1,346k.

Purchases of intangible assets increased slightly over the two reporting periods. Capitalized development costs for prototyping (see section 9.2.1.3 above) amounted to €322k for the past year and €283k for the year ended March 31, 2017.

The increase of €2,528k in short-term investments includes €2,324k in bonds pledged as collateral. The decrease recorded in fiscal year ended March 31, 2017 relates to the initial investment used to guarantee and release the loan from Banque Populaire du Sud under an agreement signed on March 28, 2017.

10.2.3. Cash from financing activities

Net cash from financing activities for fiscal years ended March 31, 2018 and March 31, 2017 amounted to €8,153k and €14,642k respectively.

In €k	March 31, 2018	March 31, 2017
Income from capital transactions, net of fees	31	20
Capital reduction	-	(2)
Buyback of non-controlling interests	-	(2)
Financial debt taken out	10,955	18,040
Repayments of financial liabilities	(2,637)	(3,144)
Interest paid	(196)	(270)
NET CASH FROM FINANCING ACTIVITIES	**8,153**	**14,642**

The significant increase in financing obtained during fiscal year ended March 31, 2018 is mainly attributable to the €3,990k Seventure convertible bond issue, and the receipt of an *"Innov Plus"* bank loan from Banque Populaire du Sud for a nominal amount of €7,000k, under a contract signed on March 28, 2017 (see section 10.1.2.2 of this *document de base*).

The net amount from financing activities as of March 31, 2017 can be explained by:

- the €15 million bond issued to Teva (see Note 5.11.3 of the notes to the consolidated financial statements inserted at section 20.1.1, Note 5.11.1 of the notes to the consolidated financial statements inserted at section 20.1.2 and section 22.4.1 of this *document de base*) in July 2016,

- receipt of a €2 million, three-year non-convertible bond issued to BNP Paribas Développement under an agreement signed on July 20, 2016, but which had been repaid in full at the end of the period in order to structure the debt under better conditions, and

- a zero-interest loan of €614k from French public investment bank BPI for developing BEPO® formulations.

10.3. Information on the issuer's borrowing requirements and funding structure

As of March 31, 2018, the Company's gross debt stands at €30,997k, 87% of which relates to the following three financings:

- A bond issued in July 2016 recognized at €17,029k (a nominal amount of €15,000k plus accumulated accrued interest) in favor of TEVA;

- A convertible bond (CB), issued in December 2017 and January 2018 in favor of funds managed by Seventure Partners, recognized at €4,200k and that would be subject to early redemption in the event of an IPO;

- An "Innov Plus" bank loan recognized at €5,731k.

As of March 31, 2018, the Company's net debt amounted to €17,508k and breaks down as follows:

Audited consolidated data (IFRS) (in €k)	March 31, 2018
Bond issue (TEVA)	17,029
Convertible bonds (Seventure Partners) **(1)**	4,200
Innov Plus loan	5,731
Other borrowings	4,037
Gross financial debt	**30,997**
Of which current portion	*2,305*
Of which non-current portion	*28,692*
Short-term investments in cash equivalents	(50)
Cash and cash equivalents	(8,791)
Endowment fund **(2)**	(4,648)
Net debt	**17,508**

(1) This loan will be subject to early redemption in the event of the Company's IPO.

(2) It is a cash investment provided as collateral for 50% of the outstanding capital in the scope of the Innov Plus loan (for more information on the details of this line, see note 5.7 of the appendix to the consolidated annual financial statements as of March 31, 2018 in section 20.1 of this *document de base*).

The Company considers that the repayment schedule for its gross financial debt is appropriate for its development prospects, with 79% of the total financial debts at March 31, 2018 being repayable at more than three years, i.e. after March 31, 2021, when it would be able to generate income from the marketing of its most advanced product. This percentage does not take account of any partial repayment of the TEVA bond for a maximum amount of 10% of the net proceeds from an issue in the context of an IPO. It would be 76% if the CBs that are subject to early redemption in the event of an IPO and that do involve repayment in cash were excluded (see description of the main financing contracts below).

The table below shows the repayment schedule for the Company's gross debt as of March 31, 2018.

Total financial debts as of March 31, 2018 (in €k)	< March 31, 2019	< March 31, 2020	< March 31, 2021	< March 31, 2022	< March 31, 2023	> March 31, 2023	Effect of discounting to fair value
30,997	2,353	2,096	2,058	5,287	7,338	11,916	(51)

Since the March 31, 2018 year-end, the Company has also:

- issued convertible bonds (CBs) in April 2018 in favor of BNP Paribas Développement and CM-CIC Innovation, for a total amount of €3,198k, which would be subject to early redemption in the event of an IPO;

- signed an agreement with the European Investment Bank (EIB) for a loan of a maximum amount of €20 million, repayable at the end of a five-year period starting from the draw-down of each tranche, with a first tranche of €7.5 million received by the Company in June 2018.

The table shown at the end of this section 10.3 sets out, by way of information, what the financial debt of the Company might have been as of March 31, 2018 if the additional convertible bond and the initial EIB tranche had been recognized prior to year-end on March 31, 2018.

The main terms of the financing contracts are described below.

Bond loan issued in July 2016 for €17,029k (of which nominal €15,000k plus accumulated accrued interest)

To finance its growth, on July 25, 2016 the Company issued a 7-year non-convertible bond for a total amount of €15 million, subscribed by its partner TEVA in August 2016 (see section 22.4.1 of this *document de base*).

The main characteristics of this bond issue are as follows:

These bonds bear interest at 6 month Euribor + 10%. Interest is payable every 6 months factoring in an initial 24-month grace period during which the interest will be capitalized. This capitalized interest will bear the same interest after 12 months.

By contract, these bonds must be redeemed in 3 installments as follows, excluding capitalized interest:

- a minimum nominal amount of €2.5 million (excluding capitalized and non-capitalized interest) on the bonds, to be repaid by August 2, 2021;
- a minimum nominal amount aggregated with the redemption in 2021 of €5 million (excluding capitalized and uncapitalized interest) on the bonds to be redeemed by August 2, 2022; and
- A sum equal to the nominal amount still to be redeemed (excluding capitalized and non-capitalized interest) on the bonds to be redeemed by August 2, 2023.

Early repayment

The Company nevertheless has the option to redeem early without penalty. If this redemption is made in part, the amount redeemed under this part may not be less than €500k and, if it is higher, it must be a multiple of €250k.

In the event of an IPO:

1) TEVA has the option to subscribe by offsetting debt of a portion of bond financing still due on the date of the IPO, at the IPO price, (i) up to 20% of the issue amount and (ii) at no time exceeding 5% of the Company's share capital; the number of shares that TEVA will receive as such will be calculated on the basis of an amount equal to 111% of the value of this portion, and/or;

2) TEVA may ask MedinCell to allocate a maximum amount of 10% of the net proceeds from the issue, not including the subscription via offsetting of debt, to the early repayment of a portion of bond financing.

As of the date of this *document de base*, however, Teva did not send any request to the Company to participate in the IPO.

There was no trigger for early redemption as of the reporting date.

This bond is accompanied by commitments granted to subscribers by MedinCell, which would remain in force in the event of an IPO (see section 4.8.3 of this *document de base*) and which could be applied in the event of default by MedinCell:

- a fourth-ranking pledge over its business assets;
- a pledge comprising 50% of the intellectual property rights limited to developed products and to the geographic regions in which the Company intends to market its products.

Convertible bond (CB)

- ***Convertible bond for €4 million (Seventure CBs) as of March 31, 2018***

On December 21, 2017 and January 18, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders on December 21, 2017, made an initial bond issue in two tranches of a total nominal amount of €3,990,000.75 (of which around €3.2 million was subscribed on December 21, 2017 and €0.8 million subscribed on January 18, 2018) by issuing 1,191,045 convertible bonds with a par value of €0.01 each, convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of funds managed by Seventure Partners (see section 21.1.2 of this *document de base*).

These CBs will automatically be repaid early in Company shares in the event of and on the date of an IPO.

The main terms and conditions of the convertible bonds are as follows:

- The final redemption installment is due on March 31, 2023;
- The convertible bonds are issued at their par value of €3.35;
- The convertible bonds do not bear interest;
- The shares issued in redemption of the convertible bonds will be ordinary shares that cannot be sold for 12 months from their date of issue;
- With a final redemption installment on March 31, 2023, redemption will be split into two tranches comprising a number N of the Company's ordinary shares determined using the following formula for all the convertible bonds:

N = Amount of investment / Base Conversion Price

The Base Conversion Price is €3.35 plus any base earn-outs for a maximum amount of €1.68 (representing a maximum Base Conversion Price of €5.03) based on the achievement of certain contractually defined goals by October 10, 2018 at the latest.

Early redemption in shares

The terms for early repayment in shares in the event of an IPO are therefore provided for, it being specified that the clauses that would prevail if an IPO were not to occur are not described below.

The contract provides for automatic early repayment in full (in shares only) in the event of an IPO on a regulated market for a number 'N' of the Company's ordinary shares equal to the lower of N_1 and N_2, where:

N_1 = Amount of the Investment/Base Conversion Price; and

N_2 = [((100% + Z) x Amount of the Investment) + 3% annual interest] / Listing price

(Z ranging from 25% to 55% depending on the Listing price).

At the minimum conversion price of €3.35, the maximum number of shares to be issued as repayment of these convertible bonds would be 1,191,045 shares, representing about 8.2% of the Company's share capital on a non-diluted basis as of the date of this *document de base*.

These bonds are not subject to covenants or collateral.

As indicated in Note 4.17, this bond is measured overall at fair value at each reporting date, the Company having chosen to apply the fair value option.

The changes in fair value are recognized in financial income. The change in fair value during the fiscal year comprised an expense of €210k recognized under "Other financial expenses".

- ***Convertible bond for €3.2 million (BNP Paribas Développement convertible bonds and CM-CIC Innovation convertible bonds) in April 2018, after the fiscal year-end***

Since the end of the fiscal year on March 31, 2018, two contracts were signed in April 2018 on similar terms, with a new fund and with a fund that was already a Group shareholder, for €3.2 million (BNP Paribas Développement convertible bonds and CM-CIC Innovation convertible bonds) (see section 21.1.2 of this *document de base*).

1) BNP Paribas Développement convertible bonds

On April 3, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders of December 21, 2017, issued 895,523 convertible bonds with a par value of €0.01 each, with a total nominal amount of €3,000,002.05 convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of BNP Paribas Développement.

These CBs will automatically be repaid early in Company shares in the event of and on the date of an IPO.

The main terms and conditions of the convertible bonds are as follows:

- The final redemption installment is due on March 31, 2023;
- The convertible bonds are issued at their par value of €3.35;
- The convertible bonds do not bear interest;
- The shares issued in redemption of the convertible bonds will be ordinary shares that cannot be sold for 12 months from their date of issue;

- With a final redemption installment on March 31, 2023, redemption will be split into two tranches comprising a number N of the Company's ordinary shares determined using the following formula for all the convertible bonds:

N = Amount of investment / Base Conversion Price

The Base Conversion Price is €3.35 plus any base earn-outs for a maximum amount of €1.68 (representing a maximum Base Conversion Price of €5.03) based on the achievement of certain contractually defined goals by October 10, 2018 at the latest.

Early redemption in shares

The terms for early repayment in shares in the event of an IPO are therefore provided for, it being specified that the clauses that would prevail if an IPO were not to occur are not described below.

The contract provides for automatic early repayment in full (in shares only) in the event of an IPO on a regulated market for a number 'N' of the Company's ordinary shares equal to the lower of N_1 and N_2, where:

N_1 = Amount of the Investment/Base Conversion Price; and

N_2 = [((100% + Z) x Amount of the Investment) + 3% annual interest] / Listing price

(Z ranging from 25% to 55% depending on the Listing price).

At the minimum conversion price of €3.35, the maximum number of shares to be issued as repayment of these convertible bonds would be 895,523 shares, representing about 6.2% of the Company's share capital on a non-diluted basis as of the date of this *document de base*.

These bonds are not subject to covenants or collateral.

2) CM-CIC Innovation convertible bonds

On April 3, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders on December 21, 2017, issued 59,192 convertible bonds with a par value of €0.01 each, convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of CM-CIC Innovation, with a total nominal amount of €198,293.20.

These CBs will automatically be repaid early in Company shares in the event of and on the date of an IPO.

The main terms and conditions of the convertible bonds are as follows:

- The final redemption installment is due on March 31, 2023;
- The convertible bonds are issued at their par value of €3.35;
- The convertible bonds do not bear interest;
- The shares issued in redemption of the convertible bonds will be ordinary shares that cannot be sold for 12 months from their date of issue;
- With a final redemption installment on March 31, 2023, redemption will be split into two tranches comprising a number N of the Company's ordinary shares determined using the following formula for all the convertible bonds:

N = Amount of investment / Base Conversion Price

The Base Conversion Price is €3.35 plus any base earn-outs for a maximum amount of €1.68 (representing a maximum Base Conversion Price of €5.03) based on the achievement of certain contractually defined goals by October 10, 2018 at the latest.

Early redemption in shares

The terms for early repayment in shares in the event of an IPO are therefore provided for, it being specified that the clauses that would prevail if an IPO were not to occur are not described below.

The contract provides for automatic early repayment in full (in shares only) in the event of an IPO on a regulated market for a number 'N' of the Company's ordinary shares equal to the lower of N_1 and N_2, where:

N_1 = Amount of the Investment/Base Conversion Price; and

N_2 = [((100% + Z) x Amount of the Investment) + 3% annual interest] / Listing price

(Z ranging from 25% to 55% depending on the Listing price).

At the minimum conversion price of €3.35, the maximum number of shares to be issued as repayment of these convertible bonds would be 59,192 shares, representing about 0.4% of the Company's share capital on a non-diluted basis as of the date of this *document de base*.

These bonds are not subject to covenants or collateral.

"Innov Plus" loan for €5,731k

As of March 28, 2018, the Company received a five-year €7 million bank loan taken out at the rate of 1.65% guaranteed at first draw-down as to 50% by the European Union and 50% by MedinCell on the principal outstanding by means of an endowment fund used as collateral. As of March 31, 2018, the amount pledged as collateral stood at €3,011k (see Note 7 to the consolidated financial statements for the year ended March 31, 2018).

Financing obtained from the EIB in March 2018 in the amount of €20,000k

On March 22, 2018, MedinCell S.A. signed a credit agreement for €20 million with the EIB as part of the development of a target number of programs. An initial tranche of €7.5 million was drawn in June 2018. Draw-down of the following tranches is subject to certain conditions relating to the Group's business and to the consolidation of the Company's equity. The Company considers that an IPO would remove the condition relating to the consolidation of equity required for draw-down of the following tranches. No guarantee has been issued in the context of this loan. The capital must be repaid after a period of 5 years from the drawdown of each tranche. Interest is payable annually by MedinCell S.A.

In addition to the compensation of interest paid annually by MedinCell S.A., MedinCell S.A. must pay variable annual compensation to the EIB relating to the marketing of its products.

Moreover, the financing contract concluded with the EIB (see section 4.8.3 of this *document de base*) requires the Company to comply with covenants that would remain in force in the event of an IPO.

These commitments restrict, inter alia, the Company's ability to:

- take on additional debt;

- pay dividends or make any other distribution;
- make investments in other companies (acquisitions);
- create liens or additional security;
- incur restrictions on the ability of its subsidiaries to pay dividends or make other payments;
- dispose of assets or equity interests in other companies;
- transact with affiliated companies;
- make a substantial change in its activity; and
- merge with other entities.

The purpose of the covenants attached to the EIB loan is particularly to restrict the use of cash resulting from this loan to the research and development programs concerned, excluding any other purpose, in particular the reduction of existing debt and the payment of dividends. No other guarantee is attached to this loan.

Adjusted Financial Debt as of March 31, 2018

The convertible bond (Seventure convertible bond), which stood at €3,990k as of March 31, 2018, appeared on the balance sheet in the amount of €4,200k, taking into account the impact of discounting to fair value. Furthermore, the Company's financial debt, which stood at €30,997k as of March 31, 2018, increased by €10,698k as of June 30, 2018 (excluding any accounting adjustments). This change is linked to the subscription by BNP Paribas Développement and CM-CIC Innovation of convertible bonds (CBs) in the amount of €3,198k in April 2018 along with the drawdown of €7,500k of the initial tranche of the EIB loan in June 2018.

The table below shows, for information, what the financial debt of the Company might have been as of March 31, 2018 if the additional convertible bond and the initial EIB tranche been recognized prior to year-end on March 31, 2018. The additional financial debt subsequent to year-end on March 31, 2018, shown in the table, is given in gross nominal value terms and does not include any accounting restatements.

(in €k)	Amount of financial debt
Teva - Bond **(1)**	17,029
Seventure – mandatory convertible bonds **(2)**	4,200
Innov Plus	5,731
Other borrowings	4,037
Financial debt as of March 31, 2018	**30,997**
Of which current portion	*2,305*
Of which non-current portion	*28,692*
BNP Paris Développement – mandatory convertible bonds (April 2018) **(2)**	3,000
CM-CIC Innovation – mandatory convertible bonds (April 2018) **(2)**	198
EIB – tranche 1 (June 2018)	7,500
Additional financial debt subsequent to year-end	**10,698**
Of which current portion	*0*
Of which non-current portion	*10,698*
Adjusted financial debt	**41,695**
Of which current portion	*2,305*
Of which non-current portion	*39,390*
Adjusted financial debt excluding CBs (1)	**34,297**

As such, this information is presented for illustrative purposes only and is not an indication of financial debt as reported on an accounting basis by the Company, given the restatements that may apply to these additional borrowings subsequent to year-end on March 31, 2018.

(1) This loan may be subject to partial early repayment in the event of an IPO of the Company (see sections above).

(2) These bonds will be subject to early redemption in the event of an IPO of the Company (see sections above).

See section 10.1 above and Notes 5.11.1 and 5.11.2 to the consolidated financial statements contained in section 20.1 of this *document de base*.

10.4. Restrictions on the use of capital

None, with the exception of amounts provided as collateral, i.e., €2,865k as of March 31, 2018.

10.5. Future sources of financing required

As of the date of registration of this *document de base*, the Company believes that it has the financial resources necessary to continue its activities over the next 12 months. See section 4.8.2 of this *document de base*.

11. RESEARCH AND DEVELOPMENT, PATENTS, LICENSES AND OTHER INTELLECTUAL PROPERTY RIGHTS

11.1. Research and development

The Company has set out an innovation policy in terms of research and development to discover and develop a new class of therapeutic products intended to effectively and efficiently treat a number of pathologies over time (for more details, see Chapter 6, "Overview of Activities" of this *document de base*).

Since it was founded, the Company has devoted the lion's share of its resources to research and development activities, particularly through the use of its BEPO® technology platform, through the development of innovative therapeutic products intended for the local, effective and efficient treatment over time of a number of diseases or conditions for which the existing treatment, as of the date of this *document de base*, is not efficient in the Company's opinion. As of the date of this *document de base*, the Company is developing products relating to the treatment of diseases or conditions in various therapeutic areas.

The Company has the intellectual property that is essential for its business and is the sole owner of all the patents relating to its business.

The Company's internal policy of innovation, research and development is also based on a strategy of strengthening and developing strategic partnerships. Wishing to become a reference player in the development of these therapeutic products, the Company has specifically entered into several partnership agreements with various international players in the pharmaceutical industry (see Chapter 22, "Major contracts" of this *document de base*). These collaboration agreements, which specifically stipulate partner contributions to the Company's research and development costs, support the Company's development potential and its activities, given the magnitude of the costs and the experience required to develop and manufacture therapeutic products.

Lastly, the Company is headed up by a management team with experience in managing and leading innovation. The recruitment method for executives and technicians, and employee training are part of the strategy implemented by the Company to create innovative products and to adopt an approach that sets it apart from its competitors in the treatment of these diseases or conditions.

Chapter 6, "Overview of activities" of this *document de base* provides more detail on the Company's strategy in terms of innovation, research and development as well as the research and development projects and fields it is targeting.

11.2. Collaboration, research, services and license agreements granted by or to the Company.

11.2.1. Collaboration and license agreements with the TEVA group

On November 28, 2013, the Company signed a collaboration and licensing agreement with TEVA to develop, manufacture and market several long-acting injectable therapeutic products based on the BEPO® technology that were selected jointly ("**TEVA Selected Product(s)**"), each covering an API and a mode of action in various therapeutic indications. This agreement has since been modified and supplemented by various amendments specifically outlining the various TEVA Selected Products (see Chapter 6, "Overview of activities"). Note that as of the date of this *document de base*, three products have been selected in the field of the central nervous system.

See section 22.1.1 , “Collaboration and license agreement with the TEVA group" in this *document de base* for more details.

11.2.2. Collaboration and license agreement with the Arthritis Innovation Corporation

On February 19, 2016, the Company signed a collaboration and license agreement with AIC to develop, manufacture and market new long-acting injectable therapeutic products based on the BEPO® technology (“**AIC Selected Product(s)**”), each covering an API, a mode of action and a therapeutic indication, as part of the intra-articular treatment of diseases or conditions in the orthopedic field.

See section 22.1.2, “Collaboration and license agreement with the Arthritis Innovation Corporation" in this *document de base* for more details.

11.2.3. Joint Development Agreement with the Corbion group

On August 7, 2015, the Company and Corbion signed a Joint Development Agreement pursuant to which the parties may conduct research and development activities relating to Polymer (a) synthesis and (b) separation-purification procedures.

See section 22.3.2 , “Collaboration and license agreement with the Corbion group" in this *document de base* for more details.

11.2.4. License Agreement with Corbion and CM Biomaterials B.V.

On August 7, 2015, the Company, CM Biomaterials B.V. and Corbion signed a Licensing Agreement pursuant to which the following licenses were granted:

- The Company and Corbion both granted CM Biomaterials B.V. a fee-based, non-transferable, exclusive license for their respective intellectual property in terms of polymer manufacture necessary for the performance of the joint-venture agreement. These licenses contain a sub-license right solely in favor of the other party (Corbion or the Company, as applicable) for research and development purposes in respect of the Company. Such sub-licenses were granted on an *ab initio* basis by this agreement.

- Corbion and the Company granted CM Biomaterials B.V. a fee-based, non-transferable, exclusive license for their jointly held intellectual property in respect of their collaboration agreements.

See section 22.3.3 , “License Agreement with CMB and Corbion ” of this *document de base* for more details.

11.3. Patents and patent applications

11.3.1. Industrial Property protection policy

The Company is the sole owner of all patents related to its activity.

At least in part, the success of the Company depends on its ability to protect its inventions, specifically by obtaining and maintaining US, European, Eurasian, and other national patents in other key countries for the marketing of the Company’s products. The company attaches specific importance to the protection and maintenance of its intellectual property rights, and particularly its patent portfolio, which is one of the strategic keys of its business development. The Company applies a rigorous,

proactive policy in order to protect its inventions. It examines the necessity to file patent applications on a case-by-case basis to protect a number of technical procedures and products.

The Company delegated management of its portfolio of patents and brands to EGYP, an intellectual property consulting firm.

Studies are undertaken during the development of each product or process. In general, first a prior art search is conducted - by the Company or EGYP - to draw up an inventory of the field of the product or process in development.

In consultation with EGYP, the Company then selects the prior art documents that it considers most relevant pursuant to the product or process under development, and asks EGYP to conduct further patentability and potentially freedom of operation studies.

The Company protects its innovations, specifically by filing patent applications when patent protection supports MedinCell's business development.

Patent applications are filed with the aim of maximizing both the exclusivity guarantees on markets and freedoms of operation.

The Company's usual strategy consists of filing initial patent applications – known as priority filings – as soon as the invention has been devised.

Each patent application is filed once the technical results are sufficient to bear the invention claimed by sufficient, appropriate disclosure.

For almost all its patents, the Group first filed a patent application in France and then international "PCT" extensions, and national extensions in the territories selected according to the patent's strategic importance.

With a fully international focus, and a desire for development in the United States, MedinCell opted to make priority filings in the form of US *provisional applications*.

The extension of protection abroad occurs via the filing of an international PCT ("**Patent Cooperation Treaty**")[60] application allowing the final choice of countries of protection to be postponed for at least 30 months from the date of priority. As applicable, the PCT filings can be used to supplement and/or

[60] PCT (Patent Cooperation Treaty): the PCT is a centralized filing system allowing a significant number of territories to be covered simply as a precautionary measure. The International Searching Authority selected by the applicant performs a prior art search and sends the corresponding international search report together with a preliminary opinion on the invention's patentability. After the international phase of a PCT application (which lasts 30 months from the priority date), the national/regional phase entries can start, i.e., the countries/regions can be chosen in which the application will effectively have to be initiated (within 30 or 31 months from the priority date, depending on the countries/regions chosen)

amend the text of the application, according to developments relating to the invention, new ways of creating the invention, or depending on the results of the research report prepared for the priority filing. The international "PCT" filings may also designate countries (United States) or larger geographic areas such as the member countries of the European patent system, managed by the European Patent Office (EPO)[61].

The territorial scope of protection arising from the PCT filing is decided taking into account the analyses of the American, European and Asian markets, and the associated legal requirements, with the support of a network of foreign firms specializing in intellectual property selected by EGYP.

11.3.2. Nature and cover of patent families held by the Company

11.3.2.1. Patents relating to the Company's business

The patents and patent applications held by MedinCell, either in sole or joint ownership, cover products and processes that are operated or likely to be operated by the Company. There are two corresponding patent families:

1. Biodegradable drug delivery compositions;

2. Biodegradable drug delivery for hydrophobic compositions.

Listed below are the various patent families held by the Company.

Note that a patent issued generally provides protection for a period of 20 years from the date of filing. The protection period may be longer in the United States, where the patent office may offset administrative delays in examination procedures by providing additional days of protection.

In addition, a US provisional application was recently filed by the Company. However, since it is not yet published, it may not be described in order to keep it secret.

Lastly, as of the registration date of this *document de base*, no invalidity petitions were pending on patents held by the Company. Four opposition procedures are in progress in Colombia and Chile. Although the outcome of these procedures remains uncertain as of the date of this *document de base*, the Company considers that this will not have a significant negative impact on its business.

Biodegradable drug delivery compositions

The Company holds the patent family entitled "Biodegradable drug delivery compositions", filed by the Company by way of a priority filing under US provisional application 61/428,007 of December 29, 2010. The international extension was made by PCT international application IB2011/003323 of December 29, 2011.

As of the registration date of this *document de base*, the patent application was still under review in 18 countries and as such has not yet been issued in those countries indicated by the words "in force: pending review."

[61] The EPO manages the invention filing procedure in a centralized manner in 38 European member countries, as well as Turkey. Once issued, the European patent filing gives rise to several national titles in each country where the applicant decides to maintain them.

Furthermore, as of the registration date of this *document de base*, the Company intends to discontinue patents or patent applications for this patent family in a number of countries (see table below).

This patent family relates to biodegradable drug compositions made up of a triblock copolymer containing a polyethylene glycol and polyester, a diblock copolymer containing polyester, a polyethylene glycol containing end-groups and a pharmaceutical active ingredient. The drug delivery composition releases the API. The biodegradable drug composition can be characterized by extended release formulations, which limits the initial release of the active ingredient and modulates the release of the active ingredient over time. The aforementioned patent family includes a list of claims with relatively broad scope in terms of biodegradable drug delivery compositions, providing protection for compositions that include a drug ranging from small molecules to peptides and proteins. The broad specifications described in these claims allows multiple choices to be made, so as to determine the optimal biodegradable composition depending on the drug to be formulated.

The patent makes it possible to adjust several parameters and thus adjust the release of active pharmaceutical ingredients:

1. The chemical compositions of Tri-block and Di-block can be changed to obtain the desired release profile, specifically:

    - The molecular weight of PEG in the Tri-block and Di-block copolymers can range from a few hundred g/mole to 12,000 g/mole;

    - The molecular weight of PLA in the Tri-block and Di-block copolymers can range from 500 to about 50,000 g/mole;

    - The molar ratio between PLA and PEG in Tri-block copolymers can vary from 0.5 to 22.3, and from 0.8 to 13 in Di-block copolymers;

2. The mass ratio between the amount of Tri-block copolymer and Di-block copolymer can be finely tuned, from 3:2 to 1:19, so as to adjust the release kinetics of the active pharmaceutical ingredients;

3. The total copolymer content can be adjusted to fine-tune the release of active pharmaceutical ingredients by influencing the release of the ingredient through the polymeric matrix;

4. Nature of solvent and total solvent content: The choice of water-miscible solvents (DMSO, NMP) in contrast to so-called non-water-immiscible solvents (Triglycerides, Benzyl benzoate) and intermixtures of these two solvent types, as well as the amount of solvent present in the formulations, will affect the release kinetics of the active pharmaceutical ingredient by influencing the speed of polymeric deposit formation following injection;

5. The total active pharmaceutical ingredient content can be adjusted to modulate the release kinetics by changing both the mass ratio between the total amount of copolymers and the amount of active ingredient, as well as the mass ratio between the total amount of solvent and the quantity of active ingredient. The result obtained will also be influenced by the nature of the formulation, namely whether a solution or suspension of the active ingredient is obtained;

6. The physicochemical characteristics of the active ingredient can be adjusted, such as the use of pro-drugs or different salts of the same active ingredient, so as to adjust certain characteristics (for example, lipophilicity) in order to obtain the desired release profile.

In total, there are thus 12 parameters that can be adjusted, either individually or in combination, in order to modulate the release profile of the active ingredient.

The table below shows the various titles of the patent family in effect, by country, with the patent status, filing date, and latest possible expiration date subject to the regular payment of applicable maintenance fees and the absence of any questioning of the validity of the relevant patent.

Status	Territory	Filing date	Type	Expiration date
Expired	UNITED STATES	12/29/2010	US provisional application	12/29/2011
In force: issued	UNITED STATES	12/29/2011	PCT IB2011/003323	4/5/2033
N/A	INTERNATIONAL (WO)	12/29/2011	PCT IB2011/003323	6/29/2013
In force: issued	AUSTRALIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending review	THAILAND	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	TUNISIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	UKRAINE	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	VIETNAM	12/29/2011	PCT IB2011/003323	12/29/2031
In force	CANADA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	CHINA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	SOUTH KOREA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned for Monaco)	EUROPE (EP)	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	HONG KONG	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	MONTENEGRO	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	NORWAY	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	NETHERLANDS	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	POLAND	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	PORTUGAL	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	CZECH REPUBLIC	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	ROMANIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	UNITED KINGDOM	12/29/2011	PCT IB2011/003323	12/29/2031

Status	Territory	Filing date	Type	Expiration date
In force: issued (abandonment planned)	SAN MARINO	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	RUSSIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	SLOVAKIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	SLOVENIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	SWEDEN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	SWITZERLAND	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	TURKEY	12/29/2011	PCT IB2011/003323	12/29/2031
In force	EUROPE (EP)	12/29/2011	Divisional	12/29/2031
In force: issued (abandonment planned)	ALBANIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	GERMANY	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	AUSTRIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	BELGIUM	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	BOSNIA AND HERZEGOVINA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	BULGARIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	CYPRUS	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	CROATIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	DENMARK	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	SPAIN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	ESTONIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	FINLAND	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	FRANCE	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	GREECE	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	HUNGARY	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	IRELAND	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	ICELAND	12/29/2011	PCT IB2011/003323	12/29/2031

Status	Territory	Filing date	Type	Expiration date
In force: issued	ITALY	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	LATVIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	LITHUANIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	LUXEMBOURG	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	MACEDONIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	MALTA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	MOROCCO	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending review	INDIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	ISRAEL		PCT IB2011/003323	12/29/2031
In force: issued	JAPAN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	JAPAN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	NEW ZEALAND	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending	SOUTH AFRICA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending (abandonment planned)	ALGERIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending	BRUNEI	12/29/2011	PCT IB2011/003323	
In force: pending review	CHILE	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending review	COLOMBIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending (abandonment planned)	COSTA RICA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	CUBA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending (abandonment planned)	EGYPT	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending	UNITED ARAB EMIRATES	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	EURASIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	ARMENIA	12/29/2011	PCT IB2011/003323	12/29/2031

Status	Territory	Filing date	Type	Expiration date
In force: issued (abandonment planned)	AZERBAIJAN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	BELARUS	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	KYRGYZSTAN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	KAZAKHSTAN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	MOLDOVA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	RUSSIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	TAJIKISTAN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	TURKMENISTAN	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending review	INDONESIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending review	MALAYSIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued (abandonment planned)	BRUNEI	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	MOROCCO	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	MEXICO	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending (abandonment planned)	NIGERIA	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending review (abandonment planned)	QATAR	12/29/2011	PCT IB2011/003323	12/29/2031
In force: issued	SINGAPORE	12/29/2011	PCT IB2011/003323	12/29/2031
In force: pending review	SINGAPORE	12/29/2011	PCT IB2011/003323	12/29/2031
In force	UNITED STATES	2/12/2015	PCT IB2011/003323	12/29/2031
In force	UNITED STATES	14/10/2015	PCT IB2011/003323	12/29/2031

Biodegradable drug delivery for hydrophobic compositions

The Company holds the patent family entitled "Biodegradable drug delivery for hydrophobic compositions," filed by the Company by way of a priority filing under US provisional application 61/665,192 of June 27, 2012. The international extension was made by PCT international application IB2013/001547 of June 27, 2013.

As of the registration date of this *document de base*, the patent application was already issued in nine countries and is still under review in the other countries designated in the PCT application.

This patent family relates to biodegradable drug compositions made up of a triblock copolymer containing a polyethylene glycol and polyester, a diblock copolymer containing polyester, a polyethylene glycol containing end-groups and a pharmaceutical active ingredient. The drug delivery composition releases the API. The biodegradable drug composition can be characterized by extended release formulations, which limits the initial release of the hydrophobic API and modulates the release of the API over time.

This patent family, based on the same principle of using a tri-sequenced and bi-sequenced polymer in order to modulate the release of hydrophobic active ingredients, acts as a complement, but one in which certain specifications, such as the drug content, have been broadened in comparison to the first patent family. As such, this patent family further strengthens the protection of our products by specifically covering those hydrophobic active ingredients which make up a high proportion of the biodegradable compositions that we develop.

The table below shows the various titles of the patent family in effect, by country, with the patent status, filing date, and latest possible expiration date subject to the regular payment of applicable maintenance fees and the absence of any questioning of the validity of the relevant patent.

Status	Territory	Filing date	Type	Expiration date
Expired	UNITED STATES	6/27/2012	US Provisional	6/27/2013
	INTERNATIONAL (WO)	6/27/2013	PCT/IB2013/001547	12/14/2014
In force: issued	SOUTH AFRICA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	QATAR	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: issued	SINGAPORE	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	THAILAND	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: issued	TUNISIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: issued	UKRAINE	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	VIETNAM	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	ALGERIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	AUSTRALIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	BRAZIL	6/27/2013	PCT/IB2013/001547	
In force: issued	BRUNEI	6/27/2013	PCT/IB2013/001547	

Status	Territory	Filing date	Type	Expiration date
In force: pending review	CANADA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	CHILE	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: issued	CHINA		PCT/IB2013/001547	6/27/2033
In force: pending review	COLOMBIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	SOUTH KOREA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	COSTA RICA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: issued	CUBA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	EGYPT	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	UNITED ARAB EMIRATES	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	UNITED STATES	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	EURASIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	EUROPE (EP)	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	HONG KONG	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	INDIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	INDONESIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	ISRAEL	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: issued	JAPAN	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	MALAYSIA	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	MOROCCO	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: pending review	MEXICO	6/27/2013	PCT/IB2013/001547	6/27/2033
In force: issued	NIGERIA	6/27/2013	PCT/IB2013/001547	6/27/2033
Abandoned	NEW ZEALAND	6/27/2013	PCT/IB2013/001547	6/27/2033

11.3.2.2. Other patents

The Company also owns or co-owns patents covering products and processes that it does not currently use in the course of its business.

Retroinverso analogs of spadin with increased antidepressant effects

The Company is co-owner with the French National Center for Scientific Research (CNRS) of the patent family entitled "Retroinverso analogs of spadin with increased antidepressant effects," filed by way of a priority filing under US provisional application 61/931,954 of January 27, 2014. The extension abroad was made by the application PCT IB2015/000338 of January 27, 2015.

As of the registration date of this *document de base*, the patent application was still under review.

This patent family relates to biodegradable pharmaceutical compositions containing either at least a spadin equivalent or at least a spadin propeptide equivalent or a mixture of both. It also relates to methods for treating depression using spadin equivalents, spadin propeptide equivalents, or a mixture of both, similar to methods for blocking TREK-1 channel activity.

The table below shows the various titles of the patent family in effect, by country, with the patent status, filing date, and latest possible expiration date subject to the regular payment of applicable maintenance fees and the absence of any questioning of the validity of the relevant patent.

Status	Territory	Filing date	Type	Expiration date
Expired	UNITED STATES	01-27-2014	US Provisional	01-27-2015
N/A	INTERNATIONAL (WO)	01-27-2015	PCT/IB2015/000338	07-27-2016
In force: pending review	CANADA	01-27-2015	PCT/IB2015/000338	01-27-2035
In force: pending review	UNITED STATES	07-26-2016	PCT/IB2015/000338	01-27-2035
In force: pending review	EUROPE (EP)	01-27-2015	PCT/IB2015/000338	01-27-2035
In force: pending review	JAPAN	01-27-2015	PCT/IB2015/000338	01-27-2035

Method for morselizing and/or targeting pharmaceutically active ingredients to synovial tissue

The Company holds the patent application entitled "Method for morselizing and/or targeting pharmaceutically active ingredients to synovial tissue," filed by the Company by way of a priority filing under US provisional application 62/255,778 of November 16, 2015. A PCT international application IB2016/001815 was filed as of November 16, 2016.

As of the registration date of this *document de base*, the PCT international application had not yet entered the national or regional phases.

This patent family relates to a method ensuring that biodegradable drug release compositions target the synovial tissue* or morselizing biodegradable drug release compositions are described. It also relates to the biodegradable drug composition comprising a triblock copolymer containing a polyester,

a polyethylene glycol, a di-block copolymer, and a polyethylene glycol with end-groups, as well as at least one active pharmaceutical ingredient.

The table below shows the various titles of the patent family in effect, by country, with the patent status, filing date, and latest possible expiration date subject to the regular payment of applicable maintenance fees and the absence of any questioning of the validity of the relevant patent.

Status	Territory	Filing date	Type	Expiration date
Expired	UNITED STATES	11/16/2015	US provisional application	11/16/2016
In force / Not entered in national phases	INTERNATIONAL (WO)	11/16/2016	PCT/IB2016/001815	5/16/2018

11.4. Other intellectual property items

11.4.1. The Company's brands

The Company uses the word marks "BEPO" described in the table below, which lists the trademarks currently in force (both those already registered and those still under review by the relevant office) belonging to MedinCell. These trademarks are registered for a number of goods and services in Class 5 (Pharmaceutical Products and Veterinary Products) or Classes 5 or 10 (Surgical Devices and Instruments) and 44 (Medical Services and Veterinary Services) of the Nice Classification[62].

Subject to their regular renewal and in the absence of any challenge to their validity or lapse, trademarks may be protected indefinitely in the country where they are registered, for the relevant goods and services for which they are registered.

[62] For instance, the BEPO French trade mark covers the following products and services:

- in class 5: pharmaceutical and veterinary products; hygienic products for medicine; dietetic foods and substances for medical or veterinary purposes; baby food; dietary supplements for humans and animals; material for dressings; materials for sealing teeth and for dental impressions; disinfectants; pest destruction products; fungicides, herbicides; bath preparations for medical purposes; sanitary towels or pants; chemical preparations for medical or pharmaceutical purposes; medicinal herbs; herbal teas; parasiticides; precious metal alloys for dental purposes;
- in class 10: surgical, medical, dental and veterinary devices and instruments, limbs, artificial eyes and teeth; orthopedic items; suture material; stockings for varicose veins; baby bottles; bottle nipples; special clothing for operating rooms; massage apparatus; prostheses; artificial implants; chairs for medical or dental use; surgical drapes; hygienic basins or for medical purposes; special furniture for medical purposes, surgical cutlery, orthopedic shoes; walkers for persons with disabilities; and
- in class 44: medical services; veterinary services; hygiene and beauty care for humans or animals; medical assistance ; plastic surgery; hospital services; nursing homes; optician services; alternative medicine services.

Name	Territory	Filing date	Date of expiry/renewal
BEPO	FRANCE	12/18/2014	12/31/2024
BEPO	INTERNATIONAL	6/3/2015	6/3/2025
BEPO	AUSTRALIA	6/3/2015	6/3/2025
BEPO	TUNISIA	6/3/2015	6/3/2025
BEPO	TURKEY	6/3/2015	6/3/2025
BEPO	UKRAINE	6/3/2015	6/3/2025
BEPO	USA	6/3/2015	9/13/2022
BEPO	VIETNAM	6/3/2015	6/3/2025
BEPO	BOSNIA	6/3/2015	6/3/2025
BEPO	BAHRAIN	6/3/2015	6/3/2025
BEPO	BELARUS	6/3/2015	6/3/2025
BEPO	SWITZERLAND	6/3/2015	6/3/2025
BEPO	CHINA	6/12/2018	6/12/2028
BEPO	COLOMBIA	6/3/2015	6/3/2025
BEPO	ALGERIA	6/3/2015	6/3/2025
BEPO	EGYPT	6/3/2015	6/3/2025
BEPO	ISRAEL	6/3/2015	6/3/2025
BEPO	INDIA	6/3/2015	6/3/2025
BEPO	IRAN	6/3/2015	6/3/2025
BEPO	EUROPEAN UNION	6/3/2015	6/3/2025
BEPO	ICELAND	6/3/2015	6/3/2025
BEPO	JAPAN	6/3/2015	6/3/2025
BEPO	SOUTH KOREA	6/3/2015	6/3/2025
BEPO	MOROCCO	6/3/2015	6/3/2025
BEPO	MONACO	6/3/2015	6/3/2025
BEPO	NORWAY	6/3/2015	6/3/2025
BEPO	NEW ZEALAND	6/3/2015	6/3/2025
BEPO	AFRICAN UNION	6/3/2015	6/3/2025
BEPO	OMAN	6/3/2015	6/3/2025
BEPO	SERBIA	6/3/2015	6/3/2025

Name	Territory	Filing date	Date of expiry/renewal
BEPO	RUSSIA	6/3/2015	6/3/2025
BEPO	SINGAPORE	6/3/2015	6/3/2025
BEPO	UNITED ARAB EMIRATES	7/12/2015	7/12/2025
BEPO	BRAZIL	6/8/2015	
BEPO	CANADA	6/2/2015	
BEPO	CHILE	6/2/2015	4/17/2027
BEPO	HONG KONG	6/2/2015	6/1/2025
BEPO	QATAR	6/17/2015	6/17/2025
BEPO	THAILAND	6/9/2015	6/8/2025
BEPO	SOUTH AFRICA	6/3/2015	6/3/2025

11.4.2. The Company's domain names

Furthermore, the Company holds the domain name medincell.fr which redirects users to www.medincell.com. Other domain names that may or may not redirect users to this website have been registered by the Company's corporate officers or employees. All these domain names are listed below:

- cm-biomaterials.com
- cmbiomaterials.com
- medincell.eu
- medincell-academy.org
- medincell.com
- medincell-academy.com
- medincell.fr
- mybblab.com

Subject to their regular renewals, and in the absence of challenge by third parties, specifically on the basis of prior rights, the domain names may be held indefinitely.

12. INFORMATION ON TRENDS

12.1. Main trends since the end of the last fiscal year

Since the end of the last fiscal year ended March 31, 2018, the Company has continued its clinical and preclinical research and development programs for which the most recent data is outlined in Chapter 6, “Overview of Activities" of this *document de base*.

For more information, please see section 20.1 of this *document de base* which gives details of the Company’s financial information over the past two fiscal years and Chapters 9, "Discussion and analysis of the financial position and results" and 10 “Cash flow and capital" of this *document de base*.

12.2. Known trend, uncertainty, request, commitment or event reasonably likely to significantly affect the Company’s outlook

As of the date of this *document de base*, the Company is not yet generating any sales from products. Its historical sales mainly consist of invoicing for formulation services and milestone payments, as provided for by a number of agreements signed with partners (see Chapter 22, “Major contracts” of this *document de base*) and does not represent future sales from products.

During the ongoing development phase, the Company is monitoring its business primarily on the basis of its available cash flow and the creation of potential future value.

Due to the product development cycle and the financial parameters adopted in connection with partnerships (which may or may not include certain items such as invoicing for formulation services, milestone payments, royalties, cost sharing, profit sharing, etc.), the Company’s sales may vary significantly from one year to the next until the first products are placed on the market. The Company thus considers that sales achieved during the 2017-2018 fiscal year are not representative of the figures for the next few years, which could be significantly lower until the first products are marketed (see sections 6.5, 6.6, 6.7 and 6.9, of this *document de base* setting out the Company’s strategy).

This trend is based on data and assumptions considered by the Company’s management to be reasonable as of the date of registration of the *document de base*, and is not a forecast resulting from a budget process. This trend may change in response to developments in the Company’s products (see Chapter 6, “Overview of activities” of this *document de base*), the economic, financial, competitive, accounting or tax environment, or other factors not known to the Company as of the date of this *document de base*.

13. PROFIT FORECASTS OR ESTIMATES

The Company does not disclose profit forecasts or estimates.

14. ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND GENERAL MANAGEMENT BODIES

14.1. General information on founders, officers and directors

As of the date of this *document de base*, the Company is a limited company with an Executive Board and Supervisory Boards governed by the laws and regulations in force in France and by its Articles of Association. The Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company of June 28, 2018 adopted new Articles of Association subject to the condition precedent that the Company's shares be admitted to trading on the regulated market of Euronext Paris. The Company's Articles of Association were also adopted by the Supervisory Board subject to the condition precedent that the Company's shares be admitted to trading on the regulated market of Euronext Paris.

A description of the main provisions of the Articles of Association and the internal regulations of the Supervisory Board relating to the rules of operation of the Company's Executive Board and Supervisory Board and to the various committees set up within the Company is presented in Chapter 16, "Operation of the Supervisory and Management Bodies" and in section 21.2 of this *document de base*.

14.1.1. Executive Board

14.1.1.1. Composition of the Executive Board

The table below shows the composition of the Executive Board as of the date of this *document de base*:

First name Last name, Nationality, Business address	First appointment and renewal dates	Date of end of term of office[1]	Main role in the Company
Christophe Douat French 3 rue des Frères Lumière – 34830 Jacou, France	First appointment by the Supervisory Board as of 7/22/2014 Renewal by the Supervisory Board as of 2/12/2018	1/2/2023	Chairman of the Executive Board – Member of the Executive Board
Nicolas Heuzé French 3 rue des Frères Lumière – 34830 Jacou, France	First appointment by the Supervisory Board as of 7/22/2014 Renewal by the Supervisory Board as of 2/12/2018	1/2/2023	Member of the Executive Board
Jaime Arango French 3 rue des Frères Lumière – 34830 Jacou, France	First appointment by the Supervisory Board as of 7/22/2017 Renewal by the Supervisory Board as of 2/12/2018	1/2/2023	Member of the Executive Board

[1] It is specified that the Articles of Association of the Company adopted on the condition precedent of the admission of the Company's shares to trading on the regulated market of Euronext Paris, provide that members of the Executive Board will be appointed for a period of 4 years expiring at the end of the Ordinary General Meeting of Shareholders called to approve the financial statements for the past fiscal year, held in the year in which the term of office expires.

The table below lists the main offices and roles outside the Company over the last five years by the members of the Executive Board:

First name Last name, Nationality, Business address	Main offices and roles outside the Company over the last 5 years
Christophe Douat French 3 rue des Frères Lumière – 34830 Jacou, France	***Offices and roles as of the date of this document de base:*** - Member of the Supervisory Board of Nanobiotix - Director of CM Biomaterials BV ***Offices and roles over the last five years which are no longer held:*** None.
Nicolas Heuzé French 3 rue des Frères Lumière – 34830 Jacou, France	***Offices and roles as of the date of this document de base:*** - Director of Le Treho SA - Director of Irus SA - Director of CM Biomaterials BV ***Offices and roles over the last five years which are no longer held:*** - Manager of Adelie Avenir EURL
Jaime Arango French 3 rue des Frères Lumière – 34830 Jacou, France	***Offices and roles as of the date of this document de base:*** None. ***Offices and roles over the last five years which are no longer held:*** - Vice-Chairman Finance, Professional Brands at Revlon Inc. - Regional Chief Financial Officer of Merck & Co.

14.1.1.2. Personal Information about Executive Board members

Christophe Douat

Chairman of the Executive Board

Christophe Douat, Chairman of the Company's Executive Board, joined MedinCell in 2009. Formerly with the Boston Consulting Group, he was previously Director of Investment at Matignon Investissement et Gestion, a management and investment company, in French venture capital funds specializing in the healthcare sector. He was also lead investor for Nanobiotix and sits on the Supervisory Board of Nanobiotix, a leading company in nanomedicine (listed on Euronext: NANO), as an independent director. For 15 years, Christophe worked in North America as an entrepreneur. He holds a degree from École des Mines de Paris, an MS from the University of Minnesota and an MBA from the University of Calgary.

Nicolas Heuzé

Member of the Executive Board

Nicolas Heuzé, Corporate Finance and Corporate Development Officer of the Company, joined MedinCell in 2013. As Chief Executive Officer of Bionersis (a leader in the extraction and cleaning of landfill gas in developing countries), an investor at Galileo (a private equity fund) or in his previous work experience, he managed several financing operations including IPOs, private financings, mergers

and acquisitions and demergers at global level. He also acquired expertise in establishing strategic and innovative partnerships with all types of organization, including large companies, to speed up their development and create sustainable growth. Nicolas Heuzé holds a master's degree in Management Sciences from the University of Paris XII.

Jaime Arango

Member of the Executive Board

Jaime Arango, Chief Financial Officer of the Company, joined MedinCell in 2017. He has experience in managing international financial teams and acknowledged expertise in the development and optimization of profitable, sustainable economic and operating models. He began his career as a financial analyst at Biogen. Upon joining Merck & Co, he held various positions of increasing responsibility in finance at subsidiary level, then as Regional Finance Director and also Global Director of Merck's Finance Transformation team. He was then VP Finance of the Professional Division at Revlon. Jaime Arango has an engineering degree from the University of Los Andes in Colombia and holds an MBA from HEC Paris.

14.1.2. Supervisory Board

14.1.2.1. Composition of the Supervisory Board

The table below shows the composition of the Supervisory Board as of the date of this *document de base*:

First name Last name, Nationality, Business address	Independent Member	First appointment and renewal dates	Date of end of term of office[1]	Committee Member
Anh Nguyen American 3 rue des Frères Lumière – 34830 Jacou, France	No Chairman of the Supervisory Board	First appointment: co-opted by the Supervisory Board as of 7/22/2014 Ratified by the General Meeting of 9/9/2014 Renewed by the General Meeting of 7/7/2016	Date of the OGM which will be called to approve the financial statements for the fiscal year ending March 31, 2019	Member of the Compensation Committee
Sabri Markabi French and American 3 rue des Frères Lumière – 34830 Jacou, France	Yes Vice-Chairman of the Supervisory Board	First appointed by the General Meeting of 7/5/2017	Date of the OGM which will be called to approve the financial statements for the fiscal year ending March 31, 2020	No
Philippe Guy French Boston Consulting Group Inc., 10 Hudson Yards – New York NY 10013, USA	Yes	First appointed by the General Meeting of 11/16/2010 Renewed by the General Meetings of 6/28/2013 and 7/7/2016	Date of the OGM which will be called to approve the financial statements for the fiscal year ending March 31, 2019	Chairman of the Audit Committee

First name Last name, Nationality, Business address	Independent Member	First appointment and renewal dates	Date of end of term of office[1]	Committee Member
Virginie Lleu French 15 avenue d'Eylau – 75116 Paris, France	Yes	First appointment: co-opted by the Supervisory Board of 5/25/2016 Appointed by the General Meeting of 7/7/2016	Date of the OGM which will be called to approve the financial statements for the fiscal year ending March 31, 2019	Chairman of the Compensation Committee
CM-CIC Innovation Permanent Representative: Karine Lignel French 28 avenue de l'Opéra – 75002 Paris, France	No	First appointment: co-opted by the Supervisory Board of 11/6/2017 Ratified by the General Meeting of 12/21/2017	Date of the OGM which will be called to approve the financial statements for the fiscal year ending March 31, 2019	Member of the Audit Committee

[1] It is specified that the Articles of Association of the Company adopted on the condition precedent of the admission of the Company's shares to trading on the regulated market of Euronext Paris, provide that members of the Supervisory Board will be appointed for a period of 4 years expiring at the end of the Ordinary General Meeting of Shareholders called to approve the financial statements for the past fiscal year, held in the year in which the term of office expires.

Furthermore, the Supervisory Board has three non-voting members (see section 16.4 of this *document de base*).

The table below lists the main offices and roles outside the Company over the last five years by the members of the Supervisory Board:

First name Last name, Nationality, Business address	Offices and roles as of the date of this *document de base*	Offices and roles over the last five years which are no longer held
Anh Nguyen American 3 rue des Frères Lumière – 34830 Jacou, France	None	- Chairman of the Supervisory Board of Emosis
Sabri Markabi French and American 3 rue des Frères Lumière – 34830 Jacou, France	- Managing member of Health R&D, LLC	None
Philippe Guy French Boston Consulting Group Inc., 10 Hudson Yards – New York NY 10013, USA	- Member of the Board of Directors of Moleac Pty Ltd (Singapore)	None

First name Last name, Nationality, Business address	Offices and roles as of the date of this *document de base*	Offices and roles over the last five years which are no longer held
Virginie Lleu French 15 avenue d'Eylau – 75116 Paris, France	- Founder and Chief Executive Officer of L3S Partnership - Member of the Board of Directors of LNC - Member of the Board of Directors of Fondation Fondamentale	None
CM-CIC Innovation Permanent Representative: Karine Lignel French 28 avenue de l'Opéra – 75002 Paris, France	- Chief Executive Officer of CM-CIC Innovation - Executive Director of CM-CIC Investissement - Chair of the Board of Directors of SFAP - Permanent representative of CM-CIC Innovation as Director of Oncodesign* - Permanent representative of CM-CIC Innovation as member of the Strategic Committee of Antidot - Permanent representative of CM-CIC Innovation as Director of Gecko Biomedical - Permanent representative of CM-CIC Innovation as Director of Global Bioenergies* - Permanent representative of CM-CIC Innovation as member of the Supervisory Board of Coldway - Permanent representative of CM-CIC Innovation as Director of Maat Pharma - Permanent representative of CM-CIC Innovation as Director of Krono-Safe - Permanent representative of CM-CIC Innovation as Director of Silios - Permanent representative of CM-CIC Innovation as member of the Strategic Committee of Forcity - Permanent representative of CM-CIC Innovation as member of the Strategic Committee of Endodiag	- Permanent representative of CM-CIC Innovation as Director of Polyplus - Permanent representative of CM-CIC Innovation as Director of Ariana - Permanent representative of CM-CIC Innovation as member of the Strategic Board of Endocontrol - Permanent representative of CM-CIC Innovation as Director of Eyebrain - Permanent representative of CM-CIC Innovation as Director of Immunid - Permanent representative of CM-CIC Innovation as member of the Supervisory Board of Nanobiotix**

* Company listed on Euronext Growth

** Company listed on Euronext Paris

14.1.2.2. Personal Information about Supervisory Board members

Anh Nguyen

Chairman of the Supervisory Board

Dr Anh Nguyen, co-founder and Chairman of the Company's Supervisory Board, is an experienced biotechnology entrepreneur. He co-founded Syntro, first listed on NASDAQ in 1987, and Invitrogen, first listed on NASDAQ in 1999, which later became Life Technologies and was acquired by ThermoFisher in 2013 for US$16 billion. Anh Nguyen is a molecular biologist with a PhD from the University of California at San Diego, and also completed the MBA program at the MIT Sloan School of Management.

Sabri Markabi

Vice-Chairman of the Supervisory Board

A specialist in neuroscience and a graduate in pharmacology, Dr Sabri Markabi has spent more than twenty-five years in international positions in the pharmaceutical industry. In particular, he led the clinical neuroscience department and supervised the development of the ophthalmology unit at Novartis before heading up R&D at the Alcon pharmaceutical company from 2008 to 2015. During his career, Sabri Markabi has taken part in or chaired many corporate governance bodies in private or listed companies. Since 2015, he has advised many companies, specifically regarding their investment strategy and R&D.

Philippe Guy

Member of the Supervisory Board

During his 31 years with the Boston Consulting Group, Philippe advised several international companies in the pharmacy, biotechnology and medical device sectors in several areas, including Corporate Strategy and Business Units, Research and Development, Marketing and Manufacturing as well as Large-Scale Transformation and Integration following mergers/acquisitions. Previously, Philippe Guy was Global Head of Health Practice at BCG from 1997 to 2006. As a member of the Executive Committee of BCG, he was responsible for all BCG's practices from 2003-2006. Philippe Guy is a graduate of the prestigious HEC (Hautes Etudes Commerciales) business school.

Virginie Lleu

Member of the Supervisory Board

The Founder and Chief Executive Officer of L3S, one of Europe's leading life sciences research firms, Virginie Lleu held a variety of health recruitment positions before setting up her first recruitment firm specializing in healthcare in 2003, which was sold to Whitehead Mann five years later. Virginie Lleu is also a member of two Boards of Directors: La Fondation Fondamentale (foundation for scientific cooperation dedicated to combating major psychiatric disorders) and LNC (a start-up specializing in the treatment of chronic metabolic diseases, specifically pre-diabetes and obesity). With a background is in clinical psychology (graduate degree), she began her career as a neuropsychologist in leading university hospitals in Paris. Virginie Lleu is a graduate in clinical psychology and pathology (DESS).

Karine Lignel

Permanent Representative of CM-CIC Innovation - Member of the Supervisory Board

Karine Lignel is the Chief Executive Officer of CM-CIC Innovation, which has an asset portfolio of 38 companies. Her field of expertise is in high-growth technology companies. Specializing in life sciences, she selected and subsequently invested in more than fifteen companies. She has held numerous positions on more than 20 Boards of Directors and Supervisory Boards and has helped managed more than 40 companies, supporting them in their strategic plans. She was involved in several rounds of refinancing and has played a key role in three industrial buyouts, as well as two successful IPOs. Karine Lignel has an engineering degree from ENSIA (agrifood business) and a Master's degree in agrifood business management from IGIA-ESSEC.

14.2. Declarations regarding the members of the Supervisory Board and the Executive Board

To the Company's knowledge, as of the registration date of this *document de base*, there was no family relationship between the members of the Supervisory Board and/or the Executive Board of the Company.

To the Company's knowledge, in the last five years none of these people have been:

- convicted of fraud;
- associated with a bankruptcy, receivership or liquidation proceedings;
- subject to a management ban;
- subject to incrimination and/or official public sanctions issued by statutory or regulatory authorities (including designated professional bodies);
- prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from participating in the management or conduct of the affairs of an issuer.
- As of the date of this *document de base*, the Company had three independent members on the Supervisory Board, Virginie Lleu, Philippe Guy and Sabri Markabi, in accordance with the criteria of the French Middlenext Code to which it refers, that is to say:
- not having been, during the last five years, and not being an employee or executive corporate officer of the Company or a company in its group;
- not having been, during the last two years, and not being in a business relationship with the Company or its group (customer, supplier, competitor, provider, creditor, banker, etc.);
- not being a shareholders of the Company or holding a significant percentage of voting rights;
- not having a relationship of proximity or close family ties with a corporate officer or a reference shareholder;
- not having been, during the last six years, a statutory auditor of the company.

14.3. Conflicts of interest

At the date of this *document de base*, the members of the Executive Board and the Supervisory Board were shareholders, directly or indirectly, in the Company and/or holders of securities granting access to the Company's share capital (see Chapter 15, “Compensation and Benefits” and Chapter 18, “Main shareholders” of this *document de base*).

To the Company's knowledge, and subject to the related party agreements outlined in Chapter 19, "Related Party Transactions" of this *document de base*, there is no current or potential conflict of interest between duties as regards the Company and the private interests and/or other duties of the members of the Supervisory Board and the Executive Board, as referred to in section 14.1 of this *document de base*.

The Company's internal regulations, applicable as of the admission of the Company's shares to trading on the Euronext Paris regulated market, set out a procedure for the notification and prevention of existing or potential conflicts of interest. Accordingly, as of that date, each member of the Supervisory Board or the Executive Board must (i) notify the Supervisory Board, as soon as they become aware of any conflict of interest situation, whether actual or potential, and must abstain from taking part in the discussions and vote pertaining to the corresponding deliberation and, (ii) resign in the event of a permanent conflict of interest. Subject to changes in legal and regulatory provisions, the Supervisory Board will, at least once per year, review known conflicts of interest.

Furthermore, a shareholders' agreement between the Company’s shareholders and the Company, the main terms of which appear in section 18.4 of this *document de base*, will be drafted subject to the condition precedent that the Company's shares be admitted to trading on the Euronext Paris regulated market. As of the date of this *document de base*, to the Company's knowledge, apart from the dilutive instruments mentioned in section 21.1.4.4 of this *document de base*, there were no other agreements or conventions with shareholders, customers, suppliers or other partners pursuant to which one of the members of the Company's Supervisory Board or Executive Board referred to in section 14.1 of this *document de base* has been appointed in this capacity.

As of the date of this *document de base*, subject to (i) a number of lock-up commitments that may be signed with financial institutions handling the placement in connection with the proposed admission to trading of the Company’s shares on the regulated market of Euronext Paris (which is described in the prospectus for this transaction) and (ii) the provisions of the shareholders’ agreement referred to in section 18.4 of this *document de base*, there were no restrictions accepted by the members of the Supervisory Board and of the Executive Board regarding the sale of their holding in the Company’s share capital, with the exception of the rules on the prevention of insider trading.

Unless otherwise indicated, references to the Articles of Association and the internal regulations in this Chapter are understood to be references to the Company’s Articles of Association and to the internal regulations governing the Company and its administrative and management bodies as of the date of admission of its shares to trading on the regulated market of Euronext Paris.

15. COMPENSATION AND BENEFITS

The information described in this Chapter 15 “Compensation and Benefits” is prepared by reference to the French Code of Corporate Governance as published in December 2009 and updated in September 2016 by Middlenext, and validated as a benchmark code by the AMF. The tables relating to the "Position - AMF recommendation 2014-14" updated as of April 13, 2015 are provided below.

15.1. Compensation and benefits paid to the Company’s executives and corporate officers

15.1.1. Summary of compensation paid to the members of the Executive Board for the fiscal years ended March 31, 2017 and March 31, 2018

The tables below set out the compensation paid to Christophe Douat, Nicolas Heuzé and Jaime Arango by the Company as members of the Executive Board of said company during the fiscal years ended March 31, 2017 and March 31, 2018.

Table 1: Summary table of compensation and stock options and shares awarded to each executive corporate officer

Summary table of compensation and stock options and shares awarded to each executive corporate officer (1)			
Euros		**3/31/2018**	**3/31/2017**
Christophe Douat - Chairman of the Executive Board			
Compensation due for fiscal year (see details in Table 2)		€ 174,853	€151,327
Valuation of multi-year variable compensation awarded during the fiscal year		€ 0	€ 0
Valuation of stock options awarded during the fiscal year		€ 0	€ 0
Valuation of bonus shares awarded during the fiscal year		N/A	N/A
	TOTAL	**€ 174,853**	**€ 151,327**
Euros		**3/31/2018**	**3/31/2017**
Nicolas Heuzé – Member of the Executive Board			
Compensation due for fiscal year (see details in Table 2)		€133,560	€129,584
Valuation of multi-year variable compensation awarded during the fiscal year		€ 0	€ 0
Valuation of stock options awarded during the fiscal year		€ 0	€ 0
Valuation of bonus shares awarded during the fiscal year		N/A	N/A
	TOTAL	**€133,560**	**€129,584**
Euros		**3/31/2018**	**3/31/2017**
Jaime Arango - Member of the Executive Board (as of November 6, 2017)			
Compensation due for fiscal year (see details in Table 2)		€81,869	N/A
Valuation of multi-year variable compensation awarded during the fiscal year		€ 0	N/A
Valuation of FSWs (founders’ stock warrants) awarded during the fiscal year		€ 15,402	N/A
Valuation of bonus shares awarded during the fiscal year		N/A	N/A
	TOTAL	**€97,271**	**N/A**

(1) Danaë Geraud was a member of the Executive Board and an employee of the Company until January 5, 2018 and in this capacity was paid €77,512 for the fiscal year ended March 31, 2017 and €126,805 for the fiscal year ended March 31, 2018.

15.1.2. Compensation paid to each members of the Executive Board of MedinCell S.A. for fiscal years ended March 31, 2017 and March 31, 2018

Table 2: Summary table of the compensation of each executive corporate officer

The following tables show the compensation due to members of the Executive Board for fiscal years ended March 31, 2017 and 2018 and the compensation received by these same persons over the same fiscal years. This compensation is presented on a gross pre-tax basis.

Summary table of the compensation of each executive corporate officer				
	3/31/2018		3/31/2017	
Euros	*amounts due*	*amounts paid*	*amounts due*	*amounts paid*
Christophe Douat **Chairman of the Executive Board**				
Fixed compensation *(1)*	€149,100	€149,100	€127,500	€127,500
Annual variable compensation *(2) (3)*	€ 12,556	€ 12,556	€ 14,091	€ 14,091
Multi-year variable compensation	€ 0	€ 0	€ 0	€ 0
Exceptional compensation	€ 0	€ 0	€ 0	€ 0
Attendance fees	€ 0	€ 0	€ 0	€ 0
Benefits in kind *(4)*	€ 13,197	€ 13,197	€9,736	€9,736
TOTAL	**€ 174,853**	**€ 174,853**	**€151,327**	**€ 151,327**
Nicolas Heuzé **Member of the Executive Board**				
Fixed compensation *(5)*	€122,850	€122,850	€116,416	€116,416
Annual variable compensation *(6)*	€ 10,710	€ 10,710	€ 13,168	€ 13,168
Multi-year variable compensation	€ 0	€ 0	€ 0	€ 0
Exceptional compensation	€ 0	€ 0	€ 0	€ 0
Attendance fees	€ 0	€ 0	€ 0	€ 0
Benefits in kind	€ 0	€ 0	€ 0	€ 0
TOTAL	**€133,560**	**€133,560**	**€129,584**	**€129,584**
Jaime Arango **Member of the Executive Board** (from November 6, 2017)				
Fixed compensation *(7)*	€77,692	€77,692	N/A	N/A
Annual variable compensation *(8)*	€ 4,177	€4,177	N/A	N/A
Multi-year variable compensation	€ 0	€ 0	N/A	N/A
Exceptional compensation	€ 0	€ 0	N/A	N/A
Attendance fees	€ 0	€ 0	N/A	N/A
Benefits in kind	€ 0	€ 0	N/A	N/A
TOTAL	**€81,869**	**€81,869**	**N/A**	**N/A**

(1) This annual fixed compensation was paid to Christophe Douat as Chairman of the Company's Executive Board and is paid on a pro rata basis after taking account of changes in the compensation amounts decided by the Company's Supervisory Board during the fiscal years ended March 31, 2017 and March 31, 2018. For the fiscal year ended March 31, 2017, the Supervisory Board of the Company resolved as of May 25, 2016 and February 23, 2017 to amend Christophe Douat's annual fixed compensation, increasing it from €105,000 to €115,000 retroactively from May 1, 2016, then to €135,000 retroactively from August 1, 2016. For the fiscal year

ended March 31, 2018, on July 27, 2017, the Supervisory Board of the Company authorized the amendment of Christophe Douat's annual fixed compensation, setting it at €153,800 retroactively from July 1, 2017.

(2) This annual variable compensation corresponds to what was implemented for all Company employees in accordance with the decision of the Company's Supervisory Board of October 3, 2014. It should be noted that the variable compensation paid to executive corporate officers and employees is awarded on a quarterly basis in the form of bonuses that are conditional upon the achievement of collective objectives which depend on (i) the completion of development stages of projects conducted by Company and (ii) the contribution to the continuous improvement of each of the Company's operating departments.

(3) For the fiscal year ended March 31, 2017, the Supervisory Board of the Company resolved to pay Christophe Douat, as Chairman of the Executive Board of the Company, in addition to his fixed annual compensation, bonuses in the amount of €4,508 at its meeting of July 26, 2016, €5,658 at its meeting of November 25, 2016 and €3,925 at its meeting of February 23, 2017. For the fiscal year ended March 31, 2018, the Supervisory Board of the Company authorized the payment of bonuses to Christophe Douat in the amount of €4,375 at its meeting of June 2, 2017, €2,279.79 at its meeting of November 6, 2017 and €3,812.06 at its meeting of February 12, 2018. At its meeting of March 30, 2018, the Supervisory Board also resolved to adjust the payment of the exceptional bonus of €2,088 in July 2017 to Christophe Douat.

(4) The benefits in kind granted to Christophe Douat correspond to the payment by the Company of contributions in respect of loss of employment insurance cover, also known as a Guarantee of Social Contributions for Corporate Executives ("GSC") for the fiscal years ended March 31, 2017 and March 31, 2018.

(5) This annual fixed compensation was paid pursuant to Nicolas Heuzé's employment contract in his capacity as Group Finance and Corporate Development Officer of the Company for the fiscal years ended March 31, 2017 and March 31, 2018 and is paid on a pro rata basis after account is taken of changes in the compensation amounts decided by the Supervisory Board of the Company during the fiscal years ended March 31, 2017 and March 31, 2018. For the fiscal year ended March 31, 2017, the Supervisory Board meeting of February 23, 2017 amended Nicolas Heuzé's annual fixed compensation from €109,248 to €120,000 retroactively from August 1, 2016. Next, for the fiscal year ended March 31, 2018, the Supervisory Board meeting of July 27, 2017 resolved to amend Nicolas Heuzé's compensation, raising it to €123,800 retroactively from July 1, 2017.

(6) This annual variable compensation corresponds to the bonuses granted to Nicolas Heuzé as a member of the Executive Board and employee of the Company during the fiscal years ended March 31, 2017 and March 31, 2018. This variable compensation is paid on a quarterly basis in the form of bonuses that are conditional upon the achievement of collective objectives which depend on (i) the completion of development stages of projects conducted by the Company and (ii) the contribution to the continuous improvement of each of the Company's operating departments. For fiscal year ended March 31, 2017, the Supervisory Board resolved, at its meeting of July 26, 2016, to pay a bonus of €4,188 to Nicolas Heuzé, at its meeting of November 25, 2016, to pay him a bonus of €5,380 and at its meeting of February 23, 2017, a bonus of €3,500. For fiscal year ended March 31, 2018, the Supervisory Board resolved to authorize the payment to Nicolas Heuzé of a bonus of €3,900 at its meeting of June 2, 2017, a bonus of €1,854.60 at its meeting of November 6, 2017, and a bonus of €3,087.99 at its meeting of February 12, 2018. At its meeting of March 30, 2018, the Supervisory Board also resolved to regularize the payment of the exceptional bonus of €1,866 in July 2017 to Nicolas Heuzé.

(7) This annual fixed compensation was paid in respect of the employment contract of Jaime Arango as Chief Financial Officer of the Company from August 8, 2017 onwards, for the year ended March 31, 2018.

(8) This annual variable compensation corresponds to the bonuses granted to Jaime Arango as a member of the Executive Board and employee of Company during the year ended March 31, 2018. This variable compensation is paid on a quarterly basis in the form of bonuses that are conditional upon the achievement of collective objectives which depend on (i) the completion of development stages of projects conducted by the Company and (ii) the contribution to the continuous improvement of each of the Company's operating departments. For the fiscal year ended March 31, 2018, the Supervisory Board resolved to authorize the payment to Jaime Arango of a bonus of €3,087.99 at its meeting of February 12, 2018. In addition, he received a bonus of €1,088 in his capacity as an employee prior to his appointment as a member of the Executive Board.

15.1.3. Attendance fees and other compensation received by the members of the Supervisory Board during fiscal years ended March 31, 2017 and March 31, 2018

Table 3: Table setting out attendance fees and other compensation received by non-executive corporate officers

The following table sets out the attendance fees and other compensation received by the members of the Supervisory Board of the Company during the fiscal years ended March 31, 2017 and March 31, 2018.

Table setting out attendance fees and other compensation received by non-executive corporate officers			
Euros		**3/31/2018**	**3/31/2017**
Anh Nguyen - Chairman of the Supervisory Board			
	Attendance fees	€ 0	€ 0
	Other compensation *(1)*	€22,587	€17,430
Sabri Markabi - Vice-Chairman of the Supervisory Board			
	Attendance fees	€ 0	N/A
	Other compensation *(2) (4)*	€55,418	N/A
Philippe Guy – Member of the Supervisory Board			
	Attendance fees	€ 0	€ 0
	Other compensation	€ 0	€ 0
Virginie Lleu – Member of the Supervisory Board			
	Attendance fees	€ 0	€ 0
	Other compensation *(3) (4)*	€40,000	€34,878
Karine Lignel - Permanent Representative of CM-CIC Innovation - Member of the Supervisory Board			
	Attendance fees	€ 0	N/A
	Other compensation	€ 0	N/A
	TOTAL	**€ 87,712**	**€ 42,087**

(1) Other compensation corresponds to compensation received in respect of the employment contract of Anh Nguyen as Technical Head of the Company.

(2) Other compensation corresponds (i) to compensation received in respect of the consulting contract concluded on March 20, 2017 between the Company and Health R&D LLC, of which Mr Sabri Markabi is the director (see section 19.2.5 of this *document de base*) and (ii) to the valuation of 1,050 SW 2016 issued and allocated by the Executive Board on May 5, 2017 in favor of Mr Sabri Markabi, the vesting period being 10 years. These SW were subscribed by the latter on December 14, 2017 at €6,300 and valued at €36,593. In the context of the application of IFRS 2, these SW were valued at €30,293.

It is specified that the SW 2016' warrants were each issued at the unit price of €6. Each SW 2016 entitles its holder to subscribe to 50 new shares of the Company, with a par value of €0.01, for a subscription price of €62 for every 50 shares subscribed, i.e. a subscription price per share of €1.24 per new share (see section 21.1.4 of this *document de base* for more details).

(3) Other compensation corresponds (i) to compensation received in respect of the consulting contract concluded on May 11, 2016 between the Company and L3S Partnership, of which Ms Virginie Lleu is the director (see section 19.2.6 of this *document de base*) and (ii) to the valuation of 757 SW 2016 issued and allocated by the Executive Board on August 31, 2016 in favor of Ms Virginie Lleu, the vesting period being 10 years. These SW were subscribed by the latter on March 30, 2017 at €2,649.50 and valued at €12,870.50 and then 606 SW 2016 after exercising 151 SW 2016 on March 28, 2017. In the context of the application of IFRS 2, these SW were valued at €10,221.

It is specified that the SW 2016 warrants were each issued at the unit price of €3.50. Each SW 2016 warrant entitles its holder to subscribe to 50 new shares of the Company, with a par value of €0.01, taking into account the division of the share's par value by 50 as decided by the Extraordinary General Meeting of the Company on March 16, 2017, for a subscription price of €35, i.e. a subscription price of €0.7 per new share (see section 21.1.4 of this *document de base* for more details).

(4) Furthermore, the Company has not used an independent expert in the context of setting the subscription price of SWs existing as of the date of this *document de base*. However, as indicated in section 21.1.5 of this *document de base*, the subscription price of SWs that could be issued by way of the delegation agreed by the General Meeting of June 28, 2018 will be equal to the market value, which will be validated by an independent expert appointed by the Company when the beneficiaries of the issue are members of the Company's Supervisory Board.

15.1.4. Stock subscription or purchase options granted to each member of the Executive Board by the Company or by any of its Group companies during fiscal years ended March 31, 2017 and March 31, 2018

Table 4: Stock subscription or purchase options granted to each corporate officer by the Company or any of its Group companies during fiscal years ended March 31, 2017 and 2018

FSWs and stock subscription or purchase options awarded to each executive corporate officer during the fiscal years ended March 31, 2017 and 2018							
Name of the executive corporate officer	Award date	Type of securities	Valuation of securities by way of the method used for the consolidated financial statements	Number of securities granted during the fiscal year	Subscription price per share	Number of shares likely to result from the exercise of transferable securities	Exercise period
3/31/2017							
N/A							
3/31/2018							
Jaime Arango – Member of the Executive Board	May 5, 2017	FSW 2016'	€ 15,402	449 *(1)*	€ 1.24	22,450	May 4, 2027
TOTAL			**€ 15,402**	**449**			

(1) The 449 FSW 2016' warrants granted to Jaime Arango allow the holder to subscribe to 22,450 new shares each with a par value of €0.01 (where each FSW 2016' warrant allows its holder to subscribe to 50 new shares each with a par value of €0.01), for a total subscription price of €62 for the 50 shares subscribed, thus a price of €1.24 per new share.

15.1.5. Stock subscription or purchase options exercised by each member of the Executive Board by the Company or by any of its Group companies during fiscal years ended March 31, 2017 and March 31, 2018

Table 5: Stock subscription or purchase options exercised by each executive corporate officer during fiscal years ended March 31, 2017 and 2018

Not applicable.

15.1.6. Bonus share awards

Table 6: Bonus shares awarded to each corporate officer during fiscal years ended March 31, 2017 and 2018

Not applicable.

Table 7: Bonus shares that became available to each corporate officer during fiscal years ended March 31, 2017 and 2018

Not applicable.

Table 10: Bonus share awards history

Not applicable.

15.1.7. Stock subscription or purchase option awards

Table 8: Stock subscription or purchase options granted to corporate officers history

Stock subscription warrants (SW) plan

See section 21.1.4.1 of this *document de base*.

Founders' stock warrants (FSW) plan

See section 21.1.4.2 of this *document de base*.

Table 9: Stock subscription or purchase options awarded to the top ten eligible employees who are not corporate officers and options exercised by them

Stock subscription warrants, founders' stock warrants and stock subscription or purchase options awarded to the top ten eligible employees who are not corporate officers and options exercised by them	**3/31/2018**			**3/31/2017**	
Date of Executive Board Meeting	May 5, 2017		January 8, 2018	August 31, 2016	
SW and FSW plans	SW 2016'	FSW 2016'	FSW 2017	SW 2016	FSW 2016
Weighted average price	€1.24 *(1)*	€1.24 *(2)*	*(3)*	€0.70 *(4)*	€0.70 *(5)*
Number of rights granted during the fiscal year to the top ten employees who are not corporate officers eligible for the largest number of rights thus granted at the date of this *document de base (number of shares to which the allocation rights grant entitlement)*	71 *(3,550)*	1,155 *(57,750)*	21,800 *(21,800)*	51 *(2,550)*	498 *(24,900)*
Number of rights granted during the fiscal year to the top ten employees who are not corporate officers eligible for the largest number of rights thus granted at the date of this *document de base (number of shares to which the allocation rights grant entitlement)*	0 (*0*)	95 *(4,750)*	0 *(0)*	10 *(500)*	84 *(4,200)*

(1) Each SW 2016' warrant entitles its holder to subscribe to 50 new shares each with a par value of €0.01, for a total subscription price of €62 for the 50 shares subscribed, i.e., a price per new share of €1.24.

(2) Each FSW 2016' warrant entitles its holder to subscribe to 50 new shares each with a par value of €0.01, for a total subscription price of €62 for the 50 shares subscribed, i.e., a price per new share of €1.24.

(3) Price to be determined on the basis of the price per share used in the IPO.

(4) Each SW 2016 warrant entitles its holder to subscribe to one ordinary share with a par value of €0.50, at a unit price of €35 (i.e., with an issue premium of €34.50). Following the division by 50 of the par value of the shares, which was thus reduced to €0.01 per share by deliberation of the Extraordinary General Meeting of the Company on March 16, 2017, each SW 2016 warrant not exercised as of March 15, 2017, entitled its holder to subscribe to 50 ordinary shares with a par value of €0.01, at a unit price of €0.70, i.e., with an issue premium of €0.69 per ordinary share.

(5) Each FSW 2016 warrant entitles its holder to subscribe to one ordinary share with a par value of €0.50, at a unit price of €35 (i.e., with an issue premium of €34.50). Following the division by 50 of the par value of the shares, which was thus reduced to €0.01 per share by deliberation of the Extraordinary General Meeting of the Company on March 16, 2017, each FSW 2016 warrant not exercised as of March 15, 2017, entitled its holder to subscribe to 50 ordinary shares with a par value of €0.01, at a unit price of €0.70, i.e., with an issue premium of €0.69 per ordinary share.

15.1.8. Employment contracts, retirement benefits and severance benefits for members of the Executive Board

Table 11: Table setting the conditions of compensation and other benefits awarded to executive corporate officers

The following table gives details of the terms of the compensation and other benefits awarded to the members of the Company's Executive Board during the fiscal year 2017-2018.

	Employment contract		Supplementary pension benefits		Compensation or benefits due or likely to be due as a result of termination of office or change in role		Compensation due pursuant to a non-compete clause	
	yes	no	yes	no	yes	no	yes	no
Christophe Douat Chairman of the Executive Board		X		X	X (1)			X
START OF OFFICE AND RENEWAL DATE: July 22, 2014, February 12, 2018 TERM OF OFFICE ENDS: January 2, 2023								
	yes	no	yes	no	yes	no	yes	no
Nicolas Heuzé Member of the Executive Board	X			X		X		X
START OF OFFICE AND RENEWAL DATE: December 22, 2015, February 12, 2018 TERM OF OFFICE ENDS: January 2, 2023								
	yes	no	yes	no	yes	no	yes	no
Jaime Arango Member of the Executive Board	X			X		X		X
START OF OFFICE AND RENEWAL DATE: November 6, 2017, February 12, 2018 TERM OF OFFICE ENDS: January 2, 2023								

(1) In the event of dismissal without just cause from his office as Chairman of the Executive Board, a severance package must be paid by the Company to Christophe Douat, in the amount equivalent to 9 months of his gross compensation received during the 12 months preceding the termination if this occurred before July 21, 2016, and to 12 months if it occurs after July 22, 2016.

15.2. Principles and components of the compensation and benefits of executive corporate officers and members of the Supervisory Board for fiscal year 2018-2019

15.2.1. General principles governing the compensation of executive corporate officers and members of the Supervisory Board

The general principles of the compensation policy for executive corporate officers and members of the Supervisory Board are approved by the Supervisory Board on the proposal of the Compensation Committee and were adopted by the General Meeting of Shareholders on June 28, 2018 for approval on a voluntary basis as part of the "*ex ante*" vote, given that the Company is not required as of the date of this *document de base* to comply with the obligations under the "Say on Pay" scheme introduced by the law of December 9, 2016 on transparency, combating corruption and the modernization of economic life.

Subject to the condition precedent of the Company's shares being admitted to trading on the Euronext Paris regulated market, the compensation policy will take into account the following principles, in line with the rules set out in the Middlenext Code to which the Company will refer:

Completeness of the compensation presented: all elements of compensation are taken into account in the overall assessment of the compensation, with clear grounds given,

Principle of balance and consistency: the Compensation Committee monitors the balance and consistency of compensation so that it is in the company's general interest,

Clarity of rules: the rules must be simple; the performance criteria used to determine the variable portion of compensation, or, as the case may be, to award options or bonus shares must be in line with the company's performance and objectives, be stringent, explainable and as far as possible, long term,

Measurement: when determining compensation, a fair balance must be struck, which takes into account both the general interest of the company, market practices and performance of its officers,

Transparency: the annual notification of shareholders regarding all compensation and benefits received by the officers and the members of the Supervisory Board is undertaken in a transparent manner, in line with applicable regulations,

The Supervisory Board and the Compensation Committee comply with the **comparability principle** (*benchmark*). Compensation is assessed in connection with the reference market, to the extent of the specific features of missions, the responsibility assumed, the results obtained, and the work done by the executive corporate officers and members of the Supervisory Board.

As of the date of this *document de base*, the Company's executive corporate officers were:

- Christophe Douat, Chairman of the Executive Board,
- Nicolas Heuzé, member of the Executive Board,
- Jaime Arango, member of the Executive Board.

As of the date of this *document de base*, the members of the Supervisory Board were:

- Anh Nguyen, Chairman of the Supervisory Board,
- Sabri Markabi, Vice-Chairman of the Supervisory Board,
- Philippe Guy, member of the Supervisory Board,
- Virginie Lleu, member of the Supervisory Board,
- CM-CIC Innovation, represented by Karine Lignel, member of the Supervisory Board.

15.2.2. Compensation structure of executive corporate officers and members of the Supervisory Board for 2018

15.2.2.1. Compensation structure of executive corporate officers for 2018

The compensation structure of executive corporate officers is reviewed each year by the Supervisory Board, which sets its various components, based on the recommendations of the Compensation Committee.

On this basis, at its meeting of June 8, 2018 the Supervisory Board made a decision regarding the compensation of executive corporate officers, with this structure ensuring a link with the company's performance and a continued balance between short-term and medium-term performance.

It is specified that compensation items for the year ended March 31, 2019 will be submitted to the General Meeting of Shareholders for an "ex post" vote relating to compensation, pursuant to Article L. 225-100 of the French Commercial Code.

Fixed compensation

Christophe Douat's annual fixed compensation is set by a corporate officer agreement in his capacity as Chairman of the Executive Board, which may be amended, as required, by the Supervisory Board on the recommendation of the Compensation Committee. For the fiscal year 2018-2019, it was set by the Company's Supervisory Board on [June 8, 2018] at a gross annual amount of €200,000.

The fixed annual compensation of Jaime Arango and Nicolas Heuzé is set by employment contracts.

Furthermore, in line with the decisions of the Supervisory Board of June 8, 2018, the fixed annual compensation of the Chairman of the Executive Board and the members of the Executive Board may be increased in the event that the Company's shares are successfully admitted to trading on the regulated market of Euronext Paris. This potential increase will be decided, if necessary by the Supervisory Board, on the recommendations of the Compensation Committee once the Company's shares have been admitted to trading on the regulated market of Euronext Paris.

Furthermore, in the event of the appointment of one or more new members to the Executive Board, the principles set out above also apply when determining their compensation policy, on the understanding that the amount may be tailored to the profile, experience or level of responsibility of the new executive corporate officer.

Variable compensation

Variable compensation aims to link the compensation of executive corporate officers to the performance of the Company.

The rules for setting this compensation are also in line with the company's strategy. The arrangements governing annual variable compensation can be understood by shareholders and will be outlined each year in the annual report in a clear and comprehensive manner.

The indicators taken into account when determining variable compensation and the level of the objectives to achieve are set each year by the Supervisory Board on the recommendation of the Compensation Committee at the beginning of the reference period to which they apply.

The performance criteria used to determine the variable compensation are established according to a specific objective plan based on quantitative and qualitative criteria, including the preclinical and clinical development of the Company's products.

For the purpose of determining the variable remuneration of executive corporate officers, the Supervisory Board meeting of June 8, 2018 presented the financial performance indicators, their objectives and their weighting for the year ended March 31, 2019.

Note that any variable compensation may only be paid to executive corporate officers subject to the approval of the shareholders at the General Meeting in 2019, pursuant to Article L. 225-100 of the French Commercial Code.

Chairman of the Board – Christophe Douat

Christophe Douat receives variable compensation for his service as Chairman of the Executive Board for the fiscal year ended March 31, 2019 which may not exceed 45% of his fixed annual compensation.

Member of the Executive Board - Nicolas Heuzé

Nicolas Heuzé receives variable compensation for his service as a member of the Executive Board for the fiscal year ended March 31, 2019 which may not exceed 45% of his fixed annual compensation.

Member of the Executive Board - Jaime Arango

Jaime Arango receives variable compensation for his service as a member of the Executive Board for the fiscal year ended March 31, 2019 which may not exceed 45% of his fixed annual compensation.

Long-term and exceptional compensation

Long-term compensation

Chairman of the Board – Christophe Douat

It is proposed that conditional compensation paid in the form of a bonus share award, in the form of stock purchase or subscription options be granted for his service for fiscal year ended March 31, 2019.

Member of the Executive Board - Nicolas Heuzé

It is proposed that conditional compensation paid in the form of a bonus share award, in the form of stock purchase or subscription options be granted for his service for fiscal year ended March 31, 2019.

Member of the Executive Board - Jaime Arango

It is proposed that conditional compensation paid in the form of a bonus share award, in the form of stock purchase or subscription options be granted for his service for fiscal year ended March 31, 2019.

Exceptional compensation

Furthermore the Supervisory Board may, at its discretion, award executive corporate officers already in service or appointed during the year, exceptional compensation under certain circumstances, particularly in the event of successful admission of the Company's shares to the regulated market of Euronext Paris, and in compliance with the principles set out by the French Middlenext Code, on the understanding that this payment may only be made subject to the approval of shareholders pursuant to Article L. 225-100 of the French Commercial Code.

Attendance fees

None of the executive corporate officers receive attendance fees.

Compensation or benefits due subsequent to the termination of the duties of executive corporate officers

Christophe Douat will receive severance pay in the event of termination without just cause of his office as Chairman of the Executive Board.

Employment contract

Nicolas Heuzé and Jaime Arango have employment contracts with the Company.

Benefits in kind

None.

Supplementary pension benefits

None.

Third-party liability insurance for executive corporate officers

Christophe Douat receives insurance cover in the event of loss of employment (known as GSC).

Summary of principles of compensation policy for executive officers for 2018-2019					
	Fixed compensation	**Variable compensation**	**Long-term and exceptional compensation**	**Attendance fees**	**Compensation due to termination of duties**
Christophe Douat Chairman of the Executive Board	€200,000 gross annual sum	Cannot exceed 45% of fixed annual compensation for the year ended 3/31/2019	Scheduled to be made via bonus share awards, options or stock warrants for the year ended 3/31/2019	None	Severance pay in the event of termination without just cause of his office as Chairman of the Executive Board
START OF OFFICE AND RENEWAL DATE: July 22, 2014, February 12, 2018 TERM OF OFFICE ENDS: January 2, 2023					
Nicolas Heuzé Member of the Executive Board	Set by an employment contract	Cannot exceed 45% of fixed annual compensation for the year ended 3/31/2019	Scheduled to be made via bonus share awards, options or stock warrants for the year ended 3/31/2019	N/A	N/A
START OF OFFICE AND RENEWAL DATE: December 22, 2015, February 12, 2018 TERM OF OFFICE ENDS: January 2, 2023					
Jaime Arango Member of the Executive Board	Set by an employment contract	Cannot exceed 45% of fixed annual compensation for the year ended 3/31/2019	Scheduled to be made via bonus share awards, options or stock warrants for the year ended 3/31/2019	N/A	N/A
START OF OFFICE AND RENEWAL DATE: November 6, 2017, February 12, 2018 TERM OF OFFICE ENDS: January 2, 2023					

15.2.2.2. Compensation structure of the members of the Supervisory Board for 2018

As of the date of this *document de base*, there was no plan to set up fixed (attendance fees), variable or other compensation for the members of the Supervisory Board.

15.3. Amounts provisioned or recognized by the Company for the purpose of paying pensions, retirement benefits or other benefits in favor of directors and corporate officers

The Company has not provisioned any amounts for the payment of pensions, retirement benefits or other benefits to corporate officers.

The Company has not paid any bonuses to its corporate officers for taking or leaving office.

15.4. Stock subscription or purchase options and bonus share awards

None.

15.5. Compensation and benefits that are payable or may become payable as a result of or following the termination of the duties of the Company's officers

None.

15.6. Loans and guarantees granted to officers

Not applicable.

16. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1. Terms of office of the members of the administrative and management bodies

Information on the final dates of the terms of office of the members of the Company's Executive and Supervisory Boards is provided in section 14.1 of this *document de base*.

16.2. Information on the service contracts binding the members of the administrative and management bodies to the Company or any of its subsidiaries

Except for the contracts described in section 19.2 of this *document de base*, there are no contracts binding any member of the Executive or Supervisory Board to the Company or its subsidiaries.

16.3. Special committees

The Company has set up the following special committees within its Supervisory Board: an Audit Committee and a Compensation Committee. The role, the field of activity and the operating procedures of the committees are presented below and are included in the internal regulations of the Company's Supervisory Board, which will be adopted subject to the condition precedent that the Company's shares be admitted to trading on the regulated market of Euronext Paris.

16.3.1. Audit Committee

16.3.1.1. Composition

The Audit Committee is composed of at least two (2) members. The members of the Audit Committee are appointed by the Supervisory Board from among the Supervisory Board's members. They are appointed for a fixed term set by the Supervisory Board, which may not exceed the duration of their term of office on the Supervisory Board and may be revoked at any time without reason by the Supervisory Board. Their terms of office within the Audit Committee may be renewed an unlimited number of times.

In the event of the death or resignation of a member during his or her term of office, for whatever reason, the Supervisory Board may replace that member for the duration of the newly appointed member's term of office on the Supervisory Board.

The Chairman of the Audit Committee is appointed by the Supervisory Board from among the independent members of the Board.

The Audit Committee may invite any person, whether internal or external to the Company, to attend its meetings and take part in its work.

The members of the Audit Committee must have financial and/or accounting expertise.

The members of the Audit Committee are subject to the provisions set out in the Supervisory Board's internal regulations regarding the obligations of discretion, confidentiality and professional secrecy as well as the obligations relating to conflicts of interest.

As of the date of this *document de base*, the members of the Audit Committee, whose capacities are listed in section 14.1.2 of this *document de base*, were:

- Philippe Guy, independent member of the Supervisory Board, as Chairman of the Audit Committee, appointed at the Supervisory Board meeting on July 25, 2018; and

- Karine Lignel, permanent representative of CM-CIC Innovation, as a member of the Audit Committee, appointed at the Supervisory Board meeting on July 25, 2018.

16.3.1.2. Role

The Audit Committee ensures that matters relating to the preparation and control of accounting and financial information are monitored, and its task is to submit recommendations to the Supervisory Board in the performance of its task of controlling and verifying the management of the Company as stipulated by law and by the Company's Articles of Association.

Without prejudice to the capacities of the Supervisory Board, the Audit Committee is, in particular, tasked with ensuring the monitoring of:

- the process of preparing financial information and submitting recommendations where appropriate to ensure the integrity of that information;

- the effectiveness of the internal control and risk management systems;

- the legal auditing of the annual accounts and the consolidated accounts by the Statutory Auditors;

- the independence of the Statutory Auditors.

The Audit Committee is tasked with submitting recommendations regarding the Statutory Auditors put forward for appointment at the General Meeting and/or when their mandates are to be renewed, and with approving the provision of the services mentioned in Article L.822-11-2 of the French Commercial Code.

The task of the Audit Committee is not to go into the accounts in detail, but rather to ensure that the processes involved in their preparation are monitored and to assess the validity of the methods selected to deal with key operations.

In this context, the Audit Committee may review the Company's annual, semi-annual and, if applicable, quarterly financial statements as they are to be presented to the Supervisory Board, listen to the auditors and the Chief Financial Officer, and receive communication on its analytical work and findings.

As part of their role, the members of the Committee have the same rights of information as the members of the Supervisory Board.

The Audit Committee may bring in external experts at the Company's expense, after informing the Chairman of the Supervisory Board of the Committee, and is accountable to the Supervisory Board for this.

16.3.1.3. Operation

The Audit Committee meets when the Chairman of the Audit Committee deems it useful to do so, and in any case at least twice per year, especially before the publication of the parent company and consolidated accounts.

Meetings of the Audit Committee may be called by any means within a reasonable time before the meeting, by the Chairman of the Audit Committee, the Chairman of the Supervisory Board or any person to whom one of them has delegated the necessary authorization to call a meeting.

The Audit Committee meets at the registered office or in any other place specified in the notice to meeting. It may also meet by means of videoconferencing or by any means of telecommunication specified in Article 3.d) of the Company's internal regulations.

Meetings are chaired by the Chairman of the Audit Committee or, if the Chairman is absent, by another member nominated by the Audit Committee to chair the meeting.

At least two thirds of the members of the Committee must be present in order for the deliberations to be valid.

A member of the Audit Committee may choose to be represented by another member of the Audit Committee.

The recommendations of the Audit Committee are adopted by simple majority; if the votes are tied, the Chairman of the Audit Committee has the deciding vote.

At the close of each meeting, if the members deem it necessary, minutes of the meeting may be drawn up. These are signed by the Chairman of the meeting and at least one member of the Audit Committee.

The Chairman of the Audit Committee reports regularly to the Supervisory Board on the work of the Audit Committee, and informs it immediately of any difficulties encountered.

The Chairman of the Audit Committee ensures that the reports of the Audit Committee's activities submitted to the Supervisory Board allow the latter to remain fully informed, thereby facilitating its deliberations.

The annual report includes a presentation on the activities of the Audit Committee over the preceding fiscal year.

If, in the course of its work, the Audit Committee identifies a significant risk that does not appear to it to have been adequately addressed, the Chairman of the Audit Committee must alert the Chairman of the Supervisory Board immediately.

16.3.2. Compensation Committee

16.3.2.1. Composition

The Compensation Committee is composed of at least two (2) members. The members of the compensation Committee are appointed by the Supervisory Board from among the Supervisory Board's members.

They are appointed for a fixed term, which may not exceed the duration of their term of office on the Supervisory Board where applicable, and which may be revoked at any time without reason by the Supervisory Board. The terms of office within the Compensation Committee may be renewed an unlimited number of times. Executive corporate officers may also be appointed, but an executive corporate officer may not take part in any deliberations concerning him or her.

The Chairman of the Remuneration Committee is appointed by the Supervisory Board, as far as possible from among the independent members of the Board.

The Compensation Committee may invite any person, whether internal or external to the Company, to attend its meetings and take part in its work.

The members of the Compensation Committee will receive no compensation other than their attendance fees. Their duties within the Compensation Committee may be taken into account in order to determine the distribution of those attendance fees.

The members of the Compensation Committee are subject to the provisions set out in the Supervisory Board's internal regulations regarding the obligations of discretion, confidentiality and professional secrecy as well as the obligations relating to conflicts of interest.

As of the date of this *document de base*, the members of the Compensation Committee were:

- Virginie Lleu, an independent member of the Supervisory Board, as Chair of the Compensation Committee, appointed at the Supervisory Board meeting of July 25, 2018;

- Anh Nguyen, Chairman of the Supervisory Board, as a member of the Compensation Committee, appointed at the Supervisory Board meeting of July 25, 2018.

16.3.2.2. Role

The Compensation Committee's role is to submit recommendations to the Supervisory Board regarding the appointment and compensation of corporate officers and operational and functional managers and regarding appointments and the internal compensation and profit-sharing policy, and specifically:

a) to submit recommendations and proposals to the Supervisory Board regarding the appointment, compensation, pension scheme, supplementary pensions, benefits in kind and the various financial entitlements of the Company's executives and corporate officers, and award of founders' stock warrants, bonus shares, stock warrants, stock subscription or purchase options to employees, executives, consultants or other associates of the Company and, where applicable, of its subsidiaries, as stipulated by law;

b) to define the procedures for setting the variable portion of the compensation of the executive corporate officers and to monitor its application;

c) to propose a general policy for the award of founders' stock warrants, bonus or performance shares or stock subscription or purchase options and to set the award frequency according to the beneficiaries' categories;

d) to examine the system for distributing attendance fees among the members of the Supervisory Board, particularly on the basis of their participation on the Company's Committees;

e) to submit its opinion on the compensation of the key senior executives to the Supervisory Board.

As part of their role, the members of the Committee have the same rights of information as the members of the Supervisory Board.

16.3.2.3. Operation

The Remuneration Committee meets when the Chairman of the Remuneration Committee deems it useful to do so, and in any case at least twice per year, especially prior to the publication of the financial statements.

Meetings of the Compensation Committee may be called by any means within a reasonable time before the meeting, by the Chairman of the Compensation Committee, the Chairman of the

Supervisory Board or any person to whom one of them has delegated the necessary authority to call a meeting.

The Compensation Committee meets at the registered office or in any other location specified in the notice to meeting. It may also meet by videoconferencing or by any means of telecommunication.

Meetings are chaired by the Chairman of the Compensation Committee or, if the Chairman is absent, by another member nominated by the compensation Committee to chair the meeting.

A member of the Compensation Committee may choose to be represented by another member of the Compensation Committee.

The recommendations of the Compensation Committee will be adopted by simple majority; if the votes are tied, the Chairman of the Compensation Committee has the deciding vote.

The Chairman of the Compensation Committee reports regularly to the Supervisory Board on the work of the compensation Committee, and informs it immediately of any difficulties encountered.

The Chairman of the Compensation Committee ensures that the reports of the Compensation Committee's activities submitted to the Supervisory Board allow the latter to remain fully informed, thereby facilitating its deliberations.

The annual report includes a presentation on the activities of the Compensation Committee over the preceding fiscal year.

The Compensation Committee reviews the Company's draft report on the compensation of its executives.

16.4. Non-voting members

As of the date of this *document de base*, the Supervisory Board of the Company has two non-voting members:

- Rachel Almeras, appointed on February 12, 2018 for a term of two years;
- Franck Sturtz, appointed on June 8, 2018 for a term of two years.

Pursuant to the Company's Articles of Association adopted on the condition precedent that the Company's shares be admitted to trading on the regulated market of Euronext Paris, the General Meeting or the Supervisory Board may appoint one or more non-voting members in order to assist the Supervisory Board.

The number of non-voting members may not exceed six and they are chosen freely for reasons of their skills.

Non-voting members may in no event be selected from among the serving members of the Executive Board.

Non-voting members will attend the meetings of the Supervisory Board and take part in decision-making in a purely advisory capacity with no voting rights.

16.5. Corporate governance declaration

As part of its development and with a view to listing its shares for trading on the Euronext Paris regulated market, the Company has undertaken an overall assessment of its corporate governance principles.

In the interests of transparency and public information, the Company intends, from the moment its shares are listed for trading on the Euronext Paris regulated market, to comply with the Middlenext Code of Corporate Governance for Listed Companies published in September 2016 (to the extent that the principles enshrined in it are compatible with the organization, size, means and shareholding structure of the Company).

The information in the table below is provided as a description of the actions that have already been taken by the Company in this regard and the Company's commitments for the future. This table therefore provides details on the progress of the Company's assessment and actions in application of the principles of the Middlenext Code:

Middlenext Code recommendation	Adopted	Will be adopted if applicable	Will not be adopted
Supervisory power			
R1 Ethics of Board members	X	--	--
R2 Conflicts of interest	X	--	--
R3 Composition of the Board – Existence of independent members	X	--	--
R4 Providing information to Board members	X	--	--
R5 Organizing Board and Committee meetings	X	--	--
R6 Establishing Committees	X	--	--
R7 Establishing internal regulations for the Board	X	--	--
R8 Selecting each director	X	--	--
R9 Terms of office of Board members	X	--	--
R10 Compensation of the director	--	--	X [(1)]
R11 Implementing an evaluation of the Board's work	X	--	--
R12 Relationships with "shareholders"	X	--	--
Executive power			
R13 Specification and transparency of the compensation of the executive corporate officers	X	--	--
R14 Preparing the succession of executives	--	X	--
R15 Combination of employment contract and corporate office	X	--	--
R16 Severance payments	--	X	--
R17 Supplementary pension schemes	--	X	--
R18 Stock options and bonus share awards	--	X	--
R19 Review of points to be monitored	X	--	--

(1) The Company does not intend to set up fixed compensation (attendance fees), variable compensation or other compensation for members of the Supervisory Board, except in the form of share subscription warrants, the subscription price of which will be equal to the market value that will be validated by an independent expert for any issues decided after the admission of the Company's shares to trading on the regulated market of Euronext Paris.

The internal regulations of the Supervisory Board, adopted subject to the condition precedent that the Company's shares are listed for trading on the regulated market of Euronext Paris, set out the principles that govern the composition of the Board. The Supervisory Board must include at least two independent members as defined in the Middlenext Code. As of the date of this *document de base*, the Supervisory Board had four members.

The internal regulations of the Supervisory Board, as well as the special committees described therein, supplement the legal and regulatory provisions in compliance with the French Commercial Code and the Middlenext Corporate Governance Code.

The Company has two special committees established by the Supervisory Board: the Audit Committee and the Compensation Committee, described in section 16.3 of this *document de base*.

As of the date of the *document de base*, the Supervisory Board included two women, making up 40% of the members of the Supervisory Board.

16.6. Internal control

For the fiscal year ended March 31, 2018, as its shares were not listed for trading on any regulated market, the Company was not required to report on the composition of the Supervisory Board, or on the conditions of preparation and organization of the Board's work and the internal control and risk management procedures adopted by it.

From the fiscal year ending March 31, 2019, in accordance with the requirements introduced by Order 2017-1162 of July 12, 2017 stipulating various measures to simplify and clarify companies' duties of information, the Company will be required to issue a report on corporate governance prepared by the Supervisory Board, on which the Statutory Auditors will prepare a report.

The internal control rules to be established within the Company will be determined by the Executive Board.

In particular, they will aim to ensure, within the Company, that:

- the laws and regulations that apply to the Company's subsidiaries and facilities are followed;
- internal guidelines, policies and procedures and the good practices set out by the Company's management are effectively applied;
- the Group's assets are safeguarded;
- the financial information and the statements submitted to the corporate bodies and published are reliable and truthful;
- the identified risks resulting from the Company's activities are prevented and contained; and
- operational activities are optimized.

From the fiscal year ending March 31, 2019:

- a corporate governance report will be prepared by the Supervisory Board; and
- provided that the Company's shares are listed for trading on a regulated market before the end of this fiscal year, once per year, the Chairman of the Supervisory Board will invite the members to give their opinions on the operation of the Supervisory Board and the preparation of its work. This discussion will be recorded in the minutes of the meeting.

As of the registration date of this *document de base*, the Group already had internal control procedures in place relating to the reliability of the financial and accounting information, and is engaged in a process of improving its internal control procedures. With a view to maintaining a

sustained increase in activity, the Group will continue to strengthen its financial and accounting teams in order to:

- monitor the production of the financial statements of the subsidiaries and the Group;
- reinforce the application of the Group's common financial and internal control procedures;
- accelerate the production and analysis of the key performance and control indicators set out in the monthly reports.

The teams will also ensure that assistance and supervision are in place for the production of the financial statements for each of the companies and for each of their activities.

The Group drafts a monthly report for each of its development projects, based specifically on the following data: "FTE" (Full-Time Equivalent) and hours spent on each project, resources used and expenses by department. This monitoring leads to the recognition of income according to the terms of each contract. Furthermore, available cash is monitored on a regular basis (weekly and monthly), depending on the activities performed with the Group's partners, and the completion of stages related to the development of its products. Reconciliation with the annual budget or forecasts made during the year takes place on a quarterly basis. Incoming payments from partners are monitored monthly.

Spot financial audits may be carried out on the subsidiaries in the course of the year in order to enhance the reliability of the management forecasts and the annual financial statements. This audit role is currently carried out by the Group's Chief Financial Officer.

The Group also brings in external experts in cases where certain problem areas (such as accounting and tax matters) require particular expertise when calculating or selecting the most appropriate method to present the relevant financial information.

The Group produces all the financial statements for the French companies internally with the assistance of experts. However, for the foreign companies (CM Biomaterials B.V. and MedinCell Corporation), the internal teams are assisted by local experts.

Consolidation to IFRS is carried out with the support of experts from a reputable firm.

The main accounting options for the parent company financial statements (in France and abroad) and the consolidated financial statements are mentioned and shared with the Statutory Auditors ahead of the fiscal year-end.

16.7. Information on corporate social responsibility

For the fiscal year ended March 31, 2018, given that the Company's shares had not yet been admitted to trading on a regulated market, and that the Company did not exceed the thresholds provided for by Articles L. 225-102-1 and R. 225-104 to R. 225-105 of the French Commercial Code, it was not bound by the obligation to draft an non-financial performance report.

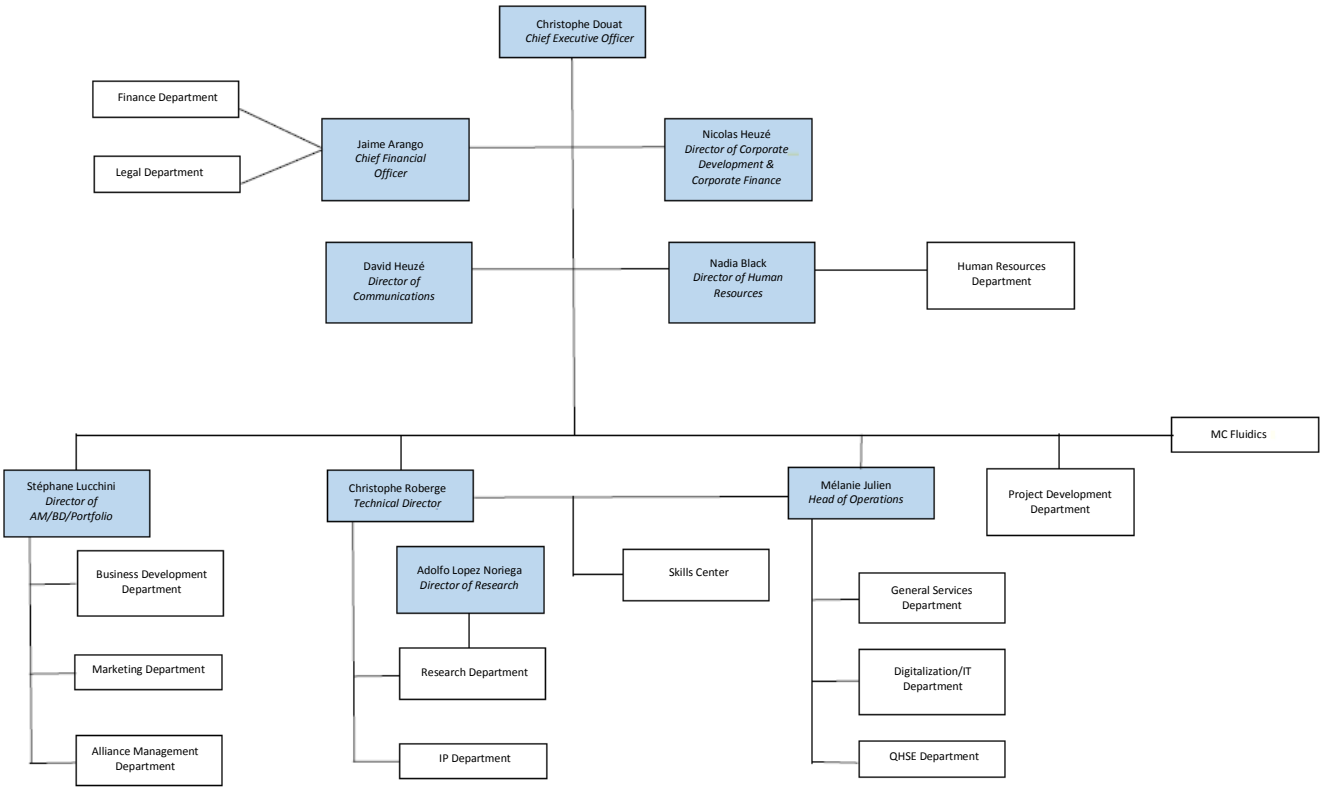
From the year ending March 31, 2019, and in accordance with the legal provisions, the Company will be required to provide social, environmental and societal information as part of its management report, which will be subject to a report by an independent third party.

17. EMPLOYEES

17.1. Number of employees and distribution by role

The Company's workforce included 110 employees for the fiscal year 2017–2018, compared to 95 employees for the fiscal year 2016–2017 (see Note 20 to the IFRS financial statements in Chapter 20, "Financial information on the Group's assets, financial position and performance" of this *document de base*).

As of the date of this *document de base*, the Company's operational organization chart was as follows:



The Company's senior managers possess significant experience in their respective fields. This experience is summarized in section 14.1.1 of this *document de base*.

17.2. Information about the employees

As of March 31, 2018, the Company's workforce by category was divided up as follows:

- 77 employees in Research and Development;
- 9 employees in Business Development; and
- 24 Administrative Staff members.

17.3. Investments and subscription options of the members of management

See Chapter 15, “Compensation and Benefits” in this *document de base*.

17.4. Employees’ ownership interest in the Company

Certain Company employees hold stock warrants, founders’ stock warrants or stock subscription options that may, as of the date of this *document de base*, give them a 2.54% interest in the share capital of the Company on a non-diluted basis if exercised in full (see section 21.1.4 of this *document de base*).

17.5. Mandatory and optional profit-sharing contracts

None.

18. MAIN SHAREHOLDERS

18.1. Distribution of capital and voting rights

The distribution of the capital and voting rights of the Company as of the date of this *document de base* is presented in the table below:

	Non-diluted basis	
	Number of shares (1)	% of capital and voting rights (2)
TOTAL Nguyen Family	**4,320,543**	**29.83%**
Anh Nguyen	1,998,243	13.80%
Sabine Nguyen	2,322,300	16.04%
TOTAL Executive Board, Supervisory Board and Managers	**2,954,379**	**20.40%**
Christophe Douat	609,060	4.21%
Nicolas Heuzé	322,226	2.23%
Jaime Arango	25,001	0.17%
Managers	699,602	4.83%
Franck Sturtz	1,187,200	8.20%
Other members of the Supervisory Board	111,290	0.77%
Employees	**2,371,878**	**16.38%**
CM-CIC Innovation	**894,568**	**6.18%**
Former employees and consultants and affiliates	**3,879,299**	**26.79%**
Other	**60,933**	**0.42%**
TOTAL	**14,481,600**	**100.00%**

(1) The Company's share capital consists solely of ordinary shares.

(2) Once the Company's shares have been listed for trading on the Euronext Paris market, the Company's Articles of Association will grant double voting rights in accordance with Article L.225-123 of the French Commercial Code.

It is specified that 1,191,045 Seventure convertible bonds, 895,523 BNP Paribas Développement convertible bonds and 59,192 CM-CIC Innovation convertible bonds will be compulsorily and immediately repaid as new ordinary shares in the event of, and on the settlement/delivery date of, the IPO.

The number of shares that will then be held by each of the holders of the CBs issued as redemption for the CBs will be calculated based on said IPO price.

A premium on the nominal amount of the convertible bonds will be applied, for the purposes of their redemption, equal to (i) 25%, if the IPO price is strictly less than €8 (for shares with a par value of €0.01); (ii) between 25% and 55% (on the following straight-line basis of calculation 25 + [30 × (IPO price – 8) / 6]%) if the IPO price is between €8 and €14 (for shares with a par value of €0.01); or (iii) 55%, if the IPO price is strictly greater than €14 (for shares with a par value of €0.01).

This nominal amount, plus the premium mentioned above, in addition to interest capitalized at the annual rate of 3% for the purpose of redemption in the event of an IPO of the Company on the nominal

amount, not including the CBs of each of the CB holders, will then be divided by the price of said IPO in order to obtain the final number of shares that will be held by each of the CB holders in redemption of the CBs.

Furthermore, as of the date of this *document de base*, a total of 29,905 dilutive instruments (including 3,009 stock warrants and 26,896 founders' stock warrants), granting rights to 417,250 ordinary shares of the Company, were outstanding.

18.2. Major shareholders not represented on the Executive Board or the Supervisory Board

As of the date of this *document de base*, all major shareholders with the exception of Sabine Nguyen, the wife of Anh Nguyen, Chairman of the Supervisory Board, were non-voting members or members or were represented on the Executive Board and Supervisory Board of the Company.

18.3. Voting rights of main shareholders

In accordance with the provisions of Article L.225-123 of the French Commercial Code and Article 10.2 of the Articles of Association, voting rights that are double those associated with other shares with regard to the portion of the share capital they represent are allocated to all fully paid-up shares for which proof of registration for at least two years in the same shareholder's name has been given.

This right is also granted, from the time of issue in the event of a capital increase by capitalizing reserves, earnings or issue premiums, to registered shares awarded free of charge to a shareholder for old shares for which the shareholder benefits from such a right.

18.4. Control of the Company

As of the date of this *document de base*, no individual shareholder had control of the Company or held a percentage that could allow that shareholder to assume control of the Company within the meaning of the provisions of Article L.233-3 of the French Commercial Code.

However, there is a shareholders' agreement in place, entered into on July 13, 2018 for a period of six years (automatically renewable for three years), between all the Company's shareholders as of the date of this *document de base*, all of the holders of SWs, FSWs and the holders of CM-CIC Innovation convertible bonds, Seventure convertible bonds and BNP Paribas Développement convertible bonds (the "**Parties to the Agreement**") and the Company, subject to the condition precedent of the IPO (the "**Agreement**"). The Agreement does not constitute an action in concert.

The main provisions of the Agreement are as follows:

- A coordinated sale procedures, for a period of twenty-four (24) months from expiry of the retention commitments agreed with the banking institutions handling investment in connection with the proposed IPO (see section 18.7 of this *document de base*).

  Each party to the Agreement, except CM-CIC Innovation, Seventure and BNP Paribas Développement funds, i.e. a total of 163 shareholders, undertakes to conduct any sale of the Company's shares that represents less than 0.5% of the capital on a fully diluted basis on the date of this planned sale of shares through a financial institution selected by the Company, which must act independently of the Company. It is noted that, at the date of this *document de base*, 136 current shareholders of the Company that are parties to the Agreement (excluding CM-CIC Innovation, the Seventure funds and BNP Paribas Développement) hold less than 0.5%

of the Company's capital, representing 13.69% of the share capital on a fully diluted basis at the date of the *document de base*, excluding CBs subscribed by CM-CIC Innovation, Seventure funds and BNP Paribas Développement).

Sale requests will be irrevocable and must be sent to the financial institution within the first two (2) business days of each month by any selling shareholder (excluding CM-CIC Innovation, Seventure funds and BNP Paribas Développement). The financial institution appointed by the Company will make its best efforts to ensure the proper execution of sale requests and will distribute the income from sales orders between selling shareholders, in proportion to their orders received, at the start of the month on the principle of equal treatment between selling shareholders.

- A pre-emption right, for a period of sixty (60) months from expiry of retention commitments agreed with the banking institutions handling investment in connection with the planned IPO, on shares subject to an off-market sale, to an identified purchaser.

  This pre-emption right is granted by and in favor of each of the Company's current shareholders and holders of SWs, FSWs (i.e. the Parties to the Agreement with the exception of CM-CIC Innovation, the Seventure funds and BNP Paribas Développement).

  It will be implemented in the event of a plan to sell a number of shares representing more than 0.5% of the Company's share capital on a fully diluted basis on the date of the planned sale of shares. Planned sales of shares representing a portion of the capital exceeding 0.5% on a fully diluted basis, which are not sent to an identified third party, will not be subject to the pre-emption right. Company shareholders who are Parties to the Agreement thus retain the option to sell their securities freely on the market.

  On finding a third-party purchaser, the transferring Party must then offer beneficiaries of the pre-emption right, by way of notice to the Company's legal representative acting as the Agreement's representative, who will immediately notify all shareholders benefiting from the pre-emption right, the opportunity to purchase the shares under the same terms as the third-party purchaser. Beneficiary shareholders of this pre-emption right will have a period of five (5) business days from receipt of this notification to inform the transferring Party, in the same way, if they wish to acquire all or some of the shares sold in this context. In the event that the right of pre-emption is exercised for all the shares proposed, the transferring party must transfer its securities to the Parties to the Agreement that exercised their right of pre-emption. If this exercise does not take place, then the transferring party may freely transfer its securities to the third-party purchaser.

- A right of first offer, for a period of sixty (60) months from expiry of any lock-up commitments agreed with the banks in charge of the investment in connection with the planned IPO.

  This right of first offer is granted by CM-CIC Innovation, the Seventure funds and BNP Paribas Développement in favor of Anh Nguyen. It will be implemented in the event of a plan to sell shares representing more than 0.5% of the Company's share capital on a fully diluted basis by CM-CIC Innovation, Seventure funds or BNP Paribas Développement on the date of the planned sale of shares. Before being able to make a transfer to a third party, they must then give Anh Nguyen the option to acquire the shares they intend to sell. Mr Anh Nguyen will have a period of ten (10) business days from receipt of notification of the planned sale to notify CM-CIC Innovation, Seventure funds or BNP Paribas Développement of his desire to acquire the shares sold in this context. If no agreement is reached, the transferors will not be able to carry out the

planned sale in favor of a third party on less favorable terms than those put forward, where appropriate, by Mr Anh Nguyen.

18.5. Agreements that could lead to a change in control

To the Company's knowledge, there is no agreement in place that could lead to a change in control of the Company.

18.6. Status of pledges of Company shares

Not applicable.

18.7. Lock-up commitment

Upon signature of the Agreement, all of the Company's shareholders as of the date of this *document de base*, all of the holders of SWs, FSWs and holders of CM-CIC Innovation, Seventure and BNP Paribas Développement convertible bonds made an irrevocable commitment to the financial institutions handling the placement in connection with the proposed admission to trading of the Company's shares on the regulated market of Euronext Paris, whether directly or indirectly, and until a period of 360 days has elapsed following the settlement date of the proposed admission, not to offer, pledge, loan, transfer, assign or promise to assign any shares in the Company or securities giving entitlement, immediately or in the future, to shares in the Company which they hold now or in the future by the exercise of securities granting access to capital, or enter into any other agreement or transaction that has an equivalent economic effect, nor formally and publicly express their intention to perform one or more of the operations listed above in this section.

18.8. Changes made in the distribution of capital and voting rights of the Company during the past three financial years

The table below shows the changes made to the distribution of the share capital of the Company over the past three fiscal years:

	3/31/2016	3/31/2016	3/31/2017	3/31/2017	3/31/2018	3/31/2018
	Number of shares	% of capital and voting rights	Number of shares	% of capital and voting rights	Number of shares*	% of capital and voting rights
TOTAL Nguyen Family	**92,893**	**31.87%**	**4,320,550**	**29.98%**	**4,320,543**	**29.90%**
Anh Nguyen	46,447	15.94%	1,998,250	13.87%	1,998,243	13.83%
Sabine Nguyen	46,446	15.93%	2,322,300	16.11%	2,322,300	16.07%
TOTAL Management Board + Supervisory Board + Managers	**77,962**	**26.75%**	**3,912,300**	**27.15%**	**2,942,229**	**20.36%**
Christophe Douat	14,301	4.91%	715,050	4.96%	609,060	4.21%
Nicolas Heuzé	7,566	2.60%	378,300	2.62%	322,226	2.23%
Jaime Arango	-	0.00%	-	0.00%	25,001	0.17%
Managers	16,331	5.60%	823,200	5.71%	697,952	4.83%
Franck Sturtz	23,744	8.15%	1,187,200	8.24%	1,187,200	8.22%
Other members of the Management Board and Supervisory Board	16,020	5.50%	808,550	5.61%	100,790	0.70%
Employees	**61,585**	**21.13%**	**2,042,100**	**14.17%**	**2,353,728**	**16.29%**
CM-CIC Innovation	-	**0.00%**	-	**0.00%**	**894,568**	**6.19%**
Former employees and consultants and affiliates	**30,808**	**10.57%**	**2,591,150**	**17.98%**	**3,879,299**	**26.84%**
Other	**28,229**	**9.68%**	**1,546,050**	**10.73%**	**60,933**	**0.42%**
TOTAL	**291,477**	**100.00%**	**14,412,150**	**100.00%**	**14,451,300**	**100.00%**

(*) On March 16, 2017, the Extraordinary General Meeting of Shareholders of the Company carried out a 50 for 1 share split. The par value was reduced from €0.50 to €0.01.

19. RELATED PARTY TRANSACTIONS

19.1. Intra-Group transactions

The Company directly holds (i) 97.33% of the capital of MedinCell Corporation and (ii) 50% of the capital of CM Biomaterials B.V. See Chapter 7, "Organization chart" of this *document de base*.

The Company and MedinCell Corporation entered into a treasury agreement on February 5, 2010, as amended by supplemental agreement on April 1, 2012. As part of this, the Company granted MedinCell Corporation a debt waiver in the fiscal year ended March 31, 2014, as a gesture of goodwill, of €758,000 with a better fortunes clause.

19.2. Major agreements within the Group with related parties

19.2.1. Agreement entered into with Anh Nguyen

On January 1, 2015, the Company entered into an employment contract for an indefinite period with Anh Nguyen as "Technical Head" with annual compensation at France's minimum wage (SMIC) level. The contract was authorized by the Supervisory Board of the Company on December 30, 2014 and approved by the General Meeting of July 1, 2015. This agreement has continued through fiscal years 2016–2017 and 2017–2018.

19.2.2. Agreement with Nicolas Heuzé

On March 31, 2015, the Company entered into a paid employment contract for an indefinite period, with effect from April 1, 2015, with Nicolas Heuzé as "Group Finance and Corporate Development Officer" with compensation of €109,248 gross per year. The contract was signed before Nicolas Heuzé was appointed to the Executive Board of the Company and is therefore not included in the special reports of the Statutory Auditors of the Company for fiscal year 2015–2016.

Nicolas Heuzé's compensation under his employment contract has, however, been amended to €120,000 gross per year retroactively from August 1, 2016. This amendment to the employment contract was authorized by the Supervisory Board of the Company on February 23, 2017 and approved by the General Meeting on July 5, 2017. For the fiscal year 2017–2018 ended March 31, 2018, the Supervisory Board meeting of July 27, 2017 resolved to amend Nicolas Heuzé's compensation to €123,800 gross per year retroactively from July 1, 2017.

19.2.3. Agreement with Danaë Geraud

On September 30, 2011, the Company entered into a paid employment contract for an indefinite period, with effect from January 2, 2012, with Danaë Geraud as "Administration and Financial Manager" for compensation of €60,000 gross per year. The contract was signed before Danaë Geraud was appointed to the Executive Board of the Company and is therefore not included in the special reports of the Statutory Auditors of the Company for fiscal year 2012–2013. Danaë Geraud left office as a member of the Executive Board of the Company on February 12, 2018.

Danaë Geraud's compensation under her employment contract has, however, been amended to €70,000 gross per year retroactively from May 1, 2016. This amendment to the employment contract was authorized by the Supervisory Board of the Company on May 25, 2016 and approved by the General Meeting on July 5, 2017.

19.2.4. Agreement with Jaime Arango

On May 18, 2017, the Company entered into a paid employment contract for an indefinite period, with effect from August 8, 2017, with Jaime Arango as "Chief Financial Officer" and compensation of €120,000 gross per year. The contract was signed before Jaime Arango was appointed to the Executive Board of the Company and is therefore not included in the special reports of the Statutory Auditors of the Company for fiscal year 2017–2018.

19.2.5. Consulting contract with Health R&D LLC

On March 20, 2017, the Company and Health R&D LLC, managed by Sabri Markabi, signed a consulting contract for an indefinite period in respect of the provision of action plans and consulting in connection with the implementation of the Company's scientific development programs. A total of €25,125 was invoiced by Health R&D LLC calculated on a per diem basis for its services for fiscal year 2017-2018. This contract does not create a dependent relationship between Sabri Markabi, vice-chairman of the Supervisory Board and the Group, given the amounts involved. The contract was signed before Sabri Markabi was appointed to the Supervisory Board of the Company and is therefore not included in the special reports of the Statutory Auditors of the Company for fiscal year 2016–2017.

19.2.6. Agreement with L3S

On May 11, 2016, the Company and L3S, managed by Virginie Lleu, signed a consulting contract for an indefinite period for the provision of support services for future recruitment to the Group of pharmaceutical industry specialists. An amount of €24,657 was paid to L3S for its services for fiscal year 2016–2017, and an amount of €40,000 was invoiced by L3S for its services for fiscal year 2017–2018, on the understanding that these amounts generally include a lump sum payment and payment conditional on the recruitment of a potential candidate. This agreement does not create a dependent relationship between Virginie Lleu and the Group, given the amounts involved. The contract was signed before Virginie Lleu was appointed to the Supervisory Board of the Company and is therefore not included in the special reports of the Statutory Auditors of the Company for fiscal year 2016–2017.

19.3. Statutory Auditors' special reports on related party agreements for the fiscal years ended March 31, 2017 and 2018

19.3.1. Statutory Auditors' special report on the related party agreements for the fiscal year ended March 31, 2018

S.A. MEDINCELL

Address: 3, rue des Frères Lumière

34830 JACOU, France

Statutory Auditors' special report on related party agreements

General Meeting of Shareholders held to approve the financial statements for the fiscal year ended March 31, 2018

This is a free translation into English of the Statutory Auditors' special report on related party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Meeting of Shareholders of MedinCell,

In our capacity as Statutory Auditors of MedinCell, we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-58 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Meeting of Shareholders.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying *document de base*.

1 - AGREEMENTS SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS FOR APPROVAL

Pursuant to Article L.225-88 of the French Commercial Code, we were informed of the following agreements authorized in advance by the Supervisory Board.

1-1 **Nature and purpose**: **compensation of Executive Board members**

Persons concerned:

- Christophe Douat, Chairman of the Executive Board,
- Nicolas Heuzé, member of the Executive Board,
- Danaë Geraud, former member of the Executive Board.

Purpose:

- The amount of compensation payable to Christophe Douat was amended, from €135,000 gross per year to €153,800 gross per year, with retroactive effect from July 1, 2017.

(Agreement authorized by the Supervisory Board on July 27, 2017)

- The amount of compensation payable to Nicolas Heuzé was amended, from €120,000 gross per year to €123,800 gross per year, with retroactive effect from July 1, 2017.

(Agreement authorized by the Supervisory Board on July 27, 2017)

- The amount of compensation payable to Danaë Geraud was amended, from €70,000 gross per year to €73,800 gross per year, with retroactive effect from July 1, 2017.

(Agreement authorized by the Supervisory Board on July 27, 2017)

- Signature of the agreement terminating the employment contract of Danaë Geraud on November 27, 2017, which provides for the payment of specific compensation of €37,712 gross for termination by mutual agreement.

(Agreement authorized by the Supervisory Board on February 12, 2018)

1-2 **Nature and purpose**: **agreement entered into between L3S and MedinCell**

Person concerned:

- Virginie Lleu, member of the Supervisory Board

Purpose:

- The Company entered into an agreement with L3S, managed by Virginie Lleu, to recruit a formulation manager - CMC.
- The fees paid in this respect to L3S for the fiscal year ended March 31, 2018 amounted to €53,340.

(Agreement authorized by the Supervisory Board on November 6, 2017)

1-3 **Nature and purpose: agreement entered into between Health R&D, LLC and MedinCell**

Person concerned:

- Olivier Sabri Markabi, Vice-Chairman of the Supervisory Board

Purpose:

- The Company awarded Health R&D, LLC a contract for consulting and support services pursuant to a consulting agreement dated March 20, 2017. Since then, MedinCell has appointed Olivier Sabri Markabi, the head of Health R&D, LLC, to the Supervisory Board of the Company.
- The fees paid in this respect to Health R&D, LLC for the fiscal year ended March 31, 2018 amounted to €36,855.

(Agreement authorized by the Supervisory Board on November 6, 2017)

2 - AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the performance of the following agreements, which had already been approved by the General Meeting of Shareholders in previous fiscal years, continued during the year.

2-1 **Nature and purpose: Anh Nguyen's employment contract**

Person concerned: Anh Nguyen, Chairman of the Supervisory Board.

Purpose: the amount of the salary of Anh Nguyen, Chairman of the Supervisory Board, for performing his duties as Technical Head under his employment contract, was set at the level of the French minimum wage (SMIC) from January 1, 2015.

2-2 **Nature and purpose: compensation and compensation for removal from office of Christophe Douat**

Person concerned: Christophe Douat, member and Chairman of the Executive Board.

Purpose: Christophe Douat, for his duties as member and Chairman of the Executive Board:

- will receive, with retroactive effect from August 1, 2014, fixed gross annual compensation of €105,000, payable on a monthly basis;

- will receive, with retroactive effect from August 1, 2014, variable gross compensation corresponding to the compensation in place for all group employees, calculated *pro rata temporis* from August 1, 2014;

- may obtain, with retroactive effect from August 1, 2014, on the provision of supporting receipts, the reimbursement of his hospitality and travel expenses, including expenses for travel between his home and the company's registered office in Jacou, as well as his accommodation and meal expenses while in Jacou;

- will be covered by a "GSC" job loss insurance policy (maximum coverage).

In the event of removal without just cause from his office as member and Chairman of the Executive Board, Christophe Douat will automatically receive termination benefits equal to:

- 9 months of the fixed and variable gross remuneration received by Christophe Douat during the 12 months preceding his removal from office if it occurs before July 21, 2016;

- 12 months of the fixed and variable gross remuneration received by Christophe Douat during the 12 months preceding his removal from office if it occurs on or after July 22, 2016.

2-3 **Nature and purpose: debt waiver granted to MedinCell Corporation**

Co-contracting entity: MedinCell Corporation

Person concerned: Anh Nguyen, Chairman of the Supervisory Board of MedinCell S.A. and Chairman of MedinCell Corporation

Purpose: In the fiscal year ended March 31, 2015, MedinCell S.A. granted its subsidiary MedinCell Corporation a debt waiver of €758,000 as a goodwill gesture with a better fortunes clause.

2-4 **Nature and purpose: debt waiver granted to MedinCell Corporation**

Co-contracting entity: MedinCell Corporation

Person concerned: Anh Nguyen, Chairman of the Supervisory Board of MedinCell S.A. and Chairman of MedinCell Corporation

Purpose: In the fiscal year ended March 31, 2017, MedinCell S.A. granted its subsidiary MedinCell Corporation a debt waiver as a goodwill gesture with a better fortunes clause. This debt waiver is broken down as follows: a receivable of US$1,280,596, with US$106,851 in interest and a current account in the amount of €494,704, the overall equivalent value being €1,620,466.

Signed in Angers and Montpellier, May 14, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Becouze
Céline Gianni Darnet	Fabien Brovedani

19.3.2. Statutory Auditors' report on related party agreements for the fiscal year ended March 31, 2017

This is a free translation into English of the Statutory Auditors' special report on related party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of MedinCell, we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-58 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Meeting of Shareholders.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying *document de base*.

1 - AGREEMENTS SUBMITTED TO THE GENERAL MEETING FOR APPROVAL

Pursuant to Article L.225-88 of the French Commercial Code, we were informed of the following agreements authorized in advance by the Supervisory Board.

1-1 Nature and purpose: compensation of Executive Board members

Persons concerned:

- Christophe Douat, Chairman of the Executive Board,
- Nicolas Heuzé, member of the Executive Board,
- Danaë Geraud, member of the Executive Board.

Purpose:

- The amount of Christophe Douat's compensation was amended from €115,000 gross per year to €135,000 gross per year with retroactive effect from August 1, 2016

(Agreement authorized by the Supervisory Board on February 23, 2017)

- The amount of Nicolas Heuzé's compensation was amended from €109,248 gross per year to €120,000 gross per year with retroactive effect from August 1, 2016

(Agreement authorized by the Supervisory Board on February 23, 2017)

- The amount of Danaë Geraud's compensation was amended from €60,000 gross per year to €70,000 gross per year with retroactive effect from May 1, 2016

(Agreement authorized by the Supervisory Board on May 25, 2016)

1-2 Nature and purpose: debt waiver granted to MedinCell Corporation

Co-contracting entity: MedinCell Corporation

Person concerned: Anh Nguyen, Chairman of the Supervisory Board of MedinCell S.A. and Chairman of MedinCell Corporation

Purpose: In the fiscal year ended March 31, 2017, MedinCell S.A. granted its subsidiary MedinCell Corporation a debt waiver of €1,492,473 as a goodwill gesture with a better fortunes clause.

2 - AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Pursuant to Article R.225-57 of the French Commercial Code, we have been informed that the performance of the following agreements, which have already been approved by the General Meeting of Shareholders in previous fiscal years, continued during the year.

2-1 Nature and purpose: Anh Nguyen's employment contract

Person concerned: Anh Nguyen, Chairman of the Supervisory Board.

Purpose: the amount of the salary of Anh Nguyen, Chairman of the Supervisory Board, for performing his duties as Technical Head under his employment contract, was set at the level of the French minimum wage (SMIC) from January 1, 2015.

2-2 Nature and purpose: compensation and compensation for removal from office of Christophe Douat

Person concerned: Christophe Douat, member and Chairman of the Executive Board.

Procedure: Christophe Douat, for his duties as member and Chairman of the Executive Board:

- will receive, with retroactive effect from August 1, 2014, a fixed gross annual compensation of €105,000, payable on a monthly basis;

- will receive, with retroactive effect from August 1, 2014, a variable gross compensation corresponding to the compensation in place for all group employees, calculated *pro rata temporis* from August 1, 2014;

- may obtain, with retroactive effect from August 1, 2014, on the provision of supporting receipts, the reimbursement of his hospitality and travel expenses, including travel expenses between his home and the company's registered office in Jacou, as well as his accommodation and meal expenses while in Jacou;

- will be covered by a "GSC" job loss insurance policy (maximum coverage).

In the event of removal without just cause from his office as member and Chairman of the Executive Board, Christophe Douat will automatically receive termination benefits equivalent to:

- 9 months of the fixed and variable gross remuneration received by Christophe Douat during the 12 months preceding his removal from office if it occurs before July 21, 2016;

- 12 months of the fixed and variable gross remuneration received by Christophe Douat during the 12 months preceding his removal from office if it occurs on or after July 22, 2016.

2-3 Nature and purpose: debt waiver granted to MedinCell Corporation

Co-contracting entity: MedinCell Corporation

Person concerned: Anh Nguyen, Chairman of the Supervisory Board of MedinCell S.A. and Chairman of MedinCell Corporation

Purpose: In the fiscal year ended March 31, 2015, MedinCell S.A. granted its subsidiary MedinCell Corporation a debt waiver of €758,000 as a goodwill gesture with a better fortunes clause.

2-4 Nature and purpose: debt waiver from Anh Nguyen – enforcement of the better fortunes clause

Person concerned: Anh Nguyen, Chairman of the Supervisory Board of MedinCell S.A.

Purpose: On March 15, 2012, Anh Nguyen had issued a debt waiver with a better fortunes clause for €220,000. The better fortunes clause was enforced during the fiscal year and the debt was repaid.

2-5 Nature and purpose: debt waiver from Suppelex – enforcement of the better fortunes clause

Person concerned: Anh Nguyen, Chairman of the Supervisory Board of MedinCell S.A.

Purpose: On December 31, 2008, Suppelex, a former shareholder of MedinCell S.A., granted your company a debt waiver with a better fortunes clause for €86,344. On October 22, 2013, Suppelex was liquidated and all the related rights and benefits were shared between Anh Nguyen and Sabine Hort Nguyen. The better fortunes clause was enforced during the year and the debt was repaid.

Signed in Angers and Montpellier, June 1, 2017

The Statutory Auditors

Becouze		PricewaterhouseCoopers Audit
S. Bertrand Partner	F. Brovedani Partner	C. Gianni Darnet Partner

20. FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS AND LIABILITIES, ITS FINANCIAL POSITION AND ITS NET INCOME

20.1. Audited consolidated financial statements drawn up in accordance with IFRS for the fiscal years ended March 31, 2018 and March 31, 2017

The consolidated financial statements for fiscal years ended March 31, 2017 and March 31, 2018 respectively were redrafted by the Supervisory Board on July 25, 2018.

20.1.1. Audited consolidated financial statements drawn up in accordance with IFRS for the fiscal year ended March 31, 2018

I - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In € thousands)	Notes	March 31, 2018	March 31, 2017
Intangible assets	*5.1*	2,018	1,585
Property, plant and equipment	*5.2*	2,725	2,484
Financial assets and other non-current assets	*5.4*	4,483	2,560
Deferred tax assets	*6.7.3*	2,488	2,674
TOTAL NON-CURRENT ASSETS		**11,714**	**9,302**
Inventory and work in process	*5.15*	1,321	779
Trade receivables	*5.5*	101	933
Other current assets	*5.6*	2,704	2,969
Short-term investments in cash equivalents	*5.7*	722	5,458
Cash and cash equivalents	*5.8*	8,791	3,824
TOTAL CURRENT ASSETS		**13,639**	**13,963**
TOTAL ASSETS		**25,353**	**23,265**

(In € thousands)	Notes	March 31, 2018	March 31, 2017
Capital	*5.9*	145	144
Additional paid-in capital	*5.9*	230	199
Reserves		(2,587)	886
Net income /(loss) for the fiscal year - attributable to owners of the parent company		(9,571)	(3,561)
Equity attributable to owners of the parent company		**(11,783)**	**(2,332)**
Non-controlling interests		34	44
CONSOLIDATED SHAREHOLDERS' EQUITY		**(11,749)**	**(2,288)**
Financial liabilities – non-current	*5.11*	28,692	19,872
Employee benefits	*5.12*	277	193
TOTAL NON-CURRENT LIABILITIES		**28,969**	**20,065**
Financial liabilities – current	*5.11*	2,305	832
Provisions – current portion	*5.13*	415	79
Trade payables		2,441	2,148
Tax liabilities payable on earnings		166	-
Other current liabilities	*5.13*	2,806	2,428
TOTAL CURRENT LIABILITIES		**8,133**	**5,488**
TOTAL LIABILITIES		**25,353**	**23,265**

II – CONSOLIDATED INCOME STATEMENT

(In € thousands)	Notes	March 31, 2018	March 31, 2017
Turnover	*6.1*	6,439	8,533
Other income from continuing operations	*6.1*	1,862	1,421
Revenue	***6.1***	**8,301**	**9,954**
Cost of goods and services sold	*6.2.4*	(218)	(885)
Research and development costs	*6.2.1*	(8,846)	(7,551)
Sales and marketing costs	*6.2.2*	(1,888)	(1,289)
Overheads and administrative costs	*6.2.3*	(4,246)	(2,953)
Recurring operating income / (expense)		**(6,897)**	**(2,724)**
Other operating income / expenses	*6.5*	(481)	(865)
Operating income / (expense)		**(7,378)**	**(3,589)**
Interest income	*6.6*	56	21
Gross borrowing costs	*6.6*	(1,848)	(1,305)
Other financial expenses	*6.6*	(226)	(305)
Other financial income	*6.6*	181	291
Financial income / (expense)		**(1,837)**	**(1,298)**
Share of net income /(loss) of associates		-	-
Income /(loss) before tax		**(9,215)**	**(4,887)**
Tax income / (expense)	*6.7*	(360)	1,350
Net income /(loss)		**(9,575)**	**(3,537)**
- Attributable to owners of MedinCell		(9,571)	(3,561)
- Attributable to non-controlling interests		(4)	24
Earnings /(loss) per share (€)	*6.8.1*	(0.66)	(0.25)
Diluted earnings /(loss) per share (€)	*6.8.2*	(0.66)	(0.25)

OTHER COMPREHENSIVE INCOME

(In € thousands)	March 31, 2018	March 31, 2017
Net income /(loss)	**(9,575)**	**(3,537)**
Other items of comprehensive income /(loss) - recyclable		
Translation adjustments	6	(124)
Other items of comprehensive income /(loss) - non-recyclable		
Actuarial gains and losses on employee benefits, net of tax	7	(17)
- Actuarial gains and losses on employee benefits	*9*	*(25)*
- Tax effect	*(2)*	*8*
Comprehensive income /(loss)	**(9,562)**	**(3,679)**
- Attributable to owners of MedinCell	*(9,552)*	*(3,715)*
- Attributable to non-controlling interests	*(10)*	*37*

III - STATEMENT OF CHANGES IN EQUITY

(In € thousands)	Number of shares	Capital	Additional paid-in capital	Translation adjustments	Consolidated reserves	Net income / (loss)	Equity attributable to owners of the parent company	Non-controlling interests	Consolidated equity
Balance at March 31, 2016	**291,477**	**146**	**179**	**30**	**263**	**622**	**1,240**	**84**	**1,324**
Net income /(loss)	-	-	-	-	-	(3,561)	(3,561)	24	(3,537)
Changes in translation adjustments	-	-	-	(137)	-	-	(137)	13	(124)
Actuarial gains and losses on retirement pension provisions, net of deferred taxes	-	-	-	-	(17)	-	(17)	-	(17)
Other comprehensive income /(loss), net of tax	**-**	**-**	**-**	**(137)**	**(17)**	**-**	**(154)**	**13**	**(141)**
Total comprehensive income /(loss)		**-**	**-**	**(137)**	**(17)**	**(3,561)**	**(3,715)**	**37**	**(3,679)**
Appropriation of net income /(loss) for the prior fiscal year	-	-	-	-	622	(622)	-	-	-
Capital increase	666	-	20	-	77	-	97	(77)	20
Capital reduction	(3,900)	(2)	-	-	-	-	(2)	-	(2)
Share-based payments	-	-	-	-	49	-	49	-	49
50:1 share split	14,123,907	-	-	-	-	-	-	-	-
Balance at March 31, 2017	**14,412,150**	**144**	**199**	**(107)**	**994**	**(3,561)**	**(2,331)**	**44**	**(2,288)**
Net income /(loss)	-	-	-	-	-	(9,571)	(9,571)	(4)	(9,575)
Changes in translation adjustments	-	-	-	12	-	-	12	(6)	6
Actuarial gains and losses on pension provisions, net of deferred taxes	-	-	-	-	7	-	7	-	7
Other comprehensive income /(loss), net of tax	-	-	-	**12**	**7**	**-**	**19**	**(6)**	**13**
Total comprehensive income /(loss)	**-**	**-**	**-**	**12**	**7**	**(9,571)**	**(9,552)**	**(10)**	**(9,562)**
Appropriation of net income /(loss) for the prior fiscal year	-	-	-	-	(3,561)	3,561	-	-	-
Capital increase	39,150	-	31	-	-	-	31	-	31
Share-based payments	-	-	-	-	70	-	70	-	70
Balance at March 31, 2018	**14,451,300**	**144**	**230**	**(95)**	**(2,490)**	**(9,571)**	**(11,783)**	**34**	**(11,749)**

IV - CONSOLIDATED STATEMENT OF CASH FLOWS

(In € thousands)	Notes	March 31, 2018	March 31, 2017
Net income /(loss)		**(9,575)**	**(3,537)**
Income and expenses with no cash impact or not related to operations		**3,368**	**1,556**
- Elimination of provisions	*6.4*	453	38
- Elimination of depreciation / amortization on property, plant and equipment and intangible assets	*6.4*	658	552
- Charges relating to share-based payments	*5.10*	70	36
- Cost of net financial debt	*6.6*	1,792	1,393
- Elimination of tax expense (tax income)	*6.7*	360	(1,352)
- Income from disposal of assets		80	-
- Better fortunes clause		-	306
- Other non-cash income and expense items		(45)	583
Change in working capital requirement		**781**	**(1,412)**
- Inventory	*5.15*	(679)	(759)
- Net trade receivables	*5.5*	829	1,225
- Trade payables		434	498
- Other operating receivables	*5.14/5.6*	(181)	(1,019)
- Other operating payables	*5.13*	378	(1,357)
Income taxes paid		-	-
NET CASH FROM / (USED IN) OPERATIONS		**(5,426)**	**(3,393)**
Acquisition of property, plant and equipment	*5.3*	(558)	(1,346)
Acquisition and production of intangible assets	*5.3*	(630)	(485)
Disposals of property, plant and equipment and intangible assets		-	-
Change in short-term investments	*5.7*	2,528	(3,583)
Change in non-current financial assets	*5.4*	846	(2,500)
Interest income received		56	21
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**2,242**	**(7,893)**
Income from capital transactions, net of fees	*5.9*	31	20
Capital reduction		-	(2)
Buyback of non-controlling interests		-	(2)
Debt taken out	*5.11*	10,955	18,040
Repayments of financial liabilities	*5.11*	(2,637)	(3,144)
Interest paid		(196)	(270)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**8,153**	**14,642**
Impact of non-monetary items and exchange rate fluctuations		(2)	(168)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**4,967**	**3,188**
Cash and cash equivalents – opening balance	*5.8*	**3,824**	**636**
Cash and cash equivalents – closing balance	*5.8*	**8,791**	**3,824**

V - NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

NOTE 1 – GENERAL OVERVIEW

MedinCell Group specializes in the development of processes that use biodegradable polymers to enable the controlled and prolonged release of the active principles of drugs into the human body by means of injection.

The parent company MedinCell S.A is a *société anonyme* (French corporation) with Management Board and Supervisory Board and with its registered office at 3, Rue des Frères Lumières, 34830 Jacou, France.

The consolidated financial statements of MedinCell Group for the fiscal year ended March 31, 2018 were approved for publication by the Management Board on July 25, 2018. They were prepared on a voluntary basis for the purposes of the *document de base* filed with the AMF as part of the planned listing.

NOTE 2 – HIGHLIGHTS OF THE FISCAL YEAR

Progress of programs: 3 products are in development (the first program successfully completed Phase 1 and is now moving into phase 3, another is starting phase 2, and a third is in the preclinical phase).

Start of the work of formulating the first in-house products in the fields of anesthesia, pain-relief and organ transplantation.

Signing of a collaboration agreement with the Bill & Melinda Gates Foundation to develop long-lasting contraceptive products for developing countries (see Note 6.1).

CM-CIC Innovation invested in MedinCell S.A. by buying securities from existing stockholders. (See the allocation of capital in Note 5.9.2).

Additional Research and Development financing by means of (see Note 5.11):

- a 5-year, €7 million bank loan guaranteed at first drawdown as to 50% by the European Union and 50% by MedinCell on the principal outstanding by means of an endowment fund used as collateral (see Notes 5.11 and 5.7);

- the issuance of €4 million in convertible bonds to Seventure Partners;

- the signing of a €20 million loan agreement with the European Investment Bank. No draw-down has yet been made.

New plans for the award of founders' stock warrants and stock warrants for a maximum number of 149,310 possible shares approved by the Extraordinary General Meeting of July 5, 2017 (known as Plan 4) (see Note 5.10).

Completion of tax audit for the fiscal years ended March 31, 2014, 2015 and 2016 as well as VAT audits for these fiscal years up to October 31, 2016. The assessment notified was not material.

Preparation of plans to list on the Paris Euronext market.

NOTE 3 – SUBSEQUENT EVENTS

Two agreements for €3.2 million in convertible bonds were signed in April 2018 with a new fund and with a fund that was already a Group stockholder.

NOTE 4 – ACCOUNTING PRINCIPLES AND METHODS

4.1 – General principals

The consolidated financial statements are presented in thousands of euros and all values are rounded to the nearest thousand, unless stated otherwise.

4.2 – Declaration of compliance

Pursuant to Commission Regulation No 1126/2008 of November 3, 2008, MedinCell Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of the date of preparation of the financial statements.

The international accounting standards include the IFRS and the IAS (International Accounting Standards) and their interpretations by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

- New standards and interpretations applicable from April 1, 2017

The accounting principles used are identical to those used for the preparation of the annual IFRS consolidated financial statements for the fiscal year ended March 31, 2017, with the exception of the new mandatory standards, amendments and interpretations described below.

The Group applied the following new standards, amendments and interpretations adopted by the European Union and mandatory for the Group as from April 1, 2017:

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses;
- Amendments to IAS 7: Disclosure Initiative;
- IFRS improvements (2014-2016 cycle);
- Amendments to IFRS 12: Clarification of the scope of the standard.

The application of these new standards, amendments and interpretations did not have a material impact on the Group's consolidated financial statements.

- Standards and interpretations adopted by the IASB but not yet applicable as of March 31, 2018

Moreover, the Group did not apply in advance any standard, interpretation, amendment or revision that has not yet been adopted by the European Union or which is not mandatory for the financial statements ended March 31, 2018:

Standard / Interpretation	Date of application anticipated by the IASB (fiscal years beginning on or after)	Date of EU application (fiscal years beginning on or after)
IFRS 9 – Financial Instruments	1/1/2018	1/1/2018
IFRS 15 - Revenue from Contracts with Customers and amendments, Date of entry into force of IFRS 15	1/1/2018	1/1/2018
Clarifications to IFRS 15	1/1/2018	1/1/2018
IFRS 16 – Leases	1/1/2019	1/1/2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture	Postponed indefinitely	Suspended
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1/1/2018	Endorsement expected in Q1 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1/1/2018	1/1/2018
Amendment to IAS 28: Exemption from Applying the Equity Method – Measuring an Associate or JV at Fair Value	1/1/2018	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1/1/2018	Endorsement expected in Q1 2018
Amendments to IAS 40: Transfers of Investment Property	1/1/2018	Endorsement expected in Q1 2018
IFRIC 23 Uncertainty over Income Tax Treatments	1/1/2019	Endorsement expected in 2018
IFRS 17 Insurance Contracts	1/1/2021	TBD
Amendments to IFRS 9: Prepayments with Negative Compensation Features	1/1/2019	Endorsement expected in 2018
Amendments to IAS 28: Long-term Interests in Associates and Joint-Ventures	1/1/2019	Endorsement expected in 2018

The process of determining the potential impact of these standards and interpretations on the Group's consolidated financial statements is ongoing:

- IFRS 15 Revenue from Contracts with Customers

This standard redefines the principles of income recognition applicable to all contracts entered into with customers, requiring the application of a 5-step model: identification of the contract(s) with a customer; identification of the various performance obligations in the contract; determination the transaction price of the contract; allocation of the transaction price to the various performance obligations in the contract; and recognition of the revenue when a performance obligation is executed.

The Company ordered an analysis of the impact of IFRS 15 on customer contracts that were in progress during the previous year.

The Company does not expect any significant differences between its current policies and IFRS 15 in terms of the provision of services and sales of polymers.

As regards partnership agreements, the Company expects to apply the following policies:

Identification of Performance Obligations – When a technology license and formulation development service are promised in an agreement, these will be treated as a single Performance Obligation. The license and development are not in fact separate under IFRS 15 because each of the two elements is essential in order to allow customers to reap the benefits of the other element.

Valuation of the transaction price – Pursuant to the principle of capping Variable Counterparties at the highly probable amount (IFRS 15.56), the payments conditional on the achievement of milestones (customer decision to continue development works, success of clinical phases, regulatory authorizations) are excluded from the estimate of the Transaction Price given the high degree of uncertainty pertaining to the achievement of these milestones.

Even after the customer has obtained the marketing authorization and started to market the product, the royalties based on product sales, as well as payments conditional on the achievement of cumulative sales thresholds, shall only be recognized once the sales have been made (or the sales thresholds have been reached), pursuant to the exception on sales-based royalties (IFRS 15.B63)

As such, the Transaction Price (as defined in IFRS 15) only includes: (i) upfront fees, (ii) estimated development fees, (iii) fees for milestones already reached, and (iv) at the appropriate time, royalties relating to sales already made by the customer.

Pace of transfer of control – The technology license, which represents a predominant element of the performance obligation, is considered as a “right of use” (within the meaning of IFRS 15.B56) of the intellectual property of MedinCell, such that it exists at the time the license is granted to the customer. Recognition of income will therefore not be spread over the term of the license.

The single performance obligation including the license and the development will be recognized as development work progresses, since both conditions required by IFRS 15.35 (c) are met: (i) the developed asset has no alternative use for MedinCell; and (ii) MedinCell has an enforceable right to the payment of costs incurred and a reasonable margin, in the event of termination at its behest by the customer.

The cost-to-cost method (costs incurred compared to estimated costs upon completion) is considered the most appropriate so as to measure progress.

Consequently, based on the work carried out to date, the Company does not in practice expect significant impacts from the adoption of IFRS 15 with existing contracts.

- IFRS 16 Leases

The new standard eliminates the distinction between operating and finance leases by requiring lessees to recognize an asset comprising the right to use the leased asset offset against a liability comprising the obligation to pay for this right, subject to exemptions (leases with a reasonably fixed term of less than 12 months or underlying assets with a low value - i.e. where the new unit value is no more than around US$5,000 and which can be used separately). The amortization of the right to use and the interest on the liability are subsequently recognized separately in the income statement.

The Group is currently analyzing the impact of this standard on its net income and equity.

The Group does not expect other new standards / amendments / interpretations to have a material effect on its net income or equity.

4.3 – Basis of measurement used in the consolidated financial statements

The consolidated financial statements were prepared on a going concern and historical cost basis, except with respect to certain assets and liabilities measured at fair value in accordance with the applicable IFRS.

The key accounting principles are presented below.

Going concern

The Company's Management has applied the going concern basis in light of the following key items and assumptions:

- The Company's loss-making position as of March 31, 2018 was due to the innovative nature of the products being developed in-house, which requires a research and development phase and significant financing;

- The cash available as of March 31, 2018 stood at €8.8 million. Forecast revenue, other operating income, and the reimbursement of €1.7 million in research tax credits and availability of funds from the European Investment Bank, should enable the Company to cover its cash requirements over the next 12 months: there are no conditions on the first tranche of €7.5 million under the EIB loan. The other tranches are subject to progress on new collaboration agreements and the strengthening of shareholders' equity.

To cover subsequent requirements, the Company's Management has already taken the following measures to arrange the necessary financing: (i) Discussions with the Company's banking and industrial partners regarding the refinancing of the company (ii) the continued search for investors for the purpose of a private placement (iii) and, depending on financial market opportunities, preparation for the listing of Company shares on the Euronext Paris market. These funds should enable the Company to continue operating through to profitability.

4.4 – Use of estimates

The Group's consolidated financial statements are prepared in accordance with IFRS. Preparing them requires the Management to exercise its judgment and to rely on estimates and assumptions affecting the carrying amount of assets and liabilities, income and expenses. These underlying estimates and assumptions are based on past experience and other criteria considered relevant. Actual results may differ from these estimates. The underlying estimates and assumptions are regularly revised.

The main areas in which Management must use its judgment and make estimates are as follows:

- the measurement of the fair value of share-based payment plans (founders' stock warrants and stock warrants) granted to the founders, the management, certain Group employees and certain service providers. the measurement of this fair value is made using models based on various assumptions (volatility, turnover, exercise period. etc.) (Note 5.10);
- the measurement of employee benefits, and more specifically the retirement benefit obligation (Note 5.12);
- the estimation of flows to repay grants and repayable advances (Note 5.11.2);
- the measurement of the fair value of certain financial instruments (Note 5.11);
- the measurement of the deferred taxes (Note 6.7);
- the measurement of the provisions (Note 6.4).

4.5 - Consolidation method

The financial statements of the two subsidiaries are prepared over the same reporting period as the parent company, using consistent accounting principles.

	Country	March 31, 2018		March 31, 2017		Method of consolidation
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest	
MedinCell SA	France	100%	100%	100%	100%	Parent company
MedinCell Corp	USA	100%	97.33%	100%	97.33%	Fully consolidated companies
CM Biomaterials	Netherlands	50%	50%	50%	50%	Fully consolidated companies

Subsidiaries under Group control are consolidated using the full consolidation method.

Companies in which the Group has a significant influence and joint-ventures are consolidated using the equity method.

CM Biomaterials B.V. is owned 50% by the Group and 50% by a third party, Corbion. The company was incorporated as a joint-venture in the Netherlands in August 2015. The shareholders, MedinCell S.A. and Corbion, hold equal shares in the company. Its purpose is to manufacture and sell the polymers needed to develop and sell pharmaceutical products, in particular by players with a license to use the Bepo technology. As part of the contractual relations between the two shareholders of CM Biomaterials B.V. which govern its operations, MedinCell enjoys special rights which allow it, for the most part, to unilaterally select the new customers with which CM Biomaterials B.V. will work, and to set its authorized selling price. In view of these features, and the rules set out by IFRS in this domain, the Group considers that it controls CM Biomaterials B.V. and consolidates the company according to the full consolidation method.

Should the accounting methods applied by the subsidiaries, joint activities, joint-ventures and equity affiliates not comply with those applied by the Group, the necessary amendments are made to the

financial statements of said companies, so as to make them compatible with the accounting principles used by the Group.

4.6 – Functional currency and translation of financial statements denominated in foreign currencies

Since the Parent Company's functional currency is the euro, the consolidated financial statements are presented in thousands of euros. The statement of financial position of consolidated entities that use a functional currency other than the euro are translated into euros at the closing exchange rate (the rate at the end of each period), while their income statement, other comprehensive income and statement of cash flows are translated at the average exchange rate for the period. Any translation adjustments are recognized in other comprehensive income and accumulated in equity under "Translation Reserve" (and allocated to any non-controlling interests).

4.7 – Translation of foreign currency transactions

Foreign currency transactions are translated into euros at the exchange rate applicable on the transaction date. At the end of each period, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate prevailing on that date.

Any resulting foreign exchange gains and losses are recognized under "Other financial income and expenses" and included in "Financial income /(expense)" in the consolidated income statement, except for foreign exchange gains and losses on monetary items that are part of a net investment in a foreign operation, which are recognized in other comprehensive income. They will be reclassified from equity to profit or loss on disposal of the net investment.

4.8 – Intangible assets

Intangible assets are measured using the amortized cost method (historical cost on the date of initial recognition plus subsequent depreciable expenses, less accumulated amortization and impairment losses).

When their useful life is defined, intangible assets are amortized over the useful life expected by the Group. This period is determined on a case-by-case basis having regard to the nature and characteristics of the items included under this heading.

Patents are capitalized at their acquisition cost and are amortized over their useful life, which cannot exceed the period of protection, namely around 20 years in the pharmaceutical industry.

In accordance with IAS 38 Intangible Assets, the in-house research costs are expensed as incurred under "Research and Development Costs".

Development expenses are capitalized when they satisfy the following criteria defined by IAS 38: the technical feasibility required to complete the project, the Group's intention to complete the project, the ability to use the asset, the probability of expected future economic benefits from the asset, availability of resources, and the reliable measurement of development expenses.

In light of the high level of uncertainty surrounding the BEPO® technology development projects conducted by the Group, these conditions are only satisfied when the regulatory procedures required for the marketing of the products have been finalized.

As the bulk of expenditure is incurred prior to this stage, internal development costs arising before the MA is secured, consisting primarily of feasibility research and clinical development costs, are

expensed in the year in which they are incurred, under the “Research and Development Costs ” line item.

However, MedinCell is developing a machine designed to improve formulation analyses and automatic characterization of release. This prototype meets the criteria necessary to capitalize development costs.

Intangible assets also include patent filing costs. Amortization of patent filing costs is booked from the official date of approval of the filing by the relevant bodies.

The residual values and useful lives are reviewed at each reporting date and, where necessary, adjusted.

4.9 – Property, plant & equipment

Property, plant and equipment is recognized at acquisition cost or, if applicable, at production cost, less accumulated depreciation and any impairment losses.

Subsequent costs are included in the carrying amount of the asset or, if applicable, may be recognized as a separate asset if it is likely that the future economic benefits from the asset will flow to the Group and that the cost of the asset may be reliably measured.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Laboratory equipment	5 to 10 years
Miscellaneous fixtures and fittings	3 to 15 years
Office equipment and computer hardware	2 to 3 years
Other property, plant and equipment	5 to 10 years

The residual values and useful lives are reviewed and, if applicable, adjusted at each reporting date.

The carrying amount of an asset is immediately depreciated to reduce it to the recoverable amount when the carrying amount of an asset exceeds its estimated recoverable amount (see Note “4.10 - Impairment of Assets”).

The net amount of depreciation for property, plant and equipment is broken down by their ultimate use in the income statement.

Property, plant and equipment under construction consists of equipment being installed for the laboratory. Depreciation will be booked once the equipment is ready to use.

The company does not build its own machines.

4.10 – Impairment of assets

In accordance with the provisions of *IAS 36 – Impairment of Assets*, when an event or a change in market conditions creates an impairment risk for an item of property, plant and equipment or an intangible asset, its carrying amount is reviewed to ensure it remains below its recoverable amount. The recoverable amount is the higher of the fair value minus selling costs and its value in use. The value in use is measured by discounting future cash flows expected to be generated from the continued use of the asset and its ultimate disposal. The recoverable amount on the reporting date reflects the commercial progress of the products as well as technological developments.

If the recoverable amount falls below the carrying amount, an impairment loss for the difference between these two values is immediately recognized in profit or loss.

An impairment loss recognized for an item of property, plant and equipment or an intangible asset with a definite useful life may be reversed if the recoverable amount once again exceeds the carrying amount. The reversal may not, however, exceed the amount initially recognized.

4.11 – Inventories

In compliance with IAS 2, inventories are measured at the lower of cost and net realizable value, using the "first in, first out" method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 – Leases

Where material, assets acquired under finance leases are adjusted in the consolidated financial statements.

In accordance with IAS 17, leases are classified as finance leases where they transfer substantially all the risks and rewards incident to ownership of the leased assets to the lessor. In this case, the assets financed in this way are recognized as assets on the balance sheet at their value in the lease (representing their cost of acquisition, or the present value of the minimum lease payments if lower), they are depreciated over their probable useful life, the corresponding financial debt is recognized as a liability, and the finance lease payments are split between loan repayments and interest.

The Company currently has two finance leases for analysis equipment. These are restated in line with IAS 17 in the Group's consolidated financial statements.

4.13 – Financial assets

Financial assets, excluding cash and derivatives, comprise loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are included in current assets, excluding assets maturing over twelve months after the reporting date. Loans are measured at amortized cost using the effective interest rate method. The recoverable amount of loans and receivables is examined whenever there is an indication that the asset may have suffered an impairment loss, and at least at each reporting date. If the recoverable amount is less than the carrying amount, an impairment loss is immediately recognized in the consolidated income statement.

Management regularly reviews and measures the recoverable amount of trade receivables. When the recoverable amount is below the net carrying amount, a provision for impairment or a loss on a bad debt is recognized in profit or loss. This evaluation of credit risk is based on past experience of debt

recovery and payment default, the age of receivables that are past due, and the payment terms granted. A receivable is considered past due when the payment has still not been made on the contractually agreed date.

4.14 – Short-term investments

These are securities held for short-term trading purposes that don't satisfy the criteria for classification as cash equivalents as defined in IAS 7 but that can be rapidly realized. These financial assets are measured at fair value (market value) on the reporting date and changes in fair value are recognized in profit or loss.

4.15 – Cash and cash equivalents

Cash includes current banking account balances.

Cash equivalents include mutual funds (SICAV), term deposits and financial investments, which can be rapidly realized or sold (with a term of less than three months) and which have a negligible risk of a change in value in the event of changes in interest rates. Cash equivalents are classified as financial assets held for trading: they are measured at fair value and changes in fair value are recognized in profit or loss. Given the nature of these assets, their fair value is generally close to their net carrying amount.

Bank overdrafts are included in current financial debt.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and cash equivalents as defined above, net of current bank overdrafts.

4.16 – Share-based payments

Stock warrants and founders' stock warrants are awarded to management, to certain employees or to members of the Group's Executive Board and Supervisory Board. In accordance with IFRS 2, such equity instrument awards are measured at fair value on the award date. The fair value is determined using the most appropriate valuation model having regard to the characteristics of each plan.

The fair value determined on the date of the award is recognized under employee benefit expenses (and allocated by function in the consolidated income statement) on a straight-line basis over the vesting period, offset by the corresponding increase in equity.

At each reporting date, the Group reviews the number of options that may become exercisable. Where applicable, the impact of a revised estimate is recognized in the consolidated income statement, offset by a corresponding adjustment to equity.

4.17 – Measurement and recognition of financial liabilities

Financial liabilities are initially recognized at fair value on the date of the transaction. They are subsequently measured at amortized cost using the effective interest rate (EIR) method.

The EIR is the rate that brings expected future cash outflows to the present net carrying amount of the financial liability in order to calculate its amortized cost.

Convertible bonds are bonds that are redeemable for a variable number of shares, using a variable exchange ratio, and do not bear interest. Redemption for a variable number of shares means that the convertible bonds are classified as a hybrid instrument, comprising:

- a debt component (host contract), representing the obligation on the issuer to deliver a variable number of its own shares (IAS 32.11a);

- no equity component because there is no discretionary interest coupon; and

- an embedded derivative, namely the cap and/or floor on the number of treasury shares delivered on redemption.

These bonds are generally measured at their fair value on each reporting date because the company has chosen to apply the fair value option. The changes in fair value are recognized in financial income.

4.18 – Employee benefits

In line with the legislation and practices in force in the countries in which the Company operates, employees may receive benefits when they retire, or indeed pensions during their retirement. Contributions paid under defined contribution plans are expensed when they become due, the Group having no liability beyond the contributions paid.

In accordance with IAS 19, the Group's obligation under defined benefit plans is measured using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The final obligation is then discounted.

The main assumptions used to calculate this obligation are:

- the discount rate;

- the inflation rate;

- the expected rate of salary increase; and

- the staff turnover rate.

Service costs are recognized in profit or loss and allocated by function.

Financial costs are recognized in profit or loss and included in "Financial income /(expense)" in the consolidated income statement.

Actuarial gains and losses are recognized in other comprehensive income. Actuarial gains and losses stem from changes in actuarial assumptions and experience-linked adjustments (the effect of differences between past actuarial assumptions and what actually happened).

4.19 – Provisions

In accordance with IAS 37, the Group only recognizes provisions if the following three conditions are satisfied: an entity has a present (legal or implied) obligation to a third party as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

The determination of the exposure to risk and the recognition and measurement of provisions relating to ongoing litigation and disputes require a significant amount of judgment and estimates. These judgments and estimates are by nature subject to change if new information or new evidence become available.

4.20 – Grants and contingent advances

Since its founding, the Group has, because of its innovative nature, received various forms of assistance from the State or government agencies designed to fund its activities or specific new hires. This assistance takes the form of grants or contingent advances.

Grants are recognized when there is reasonable assurance that:

- the Group will comply with any conditions attached to the grants and, that
- the grants will be received.

A government grant receivable in the form of immediate financial support for the Company without related future costs, is recognized as income in the fiscal year in which the receivable accrues. In cases where the grant is intended to offset an expense, it is deducted from this expense in the period during which the expense was incurred.

A loan that, subject to certain conditions, is not repayable is treated as a government grant when there is reasonable assurance that the business will meet the conditions for forgiveness of the loan. Otherwise, it is classified as a financial debt and measured at amortized cost.

The resulting amount of the preferential rate benefit obtained on granting of non-interest bearing repayable advances is treated as a grant. This benefit is determined by applying a discount rate equal to the OAT (fungible French treasury bond) rate, plus a risk premium specific to the company, for the period over which the advances will be repaid.

If there is a change in the anticipated schedule of repayments of repayable advances, the Company recalculates the net carrying amount of the debt resulting from the discounting of the expected new cash flows. The resulting adjustment is recognized in the income statement in the fiscal year in which the change is recognized.

4.21 – Current liabilities

Current liabilities are those liabilities that are to be settled or negotiated in the normal operating cycle or within twelve months of the reporting date.

4.22 – Revenue recognition

The revenue generated by the Group from research partnership agreements and license sales, as well as the sale of polymers.

As of March 31, 2018, the Company was not marketing any product.

Revenue includes research partnership agreements, license sales as well as the sale of polymers.

Collaboration and partnership agreements

Revenue from partnership agreements entered into with pharmaceutical laboratories for research programs. Revenue from these contracts generally consists of:

- non-refundable fixed payments received at the start of the agreement (or upfront payments). These sums are recognized in revenue on the basis of expenses incurred, over the period for the performance of the obligations;

- repayments of research program expenses, which are based on the internal resources allocated to the scientific program in question and are calculated on the basis of the number of Full Time Equivalents (FTEs) allocated, multiplied by an annual invoicing rate. They also include direct costs of equipment and outsourced activities. These payments are recognized as revenue based on the actual progress of the expenses relating to the research program in question;

- non-refundable fixed payments, which accrue upon the completion of specific technical or commercial events (milestones). These payments depend on events beyond the Company's control, which are highly uncertain (decisions of further development on the part of the partner, obtaining marketing authorization, marketing by the partner, etc.). Thus these amounts are recognized in income when their generating event occurs (achievement of milestone).

The revenue from other partnership agreements is recognized in the income statement on the basis of the terms of the contract, and of progress on programs where applicable.

License sales

Revenue from license sales is recognized in the income statement on the basis of the terms of the license agreement. The agreements typically provide for (i) a one-off non-refundable sign-up fee and (ii) royalties based on the key phases defined in detail in the licensees and/or on product or technology sales by license holders:

- Entry fee revenue is recognized when there is no material uncertainty regarding collection, i.e. typically on signature of a fixed-term contract that authorizes the license holder to freely exploit these rights, without any other obligation by the licensor. If subsequent obligations remain to be performed by the Group, and the license is not separable from these obligations, the income is recognized according to the progress of the programs, using the percentage of completion method.

- License royalties are based on:

- the key steps defined in detail in the license agreement;

- and/or on the product or technology sales made by licensees.

They are recognized in accordance with the terms of the license agreement when the triggers can be reliably determined and the collection of the receivables created by royalties to be paid is reasonably assured.

Sale of polymers for preliminary feasibility studies, pre-clinical or clinical studies

Revenue is recognized when all these criteria are satisfied:

- there is evidence of the existence of an agreement between the parties;

- the asset has been delivered or the service performed (delivery generally not passing through the Group);

- the price is fixed and determinable.

Revenue from the sale of products is recognized on transfer to the customer of the risks and rewards of ownership. Revenue is measured at the fair value of the consideration received or receivable. If a

deferred payment has a material impact on the calculation of the fair value, future payments are discounted accordingly.

Any discounts and rebates offered to customers are recognized at the same time as sales. They are deducted from consolidated revenue.

Other income from continuing operations

As a result of the application of IAS 20, Research Tax Credits are shown as an increase in "Other income for continuing operations" in the consolidated income statement.

The *Crédit d'Impôt Recherche* (research tax credit, "CIR") is a French tax incentive designed to stimulate investment in research and development ("R&D"). CIRs are typically deducted from the income tax payable and any portion that has not been deducted after three fiscal years is reimbursed. Since MedinCell is considered to be an SME under EU rules (fewer than 250 employees and less than €50 million in revenue), CIRs are reimbursed each year without having to wait for the 3-year term.

The CIR is calculated on the basis of eligible and declared R&D expenses.

The Company calculated the tax credit using a structured approach and the appropriate methodologies described below:

- The scope of research and development activities qualifying for research tax credits was delimited by analysis of each research project and their progress. Only experimental development expenses were included in the tax credit calculation;

- Depreciation of the fixed assets partly devoted to research activities was used by applying an allocation key determined using objective criteria, such as the time used for qualifying activities and the number of people working on these activities;

- Employee benefit expenses relating to researchers and technicians were calculated on the basis of the internal tracking by means of time-sheets detailing the number of hours spent on the various identified eligible research projects, and the work done and pertaining to the project in question;

- Outsourcing expenses were included where the service provider to which the research work was allocated is established in a Member State of the European Union, or the European Economic Area and if the service provider is authorized by the Ministry for Higher Education and Research.

The Company has a business case and a scientific dossier for each identified qualifying project, thanks to the real-time tracking of research projects and the related technical, human and financial resources.

4.23 – Research and development costs

The "Research and development costs" line item includes charges directly attributable to the research and development activities conducted by the Group in connection with its partnership agreements and, particularly, feasibility and clinical development studies, research activities as well as the strengthening of its intellectual property. These costs mainly include:

- the employee-related expenses allocated to the research programs;

- the outsourcing expenses for the research programs;

- the purchase of the raw materials and consumables necessary for the tests;

- a portion of the overhead;

- the depreciation and impairment expense associated with capitalized development costs.

As indicated in the “Intangible assets” note, internal research costs are expensed. Internal development costs are expensed during the period in which they are incurred where the criteria for capitalization are not satisfied.

4.24 – Sales and marketing costs

This item encompasses all sales and marketing costs, including wages, charges and ancillary costs of dedicated teams, the various external costs incurred for the sales and marketing of products or promoting the Group.

4.25 – Overheads and administrative costs

This item covers all overheads and administrative costs, including wages and charges for the dedicated teams, as well as all other expenses not allocated to the cost of sales, research and development costs or the cost of sales and marketing.

4.26 – Recurring operating income /(expense)

Recurring operating income /(expense) includes all recurring income and costs directly relating to the Group’s activities.

4.27 – Other operating income and expenses

This heading is used in the case of a major event during the accounting period that might paint a false picture of the company’s financial performance.

It includes a very limited number of income and expense items that are unusual because of their frequency, nature or amount.

4.28 – Operating profit (loss)

Operating profit (loss) includes all income and costs that are directly attributable to the Group’s operations, whether or not such income and expenses are recurring or result from one-off decisions or transactions.

4.29 – Income taxes

Deferred taxes are recognized for all temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases, as well as the tax losses. The differences are temporary when it is anticipated they will reverse in the future. Deferred tax assets are only recognized insofar as the Group estimates, on the basis of the forecast tax results expected over the subsequent five fiscal years, that it is probable that a taxable profit will be available, against which these temporary differences and tax loss carryforwards can be offset.

The determination of deferred tax assets requires a significant amount of judgment and the use of estimates by Management. Should future tax results substantially differ from deferred tax assets, the amount involved should be revised accordingly (up or down), resulting potentially in material impact on the Group’s profit or loss.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted. The amounts recognized in the consolidated financial statements are calculated in each tax entity within the scope of consolidation.

4.30 – Segment reporting

In accordance with IFRS 8, the segment reporting is prepared on the basis of internal management data used to analyze business performance and resource allocation.

An operating segment is a separate component of the Group that is engaged in providing distinct products and services, and is subject to risks and returns that are different from the risks and returns of other operating segments.

The Group has concluded that, at this stage of development, its operations consists of a single operating segment: ongoing research and development on processes that use biodegradable polymers to enable the controlled and prolonged release of the active principles of drugs into the human body by means of injection.

The breakdown of revenue is shown in Note 6.1.

4.31 – Basic earnings per share and diluted earnings per share

Basic earnings per share are calculated by dividing the earnings for the fiscal year attributable to Group stockholders by the average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting net earnings for the fiscal year attributable to the owners of the parent company and the weighted average number of ordinary shares outstanding for all dilutive potential ordinary shares. If the inclusion in the calculation of diluted earnings per share of instruments giving deferred capital interests (awards of stock warrants or founders' stock warrants) generates an anti-dilutive effect, such instruments are not taken into account.

Treasury shares deducted from equity are not factored into the calculation of earnings per share or diluted earnings per share.

NOTE 5 – NOTES RELATING TO THE STATEMENT OF THE CONSOLIDATED FINANCIAL POSITION

5.1 – Intangible assets

Movements in the net carrying amount of intangible assets for the periods covered are presented below:

(In € thousands)	March 31, 2017	Movements during the fiscal year			March 31, 2018
		Acquisitions	Disposals and scrapping	Reclassification	
Capitalized development expenses	-	-	-	-	-
Software, patents, licenses	2,034	308	(72)	-	2,270
Intangible assets in progress and down-payments	354	322	-	-	676
Intangible assets	2,388	630	(72)	-	2,946
Capitalized development expenses	-	-	-	-	-
Software, patents, licenses	(803)	(162)	37	-	(928)
Intangible assets in progress and down-payments	-	-	-	-	-
Amortization of intangible assets	(803)	(162)	37	-	(928)
Net intangible assets	1,585	468	(35)	-	2,018

(In € thousands)	March 31, 2016	Movements during the fiscal year			March 31, 2017
		Acquisitions	Disposals and scrapping	Reclassification	
Capitalized development expenses	-	-	-	-	-
Patents	1,899	202	-	(67)	2,034
Assets in progress and down-payments made	71	283	-	-	354
Intangible assets	1,970	485	-	(67)	2,388
Capitalized development expenses	-	-	-	-	-
Patents	(678)	(192)	-	67	(803)
Assets in progress and down-payments made	-	-	-	-	-
Amortization of intangible assets	(678)	(192)	-	67	(803)
Net intangible assets	1,292	293	-	-	1,585

Acquisitions for the year ended March 31, 2018 include €345k in assets generated internally.

The Company continued to consolidate its intellectual property.

Assets in progress mainly consist of a project to develop a prototype intended to improve formulation analyses and automatic characterization of release.

These machines help to analyze in-vitro formulations. They are used at the very beginning of each project during formulation research, before moving on to in-vivo preclinical studies. Use of these machines is independent of obtaining an MA for each of the projects in progress.

Thus costs related to this prototype are activated in accordance with IAS 38, as long as all the required criteria are met.

Following the completion of the first phase, the Company launched the production of new prototypes. As of March 31, 2018, the total amount of costs capitalized in this respect stood at €676k, of which €322k was recognized as assets during the past fiscal year.

5.2 – Property, plant & equipment

Movements in the net carrying amount of property, plant and equipment for the periods covered are presented below:

(In € thousands)	March 31, 2017	Movements during the fiscal year			March 31, 2018
		Acquisitions	Disposals and scrapping	Reclassification	
Laboratory equipment, technical installations	1,489	258	(1)	47	1,795
Equipment on finance leases	-	236	-	-	236
Miscellaneous fixtures and fittings	1,331	82	-	4	1,416
Office, computer and other equipment	301	112	(25)	3	394
Property, plant and equipment in progress and down-payments made	206	106	(46)	(54)	211
Property, plant and equipment	3,326	794	(72)	-	4,052
Laboratory equipment, technical installations	(501)	(247)	-	-	(749)
Equipment on finance leases	-	(22)	-	-	(22)
Miscellaneous fixtures and fittings	(195)	(152)	-	-	(347)
Office, computer and other equipment	(146)	(88)	25	-	(209)
Property, plant and equipment in progress and down-payments made	-	-	-	-	-
Amortization of Property, plant and equipment	(842)	(509)	25	-	(1,327)
Net property, plant and equipment	**2,484**	**285**	**(47)**	**-**	**2,725**

(In € thousands)	March 31, 2016	Movements during the fiscal year			March 31, 2017
		Acquisitions	Disposals and scrapping	Reclassification	
Laboratory equipment	930	458	-	101	1,489
Miscellaneous fixtures and fittings	237	218	-	876	1,331
Office, computer and other equipment	185	102	-	14	301
Assets in progress and down-payments made	629	568	-	(991)	206
Property, plant and equipment	1,981	1,346	-	-	3,326
Laboratory equipment	(315)	(186)	-	-	(501)
Miscellaneous fixtures and fittings	(80)	(115)	-	-	(195)
Office, computer and other equipment	(88)	(58)	-	-	(146)
Assets in progress and down-payments made	-	-	-	-	-
Amortization of Property, plant and equipment	(483)	(359)	-	-	(842)
Net property, plant and equipment	**1,498**	**987**	**-**	**-**	**2,484**

The Company has invested over the period to underpin and maximize its growth, in particular by:

- Fitting out new rooms in the laboratory, particularly a new controlled-atmosphere room;
- Laboratory equipment (UPLC, Glove box…);
- The acquisition of computer hardware mainly linked to the security of servers and data.

The finance leases relate to laboratory analysis instruments for €236k. The two leases were signed with NCM Groupe BNP Paribas during the fiscal year. This finance lease runs for 5 years. These agreements were restated in accordance with IAS 17.

Assets in progress mainly consist of a machine involved in the development of a prototype intended to improve the formulation analyses and automatic characterization of release.

5.3 – Reconciliation of investments with the statement of cash flows

The statement below reconciles the acquisitions made during the fiscal years presented with the information presented in the statement of cash flows:

(In € thousands)	March 31, 2018	March 31, 2017
Purchases and production of intangible assets	(630)	(485)
Acquisition of property, plant & equipment	(794)	(1,346)
Changes in amounts payable on non-current assets	-	-
Acquisition of equipment on finance leases	236	-
Total acquisitions of property, plant & equipment and intangible fixed assets	**(1,188)**	**(1,831)**

5.4 – Financial assets and other non-current assets

Financial assets and other non-current assets break down as follows:

(In € thousands)	March 31, 2018	March 31, 2017
Non-consolidated equity investments	6	6
Deposits and guarantees paid	59	57
General funds – endowment fund	1,652	2,500
Bonds used as collateral - endowment fund	2,324	-
Part of tax receivables at over one year	442	-
Gross financial and other non-current assets	**4,483**	**2,563**
Impairment of non-consolidated investments	-	(3)
Net financial assets and other non-current assets	**4,483**	**2,560**

As of March 31, 2018 they mainly consisted of the following:

- securities of Banque Populaire du Sud held (€6k);
- deposits and collateral for ongoing operations (€59k);
- deposits on endowment fund placed in general funds (€1,652k);
- deposits for the endowment fund invested in bonds, used as collateral for a loan, for the portion over one year (€2,324k);
- The portion of the Research Tax Credit for first quarter 2018, which will become payable in the second half of 2019 (€442k).

5.5 – Trade receivables

The table below breaks down the net carrying amount of trade receivables for the fiscal years presented:

(In € thousands)	March 31, 2018	March 31, 2017
Trade receivables	95	912
Invoices to be issued	6	21
Gross amount at end of period	**101**	**933**
Depreciation	-	-
Net amount at end of period	**101**	**933**

As of March 31, 2018, trade receivables comprised pending payments for Research and Development work that was ongoing or planned. The reduction in the line item as of March 31, 2018 was in particular due to invoicing in advance by partners as of March 31, 2017 for work to be done in the subsequent quarter.

5.6 – Other current assets

The table below breaks down the net carrying amount of other current assets for the fiscal years presented:

(In € thousands)	March 31, 2018	March 31, 2017
Advance payments on orders	21	28
Employee-related receivables	17	10
Tax receivables	2,429	2,792
Prepaid expenses	225	80
Other	12	60
Other current assets, gross	**2,704**	**2,969**
Depreciation	-	-
Other current assets, net	**2,704**	**2,969**

Tax receivables mainly consisted of the portion of the research tax credits relating to 2017 that will become payable in 2018, and VAT credits.

The Company received a refund of €1,337k for the 2016 research tax credit during the past year. MedinCell applied to have the 2017 research tax credit, which totaled €1,728k, refunded in accordance with applicable regulations.

The increase in prepaid expenses was mainly due to sub-contracting costs, insurance premiums and various operating expenses.

Changes in research tax credit (CIR) and innovation tax credit (CII) receivables:

(In € thousands)	CIR	CII	Total
Receivable as of April 1, 2016	**1,268**	**8**	**1,276**
+ Tax receivable recognized over the fiscal year	1,353	68	1,421
- Payment received during the fiscal year in respect of the 2015 CIR	(928)	-	(928)
Other movements	2	-	2
Receivable as of March 31, 2017	**1,695**	**76**	**1,771**
+ Tax receivable recognized over the fiscal year	1,783	79	1,862
- Payment received during the fiscal year in respect of the 2016 CIR	(1,283)	(54)	(1,337)
Other movements	(25)	-	(25)
Receivable as of March 31, 2018	**2,170**	**101**	**2,271**

5.7 – Short-term investments

The table below shows a breakdown of short-term investments for the fiscal years presented:

(In € thousands)	March 31, 2018	March 31, 2017
Endowment fund - Bonds not used as collateral	-	945
Endowment fund - Bonds used as collateral - Current portion	687	-
Term deposits	50	4,513
Short-term investments in cash equivalents	**737**	**5,458**
Unrealized losses on endowment fund	(15)	-
Net short-term investments	**722**	**5,458**

As of March 31, 2018, the Company had:

- €50k in deposit accounts with a maturity of 1 year (compared with €4,513k as of March 31, 2017);
- €4.5 million under an endowment fund (including €2.5 million in the form of general funds bearing interest of around 2% with no principal risk, and €2 million allocated to bonds with a higher rate of interest ranging from 3% to 4%, but with a principal risk in the event of withdrawal before the end of the period), maturing between 2019 and 2022 and an option to withdraw at any time for the portion that is not used as collateral for the banking loan agreement linked to the €7 million loan. The breakdown of the classification of this endowment fund is as follows, given that there had been no draw-down as of March 31, 2017 and that it was drawn down in the fiscal year ended March 31, 2018:

(In € thousands)	IFRS accounting classification	March 31, 2018	March 31, 2017
Endowment fund - Bonds not used as collateral	Current short-term investments	-	945
Endowment fund - Bonds used as collateral - Current portion	Current short-term investments	687	-
Endowment fund - Bonds used as collateral - Non-current portion (> 1 year)	Non-current financial assets	2,324	-
Endowment fund - General funds in euros	Non-current financial assets	1,652	2,500
Uninvested available cash	Cash	-	1,055
Endowment fund		**4,663**	**4,500**
Of which accrued interest and unrealized gains		*163*	-

5.8 – Cash and cash equivalents

The statement below shows the breakdown of the "Cash and cash equivalents" line item on the asset side of the consolidated statement of financial position as well as the "Net cash and cash equivalents" line item, as presented in the consolidated statement of cash flows for each fiscal year presented:

(In € thousands)	March 31, 2018	March 31, 2017
Liquid assets	8,791	3,824
Cash and cash equivalents	**8,791**	**3,824**
Bank overdrafts	-	-
Net cash and cash equivalents	**8,791**	**3,824**

5.9 – Issued capital and reserves

5.9.1 - Share capital and issue premiums

As of March 31, 2016, the capital consisted of 291,477 fully paid-up ordinary shares with a par value of €0.50 each.

The Extraordinary General Meeting of March 16, 2017 decided to divide the par value of the shares of MedinCell SA by fifty, reducing it from €0.50 to €0.01 per share. The share capital of the parent company remained unchanged (€144,122) but was split into 14,412,150 shares with a par value of €0.01 each, and these newly created shares are allocated to existing stockholders at a rate of fifty new shares for each old share.

As of March 31, 2017, the capital consisted of 14,412,150 fully paid-up ordinary shares with a par value of €0.01 each.

As of March 31, 2018, the capital consisted of 14,451,300 fully paid-up ordinary shares with a par value of €0.01 each. In the fiscal year ended March 31, 2018, 39,150 new shares were created to satisfy the exercise of stock warrants (founders' stock warrants and stock warrants).

The table below shows the changes to MedinCell SA's capital in the fiscal years reported:

Nature of changes in capital	Number of shares created	Par value (€)	Capital (€)	Issue premiums (€)
At March 31, 2016	**291,477**	**0.50**	**145,738.50**	**179,241.61**
50:1 share split on March 16, 2017	14,123,907	-	-	-
Exercise of stock warrants (SWs) / founders' SWs (FSWs)	666	0.50	333.00	19,945.00
Capital reduction	(3,900)	0.50	(1,950.00)	-
At March 31, 2017	**14,412,150**	**0.01**	**144,121.50**	**199,186.61**
Exercise of stock warrants (SWs) / founders' SWs (FSWs)	39,150	0.01	391.50	30,575.00
At March 31, 2018	**14,451,300**	**0.01**	**144,513.00**	**229,761.61**

5.9.2 – Breakdown of capital and voting rights

The table below shows the breakdown in MedinCell SA's capital and voting rights in the fiscal years presented:

	March 31, 2018 % interest	March 31, 2017 % interest
Founders	30%	30%
Employees, consultants and members of the Supervisory Board	36%	45%
Other private individuals	28%	25%
Institutional investors	6%	-
TOTAL	**100%**	**100%**

5.10 – Share-based payments

The company granted stock warrant plans (founders' stock warrants and stock warrants) to management, most Group employees and to certain service providers.

The Extraordinary General Meeting of March 16, 2017 approved the 50:1 split in the par value of Company shares and the resulting adjustment to the exchange ratios of the 2014 Founders' Stock Warrants, the 2016 Founders' Stock Warrants, the 2014 Stock Warrants and the 2016 Stock Warrants caused by the split in the par value of the shares.

5.10.1 – Founders' stock warrants (FSW)

The Annual General Meeting authorized the Management Board to introduce the following plans to issue founders' stock warrants:

- Issue of 5,219 founders' stock warrants, authorized by the Annual General Meeting of September 9, 2014, permitting the awarding of up to 260,950 shares to March 16, 2020, hereinafter known as Plan 1;

- Issue of 1,090 founders' stock warrants on August 31, 2016, authorized by the Annual General Meeting of May 10, 2016, permitting the awarding of up to 54,500 shares to August 30, 2026, hereinafter known as Plan 2.

During the fiscal year, the Annual General Meeting authorized the Management Board to introduce the following new founders' stock warrants plans:

- Issue of 2,146 founders' stock warrants, authorized by the Annual General Meeting of May 10, 2016, permitting the awarding of up to 107,300 shares to May 4, 2027, hereinafter known as Plan 3;

- Issue of 23,000 founders' stock warrants on January 8, 2018, authorized by the Annual General Meeting of July 5, 2017, permitting the awarding of up to 23,000 shares to January 7, 2028, hereinafter known as Plan 4.

Breakdown of founders' stock warrant plans

	FSWs Plan 1	FSWs Plan 2	FSWs Plan 3	FSWs Plan 4
Date of Annual General Meeting (AGM)	**September 9, 2014**	**May 10, 2016**	**May 10, 2016**	**July 5, 2017**
Number of FSWs authorized by the AGM [5]	12,254	8,211	8,211	149,310
Award date	**March 17, 2015**	**Aug 31, 2016**	**May 5, 2017**	**January 8, 2018**
Vesting period	5 years (per tranche)	5 years (per tranche)	5 years (per tranche)	5 years (per tranche)
Expiry date	March 16, 2020	August 30, 2026	May 4, 2027	January 7, 2028
Number of instruments awarded	5,219	1,090	2,146	23,000
Exchange ratio Instrument/Share [1]	50	50	50	1
Option subscription price	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Exercise price [2]	€ 0.24	€ 0.70	€ 1.24	€ 4.61
Performance conditions	Continued employment condition	Continued employment condition	Continued employment condition + for tranches 2 to 5, having exercised tranche 1	Continued employment condition + for tranches 2 to 5, having exercised tranche 1
Valuation method used	**Black-Scholes**	**Black-Scholes**	**Black-Scholes**	**Black-Scholes**
Fair value of the share on the award date	€ 36.00	€ 35.00	€1.24 [2]	€ 3.35 [2]
Expected volatility [3]	60.0%	40.87% to 63.87% depending on tranche	51.3% to 74% depending on tranche	67.23% to 69.62% depending on tranche
Average life of the instrument	5 years	5 years	0.8 to 7.4 years depending on tranche	1.1 to 7.3 years depending on tranche
Discount rate [4]	0.26%	0%	0% to 0.36%	0% to 0.16%
Expected dividends	-	-	-	-
Performance conditions	N/A	N/A	N/A	N/A
Fair value of the option	**€ 28.00**	**between €2.32 and €20.17 depending on tranche**	**between €11.32 and €40.93 depending on tranche**	**between €0.58 and €1.98 depending on tranche** [6]

[1)] Exchange ratio and exercise price adjusted by the 50:1 split of the par value on March 16, 2017, for plans 1, 2 and 3;
[2] Fair value of the underlying taking account of the 50:1 split of the par value on March 16, 2017, for plans 3 and 4;
[3] Based on the historical volatility of comparable entities;
[4] Risk-free government bond – OAT TEC 10;
[5] Ceiling shared with the stock warrants, see paragraph below;
[6] i. If, as of December 30, 2018, the Company's shares have been admitted to trading on Euronext Paris or another regulated market or another stock exchange, the higher of (x) (a) three euros and thirty-five cents (€3.35) plus (b) any earn-outs (as defined in the appendix to the 2017 Founders' Stock Warrants Plan) payable as of December 30, 2018 (namely a maximum additional sum in respect of these earn-outs of one euro and sixty-eight cents (€1.68) and (y) 80% of the price per share used for the purposes of the listing;
ii. If, as of December 30, 2018, the Company's shares have not been listed, (a) three euros and thirty-five cents (€3.35) plus (b) any earn-outs (as defined in the appendix to the 2017 Founders' Stock Warrants Plan) payable as of December 30, 2018 (representing a maximum additional sum in respect of these earn-outs of one euro and sixty-eight cents (€1.68)).

The table below summarizes the outstanding founders' stock warrants and their movements, in the fiscal years presented (number of founders' stock warrants outstanding, given that plans 1 to 3 have an exchange ratio of 1 founders' stock warrant for 50 shares, and plan 4 an exchange ratio of 1 founders' stock warrant for 1 share):

FSWs	No. of warrants outstanding as of March 31, 2016	Awarded during the period	Exercised during the period	Canceled during the period	No. of warrants outstanding as of March 31, 2017	Awarded during the period	Exercised during the period	Canceled during the period	No. of warrants outstanding as of March 31, 2018
Plan 1	**3,708**	-	(279)	(368)	**3,061**	-	(352)	-	**2,709**
Plan 2	**-**	1,090	(145)	(59)	**886**	-	(54)	(245)	**587**
Plan 3	**-**	-	-	-	**-**	2,146	(198)	(109)	**1,839**
Plan 4	**-**	-	-	-	**-**	23,000	-	-	**23,000**
Total	**3,708**	**1,090**	**(424)**	**(427)**	**3,947**	**25,146**	**(604)**	**(354)**	**28,135**

5.10.2 – Stock warrants

The Annual General Meeting authorized the Management Board to introduce the following plans to issue stock warrants:

- Issue of 6,786 stock warrants, authorized by the Annual General Meeting of September 9, 2014, permitting the award of up to 339,300 shares to February 6, 2020, hereinafter known as Plan 1;

- Issue of 225 stock warrants, authorized by the Annual General Meeting of September 9, 2014, permitting the award of up to 11,250 shares to September 18, 2016, hereinafter known as Plan 1. This plan has expired;

- Issue of 1,565 stock warrants by the Management Board on August 31, 2016, authorized by the Annual General Meeting of May 10, 2016, permitting the award of up to 78,250 shares to August 30, 2026, hereinafter known as Plan 2.

During the fiscal year, the Annual General Meeting authorized the Management Board to introduce the following plans to issue stock warrants:

- Issue of 1,121 stock warrants by the Management Board on May 5, 2017, authorized by the Annual General Meeting of May 10, 2016, permitting the award of up to 56,050 shares to May 4, 2027, hereinafter known as Plan 3.

Breakdown of stock warrant plans

	SW Plan 1	SW Plan 1'	SW Plan 2	SW Plan 3
Date of Annual General Meeting (AGM)	**September 9, 2014**	**September 9, 2014**	**May 10, 2016**	**May 10, 2016**
Number of SWs authorized by the AGM [5]	12,254	12,254	8,211	8,211
Award date	**March 17, 2015**	**April 27, 2015**	**Aug 31, 2016**	**May 5, 2017**
Vesting period	5 years (per tranche)	5 years (per tranche)	5 years (per tranche)	5 years (per tranche)
Expiry date	February 6, 2020	September 18, 2016	August 30, 2026	May 4, 2027
Number of instruments awarded	6,786	225	1,565	1,121
Exchange ratio Instrument/Share [1]	50	50	50	50
Option subscription price	€ 1.00	€ 1.20	€ 3.50	€ 0.12
Exercise price [1]	€ 0.24	€ 0.24	€ 0.70	€ 1.24
Performance conditions	Continued employment condition	Stock market listing or financial transaction	Continued employment condition	Continued employment condition + for tranches 2 to 5, having exercised tranche 1
Valuation method used	**Black-Scholes**			
Fair value of the share on the award date	€ 36.00	€ 36.00	€ 35.00	€1.24 [2]
Expected volatility [3]	60%	60%	Between 55.04% and 63.01% depending on tranche	Between 55.7% and 73.6% depending on tranche
Average lifespan of the instrument	5 years	5 years	5 years	Between 1 and 7.5 years depending on tranche
Discount rate [4]	0.26%	0.26%	0.00%	0% to 0.36%
Expected dividends	-	-	-	-
Market conditions	OK	OK	OK	OK
Fair value of the option	**€ 28.00**	**€ 28.00**	**between €2.20 and €16.85 depending on the tranche**	**Between €7.59 and €35.06 depending on tranche**

[1] Exchange ratio and exercise price adjusted by the 50:1 split of the par value on March 16, 2017, for plans 1 to 3;
[2] Fair value of the underlying taking account of the 50:1 split of the par value on March 16, 2017, for plan 3;
[3] Based on the historical volatility of comparable entities;
[4] Risk-free government bond – OAT TEC 10;
[5] This ceiling is shared with the one mentioned in the founders' stock warrants table in the section above.

A series of inputs were used to value the stock warrants (number of options granted, share price on the award date, etc.) described above.

The table below summarizes the outstanding stock warrants and their movements, in the fiscal years presented (number of stock warrants outstanding, given that all the plans have an exchange ratio of 1 stock warrant for 50 shares):

SWs	No. of warrants outstanding as of March 31, 2016	Awarded during the period	Exercised during the period	Canceled during the period	No. of warrants outstanding as of March 31, 2017	Awarded during the period	Exercised during the period	Canceled during the period	No. of warrants outstanding as of March 31, 2018
Plan 1	**1,839**	-	(91)	-	**1,748**	-	(18)	(49)	**1,681**
Plan 1'	**225**	-	-	(225)	**-**	-	-	-	**-**
Plan 2	**-**	1,565	(151)	-	**1,414**	-	(161)	(41)	**1,212**
Plan 3	**-**	-	-	-	**-**	1,121	-	-	**1,121**
Total	**2,064**	**1,565**	**(242)**	**(225)**	**3,162**	**1,121**	**(179)**	**(90)**	**4,014**

5.10.3 – Summary of movements and reconciliation of the share-based payment expense

The table below summarizes the movements during the fiscal years presented for all the outstanding warrants presented above:

Summary of plans	No. of warrants outstanding as of March 31, 2016	Awarded during the period	Exercised during the period	Canceled during the period	No. of warrants outstanding as of March 31, 2017	Awarded during the period	Exercised during the period	Canceled during the period	No. of warrants outstanding as of March 31, 2018
FSWs	**3,708**	1,090	(424)	(427)	**3,947**	25,146	(604)	(354)	**28,135**
SWs	**2,064**	1,565	(242)	(225)	**3,162**	1,121	(179)	(90)	**4,014**
Total	**5,772**	**2,655**	**(666)**	**(652)**	**7,109**	**26,267**	**(783)**	**(444)**	**32,149**

The expenses are recognized in the financial statements under IFRS 2 Share-based Payment during the various fiscal years for the plans detailed above and break down as follows:

(In € thousands)	3/31/2015	3/31/2016	3/31/2017	3/31/2018	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023	Total
FSWs	4	53	31	47	39	23	12	6	1	216
SWs	4	17	18	23	17	9	5	2	-	95
Total	**8**	**70**	**49**	**70**	**56**	**32**	**17**	**8**	**1**	**311**

The aggregate total expense for share-based payments was €49k for fiscal year 2017 and €70k for fiscal year 2018. The expense was allocated as follows under operating expenses:

	March 31, 2018				March 31, 2017			
(In € thousands)	R&D	S&M	G&A	Total	R&D	S&M	G&A	Total
FSWs	30	6	11	**47**	20	3	8	**31**
SWs	15	3	5	**23**	3	1	1	**5**
Total	**45**	**9**	**16**	**70**	**23**	**4**	**9**	**36**

R&D: Research and development costs;

S&M: Sales and marketing costs;

G&A: Overheads and administrative costs.

5.11 – Financial debt

In the fiscal year ended March 31, 2018, the financial debt was mainly comprised of repayable advances, Innovation Loans arranged with BPI and the Languedoc Roussillon region, a loan to acquire rights to active principles, loans to fit out new premises, finance lease debts, and bonds issued to an industrial partner and a financial partner.

5.11.1 – Change in financial debt in the fiscal year ended March 31, 2018

The table below shows the changes in non-current and current financial debt net of the cash and cash equivalents in the two fiscal years presented ended March 31, 2018 and 2017:

(In € thousands)	March 31, 2017	Movements during the fiscal year							March 31, 2018
		Payments received	New finance leases subscribed	Repayments made	Non-current/current reclassifications	Capitalized interest	Translation adjustments	(Discounting)/Accretion and change in fair value	
BPI 'A1005029 J' advance	185	-	-	-	(208)	-	-	23	-
BPI 'A1206003 J' advance	175	-	-	-	(149)	-	-	13	39
BPI 'A1311013 J' advance	32	-	-	-	(32)	-	-	3	3
Dollar loan (1°)	1,039	-	-	-	-	-	(121)	-	918
Export loan	15	-	-	-	(15)	-	-	-	-
SW innovation loan	77	-	-	-	(58)	-	-	-	19
BPI PTZI loan	626	-	-	-	(162)	-	-	20	484
Innovation loan	30	-	-	-	(10)	-	-	-	20
Bank loan	494	-	-	-	(107)	-	-	-	387
PTZI (Lab 2016)	305	-	-	-	(66)	-	-	8	247
PIFEI LAB 2016	360	-	-	-	(80)	-	-	-	280
PTZI (IDEFIX)	549	-	-	-	-	-	-	14	563
Bond issue (1)	15,986	-	-	-	(520)	1,557	-	6	17,029
Convertible bonds	-	3,990	-	-	-	-	-	210	4,200
Innove + loan	-	6,965	-	-	(2,616)	-	-	7	4,356
Finance lease liabilities	-	-	236	-	(89)	-	-	-	147
Financial liabilities – non-current	19,872	10,955	236	-	(4,112)	1,557	(121)	304	28,692
BPI 'A1005029 J' advance	238	-	-	(238)	208	-	-	-	208
BPI 'A1206003 J' advance	130	-	-	(130)	149	-	-	-	149
BPI 'A1311013 J' advance	29	-	-	(29)	32	-	-	-	32
Dollar loan (1)	-	-	-	-	-	-	-	-	-
Export loan	-	-	-	(15)	15	-	-	-	-
SW innovation loan	57	-	-	(57)	58	-	-	-	58
BPI PTZI loan	180	-	-	(180)	162	-	-	-	162
Innovation loan	10	-	-	(10)	10	-	-	-	10
Bank loans	129	-	-	(117)	107	-	-	-	119
PTZI (Lab 2016)	19	-	-	(19)	66	-	-	-	66
PIFEI LAB 2016	40	-	-	(40)	80	-	-	-	80
PTZI (IDEFIX)	-	-	-	-	-	-	-	-	-
Bond issue (1)	-	-	-	(520)	520	-	-	-	-
Convertible bonds	-	-	-	-	-	-	-	-	-
Innove + loan	-	-	-	(1,241)	2,616	-	-	-	1,375
Finance lease liabilities	-	-	-	(43)	89	-	-	-	46
Bank overdrafts	-	-	-	-	-	-	-	-	-
Financial liabilities – current	832	-	-	(2,639)	4,112	-	-	-	2,305
(1) of which accrued interest									
Total financial debt	20,705	10,955	236	(2,639)	-	1,557	(121)	304	30,997
Net short-term investments outside of the endowment fund as collateral for the loan Innov +	(5,458)								(50)
Cash and cash equivalents	(3,824)								(8,791)
Endowment fund	(2,500)								(4,648)
Net debt	8,923								17,508

(In € thousands)	March 31, 2016	Movements during the fiscal year							March 31, 2017
		Payments received	Repayments	Better fortune clause	Non-current/current reclassifications	Capitalized interest	Other (including translation adjustment)	(Discounting)/Accretion	
BPI 'A1005029 J' advance	393	-	-	-	(238)	-	-	30	185
BPI 'A1206003 J' advance	227	25	-	-	(95)	-	-	18	175
BPI 'A1311013 J' advance	57	-	-	-	(29)	-	-	4	32
Dollar loan (1)	-	-	-	-	1,039	-	-	-	1,039
Export loan	15	-	-	-	-	-	-	-	15
SW innovation loan	134	-	-	-	(57)	-	-	-	77
BPI PTZI loan	787	-	-	-	(180)	-	-	19	626
Related loans	91	-	(91)	-	-	-	-	-	-
Innovation loan	40		-	-	(10)	-	-	-	30
BNP loan	182	495	-	-	(183)	-	-	-	494
PTZI (Lab 2016)	316	-	-	-	(19)	-	-	8	305
PIFEI LAB 2016	400		-	-	(40)	-	-	-	360
PTZI (IDEFIX)	-	614	-	-	-	-	-	(65)	549
Bond issue (1)	-	14,951	-	-	-	1,035	-	-	15,986
Financial liabilities – non-current	2,642	16,085	(91)	-	188	1,035	-	14	19,872
BPI 'A1005029 J' advance	163	-	(163)	-	238	-	-	-	238
BPI 'A1206003 J' advance	110	-	(75)	-	95	-	-	-	130
BPI 'A1311013 J' advance	18	-	(18)	-	29	-	-	-	29
Dollar loan (1)	961	-	-	-	(1,039)	21	57	-	-
Export loan	14	-	(14)	-	-	-	-	-	-
SW innovation loan	56	-	(56)	-	57	-	-	-	57
BPI PTZI loan	-	-	-	-	180	-	-	-	180
Research Tax Credit pre-financing	250	-	(250)	-	-	-	-	-	-
Innovation loan	10	-	(10)	-	10	-	-	-	10
Related loans	75	-	(381)	306	-	-	-	-	-
BNP loan	23	-	(77)	-	183	-	-	-	129
PTZI (Lab 2016)	-	-	-	-	19	-	-	-	19
PIFEI LAB 2016	-	-	-	-	40	-	-	-	40
Bank bonds	-	2,000	(2,000)	-	-	-	-	-	-
Financial liabilities – current	1,680	2,000	(3,044)	306	(188)	21	57	-	832
(1) of which accrued interest									
Total financial debt	**4,322**	**18,085**	**(3,135)**	**306**	**-**	**1,056**	**57**	**14**	**20,705**
Net short-term investments	(1,875)								(5,458)
Cash and cash equivalents	(636)								(3,824)
Endowment fund									(2,500)
Net debt	**1,811**								**8,923**

To fund its development, in the fiscal year ended March 31, 2018 the company arranged new loans to underpin its growth and expansion:

- issues of convertible bonds for €3,990k; and
- the release of a €7,000k bank loan

5.11.2 – Financial debt repayment schedule as of March 31, 2018

	Award date	Amount received	Contractual interest rate	Effective interest rate / Discount rate	3/31/2018 in €k	< 31 March 2019	< 31 March 2020	< 31 March 2021	< 31 March 2022	< 31 March 2023	> 31 March 2023	Effect of discounting and fair value
BPI 'A1005029 J' advance	Apr 29, 2010	759	0%	5.47%	**208**	220	-	-	-	-	-	(12)
BPI 'A1206003 J' advance	May 15, 2012	400	0%	5.47%	**188**	155	40	-	-	-	-	(7)
BPI 'A1311013 J' advance	Nov 4, 2013	90	0%	2.53%	**35**	35	4	-	-	-	-	(4)
Dollar loan	Oct 4, 2010	769	1.73%	1.73%	**918**	-	-	-	918	-	-	-
Export loan	Feb 8, 2012	70	5.47%	6.16%	**-**	-	-	-	-	-	-	-
SW innovation loan	Jul 25, 2014	280	2.29%	2.52%	**77**	58	19	-	-	-	-	-
BPI PTZI loan	Aug 12, 2014	900	0%	2.52%	**646**	180	180	180	180	-	-	(74)
Innovation loan	Apr 17, 2014	50	5.47%	6.25%	**30**	10	10	10	-	-	-	-
PTZI (Lab 2016)	Jul 1, 2015	375	0%	3.68%	**313**	75	75	75	75	56	-	(43)
PIFEI LAB 2016	Jul 21, 2015	400	3.37%	4.24%	**360**	80	80	80	80	40	-	-
BNP Consumer	Feb 24, 2016	350	1.70%	2.46%	**247**	70	71	72	34	-	-	-
BPS Consumer	Apr 8, 2016	350	1.60%	2.43%	**259**	49	50	51	52	53	4	-
PTZI (IDEFIX)	Apr 12, 2016	614	0%	2.29%	**563**	-	123	123	123	123	123	(52)
2016 bonds	Jul 25, 2016	15,000	Euribor +10%	Euribor +10.06%	**17,029**	-	-	-	2,334	2,947	11,789	(41)
Innov+ loan	March 28, 2017	7,000	1.65%	2.10%	**5,731**	1,375	1,398	1,421	1,445	120	-	(28)
Convertible bonds	Dec 21, 2017	3,990	0%	0%	**4,200**	-	-	-	-	3,990	-	210
Finance lease liabilities					**193**	46	46	46	46	9	-	-
TOTAL					**30,997**	2,353	2,096	2,058	5,287	7,338	11,916	(51)

The financial debt breaks down as follows:

- BPI A1005029 J advance: the project, financed by the region and Banque Publique d'Investissement ("BPI") in the form of conditional advances, was intended to develop its technological platform for peptide formulation. The project concluded successfully in the second quarter of the fiscal year ended March 31, 2014.

- BPI A1206003 J advance: the project, financed by the region and BPI in the form of conditional advances, was intended to develop its technological platform for protein and antibody formulation. The project is ongoing.

- BPI A1311013 J advance: the project, financed by BPI in the form of conditional advances, was intended to develop its technological platform in the field of acquired immunodeficiency syndrome. The project is ongoing.

- Loan in dollars: the loan was granted to the company to buy the right to use multiple molecules. The loan is repayable at the earlier of the date of listing and the tenth anniversary of the loan.

- Export loan: the loan granted by BPI enabled the company to expand its international operations and grow its network.

- BPS 'FEI' innovation loan: the loan granted by Banque Populaire du Sud enabled the company to invest in high-tech equipment for its laboratory and put in place the facilities required to support the company's growth.

- BPI PTZI loan: the zero interest loan granted by BPI will enable the company to develop a long acting controlled release formulation in the antipsychotics field.

- Innovation loan: the loan granted by BPI enabled the company to develop its business plan following the success of the "BPI 'A1005029 J'" project.

- Zero interest innovation loan: the loan granted by BPI enabled the company to develop its project on the automatic characterization of in vivo models.

- PIFEI zero interest loan: this loan was also for the project on the automatic classification of in vivo models.

- BNP consumer loan: the loan was provided to finance the fitting out of the new building.

- BPS consumer loan: the loan was provided to finance investments.

- PTZI (IDEFIX) borrowing: the zero interest loan provided by BPI will finance the formulation of a polymer gel enabling the controlled release of biotherapeutic proteins.

- Bond issue: the loan provided will enable the Company to accelerate its growth (see details below).

- Release of the €7,000k bank loan (namely €6,965k net of expenses) over 5 years 50% secured on first draw-down by the European Union and 50% by MedinCell on the principal outstanding via Bond funds in the endowment fund.

- Issues of convertible bonds for €3,990k (see details below).

5.11.3 – July 2016 bond (€15 million)

To finance its development, on July 25, 2016 the company issued a non-convertible 7-year bond for a total of €15 million to one of its major industrial partners. There is an active contract with this partner to provide services related to the research into the formulation of certain products, as well as the achievement of certain (pre-)clinical development phases of products in collaboration.

The main characteristics of this bond issue are as follows:

These bonds bear interest at 6 month EURIBOR + 10%. Interest is payable every 6 months factoring in an initial 24-month grace period during which the interest will be capitalized. This capitalized interest will bear the same interest after 12 months.

By contract, these bonds must be redeemed in 3 installments as follows, excluding capitalized interest:

- a minimum nominal amount of €2.5 million (excluding capitalized and non-capitalized interest) on the bonds, to be repaid by August 2, 2021;

- A minimum nominal amount aggregated with the redemption in 2021 of €5 million (excluding capitalized and uncapitalized interest) on the bonds to be redeemed by August 2, 2022; and

- A sum equal to the nominal amount still to be redeemed (excluding capitalized and non-capitalized interest) on the bonds to be redeemed by August 2, 2023.

MedinCell nevertheless has the option to redeem early without penalty. If this redemption is made in part, the amount redeemed under this part may not be less than €500k and, if it is higher, it must be a multiple of €250k. On certain contractual defined conditions MedinCell may also be obliged contractually to redeem these bonds early. There is no trigger for early redemption on the reporting date.

MedinCell has also made certain commitments to subscribers that may be applied in the event of default by MedinCell:

- a fourth-ranking pledge over its business assets;

- a pledge comprising 50% of the intellectual property rights limited to developed products and to the geographic regions in which the subscriber distributes.

5.11.4 – €4 million convertible bond issued in December 2017 and January 2018

To fund its growth, the Company issued a convertible bond with a maturity of five years for a total of around €4 million (including €3.2 million subscribed on December 21, 2017 and €0.8 million subscribed on January 18, 2018). The convertible bonds were fully subscribed by a number of funds managed by an institutional investor (the "Investors").

The Investors also committed to participate, if applicable, (i) in an Initial Public Offering (IPO) for an amount at least equal to their subscription for the convertible bonds subject to eligibility for regulatory investment quotas applicable to investors, or (ii) in a private placement of at least €10 million, up to an amount equal to at least 50% of their subscription for convertible bonds.

The convertible bonds will be automatically redeemed in Company shares in the event of the completion of an IPO or redeemed by offsetting receivables in the event of completion of a private placement of at least €10 million.

The process for early redemption in shares or the buyback of the convertible bonds is described below.

The main terms and conditions of the convertible bonds are as follows:

- The final redemption installment is due on March 31, 2023;
- **T**he convertible bonds are issued at their par value of €3.35;
- The shares issued in redemption of the convertible bonds will be ordinary shares that cannot be sold for 12 months from their date of issue;
- With a final redemption installment on March 31, 2023, redemption will be split into two tranches comprising a number N of the Company's ordinary shares determined using the following formula for all the convertible bonds:

N = Amount of investment/Base Conversion Price

The Base Conversion Price is €3.35 plus any base earn-outs for a maximum amount of €1.68 (representing a maximum Base Conversion Price of €5.03) based on the achievement of certain contractually defined goals by October 10, 2018 at the latest.

At the minimum conversion price of €3.35, the maximum number of shares to be issued in redemption of these convertible bonds would be 1,191,045 shares, representing about 7.5% of the Company's share capital on a fully diluted basis.

Early redemption in shares

The contract provides for full early redemption (in shares only) in the following situations:

1. Automatic early redemption in the event of listing on a regulated market or a stock market by a number 'N' of the Company's ordinary shares equal to the lower of N_1 and N_2, where:

   N_1 = Amount of investment/Base Conversion Price; and

   N_2 = [((100% + Z) x Amount of the Investment) + 3% annual interest] / Listing price

   (Z ranging from 25% to 55% depending on the Listing price)

Namely a maximum of 1,191,045 shares representing around 7.5% of the company's share capital on a fully diluted basis.

2. Automatic early redemption on March 31, 2021 if, on that date, the company has only two or fewer products in clinical phase or active marketing, in the form of a number N of the Company's ordinary shares determined using the following formula for all the convertible bonds:

   N = Amount of investment/Base Conversion Price

Namely a maximum of 1,191,045 shares representing around 7.5% of the company's share capital on a fully diluted basis.

3. Optional early redemption initiated by the Investors on March 31, 2021 if on that date the company has three or more products in clinical phase or active marketing, in the form of a number N of the Company's ordinary shares determined using the following formula for all the convertible bonds:

   N = Amount of investment/(1.5 x Base Conversion Price)

Namely a maximum of 794,030 shares representing around 5% of the company's share capital on a fully diluted basis.

4. Optional early redemption initiated by the Investors in the event of a change in control at MedinCell (more than 51% of the capital) in the form of a number N of the Company's ordinary shares determined using the following formula for all the convertible bonds:

   N = (Amount of investment + 3% annual interest) / (1.33 x Base Conversion Price)

Buyback of the convertible bonds

A buyback of the convertible bonds may also be triggered by contract in the following situations:

5. Optional early buyback in the event of listing on a regulated market or a stock exchange of a number of the Company's ordinary shares by the Company or at the request of Investors in the

event of a private placement greater than or equal to €10 million, at a redemption price for each of the convertible bonds where:

Redemption price 1 = (100% + Z) x Nominal value of the convertible bond

(Z ranges from 25% to 55% depending on the Price of the private placement)

In this case, Redemption Price 1 will not be paid in cash but will create a receivable that may only be converted by means of subscription to the private placement.

6. Early redemption initiated by Investors in the event of a change in control at the Company (over 51% of the capital), at a buyback price payable in cash, equal for each convertible bond to:

   Buyback price 2 = 125% of Nominal value of the convertible bond

7. Optional early buyback initiated by the Company from 31 March 2021 if the convertible bonds have not been redeemed in shares as of that date, at a buyback price for each convertible bond of:

   Buyback price 3 = 160% of Nominal value of the convertible bond

These bonds are not subject to covenants or collateral.

As indicated in Note 4.17, this bond is measured overall at fair value at each reporting date, the Company having chosen to apply the fair value option.

The changes in fair value are recognized in financial income. The change in fair value during the fiscal year comprised an expense of €210k recognized under "Other financial expenses".

5.11.5 – Conditional advances

The contractually outstanding principal on the conditional advances breaks down as follows:

(In € thousands)	**BPI A1005029 J**	**BPI A1206003 J**	**BPI A1311013 J**	**Total**
Opening amount	**459**	**325**	**72**	**856**
Payments received	**-**	-	-	-
Repayments made	(238)	(130)	(29)	(397)
Write-offs granted by the body	**-**	**-**	**-**	**-**
Closing amount	**221**	**195**	**43**	**460**
Purpose	Bepo platform development	Bepo platform development	R&D International	
Interest bearing or interest free	Interest free	Interest free	Interest free	
Likelihood of repayment	100%	100%	100%	

The probability of the advances being repaid is discussed below, without prejudice, and includes uncertainties inherent in any research project. It is based on an assessment by the company's management having regard to the following criteria:

- A probability of 100% represents an absence of items likely to imperil the proper completion of the project either technically or commercially;

- A probability of 50% means the existence of items likely to undermine the success of the project. At this stage, the partial success or failure of the project are possibilities;

- A probability of 0% refers to the phase in which the failure of the project is notified. The Company requested an acknowledgment of failure but this had not been acknowledged by the organization at the end of the fiscal year.

5.12 – Employee benefits

Under French law, MedinCell SA employees are entitled to an indemnity when they retire. As the Group does not have any asset cover, the Group's whole obligation was recognized as a liability.

The reconciliation between changes in the present value of defined benefit obligations in the consolidated statement of financial position and the expense recognized in the consolidated income statement for the fiscal years presented can be seen in the table below:

(In € thousands)	March 31, 2018	March 31, 2017
Present value of the retirement benefit obligation at the start of the fiscal year	**193**	**127**
Service cost	103	39
Financial cost	3	3
Reversal contractual breaches	(13)	-
Actuarial (gains) losses	(9)	25
Benefits paid	-	-
Change in scope	-	-
Present value of the retirement benefit obligation at the end of the fiscal year	**277**	**193**

(In € thousands)	March 31, 2018	March 31, 2017
Service cost	103	39
Financial cost	3	3
Reversal contractual breaches	(13)	-
Actuarial (gains) losses	(9)	25
Benefits paid	-	-
Expense recognized in respect of defined benefit plans	**84**	**67**
O/w:		
Other comprehensive income /(loss)	(9)	25
Research and development costs	59	25
Sales and marketing costs	11	4
Overheads and administrative costs	21	10
Financial income and expenses	3	3

The main actuarial assumptions used to measure defined benefit obligations are set out below:

Actuarial assumptions	March 31, 2018	March 31, 2017
Retirement age	Departure at full rate 2013 reform	Departure at full rate 2013 reform
Discount rate (AA bond)	1.72%	1.68%
Social security rate	44.00%	44%- 44.01%
Salary increase rate	3.00%	3.00%
Employee turnover assumptions:	Turnover table with decreasing rate by age and zero from age 60, generating an average rate of 1.94% for 2016.	Turnover table with decreasing rate by age and zero from age 60, generating an average rate of 1.94% for 2016.
Mortality table	INSEE TH TF 2011-2013	INSEE TH TF 2011-2013

5.13 – Other current liabilities and current provisions

5.13.1 – Current provisions

Provisions for contingencies and losses totaled €415k at March 31, 2018 compared with €79k at March 31, 2017 and are mainly due to industrial disputes.

5.13.2 Other current liabilities

The table below breaks down the net carrying amount of the other current liabilities for the fiscal years presented:

(In € thousands)	**March 31, 2018**	**March 31, 2017**
Customer prepayments	-	-
Social security liabilities	1,174	1,052
Tax liabilities	14	68
Miscellaneous liabilities	234	141
Deferred income	1,385	1,167
Other current liabilities	**2,806**	**2,428**

Payroll liabilities mainly consist of bonuses paid in April and social security charges in the final quarter.

Prepaid income totaled €1,385k at March 31, 2018 and was in particular due to the recognition of prepaid income that had already been received.

5.14 – Categories of financial assets and liabilities

The tables below show the Group's categories of financial assets and liabilities at the end of the fiscal years presented:

5.14.1 – Financial assets

	March 31, 2018			
(In € thousands)	Carrying amount	Loans and receivables	Assets at fair value through P/L	Fair value
Non-current financial assets	4,483	501	3,982	4,483
Trade receivables	101	101	-	101
Other current assets	2,704	2,704	-	2,704
Short-term investments in cash equivalents	722	-	722	722
Cash and cash equivalents	8,791	-	8,791	8,791
Total	**16,801**	**3,306**	**13,495**	**16,801**

	March 31, 2017

(In € thousands)	Carrying amount	Loans and receivables	Assets at fair value through P/L	Fair value
Non-current financial assets	2,560	60	2,500	2,560
Trade receivables	933	933	-	933
Other current assets	2,969	2,969	-	2,969
Short-term investments in cash equivalents	5,458	-	5,458	5,458
Cash and cash equivalents	3,824	-	3,824	3,824
Total	**15,744**	**3,962**	**11,782**	**15,744**

5.14.2 – Financial liabilities

	March 31, 2018			
(In € thousands)	Carrying amount	Loans and payables	Liabilities at fair value through P/L	Fair value
Financial debt	30,997	26,797	4,200	30,997
Trade payables	2,441	2,441	-	2,441
Tax liabilities payable on earnings	166	166	-	166
Other liabilities	2,806	2,806	-	2,806
Total	**36,410**	**32,210**	**4,200**	**36,410**

	March 31, 2017			
(In € thousands)	Carrying amount	Loans and receivables	Liabilities at fair value through P/L	Fair value
Financial debt	20,704	20,704	-	20,704
Trade payables	2,148	2,148	-	2,148
Other liabilities	2,428	2,428	-	2,428
Total	**25,280**	**25,280**	**-**	**25,280**

5.15 – Inventories

Inventories stood at €1,321k as of March 31, 2018 compared with €779k as of March 31, 2017, primarily consisting of the inventory of the CM Biomaterials subsidiary connected with the manufacture of polymers. This increase is due to commitments made by the subsidiary to Corbion (see Note 8) and having regard to the lifespan of products, this inventory could be disposed of on the same terms as at present.

NOTE 6 – Notes on the income statement

6.1 – Revenue

The table below presents the Group's revenue for the fiscal years presented:

(In € thousands)	March 31, 2018	March 31, 2017
Sales	**6,439**	**8,533**
- Income received for development services	*3,134*	*6,749*
-Licenses, Milestones, Royalties	*3,019*	*715*
- Income from the sale of polymers	*285*	*1,069*
Other income from continuing operations	**1,862**	**1,421**
- Research Tax Credit	*1,862*	*1,421*
Total Revenue	**8,301**	**9,954**

Revenue at March 31, 2018 mainly consisted of (i) development services of €3.1 million and (ii) licenses, milestones and royalties of €3 million.

Over the previous year, the main customer, based in Israel, accounted for 71% of the Group's revenue, while the second-largest, based in Switzerland, accounted for 29% of the Group's revenue. Over the fiscal year ended March 31, 2018, 91% of revenue was achieved with the Israeli partner and 9% with the new partner, the Bill and Melinda Gates Foundation based in the United States.

The decrease in revenue in the provision of services is due chiefly to the progress of programs with the main partner, which takes over development activities as soon as the lead candidate (finalized formulation) has been selected.

In connection with a collaboration agreement with the Bill & Melinda Gates Foundation to develop long-acting contraceptive products for developing countries, income from this contract is recognized as revenue pursuant to IAS 18 in advance of the related expenses, and capped at the maximum amount that can be received under the contract.

All the revenue for the two fiscal years was generated outside France.

Polymer sales involved sales to pharmaceutical partners to carry out (pre-)clinical studies.

6.2 – Nature of expenses allocated by function

6.2.1 – Nature of expenses included in "Research and development costs"

(In € thousands)	March 31, 2018	March 31, 2017
Employee-related expenses	(4,464)	(3,746)
- Employee-related expenses excluding share-based payments[(1)]	*(4,419)*	*(3,723)*
- Share-based payments	*(45)*	*(23)*
Other operating expenses paid	(3,726)	(3,254)
- Outsourcing, studies and services	*(1,866)*	*(1,668)*
- Raw Materials and consumables	*(458)*	*(472)*
- Fees and consultancy	*(832)*	*(613)*
- Rent and related costs, Insurance, Postal fees	*(376)*	*(395)*
- Other taxes and levies	*(42)*	*(30)*
- Grants	*84*	*75*
- Travel & Transportation	*(236)*	*(151)*
Other operating expenses not paid	(656)	(551)
- Net additions to amortization, depreciation and provisions	*(656)*	*(551)*
Total research and development costs	**(8,846)**	**(7,551)**
[(1)] Of which CICE (tax credit for competitiveness and employment) share:	*110*	*90*

The increase in research and development costs was mainly due to the higher employee benefit expense following the expansion of the teams, in particular in "Assessment" and in the in-house product development programs.

6.2.2 – Nature of expenses included in "Sales and marketing costs"

(In € thousands)	March 31, 2018	March 31, 2017
Employee-related expenses	(907)	(661)
- Employee-related expenses excluding share-based payments[(1)]	*(899)*	*(658)*
- Share-based payments	*(8)*	*(3)*
Other operating expenses paid	(981)	(628)
- Outsourcing, studies and services	*(177)*	*(283)*
- Travel and transportation, trade fairs, documentation	*(198)*	*(157)*
- Fees and consultancy	*(557)*	*(137)*
- Rent and related costs, insurance, postal fees	*(19)*	*(17)*
- Other taxes and levies	*(5)*	*(3)*
- Other	*(25)*	*(29)*
Other operating expenses not paid	-	-
- Net additions to amortization, depreciation and provisions	-	-
Total sales and marketing costs	**(1,888)**	**(1,289)**
Of which CICE (tax credit for competitiveness and employment) share:	*20*	*13*

Sales and marketing costs increased over the fiscal year with the expansion of the team, in particular in marketing. The increase in fees and consultancy was mainly due to market research investments and the selection of future proprietary products.

6.2.3 – Nature of expenses included in Overheads and administrative costs

(In € thousands)	March 31, 2018	March 31, 2017
Employee-related expenses	(2,233)	(1,517)
- Employee-related expenses excluding share-based payments[(1)]	*(2,217)*	*(1,507)*
- Share-based payments	*(16)*	*(10)*
Other operating expenses paid	(2,012)	(1,435)
- Outsourcing, studies and services	*(111)*	*(130)*
- Fees and consultancy	*(1,301)*	*(727)*
- Grants	*15*	*9*
- Travel and transportation, Postal fees	*(305)*	*(267)*
- Rent and related costs, Insurance	*(249)*	*(152)*
- Advertising	*(30)*	*(113)*
- Income tax and taxes other than on income (including Tax Credits)	*72*	*28*
- Other	*(103)*	*(83)*
Other operating expenses not paid	-	-
- Net additions to amortization, depreciation and provisions	-	-
Total overheads and administrative costs	**(4,246)**	**(2,953)**
Of which CICE (tax credit for competitiveness and employment) share:	*45*	*30*

The increase in overheads and administrative costs was partly due to the recruitment of support staff and higher fees related to investor relations activities, legal fees, and advice on non-dilutive financing.

6.2.4 – Cost of goods and services sold

The cost of goods and services sold was composed of €218k in consumables at the CM Biomaterials subsidiary to manufacture polymers, compared with €885k the previous fiscal year.

6.3 – Group headcount and employee related expenses

6.3.1 – Headcount

The Group headcount at end-March 2018 was 110 (compared with 95 at end-March 2017).

Group headcount by function changed over the period as follows:

Position	March 31, 2018	March 31, 2017
Research and development costs	77	69
Sales and marketing costs	9	7
Overheads and administrative costs	24	19
Total employees	**110**	**95**

6.3.2 – Breakdown of employee-related expenses by type

The employee-related expenses included in the cost of goods sold, of research and development, of sales and marketing, and of overheads and administrative costs cover the items indicated below:

(In € thousands)	March 31, 2018	March 31, 2017
Wages and salaries	(4,819)	(3,964)
Social security and tax charges on salaries	(2,612)	(1,895)
Share-based payments	(70)	(36)
Addition to provision for pension liabilities	(103)	(38)
Total employee benefit expenses	**(7,604)**	**(5,933)**

6.3.3 – Breakdown of employee-related expenses by purpose

The personnel expenses included in the cost of sales, research and development, marketing, selling, overheads and administrative costs cover the items indicated below:

(In € thousands)	March 31, 2018	March 31, 2017
Research and development costs	(4,464)	(3,746)
Sales and marketing costs	(907)	(661)
Overheads and administrative costs	(2,233)	(1,526)
Total employee benefit expenses	**(7,604)**	**(5,933)**

6.4 – Depreciation, amortization and provisions: additions and reversals

Amortization and depreciation and additions to provisions net of reversals included in the income statement, are summarized as follows:

(In € thousands)	March 31, 2018	March 31, 2017
Research and development costs	(726)	(551)
Sales and marketing costs	(12)	-
Overheads and administrative costs	(24)	(1)
Other operating income and expenses	(333)	-
Financial expenses	(15)	-
Total depreciation and amortization expense and allocation to provisions, net of operating reversals	**(1,110)**	**(552)**

Additions to provisions, net of reversals, and depreciation and amortization cover the following items:

(In € thousands)	March 31, 2018	March 31, 2017
Net provisions for reversals of provisions - CFS	(658)	(552)
Net addition to amortization - Intangible assets	*(165)*	*(192)*
Net addition to depreciation - Property, plant and equipment	*(493)*	*(360)*
Additions net of provision reversals and impairment	(452)	-
Additions net of reversals for provisions for contingencies and losses	*(333)*	-
Employee benefits - Past service cost	*(104)*	-
Additions net of reversals for impairment on short term investments	*(15)*	-
Total depreciation and amortization expense and provisions, net of reversals	**(1,110)**	**(552)**

6.5 – Other operating income and expenses

Other operating expenses for the fiscal year ended March 31, 2018 were mainly related to additions to, and reversals of, provisions for employment disputes (€333k) as well as €78k for the net carrying amount of intangible assets and property, plant and equipment disposed of or scrapped.

As of March 31, 2017, other operating expenses consisted in particular of (i) €306k in expenses relating to the application of a better fortune clause on two write-offs of shareholder advances made in 2008 and 2012, and (ii) €539k in expenses recognized as losses for a planned capital increase launched by MedinCell S.A.

6.6 - Financial income /(expense)

The "Financial income /(expense)" line item in the consolidated income statement breaks down as follows:

(In € thousands)	March 31, 2018	March 31, 2017
Income from cash investments	56	21
Interest on financial debts	(1,848)	(1,305)
Cost of net debt	**(1,792)**	**(1,284)**
Foreign exchange losses	-	(114)
Change in fair value of convertible bonds	(210)	-
Impairment of short-term investments	(15)	-
Other financial expenses	(1)	(191)
Other financial expenses	**(226)**	**(305)**
Foreign exchange profits	43	291
Other financial income	138	-
Other financial income	**181**	**291**
Total financial income /(expense)	**(1,837)**	**(1,298)**

Financial income /(expense) is mainly comprised of interest expenses on the non-convertible bonds of €1.6 million, as well as changes of €0.2 million in the fair value of the convertible bonds.

6.7 – Income taxes

6.7.1 – Breakdown of the "Income taxes" line item

The "Income taxes" line item in the consolidated income statement breaks down as follows:

(In € thousands)	March 31, 2018	March 31, 2017
Taxes payable	(176)	-
Deferred taxes	(184)	1,350
Income tax expense	**(360)**	**1,350**

As indicated in Note 3 - Accounting policies, the Research Tax Credit is not included in the "Income taxes" line item but instead increases "Other income" (see Note 6.1 – Other income).

6.7.2 – Reconciliation between actual tax expense and theoretical tax expense

The table below illustrates the reconciliation between the actual income tax expense and the theoretical tax expense (tax expense calculated at the nominal rate of 33.33%, excluding additional contributions):

(In € thousands)	March 31, 2018	March 31, 2017
Pre-tax profit	(9,215)	(4,887)
Theoretical tax rate	33.33%	33.33%
Theoretical tax income (expense)	**3,071**	**1,629**
Reconciliation items		
- Tax credit (including Research Tax Credit)	705	533
- Permanent differences	(46)	35
- Impact of tax rate differences	-	(29)
- Adjustment of tax rate at 28%	-	(556)
- Adjustment of tax rate at 25%	(265)	-
- Impairment of past deferred tax assets	-	(257)
- Non-capitalization of losses for the fiscal year	(3,828)	-
- Other differences	3	(5)
Income tax recognized in the income statement	**(360)**	**1,350**

6.7.3 – Deferred tax assets and liabilities

The table below presents the changes in the main sources of deferred tax assets and liabilities:

(In € thousands)	Retirement pension provision	Tax losses	Internal disposals of non-current assets and write-off of receivables	Other	Net deferred tax asset
Balance at March 31, 2016	43	1,018	143	(1)	**1,203**
Change in net income /(loss)	3	1,821	(408)	(68)	**1,348**
Change in other comprehensive income	8	-	-	57	**65**
Exchange rate differences	-	29	25	4	**58**
Balance at March 31, 2017	54	2,868	(240)	(8)	**2,674**
Change in net income /(loss)	23	-	-	58	**81**
Change in other comprehensive income	(2)	-	-	-	**(2)**
Adjustment of tax rate at 25%	(6)	(308)	51	(2)	**(265)**
Balance at March 31, 2018	69	2,560	(189)	48	**2,488**

The French company MedinCell SA has tax loss carryforwards in addition to the loss for the fiscal year. At the reporting date, tax loss carryforwards totaled €21,118k. As of March 31, 2018, deferred tax assets on losses for MedinCell SA were recognized on a basis of €10,246k representing a deferred tax asset of €2,560k. In fact, the company expects profits within five years and therefore expects to use these deferred tax assets by 2022/2023. By then, MedinCell should have had at least one product on

the market since 2021 and the proprietary products that are currently in formulation research may, in future years, result in new partnerships.

Recent losses are due to intensified R&D investment. The recoverability of the capitalized fiscal deficit is based primarily on the advanced stage of development (phases II and III respectively) of two products, and on the fact that the products in question simply combine active ingredients already marketed with in-organism diffusion technology, hence they have a much higher likelihood of regulatory approval than for new molecules.

In France, the 2018 Finance Act introduced a tapering tax rate, starting in 2018 and down to 25% in 2022. The Group estimated the likely dates on which the temporary differences would reverse. A rate of 33.33% was applied for MedinCell SA, the only Group company in metropolitan France where the reversals are expected in 2018 and a rate of 25% was applied for reversals expected after December 31, 2018. The profit and loss impact for the fiscal year ended March 31, 2018 is recognized as an expense of €265k.

The US company offset all its tax losses in calendar year 2017 and recognized a current tax expense of €176k at March 31, 2018.

6.8 – Earnings per share

6.8.1 – Basic earnings per share

Basic earnings per share are calculated by dividing the net income /(loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the fiscal year.

	March 31, 2018	March 31, 2017
Net income /(loss) for the fiscal year – Attributable to owners of MedinCell (in €k)	(9,571)	(3,561)
Weighted average number of shares outstanding	14,431,725	14,412,150
Basic earnings per share (€)	**(0.66)**	**(0.25)**

6.8.2 – Diluted earnings per share

Diluted earnings per share are calculated by dividing the consolidated net income /(loss) attributable to MedinCell SA's stockholders by the weighted average number of shares outstanding plus potential shares.

For each fiscal year reported, an equity instrument (i.e. an option on a stock warrant, a stock warrant, a founders' stock warrant, or indeed an award of bonus shares) is deemed to be potentially dilutive when it is "in the money" (i.e. when the exercise or settlement price is lower than the average market price). Since the Company's stock is not listed on a stock market, all instruments have been considered dilutive. Once the Company is listed on a stock exchange, the closing share price will be taken into account in the calculation at each closing.

Dilution is defined as a reduction in the earnings per share, or an increase in losses per share. Consequently, when the consolidated earnings attributable to MedinCell SA's shareholders is a loss, and given that the exercise of any option on a stock warrant, of any stock warrant or founders' stock warrant, or any award of bonus shares or indeed the conversion of any other convertible instrument would result in a reduction of the loss per share, these instruments are then considered anti-dilutive and are excluded from the calculation of the loss per share.

Given that there was a loss in the two fiscal years presented, the diluted earnings per share is equal to the basic earnings per share.

NOTE 7 – Exposure to financial risks

The Company's main financial instruments consist of financial assets, cash and investment securities. The purpose of the management of these instruments is to enable the financing of the Company's activities. The Company's policy is to not acquire financial instruments for the purposes of speculation. The Company does not use derivatives for speculation or for hedging purposes.

The main risks to which the Company is exposed are interest rate and credit risk.

7.1 – Interest rate risk

The Company's exposure to interest rate risk concerns investment securities and financial debt.

The short-term investments comprise term deposits with fixed interest rates. The change in interest rates therefore has no impact on the rate of return on these investments or the cash flows generated.

All the Company's debts are at a fixed rate except for the €15 million bond issue, which is at Euribor +10%. These are therefore the only repayments subject to interest rate risk. Any change of +/- 5% in Euribor would not have a material impact on the Group's pre-tax profit (loss). No hedging instrument has therefore been put in place.

The repayment of repayable advances may vary depending on whether or not objectives are achieved. Changes in the expected repayment flows would be accounted for in the income statement (Note 4.19).

7.2 – Credit risk

The maximum credit risk exposure at the end of each fiscal year is represented by the carrying amount of the financial assets and is summarized in the table below:

(In € thousands)	**March 31, 2018**	**March 31, 2017**
Non-current financial assets	4,483	2,560
Trade receivables	101	933
Other current assets	2,704	2,969
Short-term investments in cash equivalents	722	5,458
Cash and cash equivalents	8,791	3,824

Total	**16,801**	**15,744**

Given the Company's history, the receivables relating to government grants and research tax credits are considered to have an insignificant credit risk.

Credit risk from cash and cash equivalents and current financial instruments is not material having regard to the quality of the co-contracting financial institutions.

Credit risk from trade receivables is limited because of (i) the low amount of trade receivables in the fiscal years presented and (ii) the quality of the Group's aging balances.

There was a €101k net trade receivables balance at March 31, 2018.

7.3 – Foreign exchange risk

The Group's currency risk is immaterial given its current stage of development. The Company has no automatic full or partial backing.

The Group is exposed to foreign exchange risk and in particular to movements in the EUR/USD exchange rate with respect to (i) the consolidated statement of financial position of the US subsidiary, which currently has a reduced research and development activity, (ii) foreign currency debts, particularly on the loan in dollars and (iii) the invoicing of certain milestones to be received. The loan in dollars was recognized as a Company liability for USD 1 million at March 31, 2017 and 2018.

The impact of a +/- 10% change in the EUR/USD exchange rate for the two periods presented on the net assets and liabilities and the consolidated net income /(loss) of the US subsidiary are presented below:

(In thousands of €)	March 31, 2018		March 31, 2017	
Change in exchange rate$/€	Net equity	Net income	Net equity	Net income
+10%	(20)	(26)	(97)	47
-10%	19	26	95	(48)

Almost all the Group's non-current assets are located in France.

7.4 – Liquidity risk

Note 4.3 describes the key items and assumptions underpinning the going concern basis.

Note 8 describes the off-balance sheet commitments received and given.

Note 5.11 describes the Group's financial liabilities.

The following table summarizes, for each fiscal year reported, the remaining contractual maturities of the Group's financial liabilities (total contractual amounts to be paid out, including capital and interest):

	Award date	Amount received	Contractual interest rate	**Remaining contractual maturities as of 3/31/2018 in €k**	< March 31, 2019	< March 31, 2020	< March 31, 2021	< March 31, 2022	< March 31, 2023	> March 31, 2023
BPI 'A1005029 J' advance	Apr 29, 2010	759	0%	**220**	220	-	-	-	-	-
BPI 'A1206003 J' advance	May 15, 2012	400	0%	**195**	155	40	-	-	-	-
BPI 'A1311013 J' advance	Nov 4, 2013	90	0%	**39**	35	4	-	-	-	-
Dollar loan	Oct 4, 2010	769	1.73%	**979**	-	-	-	979	-	-
Export loan	Feb 8, 2012	70	5.47%	**-**	-	-	-	-	-	-
SW innovation loan	Jul 25, 2014	280	2.29%	**79**	60	19	-	-	-	-
BPI PTZI loan	Aug 12, 2014	900	0%	**720**	180	180	180	180	-	-
Innovation loan	Apr 17, 2014	50	5.47%	**34**	12	11	11	-	-	-
PTZI (Lab 2016)	Jul 1, 2015	375	0%	**356**	75	75	75	75	56	-
PIFEI LAB 2016	Jul 21, 2015	400	3.37%	**393**	92	89	87	84	41	-
BNP Consumer	Feb 24, 2016	350	1.70%	**257**	74	74	74	35	-	-
BPS Consumer	Apr 8, 2016	350	1.60%	**272**	53	53	54	54	54	4
PTZI (IDEFIX)	Apr 12, 2016	614	0%	**615**	-	123	123	123	123	123
2016 bonds	Jul 25, 2016	15,000	Euribor +10%	**25,499**	1,168	1,752	1,752	3,988	4,336	12,503
Innov+ loan	March 28, 2017	7,000	1.65%	**6,003**	1,470	1,470	1,470	1,471	122	-
Convertible bonds	Dec 21, 2017	3,990	0%	**3,990**	-	-	-	-	3,990	-
Finance lease liabilities			1%	**198**	48	47	47	47	9	-
TOTAL				**39,849**	3,642	3,937	3,873	7,036	8,731	12,630

The Company currently estimates that it does not face any liquidity risk and will be able to meet its obligations over the 12 months following the reporting date of March 31, 2018.

NOTE 8 – OFF-BALANCE SHEET COMMITMENTS

8.1 – Operating leases

The future minimum payments for non-cancelable operating leases for premises occupied by the Group are presented below:

(In € thousands)	Within 1 year	1 to 5 years	> 5 years	Total
Minimum future payments at March 31, 2017	177	160	-	337
Minimum future payments at March 31, 2018	180	153	-	333

The amount of lease payments expensed in the fiscal year ended March 31, 2018 totaled €177k compared with €190k in the previous fiscal year.

A lease was signed with SCI PAGENO for the premises occupied by the company from June 1, 2009. Said lease was entered into for a period of nine years with an option to cancel every three years. The off-balance sheet commitment represents the sum of outstanding lease payments before the next option to terminate, namely May 31, 2018 (2 months). As of the reporting date, an amendment was being negotiated for a renewable period of one year.

The lease signed with Indivision Tisserand for the new leases from mid-March 2016 was entered into for a period of nine years with an option to cancel every three years. The off-balance sheet commitment represents the sum of outstanding lease payments before the next option to terminate, namely March 15, 2019 (15.5 months).

The Company has two items of analysis equipment on lease for five years.

8.2 – Commitments of CM Biomaterials B.V.

As of the reporting date, the only manufacturer to which the Group outsources the production of its polymers is Purac Biochem, a Dutch company belonging to the Corbion Group. This collaboration is operated through CM Biomaterials B.V., a joint-venture set up between the Company and Corbion to manufacture and distribute the polymers needed to formulate, develop and market the various products developed by the Group.

Under the collaboration arrangement, the Group is committed to minimum polymer manufacturing volumes through CM Biomaterials B.V.. If these volumes are not achieved, the Group may, in certain circumstances, be obliged to pay certain financial compensation to Corbion.

8.3 – Other commitments given

The 2016 bond issue also included certain commitments from MedinCell to subscribers that may be applied in the event of MedinCell's default:

- a fourth-ranking pledge over its business assets;

- a pledge comprising 50% of the intellectual property rights limited to developed products and to the geographic regions in which the subscriber distributes.

8.4 – Other commitments received

The company signed an agreement with the European Investment Bank for a loan of up to €20 million. Since the conditions for utilization of the first tranche have been satisfied, the Company may draw down the first tranche of up to €7.5 million at any time. The other tranches are subject to the attainment of sales targets and an injection of stockholders' equity.

NOTE 9 – RELATED PARTY TRANSACTIONS

The total amount of compensation for Group Governance (members of the Executive Board and the Supervisory Board) is presented in the table below:

(In € thousands)	**March 31, 2018**	**March 31, 2017**
Gross compensation and benefits in kind	503	372
Termination benefits	71	-
Post-employment benefits	-	-
Service provision	90	20
Share-based payments	-	-
Total	**664**	**392**

The Company was also billed €877k as of March 31, 2018 (compared with €777k for the prior fiscal year) by service providers who also hold less than 1% of the Company's capital. The main purpose of the related contracts is to support the Company with the clinical development of products, market access, corporate development and Group communications.

As of March 31, 2018 and 2017, there were no outstanding advances to stockholders.

NOTE 10 – SCOPE OF CONSOLIDATION

The scope of consolidation did not change over the fiscal year and is broken down as follows:

	Country	March 31, 2018		March 31, 2017		Method of consolidation
		Percentage control	Percentage interest	Percentage control	Percentage interest	
MedinCell SA	France	100%	100%	100%	100%	Parent company
MedinCell Corp	USA	100%	97.33%	100%	97.33%	Fully consolidated companies
CM Biomaterials	Netherlands	50%	50%	50%	50%	Fully consolidated companies

MedinCell SA held two equity investments:

- MedinCell Corporation was incorporated in February 2010. In 2014, it was relocated to Boston and is currently a representative office;
- CM Biomaterials B.V.: see Note 4.5.

NOTE 11 – FEES OF THE STATUTORY AUDITORS

A total of €165k in fees excluding taxes was paid to the statutory auditors for the fiscal year.

(In € thousands)	Becouze	PWC
Statutory auditing fees	70	64
Other checks required by law (France)	19	12
Total	**89**	**76** **165**

In the prior fiscal year, they totaled €108k, including €36k for the statutory auditing of the financial statements and €72k for the audit of the IFRS consolidated financial statements.

20.1.2. Audited consolidated financial statements drawn up in accordance with IFRS for the fiscal year ended March 31, 2017

I - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In € thousands)	Notes	March 31, 2016	March 31, 2017
Intangible assets	*5.1*	1,292	1,585
Property, plant and equipment	*5.2*	1,498	2,484
Financial assets and other non-current assets	*5.4*	63	2,560
Deferred tax assets	*6.7.3*	1,203	2,674
TOTAL NON-CURRENT ASSETS		**4,056**	**9,302**
Inventory and work in process	*5.15*	-	779
Trade receivables	*5.5*	2,156	933
Other current assets	*5.6*	2,449	2,969
Short-term investments in cash equivalents	*5.7*	1,875	5,458
Cash and cash equivalents	*5.8*	636	3,824
TOTAL CURRENT ASSETS		**7,116**	**13,963**
TOTAL ASSETS		**11,172**	**23,265**

(In € thousands)	Notes	March 31,2016	March 31, 2017
Capital	*5.9*	146	144
Additional paid-in capital		179	199
Reserves		293	886
Net income /(loss) for the fiscal year attributable to owners of the parent company		622	(3,561)
Equity attributable to owners of the parent company		**1,240**	**(2,332)**
Non-controlling interests		84	44
CONSOLIDATED SHAREHOLDERS' EQUITY		**1,324**	**(2,288)**
Financial liabilities – non-current	*5.11*	2,642	19,872
Employee benefits	*5.12*	127	193
TOTAL NON-CURRENT LIABILITIES		**2,769**	**20,065**
Financial liabilities – current	*5.11*	1,680	832
Provisions – current portion		82	79
Trade payables		1,596	2,148
Other current liabilities	*5.13*	3,720	2,428
TOTAL CURRENT LIABILITIES		**7,079**	**5,488**
TOTAL LIABILITIES		**11,172**	**23,265**

II – CONSOLIDATED INCOME STATEMENT

(In € thousands)	Notes	March 31, 2016	March 31, 2017
Turnover		8,232	8,533
Other income from continuing operations		1,048	1,421
Revenue	***6.1***	**9,280**	**9,954**
Cost of goods and services sold	*6.2.4*	-	(885)
Research and development costs	*6.2.1*	(5,958)	(7,551)
Sales and marketing costs	*6.2.2*	(705)	(1,289)
Overheads and administrative costs	*6.2.3*	(2,205)	(2,953)
Recurring operating income /(expense)		**412**	**(2,724)**
Other operating income /(expenses)	*6.5*	9	(865)
Operating income (expense)		**421**	**(3,589)**
Interest income	*6.6*	26	21
Gross borrowing costs	*6.6*	(127)	(1,305)
Other financial expenses	*6.6*	(22)	(305)
Other financial income	*6.6*	32	291
Financial income **/ (expense)**	6.6	(91)	(1,298)
Share of net income /(loss) of associates		-	
Income /(loss) before tax		**330**	**(4,887)**
Tax expense	*6.7.1*	255	1,350
Net income (loss)		**585**	**(3,537)**
- Attributable to owners of MedinCell		622	(3,561)
- Attributable to non-controlling interests		(37)	24
Earnings /(loss) per share in €[(1)]	*6.8*	0.04	(0.25)
Diluted earnings /(loss) per share in €[(1)]	*6.8*	0.04	(0.25)

[(1)] The basic and diluted earnings per share as of March 31, 2016 were adjusted retrospectively to reflect the effect of the 50:1 split detailed in Note 6.8.

OTHER COMPREHENSIVE INCOME

(In € thousands)	March 31, 2016	March 31, 2017
Net income /(loss)	**585**	**(3,537)**
Other items of comprehensive income /(loss) - recyclable		
Translation adjustments	(33)	(124)
Other items of comprehensive income /(loss) - non-recyclable		
Actuarial gains and losses on employee benefits, net of tax	17	(17)
- Actuarial gains and losses on employee benefits	*25*	*(25)*
- Tax effect	*(8)*	*8*
Comprehensive income /(loss)	**569**	**(3,679)**
- Attributable to owners of MedinCell	*612*	*(3,715)*
- Attributable to non-controlling interests	*(43)*	*37*

III - STATEMENT OF CHANGES IN EQUITY

(In € thousands)	Number of shares	Capital	Additional paid-in capital	Translation adjustments	Consolidated reserves	Net income / (loss)	Equity attributable to owners of the parent company	Non-controlling interests	Consolidated equity
Balance at March 31, 2015	**290,391**	**145**	**158**	**57**	**(88)**	**263**	**535**	**116**	**650**
Net income /(loss)	-	-	-	-	-	622	622	(37)	585
Changes in translation adjustments	-	-	-	(27)	-	-	(27)	(6)	(33)
Actuarial gains and losses on pension provisions, net of deferred taxes	-	-	-	-	17	-	17	-	17
Other comprehensive income /(loss), net of tax	-	-	-	-	**17**	-	**(10)**	**(6)**	**(16)**
Total other comprehensive income	-	-	-	**(27)**	**17**	**622**	**612**	**(43)**	**569**
Appropriation of net income /(loss) for the prior fiscal year	-	-	-	-	263	(263)	-	-	-
Capital increase/reduction	1,086	1	21	-	-	-	22	11	33
Share-based payments	-	-	-	-	71	-	71	-	71
Balance at March 31, 2016	**291,477**	**146**	**179**	**30**	**263**	**622**	**1,240**	**84**	**1,324**
Net income /(loss)	-	-	-	-	-	(3,561)	(3,561)	24	(3,537)
Changes in translation adjustments	-	-	-	(137)	-	-	(137)	13	(124)
Actuarial gains and losses on pension provisions, net of deferred taxes	-	-	-	-	(17)	-	(17)	-	(17)
Other comprehensive income /(loss), net of tax	**-**	**-**	**-**	**(137)**	**(17)**	**-**	**(154)**	**13**	**(141)**
Total other comprehensive income /(loss)	**-**	-	-	**(137)**	**(17)**	**(3,561)**	**(3,715)**	**37**	**(3,679)**
Appropriation of net income /(loss) for the prior fiscal year	-	-	-	-	622	(622)	-	-	-
Capital increase	666	-	20	-	77	-	97	(77)	20
Capital reduction	(3,900)	(2)	-	-	-	-	**(2)**	-	**(2)**
Share-based payments	-	-	-	-	49	-	49	-	49
50:1 share split	14,123,907	-	-	-	-	-	-	-	-
Balance at March 31, 2017	**14,412,150**	**144**	**199**	**(107)**	**994**	**(3,561)**	**(2,331)**	**44**	**(2,288)**

IV - CONSOLIDATED STATEMENT OF CASH FLOWS

(In € thousands)	Notes	March 31, 2016	March 31, 2017
Net income /(loss)		**585**	**(3,537)**
Income and expenses with no cash impact or not related to operations		**358**	**1,556**
- Elimination of provisions		121	38
- Elimination of depreciation/ amortization on property, plant and equipment and intangible assets	*6.4*	331	552
- Share-based payment expenses	*5.10.5*	51	36
- Cost of net financial debt		99	1,393
- Elimination of tax expense (tax income)		(255)	(1,352)
- Income from disposal of assets		11	-
- Better fortunes clause	*6.5*	-	306
- Other non-cash income and expense items		-	583
Change in working capital requirement		**(875)**	**(1,412)**
- Inventory		*-*	*(759)*
- Net trade receivables		*(1,840)*	*1,225*
- Trade payables		*690*	*498*
- Other operating receivables		*(898)*	*(1,019)*
- Other operating payables		*1,173*	*(1,357)*
Income taxes paid		-	-
NET CASH FROM /(USED IN) OPERATIONS		**68**	**(3,393)**
Acquisition of property, plant and equipment	*5.3*	(813)	(1,346)
Acquisition and production of intangible assets	*5.3*	(351)	(485)
Disposals of property, plant and equipment and intangible assets	*5.1/5.2*	-	-
Change in short-term investments	*5.7*	(325)	(3,583)
Change in non-current financial assets		(26)	(2,500)
Interest income received		28	21
NET CASH FROM /(USED IN) INVESTING ACTIVITIES		**(1,487)**	**(7,893)**
Income from capital transactions, net of fees	*5.9*	21	20
Capital reduction		-	(2)
Buyback of non-controlling interests		-	(2)
Capital injection by non-controlling interests		10	-
Debt taken out	*5.11*	983	18,040
Repayments of financial liabilities	*5.11*	(419)	(3,144)
Interest paid		(38)	(270)
NET CASH FROM /(USED IN) FINANCING ACTIVITIES		**557**	**14,642**
Impact of non-monetary items and exchange rate fluctuations		(26)	(168)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(888)**	**3,188**

Cash and cash equivalents – opening balance	*5.8*	**1,524**	**636**
Cash and cash equivalents – closing balance	*5.8*	**636**	**3,824**

V - NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

NOTE 1 – General overview

MedinCell Group specializes in the development of processes that use biodegradable polymers to enable the controlled and prolonged release of the active principles of drugs into the human body by means of injection.

The parent company MedinCell S.A is a *société anonyme* (French corporation) with Executive Board and Supervisory Board and with its registered office at 3, Rue des Frères Lumières, 34830 Jacou, France.

The consolidated financial statements of MedinCell Group for the fiscal year ended March 31, 2017 were approved for publication by the Management Board on July 25, 2018. They were prepared on a voluntary basis for the purposes of the *document de base* filed with the AMF as part of the planned listing.

NOTE 2 – Highlights of the fiscal year

- Additional Research and Development financing from:
    - A zero-rate loan from BPI to develop the BEPO® formulation relating to Biological molecules for €614k;
    - €15 million in 7-year non-convertible bonds with a grace period up to 2021;
    - €2 million in 3-year non-convertible bonds with a banking partner. Fully redeemed at the March 31, 2017 reporting date to restructure its debt on more favorable terms;
    - Approval for a 5-year, €7 million bank loan, 50% secured on the first draw-down by the European Union and 50% by MedinCell on the principal outstanding. The first draw-down took place in April 2018.
- New plan to award a maximum of 8,211 stock warrants/founders' stock warrants, with a maximum dilution of 2.82%.
- Capital reduction of €1,950 on December 19, 2016.
- 50:1 split of the par value of the company's shares approved by the Extraordinary General Meeting of March 16, 2017, namely a par value of €0.01 per share;

- To support the commercial activities of the MedinCell Group, the company wrote off its receivable relating to holdings, and its stockholder advances with a better fortunes clause to its US subsidiary MedinCell Corporation. This write-off relates to the receivable for €1,298k and stockholder advances of €495k. This had no impact in the consolidated financial statements, other than the impairment of deferred tax assets of MedinCell Corp for €257k.

- Tax audit ongoing for the fiscal years ended March 31, 2014, 2015 and 2016 as well as VAT audits for these fiscal years up to October 31, 2016. No material impact expected.

NOTE 3 –Events after the reporting period

There was no material event after the reporting period.

NOTE 4 – Accounting policies

4.1 – General principals

The consolidated financial statements are presented in thousands of euros and all values are rounded to the nearest thousand, unless stated otherwise.

4.2 – Declaration of compliance

Pursuant to Commission Regulation No 1126/2008 of November 3, 2008, MedinCell Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of the date of preparation of the financial statements.

The international accounting standards include the IFRS and the IAS (International Accounting Standards) and their interpretations by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

- New standards and interpretations applicable from April 1, 2016

The new standards and interpretations mandatory from April 1, 2016 had no material impact on the Group's consolidated financial statements as of March 31, 2017. They mainly related to:

- Amendments to IFRS 11: Acquisition of an Interest in a Joint Operation;

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization;

- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants;

- IFRS annual improvements (2012-2014 cycle);

- Amendments to IAS 1: Disclosure Initiative;

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception.

The application of these new standards, amendments and interpretations did not have a material impact on the Group's consolidated financial statements.

- Standards and interpretations adopted by the IASB but not yet applicable as of March 31, 2017

Moreover, the Group did not apply in advance the following standards and interpretations that might affect it and were not mandatory as of March 31, 2017:

Standard / Interpretation	Date of application anticipated by the IASB (fiscal years beginning on or after)	Date of EU application fiscal years beginning on or after)
IFRS 9 – Financial Instruments	1/1/2018	1/1/2018
IFRS 15 - Revenue from Contracts with Customers and amendments, Date of entry into force of IFRS 15	1/1/2018	1/1/2018
IFRS 16 – Leases	1/1/2019	1/1/2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture	Postponed indefinitely	Suspended
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	1/1/2017	1/1/2018
Amendments to IAS 7: Disclosure Initiative	1/1/2017	1/1/2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1/1/2018	Endorsement expected in Q1 2018
Amendments to IFRS 4: Applying IFRS9 Financial Instruments with IFRS 4 Insurance Contracts	1/1/2018	1/1/2018
Annual Improvements to IFRS (Cycle 2014-2016)	1/1/2017	1/1/2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1/1/2018	Endorsement expected in Q1 2018
Amendments to IAS 40: Transfers of Investment Property	1/1/2018	Endorsement expected in Q1 2018

The process of determining the potential impact of these standards and interpretations on the Group's consolidated financial statements is currently ongoing:

- IFRS 15 Revenue from Contracts with Customers

This standard redefines the principles of income recognition applicable to all contracts entered into with customers, requiring the application of a 5-step model: identification of the contract(s) with a customer; identification of the various performance obligations in the contract; determination the transaction price of the contract; allocation of the transaction price to the various performance obligations in the contract; and recognition of the revenue when a performance obligation is executed.

The company ordered an analysis of the impact of IFRS 15 on customer contracts that were in progress during the previous year.

The company does not expect any significant differences between its current policies and IFRS 15 in terms of the provision of services and sales of polymers.

As regards partnership agreements, the company expects to apply the following policies:

Identification of Performance Obligations – When a technology license and formulation development service are promised in an agreement, these will be treated as a single Performance Obligation. The license and development are not in fact separate under IFRS 15 because each of the two elements is essential in order to allow customers to reap the benefits of the other element.

Valuation of the transaction price – Pursuant to the principle of capping Variable Counterparties at the highly probable amount (IFRS 15.56), the payments conditional on the achievement of milestones (customer decision to continue development works, success of clinical phases, regulatory authorizations) are excluded from the estimate of the Transaction Price given the high degree of uncertainty pertaining to the achievement of these milestones.

Even after the customer has obtained the marketing authorization and started to market the product, the royalties based on product sales, as well as payments conditional on the achievement of cumulative sales thresholds, shall only be recognized once the sales have been made (or the sales thresholds have been reached), pursuant to the exception on sales-based royalties (IFRS 15.B63)

As such, the Transaction Price (as defined in IFRS 15) only includes: (i) upfront fees, (ii) estimated development fees, (iii) fees for milestones already reached, and (iv)at the appropriate time, royalties relating to sales already made by the customer.

Pace of transfer of control – The technology license, which represents a predominant element of the performance obligation, is considered as a “right of use” (within the meaning of IFRS 15.B56) of the intellectual property of MedinCell, such that it exists at the time the license is granted to the customer. Recognition of income will therefore not be spread over the term of the license.

The single performance obligation including the license and the development will be recognized as development work progresses, since both conditions required by IFRS 15.35 (c) are met: (i) the developed asset has no alternative use for MedinCell; and (ii) MedinCell has an enforceable right to the payment of costs incurred and a reasonable margin, in the event of termination at its behest by the customer.

The cost-to-cost method (costs incurred compared to estimated costs upon completion) is considered the most appropriate so as to measure progress.

Consequently, based on the work carried out to date, the company does not in practice expect significant impacts from the adoption of IFRS 15 with existing contracts.

- IFRS 16 Leases

The new standard eliminates the distinction between operating and finance leases by requiring lessees to recognize an asset comprising the right to use the leased asset offset against a liability comprising the obligation to pay for this right, subject to exemptions (leases with a reasonably fixed term of less than 12 months or underlying assets with a low value - i.e. where the new unit value is no more than around US$5,000 and which can be used separately). The amortization of the right to use and the interest on the liability are subsequently recognized separately in the income statement.

The Group is currently analyzing the impact of this standard on its net income and equity.

The Group does not expect other new standards / amendments / interpretations to have a material effect on its net income or equity.

4.3 – Basis of measurement used in the consolidated financial statements

The consolidated financial statements were prepared on a going concern and historical cost basis, except with respect to certain assets and liabilities measured at fair value in accordance with the applicable IFRS.

The key accounting principles are presented below.

Going concern

Company management has adopted the going concern basis in light of the following key factors and assumptions:

- The Company's deficit as of March 31, 2017 is due to the innovative nature of the products developed, involving a research and development phase that requires significant funding;

- Available cash as of March 31, 2017 of €3.8 million, provisional revenue and the reimbursement of research tax credit for €1.3 million should allow the company to cover its cash needs over the next 12 months;

- To cover subsequent requirements, Company management has already taken the following measures to arrange the necessary financing: (i) Discussions with the Company's banking and

industrial partners regarding the refinancing of the Company (ii) continued search for investors for the purpose of a private placement and, (iii) depending on financial market opportunities, preparation for the listing of Company shares on the Euronext Paris market. These funds should enable the Company to continue operating through to profitability.

4.4 – Use of estimates

The Group's consolidated financial statements are prepared in accordance with IFRS. Preparing them requires the Management to exercise its judgment and to rely on estimates and assumptions affecting the carrying amount of assets and liabilities, income and expenses. These underlying estimates and assumptions are based on past experience and other criteria considered relevant. Actual results may differ from these estimates. The underlying estimates and assumptions are regularly revised.

The main areas in which Management must use its judgment and make estimates are as follows:

- the measurement of the fair value of share-based payment plans (stock option plans, founders' stock warrants, bonus shares and stock warrants) granted to founders, to managers, and to certain Group employees and service providers. The measurement of this fair value is made using models based on various assumptions (volatility, turnover, exercise period. etc.) (Note 5.10);

- the measurement of employee benefits, and more specifically the retirement benefit obligation (Note 5.12);

- the estimation of flows to repay grants and repayable advances (Note 5.8);

- the measurement of deferred tax assets (Note 6.7);

- the measurement of the provisions (Note 6.4).

4.5 - Consolidation method

The financial statements of the two subsidiaries are prepared over the same reporting period as the parent company, using consistent accounting principles.

	Country	March 31, 2016		March 31, 2017		Method of consolidation
		Percentage control	Percentage interest	Percentage control	Percentage interest	
Medincell SA	France	100%	100%	100%	100%	Parent company
Medincell Corp	USA	100%	69.3%	100%	97.33%	Fully consolidated companies
CM Biomaterials	Netherlands	50%	50%	50%	50%	Fully consolidated companies

Subsidiaries under Group control are consolidated using the full consolidation method.

Companies in which the Group has a significant influence and joint-ventures are consolidated using the equity method.

CM Biomaterials B.V. is owned 50% by the Group and 50% by a third party, Corbion. The company was incorporated as a joint-venture in the Netherlands in August 2015. The MedinCell and Corbion shareholders hold equal shares in this company. Its purpose is to manufacture and sell the polymers needed to develop and sell pharmaceutical products, in particular by operators with a license to use the Bepo technology. As part of the contractual relations between the two shareholders of CM Biomaterials B.V. which govern its operations, MedinCell enjoys special rights which allow it, for the most part, to unilaterally select the new customers with which CM Biomaterials B.V. will work, and to set its authorized selling price. In view of these features, and the rules set out by IFRS in this domain, the Group considers that it controls CM Biomaterials B.V. and consolidates the company according to the full consolidation method.

Should the accounting methods applied by the subsidiaries, joint activities, joint-ventures and equity affiliates not comply with those applied by the Group, the necessary amendments are made to the financial statements of said companies, so as to make them compatible with the accounting principles used by the Group.

4.6 – Functional currency and translation of financial statements denominated in foreign currencies

Since the Parent Company's functional currency is the euro, the consolidated financial statements are presented in thousands of euros. The statement of financial position of consolidated entities that use a functional currency other than the euro are translated into euros at the closing exchange rate (the rate at the end of each period), while their income statement, other comprehensive income and statement of cash flows are translated at the average exchange rate for the period. Any translation adjustments are recognized in other comprehensive income and accumulated in equity under "Translation Reserve" (and allocated to any non-controlling interests).

4.7 – Translation of foreign currency transactions

Foreign currency transactions are translated into euros at the exchange rate applicable on the transaction date. At the end of each period, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate prevailing on that date.

Any resulting foreign exchange gains and losses are recognized under “Other financial income and expenses” and included in “Financial income /(expense)” in the consolidated income statement, except for foreign exchange gains and losses on monetary items that are part of a net investment in a foreign operation, which are recognized in other comprehensive income. They will be reclassified from equity to profit or loss on disposal of the net investment.

4.8 – Intangible assets

Intangible assets are measured using the amortized cost method (historical cost on the date of initial recognition plus subsequent depreciable expenses, less accumulated amortization and impairment losses).

When their useful life is defined, intangible assets are amortized over the useful life expected by the Group. This period is determined on a case-by-case basis having regard to the nature and characteristics of the items included under this heading.

Patents are capitalized at their acquisition cost and are amortized over their useful life, which cannot exceed the period of protection, namely around 20 years in the pharmaceutical industry.

In accordance with IAS 38 Intangible Assets, in-house research costs are expensed as incurred under “Research and Development Expenses”.

Development expenses are capitalized when they satisfy the following criteria defined by IAS 38: the technical feasibility required to complete the project; the Group’s intention to complete the project, the ability to use the asset, the probability of expected future economic benefits from the asset, the availability of resources; and the reliable measurement of development expenses.

In light of the high level of uncertainty surrounding the BEPO® technology development projects conducted by the Group, these conditions are only satisfied when the regulatory procedures required for the marketing of the products have been finalized.

As the bulk of expenditure is incurred prior to this stage, internal development costs arising before the MA is secured, consisting primarily of feasibility research and clinical development costs, are expensed in the year in which they are incurred, under the “Research and Development Expenses” line item.

However, MedinCell is developing a machine designed to improve formulation analyses and automatic characterization of release. This prototype meets the criteria necessary to capitalize development costs.

Intangible assets also include patent filing costs. Amortization of patent filing costs is booked from the official date of approval of the filing by the relevant bodies.

The residual values and useful lives are reviewed at each reporting date and, where necessary, adjusted.

4.9 – Property, plant & equipment

Property, plant and equipment is recognized at acquisition cost or, if applicable, at production cost, less accumulated depreciation and any impairment losses.

Subsequent costs are included in the carrying amount of the asset or, if applicable, may be recognized as a separate asset if it is likely that the future economic benefits from the asset will flow to the Group and that the cost of the asset may be reliably measured.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Laboratory equipment	5 to 10 years
Miscellaneous fixtures and fittings	3 to 15 years
Office equipment and computer hardware	2 to 3 years
Other property, plant and equipment	5 to 10 years

The residual values and useful lives are reviewed and, if applicable, adjusted at each reporting date.

The carrying amount of an asset is immediately depreciated to reduce it to the recoverable amount when the carrying amount of an asset exceeds its estimated recoverable amount (see Note “4.10 - Impairment of Assets”).

The net amount of depreciation for property, plant and equipment is broken down by their ultimate use in the income statement.

Property, plant and equipment under construction consists of equipment being installed for the laboratory. Depreciation will be booked once the equipment is ready to use.

The company does not build its own machines.

4.10 – Impairment of Assets

In accordance with the provisions of *IAS 36 – Impairment of Assets*, when an event or a change in market conditions creates an impairment risk for an item of property, plant and equipment or an intangible asset, its carrying amount is reviewed to ensure it remains below its recoverable amount. The recoverable amount is the higher of the fair value minus selling costs and its value in use. The value in use is measured by discounting future cash flows expected to be generated from the continued use of the asset and its ultimate disposal. The recoverable amount on the reporting date reflects the commercial progress of the products as well as technological developments.

If the recoverable amount falls below the carrying amount, an impairment loss for the difference between these two values is immediately recognized in profit or loss.

An impairment loss recognized for an item of property, plant and equipment or an intangible asset with a definite useful life may be reversed if the recoverable amount once again exceeds the carrying amount. The reversal may not, however, exceed the amount initially recognized.

4.11 – Inventories

In compliance with IAS 2, inventories are measured at the lower of cost and net realizable value, using the "first in, first out" method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 – Leases

Where material, assets acquired under finance leases are adjusted in the consolidated financial statements.

In accordance with IAS 17, leases are classified as finance leases where they transfer substantially all the risks and rewards incident to ownership of the leased assets to the lessor. In this case, the assets financed in this way are recognized as assets on the balance sheet at their value in the lease (representing their cost of acquisition, or the present value of the minimum lease payments if lower), they are depreciated over their probable useful life, the corresponding financial debt is recognized as a liability, and the finance lease payments are split between loan repayments and interest.

4.13 – Financial assets

Financial assets, excluding cash and derivatives, comprise loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are included in current assets, excluding assets maturing over twelve months after the reporting date. Loans are measured at amortized cost using the effective interest rate method. The recoverable amount of loans and receivables is examined whenever there is an indication that the asset may have suffered an impairment loss, and at least at each reporting date. If the recoverable amount is less than the carrying amount, an impairment loss is immediately recognized in the consolidated income statement.

Management regularly reviews and measures the recoverable amount of trade receivables. When the recoverable amount is below the net carrying amount, a provision for impairment or a loss on a bad debt is recognized in profit or loss. This evaluation of credit risk is based on past experience of debt recovery and payment default, the age of receivables that are past due, and the payment terms granted. A receivable is considered past due when the payment has still not been made on the contractually agreed date.

4.14 – Short-term investments

These are securities held for short-term trading purposes that do not satisfy the IAS 7 criteria for classification but that can be rapidly realized. These financial assets are measured at fair value (market value) on the reporting date and changes in fair value are recognized in profit or loss.

4.15 – Cash and cash equivalents

Cash includes current banking account balances.

Cash equivalents include mutual funds (SICAV), term deposits and financial investments, which can be rapidly realized or sold (with a term of less than three months) and which have a negligible risk of a change in value in the event of changes in interest rates. Cash equivalents are classified as financial assets held for trading: they are measured at fair value and changes in fair value are recognized in profit or loss. Given the nature of these assets, their fair value is generally close to their net carrying amount.

Bank overdrafts are included in current financial debt.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and cash equivalents as defined above, net of current bank overdrafts.

4.16 – Share-based payments

Stock warrants and founders' stock warrants are awarded to management, to certain employees or to members of the Group's Executive Board and Supervisory Board. In accordance with IFRS 2, such equity instrument awards are measured at fair value on the award date. The fair value is determined using the most appropriate valuation model having regard to the characteristics of each plan.

The fair value determined on the date of the award is recognized under employee benefit expenses (and allocated by function in the consolidated income statement) on a straight-line basis over the vesting period, offset by the corresponding increase in equity.

At each reporting date, the Group reviews the number of options that may become exercisable. Where applicable, the impact of a revised estimate is recognized in the consolidated income statement, offset by a corresponding adjustment to equity.

4.17 – Measurement and recognition of financial liabilities

Financial liabilities are initially recognized at fair value on the date of the transaction. They are subsequently measured at amortized cost using the effective interest rate (EIR) method.

The EIR is the rate that brings expected future cash outflows to the present net carrying amount of the financial liability in order to calculate its amortized cost.

4.18 – Employee benefits

In line with the legislation and practices in force in the countries in which the Company operates, employees may receive benefits when they retire, or indeed pensions during their retirement. Contributions paid under defined contribution plans are expensed when they become due, the Group having no liability beyond the contributions paid.

In accordance with IAS 19, the Group's obligation under defined benefit plans is measured using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The final obligation is then discounted.

The main assumptions used to calculate this obligation are:

- the discount rate;
- the inflation rate;
- the expected rate of salary increase; and
- the staff turnover rate.

Service costs are recognized in profit or loss and allocated by function.

Financial costs are recognized in profit or loss and included in "Financial income /(expense)" in the consolidated income statement.

Actuarial gains and losses are recognized in other comprehensive income. Actuarial gains and losses stem from changes in actuarial assumptions and experience-linked adjustments (the effect of differences between past actuarial assumptions and what actually happened).

4.19 – Provisions

In accordance with IAS 37, the Group only recognizes provisions if the following three conditions are satisfied: an entity has a present (legal or implied) obligation to a third party as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

The determination of the exposure to risk and the recognition and measurement of provisions relating to ongoing litigation and disputes require a significant amount of judgment and estimates. These judgments and estimates are by nature subject to change if new information or new evidence become available.

4.20 – Grants and contingent advances

Since its founding, the Group has, because of its innovative nature, received various forms of assistance from the State or government agencies designed to fund its activities or specific new hires. This assistance takes the form of grants or contingent advances.

Grants are recognized when there is reasonable assurance that:

- the Group will comply with any conditions attached to the grants and, that
- the grants will be received.

A government grant receivable in the form of immediate financial support for the company without related future costs, is recognized as income in the fiscal year in which the receivable accrues. In cases where the grant is intended to offset an expense, it is deducted from this expense in the period during which the expense was incurred.

A loan that, subject to certain conditions, is not repayable is treated as a government grant when there is reasonable assurance that the business will meet the conditions for forgiveness of the loan. Otherwise, it is classified as a financial debt and measured at amortized cost.

The resulting amount of the preferential rate benefit obtained on granting of non-interest bearing repayable advances is treated as a grant. This benefit is determined by applying a discount rate equal to the OAT (fungible French treasury bond) rate, plus a risk premium specific to the company, for the period over which the advances will be repaid.

If there is a change in the anticipated schedule of repayments of repayable advances, the Company recalculates the net carrying amount of the debt resulting from the discounting of the expected new cash flows. The resulting adjustment is recognized in the income statement in the fiscal year in which the change is recognized.

4.21 – Current liabilities

Current liabilities are those liabilities that are to be settled or negotiated in the normal operating cycle or within twelve months of the reporting date.

4.22 – Revenue recognition

The revenue generated by the Group from research partnership agreements, license sales as well as the sale of polymers.

As of March 31, 2017, the company was not marketing any product.

Revenue includes research partnership agreements, license sales as well as the sale of polymers.

Collaboration and partnership agreements

Revenue from partnership agreements entered into with pharmaceutical laboratories for research programs. Revenue from these contracts generally consists of:

- non-refundable fixed payments received at the start of the agreement (or upfront payments). These sums are recognized in revenue on the basis of expenses incurred, over the period for the performance of the obligations;

- repayments of research program expenses, which are based on the internal resources allocated to the scientific program in question and are calculated on the basis of the number of Full Time Equivalents (FTEs) allocated, multiplied by an annual invoicing rate. They also include direct costs of equipment and outsourced activities. These payments are recognized as revenue based on the actual progress of the expenses relating to the research program in question;

- non-refundable fixed payments, which accrue upon the completion of specific technical or commercial events (milestones). These payments depend on events beyond the Company's control, which are highly uncertain (decisions of further development on the part of the partner, obtaining marketing authorization, marketing by the partner, etc.). Thus these amounts are recognized in income when their generating event occurs (achievement of milestone).

The revenue from other partnership agreements is recognized in the income statement on the basis of the terms of the contract, and of progress on programs where applicable.

License sales

Revenue from license sales is recognized in the income statement on the basis of the terms of the license agreement. The agreements typically provide for (i) a one-off non-refundable sign-up fee and (ii) royalties based on the key phases defined in detail in the licensees and/or on product or technology sales by license holders:

- Entry fee revenue is recognized when there is no material uncertainty regarding collection, i.e. typically on signature of a fixed-term contract that authorizes the license holder to freely exploit these rights, without any other obligation by the licensor. If subsequent obligations remain to be performed by the Group, and the license is not separable from these obligations, the income is recognized according to the progress of the programs, using the percentage of completion method.

- License royalties are based on:

    - the key steps defined in detail in the license agreement;

    - and/or on the product or technology sales made by licensees.

They are recognized in accordance with the terms of the license agreement when the triggers can be reliably determined and the collection of the receivables created by royalties to be paid is reasonably assured.

Sale of polymers for preliminary feasibility studies, pre-clinical or clinical studies

Revenue is recognized when all these criteria are satisfied:

- there is evidence of the existence of an agreement between the parties;
- delivery of the asset or performance of the service (delivery generally not passing through the Group);
- the price is fixed and determinable.

Revenue from the sale of products is recognized on transfer to the customer of the risks and rewards of ownership. Revenue is measured at the fair value of the consideration received or receivable. If a deferred payment has a material impact on the calculation of the fair value, future payments are discounted accordingly.

Any discounts and rebates offered to customers are recognized at the same time as sales. They are deducted from consolidated revenue.

Other income from continuing operations

As a result of the application of IAS 20, Research Tax Credits are presented as an increase in "Other income from continuing operations" in the consolidated income statement.

The Crédit d'Impôt Recherche (research tax credit, "CIR") is a French tax incentive designed to stimulate investment in research and development ("R&D"). CIRs are typically deducted from the income tax payable and any portion that has not been deducted after three fiscal years is reimbursed. Since MedinCell is considered to be an SME under EU rules (fewer than 250 employees and less than €50 million in revenue), CIRs are reimbursed each year without having to wait for the 3-year term.

The CIR is calculated on the basis of eligible and declared R&D expenses.

The Company calculated the tax credit using a structured approach and the appropriate methodologies described below:

- The scope of research and development activities qualifying for research tax credits was delimited by analysis of each research project and their progress. Only experimental development expenses were included in the tax credit calculation;
- Depreciation of the fixed assets partly devoted to research activities was used by applying an allocation key determined using objective criteria, such as the time used for qualifying activities and the number of people working on these activities;

- Employee benefit expenses relating to researchers and technicians were calculated on the basis of the internal tracking by means of time-sheets detailing the number of hours spent on the various identified eligible research projects, and the work done and pertaining to the project in question;
- Outsourcing expenses were included where the service provider to which the research work was allocated is established in a Member State of the European Union, or the European Economic Area and if the service provider is authorized by the Ministry for Higher Education and Research.

The Company has a business case and a scientific dossier for each identified qualifying project, thanks to the real-time tracking of research projects and the related technical, human and financial resources.

4.23 – Research and development costs

The "Research and development costs" line item includes charges directly attributable to the research and development activities conducted by the Group in connection with its partnership agreements and, particularly, feasibility and clinical development studies, research activities as well as the strengthening of its intellectual property. These costs mainly include:

- the employee-related expenses allocated to the research programs;
- the outsourcing expenses for the research programs;
- the purchase of the raw materials and consumables necessary for the tests;
- a portion of the overhead;
- the depreciation and impairment expense associated with capitalized development costs.

As indicated in the "Intangible assets" note, internal research costs are expensed. Internal development costs are expensed during the period in which they are incurred where the criteria for capitalization are not satisfied.

4.24 – Sales and marketing costs

This item encompasses all sales and marketing costs, including wages, charges and ancillary costs of dedicated teams, the various external costs incurred for the sales and marketing of products or promoting the Group.

4.25 –Overheads and administrative costs

This item covers all overheads and administrative costs, including wages and charges for the dedicated teams, as well as all other expenses not allocated to the cost of sales, research and development costs or the cost of sales and marketing.

4.26– Recurring operating profit (loss)

Recurring operating profit (loss) includes all recurring income and costs directly relating to the Group's activities.

4.27 – Other operating income and expenses

This heading is used in the case of a major event during the accounting period that might paint a false picture of the company's financial performance.

It includes a very limited number of income and expense items that are unusual because of their frequency, nature or amount.

4.28 – Operating profit (loss)

Operating profit (loss) includes all income and costs that are directly attributable to the Group's operations, whether or not such income and expenses are recurring or result from one-off decisions or transactions.

4.29– Income tax

Deferred taxes are recognized for all temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases, as well as the tax losses. The differences are temporary when it is anticipated they will reverse in the future. Deferred tax assets are only recognized insofar as the Group estimates, on the basis of the forecast tax results expected over the subsequent three fiscal years, that it is probable that a taxable profit will be available, against which these temporary differences and tax loss carryforwards can be offset.

The determination of deferred tax assets requires a significant amount of judgment and the use of estimates by Management. Should future tax results substantially differ from deferred tax assets, the amount involved should be revised accordingly (up or down), resulting, potentially, in a material impact on the Group's profit or loss.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted. The amounts recognized in the consolidated financial statements are calculated in each tax entity within the scope of consolidation.

4.30 – Segment reporting

In accordance with IFRS 8, the segment reporting is prepared on the basis of internal management data used to analyze business performance and resource allocation.

An operating segment is a separate component of the Group that is engaged in providing distinct products and services, and is subject to risks and returns that are different from the risks and returns of other operating segments.

At this stage of development, the Group concluded that its operations consists of a single operating segment: ongoing research and development on processes that use biodegradable polymers to enable the controlled and prolonged release of the active principles of drugs into the human body by means of injection.

The breakdown of revenue is shown in Note 6.1.

4.31 – Basic earnings per share and diluted earnings per share

Basic earnings per share are calculated by dividing the earnings for the fiscal year attributable to Group stockholders by the average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting net earnings for the fiscal year attributable to owners of the Company and the weighted average number of ordinary shares outstanding for all dilutive potential ordinary shares. If the inclusion in the calculation of diluted earnings per share of instruments giving deferred capital interests (free share awards, stock warrants, subscription options, founders' stock warrants) generates an anti-dilutive effect, such instruments are not taken into account.

Treasury shares deducted from equity are not factored into the calculation of earnings per share or diluted earnings per share.

NOTE 5 – Notes on the consolidated statement of financial position

5.1 – Intangible assets

Movements in the net carrying amount of intangible assets for the periods covered are presented below:

(In € thousands)	March 31, 2015	Movements during the fiscal year			March 31 2016
		Purchases/additions	Disposals and scrapping	Reclassification	
Capitalized development expenses	-	-	-	-	-
Software, patents, licenses	1,587	299	-	13	1,899
Assets in progress and down-payments made	43	52	(11)	(13)	71
Intangible assets	1,630	351	(11)	-	1,970
Capitalized development expenses	-	-	-	-	-
Software, patents, licenses	(516)	(162)	-	-	(678)
Assets in progress and down-payments made	-	-	-	-	-
Amortization of intangible assets	(516)	(162)	-	-	(678)
Net intangible assets	1,114	189	(11)	-	1,292

(In € thousands)	March 31, 2016	Movements during the fiscal year			March 31, 2017
		Acquisitions	Disposals and scrapping	Reclassification	
Capitalized development expenses	-	-	-	-	-
Software, patents, licenses	1,899	202	-	(67)	2,034
Assets in progress and down-payments made	71	283	-	-	354
Intangible assets	1,970	485	-	(67)	2,388
Capitalized development expenses	-	-	-	-	-
Software, patents, licenses	(678)	(192)	-	67	(803)
Assets in progress and down-payments made	-	-	-	-	-
Amortization of intangible assets	(678)	(192)	-	67	(803)
Net intangible assets	**1,292**	**293**	-	-	**1,585**

The Company has continued with the international expansion of its patents.

Assets in progress mainly consist of a project to develop a prototype intended to improve formulation analyses and automatic characterization of release.

Thus costs related to this prototype are activated in accordance with IAS 38, as long as all the required criteria are met.

5.2 – Property, plant & equipment

Movements in the net carrying amount of property, plant and equipment for the periods covered are presented below:

(In € thousands)	March 31, 2015	Movements during the fiscal year			March 31, 2016
		Acquisitions	Disposals and scrapping	Reclassification	
Laboratory equipment	644	166	120	-	930
Miscellaneous fixtures and fittings	233	4	-	-	237
Office, computer and other equipment	127	46	12	-	185
Assets in progress and down-payments made	164	597	(132)	-	629
Property, plant and equipment	1,168	813	-	-	1,981
Laboratory equipment	(211)	(104)	-	-	(315)
Miscellaneous fixtures and fittings	(47)	(33)	-	-	(80)
Office equipment and computer hardware and other	(56)	(32)	-	-	(88)
Assets in progress and down-payments made	-	-	-	-	-
Amortization of Property, plant and equipment	(314)	(169)	-	-	(483)
Net property, plant and equipment	**854**	**644**	-	-	**1,498**

(In € thousands)	March 31, 2016	Movements during the fiscal year			March 31, 2017
		Acquisitions	Disposals and scrapping	Reclassification	
Laboratory equipment	930	458	-	101	1,489
Miscellaneous fixtures and fittings	237	218	-	876	1,331
Office, computer and other equipment	185	102	-	14	301
Assets in progress and down-payments made	629	568	-	(991)	206
Property, plant and equipment	1,981	1,346	-	-	3,326
Laboratory equipment	(315)	(186)	-	-	(501)
Miscellaneous fixtures and fittings	(80)	(115)	-	-	(195)
Office, computer and other equipment	(88)	(58)	-	-	(146)
Assets in progress and down-payments made	-	-	-	-	-
Amortization of Property, plant and equipment	(483)	(359)	-	-	(842)
Net property, plant and equipment	**1,498**	**987**	**-**	**-**	**2,484**

The company has invested over the period to underpin and maximize its growth, in particular by:

- Fitting out the new building including a new laboratory with an analytical room and controlled atmosphere rooms;

- Acquiring computer hardware in response to changes in headcount.

During the fiscal year, assets in progress were capitalized resulting in an increase in fixtures and fittings with the commissioning of the new building and the new laboratory.

Property, plant and equipment under construction relates to the development of new rooms in the laboratories.

5.3 – Reconciliation of investments with the statement of cash flows

The statement below reconciles the acquisitions made during the fiscal years presented with the information presented in the statement of cash flows:

(In € thousands)	March 31, 2016	March 31, 2017
Acquisition of intangible assets	(351)	(485)
Acquisition of property, plant & equipment	(813)	(1,346)
Changes in amounts payable on non-current assets	-	-
Total acquisitions of property, plant & equipment and intangible fixed assets	**(1,164)**	**(1,831)**

5.4 – Financial assets and other non-current assets

Financial assets and other non-current assets break down as follows:

. (In € thousands)	March 31, 2016	March 31, 2017
Non-consolidated equity investments	6	6
Deposits and guarantees paid	57	57
General funds – endowment fund	-	2,500
Gross financial and other non-current assets	**63**	**2,563**
Impairment of non-consolidated investments	-	(3)
Net financial assets and other non-current assets	**63**	**2,560**

As of March 31, 2017 they mainly consisted of:

- deposits and collateral for ongoing operations (€57k);
- securities of Banque Populaire du Sud held (€6k);
- deposits on endowment fund placed in general funds (€2,500k) (see Note 5.7).

5.5 – Trade receivables

The table below breaks down the net carrying amount of trade receivables for the fiscal years presented:

(In € thousands)	March 31, 2016	March 31, 2017
Trade receivables	2,156	912
Invoices to be issued	-	21
Gross amount at end of period	**2,156**	**933**
Depreciation	-	-
Net amount at end of period	**2,156**	**933**

As of March 31, 2017, trade receivables comprised pending payments for Research and Development work that was ongoing or planned. The year-on-year reduction was due to the payment of invoices relating to the second quarter during the fiscal year. All past-due trade receivables had been paid as of end-April 2017.

5.6 – Other current assets

The table below breaks down the net carrying amount of other current assets for the fiscal years presented:

(In € thousands)	March 31, 2016	March 31, 2017
Advance payments on orders	-	28
Employee-related receivables	14	10
Tax receivables	1,714	2,792
Prepaid expenses	662	80
Other	59	60
Other current assets, gross	**2,449**	**2,969**
Depreciation	-	-
Other current assets, net	**2,449**	**2,969**

Tax receivables mainly comprise research tax credits (€1,695k) and VAT credits (€764k).

The decrease in prepaid expenses is mainly explained by the writing off in this year of expenses incurred to date for the capital increase project initiated by the company at the reporting date given a timetable that has not yet been fixed.

5.7 – Short-term investments in cash equivalents

The table below shows a breakdown of short-term investments in cash equivalents for the fiscal years presented:

(In € thousands)	March 31, 2016	March 31, 2017
Endowment fund invested in bonds	-	945
Term deposits or equivalent	1,875	4,513
Short-term investments in cash equivalents	**1,875**	**5,458**

5.8 – Cash and cash equivalents

The table below shows the breakdown of (i) the "Cash and cash equivalents" line item on the asset side of the consolidated statement of financial position, and (ii) the "Net cash and cash equivalents" line item, as presented in the consolidated statement of cash flows for each fiscal year presented:

(In € thousands)	March 31, 2016	March 31, 2017
Cash	636	3,824
Cash and cash equivalents	**636**	**3,824**
Bank overdrafts	-	-
Net cash and cash equivalents	**636**	**3,824**

5.9 – Issued capital and reserves

5.9.1 – Share capital and issue premiums

As of March 31, 2016, the capital consisted of 291,477 fully paid-up ordinary shares with a par value of €0.50 each.

The Extraordinary General Meeting of March 16, 2017 decided to divide the par value of the shares of MedinCell SA by fifty, reducing it from €0.50 to €0.01 per share. The share capital of the Parent Company remained unchanged (€144,122) but is now split into 14,412,150 shares with a par value of €0.01 each, and these newly created shares are allocated to existing shareholders at the rate of fifty new shares for each old share.

As of March 31, 2017, the capital consisted of 14,412,150 fully paid-up ordinary shares with a par value of €0.01 each.

The table below shows the changes to MedinCell SA's capital in the fiscal years reported:

Date	Nature of changes in capital	Number of shares created	Par value (€)	Capital (€)	Issue premiums (€)
At March 31, 2015		**290,391**	**0.50**	**€145,195.50**	**158,339.41**
Exercise of stock warrants (SWs) / founders' SWs (FSWs)		1,086	0.50	543	20,902.20
At March 31, 2016		**291,477**	**0.50**	**€145,738.50**	**179,241.61**
50:1 share split on March 16, 2017		14,123,907	-	-	-
Exercise of stock warrants (SWs) / founders' SWs (FSWs)		666	0.50	333	19,945
Capital reduction		(3,900)	0.50	(1,950)	-
At March 31, 2017		**14,412,150**	**0.01**	**144,121.50**	**199,186.61**

5.9.2 – Breakdown of capital and voting rights

The table below shows the breakdown in MedinCell SA's capital and voting rights in the fiscal years presented:

	March 31, 2016 % interest	March 31, 2017 % interest
Founders	32%	30%
Employees, consultants and members of the Supervisory Board	46%	45%
Other private individuals	22%	25%
TOTAL	100%	100%

5.10 – Share-based payments

The Extraordinary General Meeting of Shareholders approved the 50:1 split in the par value of Company's shares and the adjustment to the exchange ratios of the 2014 founders' stock warrants, the 2016 founders' stock warrants, the 2014 stock warrants and the 2016 stock warrants caused by the split in the par value of the shares.

5.10.1 – Founders' stock warrants (FSW)

The Annual General Meeting authorized the Management Board to introduce the following plans to issue founders' stock warrants:

- Issue of 5,219 founders' stock warrants, authorized by the Annual General Meeting of Shareholders of September 9, 2014, permitting the award of up to 12,254 founders' stock warrants before September 9, 2016, hereinafter known as Plan 1;

During the fiscal year, the Annual General Meeting authorized the Management Board to introduce the following new founders' stock warrants plans:

- Issue of 1,090 founders' stock warrants on August 31, 2016, authorized by the Annual General Meeting of May 10, 2016, permitting the award of up to 1,090 founders' stock warrants before August 31, 2026, hereinafter known as Plan 2.

	FSW Plan 1	FSW Plan 2
Date of Annual General Meeting (AGM)	**September 9, 2014**	**May 10, 2016**
Number of FSWs authorized by the AGM [4]	12,254	8,211
Award date	**March 17, 2015**	**Aug 31, 2016**
Vesting period	5 years (per tranche)	5 years (per tranche)
Expiry date	March 16, 2020	August 30, 2026
Number of instruments awarded	5,219	1,090
Exchange ratio Instrument/Share [1]	50	50
Option subscription price	€ 0.00	€ 0.00
Exercise price [1]	€ 0.24	€ 0.70
Performance conditions	Continued employment condition	Continued employment condition
Valuation method used	**Black-Scholes**	
Fair value of the share on the award date	€ 36.00	€ 35.00
Expected volatility [2]	60.0%	40.87% to 63.87% depending on tranche
Average lifespan of the instrument	5 years	5 years
Discount rate [3]	0.26%	0.00%
Expected dividends	-	-
Performance conditions	N/A	N/A
Fair value of the option	**€ 28.00**	**between €2.32 and €20.17 depending on the tranche**

[1]) Exchange ratio and exercise price adjusted by the 50:1 split of the par value on March 16, 2017;
[2] Based on the historical volatility of comparable entities;
[3] Risk-free government bond – OAT TEC 10;
[4] Ceiling shared with the stock warrants, see paragraph below;

A series of inputs were used to value the founders' stock warrants (number of options granted, share price on the award date, etc.) giving values ranging between €2.32 and €20.17.

Breakdown of founders' stock warrant plans

The table below shows the movements, the exercise price, the fair value of the underlying on award date, the residual life and the expenses recognized for all outstanding founders' stock warrants:

	No. of options outstanding as of March 31, 2015	Awarded during the period	Exercised during the period	Lapsed during the period	No. of options outstanding as of March 31, 2016	Awarded during the period	Exercised during the period	Lapsed during the period	No. of options outstanding as of March 31, 2017
Plan 1	5,219	-	(679)	(832)	3,708	-	(279)	(368)	3,061
Plan 2	-	-	-	-	-	1,090	(145)	(59)	(59)
Total	**5,219**	**-**	**(679)**	**(832)**	**3,708**	**1,090**	**(424)**	**(427)**	**3,947**

5.10.2 – Stock warrants

The Annual General Meeting authorized the Management Board to introduce the following plans to issue stock warrants:

- Issue of 6,786 stock warrants, authorized by the Annual General Meeting of September 9, 2014, permitting the award of up to 12,254 founders' stock warrants before September 9, 2016, hereinafter known as Plan 1;

- Issue of 225 stock warrants, authorized by the Annual General Meeting of September 9, 2014, permitting the awarding of up to 12,254 stock warrants before September 9, 2016, hereinafter known as Plan 2.

During the fiscal year, the Annual General Meeting authorized the Management Board to introduce the following plans to issue stock warrants:

- Issue of 1,565 stock warrants by the Management Board on August 31, 2016, authorized by the Annual General Meeting of May 10, 2016, permitting the award of up to 1,565 stock warrants before August 31, 2026, hereinafter known as Plan 3.

	SW Plan 1	SW Plan 2	SWs Plan 3
Date of Annual General Meeting (AGM)	**September 9, 2014**	**September 9, 2014**	**May 10, 2016**
Number of SWs authorized by the AGM [2]	12,254	12,254	1,565
Award date	**March 17, 2015**	**April 27, 2015**	**Aug 31, 2016**
Vesting period	5 years (per tranche)	5 years (per tranche)	5 years (per tranche)
Expiry date	February 6, 2020	September 18, 2016	August 30, 2026
Number of instruments awarded	6,786	225	1,565
Exchange ratio Instrument/Share [1]	50	50	50
Option subscription price	€ 1.00	€ 1.20	€ 3.50
Exercise price [1]	€ 0.24	€ 0.24	€ 0.70
Performance conditions	Condition of attendance	IPO or financial transaction	Condition of attendance
Valuation method used		**Black-Scholes**	
Fair value of the share on the award date	€ 36.00	€ 36.00	€ 35.00
Expected volatility [3]	60.0%	60.0%	between 55.04% and 63.01% depending on
Average lifespan of the instrument	5 years	5 years	5 years
Discount rate [4]	0.26%	0.26%	0.00%
Expected dividends	-	-	-
Market conditions	OK	OK	OK
Fair value of the option	**€ 28.00**	**€ 28.00**	**between €2.20 and €16.85 depending on the tranche**

[1] Exchange ratio and exercise price adjusted by the 50:1 split of the par value on March 16, 2017;
[2] This ceiling is shared with the one mentioned in the founders' stock warrants table in the above paragraph;
[3] Based on the historical volatility of comparable entities;
[4] Risk-free government bond – OAT TEC 10.

Breakdown of stock warrant plans

The table below shows the movements, the exercise price, the fair value of the underlying on award date, the residual life and the expenses recognized for all outstanding founders' stock warrants:

	No. of options outstanding as of March 31, 2015	Awarded during the period	Exercised during the period	Lapsed during the period	No. of options outstanding as of March 31, 2016	Awarded during the period	Exercised during the period	Lapsed during the period	No. of options outstanding as of March 31, 2017
Plan 1	6,786	-	(407)	(4,540)	**1,839**	-	(91)	-	**1,748**
Plan 1'	-	225	-	-	**225**	-	-	(225)	**-**
Plan 2	-	-	-	-	**-**	1,565	(151)	-	**1,414**
Total	6,786	225	(407)	(4,540)	**2,064**	1,565	(242)	(225)	**3,162**

5.10.3 – Summary of movements and reconciliation of the share-based payment expense

The table below summarizes the movements and expenses recognized during the fiscal years presented for all outstanding options presented:

	No. of options outstanding as of March 31, 2015	Awarded during the period	Exercised during the period	Lapsed during the period	No. of options outstanding as of March 31, 2016	Awarded during the period	Exercised during the period	Lapsed during the period	No. of options outstanding as of March 31, 2017
FSWs	5,219	-	(679)	(832)	3,708	1,090	(424)	(427)	3,947
SWs	6,786	225	(407)	(4,540)	2,064	1,565	(242)	(225)	3,162
Total	**12,005**	**225**	**(1,086)**	**(5,372)**	**5,772**	**2,655**	**(666)**	**(652)**	**7,109**

The expenses are recognized in the financial statements under IFRS 2 Share-based Payment during the various fiscal years for the plans detailed above and break down as follows:

In thousands €	3/31/2015	3/31/2016	3/31/2017	3/31/2018	3/31/2019	3/31/2020	3/31/2021	Total
FSWs	4	53	31	21	11	4	1	125
SWs	4	17	18	20	11	5	2	77
Total	**8**	**70**	**49**	**41**	**22**	**9**	**3**	**202**

The aggregate total expense for share-based payments was €49k for fiscal year 2017 and €70k for fiscal year 2016. For 2017, the breakdown was €36k in expenses and €13k in IPO expenses compared with a breakdown of €51k in expenses and €19k in IPO expenses for 2016. The expense was allocated as follows under operating expenses:

(In € thousands)	March 31, 2016 R&D	S&M	G&A	Total	March 31, 2017 R&D	S&M	G&A	Total
Stock options	-	-	-	-	-	-	-	-
FSWs	(45)	(3)	(8)	**(56)**	(20)	(3)	(8)	**(31)**
plan1	*(45)*	*(3)*	*(8)*	*(56)*	*(20)*	*(3)*	*(8)*	*(31)*
Bonus shares	-	-	-	-	-	-	-	-
SWs	4	-	1	**5**	(3)	(1)	(1)	**(5)**
plan1	*4*		*1*	*5*	*(3)*	*(1)*	*(1)*	*(5)*
Total	**(41)**	**(3)**	**(7)**	**(51)**	**(23)**	**(4)**	**(9)**	**(36)**

R&D: Research and development *G&A: Overheads and administrative costs* *G&A: Overheads and administrative costs*

5.11 – Financial debt

In the fiscal year ended March 31, 2017, the financial debt was mainly comprised of repayable advances, Innovation Loans arranged with BPI and the Languedoc Roussillon region, a loan to acquire rights to the active principles, a loan to fit out new premises, and a €15 million bond issue subscribed by an industrial partner during the fiscal year.

5.11.1 – Change in financial debt in the fiscal year ended March 31, 2017

The table below shows the changes in non-current and current financial debt net of the cash and cash equivalents in the fiscal year ended March 31, 2017:

(In € thousands)	March 31, 2016	Movements during the fiscal year: Receipts obtained	Repayments	Better fortunes	Reclassification no non-current/current	Capitalized interest	Other (of which translation difference)	(Discounting)/ Accretion	March 31, 2017
BPI 'A1005029 J' advance	393				(238)			30	185
BPI 'A1206003 J' advance	227	25	-	-	(95)	-	-	18	175
BPI 'A1311013 J' advance	57	-	-	-	(29)	-	-	4	32
Dollar loan (1)	-	-	-	-	1,039	-	-		1,039
Export loan	15	-	-	-	-	-	-	-	15
SW innovation loan	134	-	-		(57)			-	77
BPI PTZI loan	787	-	-	-	(180)	-	-	19	626
Related loans	91	-	(91)	-		-	-		-
Innovation loan	40	-	-	-	(10)	-	-	-	30
BNP loan	182	495	-	-	(183)	-	-	-	494
PTZI (Lab 2016)	316	-	-		(19)			8	305
PIFEI LAB 2016	400	-	-	-	(40)	-	-		360
PTZI (IDEFIX)	-	614	-	-	-	-	-	(65)	549
Bond issue (1)	-	14,951	-	-	-	1,035	-	-	15,986
								-	
Financial liabilities – non-current	2,642	16,085	(91)	-	188	1,035	-	14	19,872
BPI 'A1005029 J' advance	163		(163)		238	-	-	-	238
BPI 'A1206003 J' advance	110	-	(75)	-	95	-	-	-	130
BPI 'A1311013 J' advance	18		(18)		29	-	-	-	29
Dollar loan (1)	961	-		-	(1,039)	21	57	-	-
Export loan	14		(14)			-	-	-	-
SW innovation loan	56	-	(56)	-	57	-	-	-	57
BPI PTZI loan	-				180	-	-	-	180
Research Tax Credit pre-financing	250	-	(250)	-		-	-	-	-
Innovation loan	10		(10)		10	-	-	-	10
Related loans	75	-	(381)	306		-	-	-	-
BNP loan	23		(77)		183	-	-	-	129
PTZI (Lab 2016)	-				19	-	-	-	19
PIFEI LAB 2016	-	-	-	-	40	-	-	-	40
Bank bonds	-	2,000	(2,000)	-	-	-	-	-	-
Financial liabilities – current	1,680	2,000	(3,044)	306	(188)	21	57	-	832
Total financial debt	**4,322**	**18,085**	**(3,135)**	**306**	**-**	**1,056**	**57**	**14**	**20,705**
Net short-term investments	(1,875)								(5,458)
Cash and cash equivalents	(636)								(3,824)
Endowment fund	-								(2,500)
Net debt	**1,811**								**8,923**

To fund its development, the company made two non-convertible bond issues during the fiscal year for €17 million.

The first, for a nominal amount of €2 million, was issued on July 6, 2016 to a bank. It had been fully repaid at the reporting date.

€15 million bond issued in July 2016:

To finance its development, on July 25, 2016 the company issued a non-convertible 7-year bond for a total of €15 million to one of its major industrial partners. There is an active contract with this partner to provide services related to the research into the formulation of certain products, as well as the achievement of certain (pre-)clinical development phases of products in collaboration.

The main characteristics of this bond issue are as follows:

These bonds bear interest at 6 month EURIBOR + 10%. Interest is payable every 6 months factoring in an initial 24-month grace period during which the interest will be capitalized. This capitalized interest will bear the same interest after 12 months.

By contract, these bonds must be redeemed in 3 installments as follows, excluding capitalized interest:

- a minimum nominal amount of €2.5 million (excluding capitalized and non-capitalized interest) on the bonds, to be repaid by August 2, 2021;

- A minimum nominal amount aggregated with the redemption in 2021 of €5 million (excluding capitalized and uncapitalized interest) on the bonds to be redeemed by August 2, 2022; and

- A sum equal to the nominal amount still to be redeemed (excluding capitalized and non-capitalized interest) on the bonds to be redeemed by August 2, 2023.

MedinCell nevertheless has the option to redeem early without penalty. If this redemption is made in part, the amount redeemed under this part may not be less than €500k and, if it is higher, it must be a multiple of €250k. On certain contractual defined conditions MedinCell may also be obliged contractually to redeem these bonds early. There is no trigger for early redemption on the reporting date.

MedinCell has also made certain commitments to subscribers regarding this bond issue that may be applied in the event of default by MedinCell:

- a fourth-ranking pledge over its business assets;

- a pledge comprising 50% of the intellectual property rights limited to developed products and to the geographic regions in which the subscriber distributes.

5.11.2 – Financial debt repayment schedule as of March 31, 2017

	Award date	Amount received	Contractual interest rate	Effective interest rate / Discount rate	March 31, 2017	< March 31, 2018	< March 31, 2019	< March 31, 2020	< March 31, 2021	< March 31, 2022	> March 31, 2022	Discounting
BPI 'A1005029 J' advance	Apr 29, 2010	759	0%	5.47%	423	238	222	-	-	-	-	(37)
BPI 'A1206003 J' advance	May 15, 2012	400	0%	5.47%	305	130	155	-	-	-	-	20
BPI 'A1311013 J' advance	Nov 4, 2013	90	0%	2.53%	61	29	35	-	-	-	-	(3)
Dollar loan	Oct 4, 2010	769	1.73%	1.73%	1,039	-	1,039	-	-	-	-	-
Export loan	Feb 8, 2012	70	5.47%	6.16%	15	-	15	-	-	-	-	-
SW innovation loan	Mar 24, 2015	280	2.29%	2.52%	134	57	58	19	-	-	-	-
BPI PTZI loan	Aug 12, 2014	900	0%	2.52%	806	180	180	180	180	180	-	(94)
Innovation loan	Apr 17, 2014	50	5.47%	6.25%	40	10	10	10	10	-	-	-
PTZI (Lab 2016)	Aug 3, 2015	375	0%	3.68%	324	19	75	75	75	75	56	(51)
PIFEI LAB 2016	Aug 3, 2015	400	3.37%	4.24%	400	40	120	120	120	-	-	-
BNP Consumer	Feb 24, 2016	700	2.29%	2.46%	623	129	119	121	123	76	55	-
PTZI (IDEFIX)	Aug 31, 2016	614	0%	2.29%	549	-	-	123	123	123	246	(66)
Bonds	Jul 21, 2016	15,000	Euribor +10%	Euribor +10.06%	15,986	-	-	-	-	2,500	13,486	-
					20,705	832	2,028	648	631	2,954	13,843	(231)

- BPI A1005029 J advance: the project, financed by the region and Banque Publique d'Investissement ("BPI") in the form of conditional advances, was intended to develop its technological platform for peptide formulation. The project concluded successfully in the second quarter of the fiscal year ended March 31, 2014.

- BPI A1206003 J advance: the project, financed by the region and BPI in the form of conditional advances, was intended to develop its technological platform for protein and antibody formulation. The project is ongoing.

- BPI A1311013 J advance: the project, financed by BPI in the form of conditional advances, is intended to develop its technological platform in the field of acquired immunodeficiency syndrome. The project is ongoing.

- Dollar loan: the loan was granted to the company to buy the right to use multiple molecules. The loan is repayable at the earlier of the date of listing and the tenth anniversary of the loan.

- Export loan: the loan granted by BPI enabled the company to expand its international operations and grow its network.

- BPS 'FEI'* innovation loan: the loan granted by Banque Populaire du Sud enabled the company to invest in high-tech equipment for its laboratory and put in place the facilities needed to underpin the company's development.

- BPI PTZI loan: the zero interest loan granted by BPI will enable the company to develop a long acting controlled release formulation in the antipsychotic field.

- Innovation loan: the loan granted by BPI enabled the company to develop its business plan following the success of the "BPI 'A1005029 J'" project.

- Zero interest innovation loan: the loan granted by BPI enabled the company to develop its project on the automatic characterization of in vivo models.

- PIFEI zero interest loan: this loan was also for the project on the automatic classification of in vivo models.

- BNP consumer loan: the loan was provided to finance the fitting out of the new building.

- PTZI (IDEFIX) loan: the zero interest loan provided by BPI will enable the formulation of a polymer gel permitting the controlled release of biotherapeutic proteins.

- Bond: the loan provided will enable the Company to accelerate its growth (see the Highlights section for the terms and conditions). There are no covenants attached to these bonds.

5.12 – Employee benefits

Under French law, MedinCell SA employees are entitled to an indemnity when they retire. As the Group does not have any asset cover, the Group's whole obligation was recognized as a liability.

The reconciliation between changes in the present value of defined benefit obligations in the consolidated statement of financial position and the expense recognized in the consolidated income statement for the fiscal years presented can be seen in the table below:

(In € thousands)	March 31, 2016	March 31, 2017
Present value of the retirement benefit obligation at the start of the fiscal year	**113**	**127**
Service cost	28	39
Financial cost	1	3
Actuarial (gains) losses	(25)	25
Benefits paid	10	-
Change in scope	-	-
Present value of the retirement benefit obligation at the end of the fiscal year	**127**	**193**

(In € thousands)	March 31, 2016	March 31, 2017
Service cost	28	39
Financial cost	1	3
Actuarial (gains) losses	(25)	25
Benefits paid	10	-
Expense recognized in respect of defined benefit plans	**14**	**67**
O/w:		
Other comprehensive income /(loss)	(25)	25
Research and development costs	32	25
Sales and marketing costs	2	4
Overheads and administrative costs	5	10
Financial income and expenses	1	3

The main actuarial assumptions used to measure defined benefit obligations are set out below:

Actuarial assumptions	March 31, 2016	March 31, 2017
Retirement age	Resignation at full rate 2013 Reform	Resignation at full rate 2013 Reform
Discount rate (AA bond)	1.60%	1.68%
Social security rate	44%- 47%	44%- 44.01%
Salary increase rate	3.00%	3.00%
Employee turnover assumptions:	Turnover table with decreasing rate by age and zero from age 60, generating an average rate of 1.94%	Turnover table with decreasing rate by age and zero from age 60, generating an average rate of 1.94%
Mortality table	INSEE TH TF 2011-2013	INSEE TH TF 2011-2013

5.13 – Other current liabilities

The table below breaks down the net carrying amount of other current assets for the fiscal years presented:

(In € thousands)	March 31, 2016	March 31, 2017
Customer prepayments	-	-
Social security liabilities	764	1,052
Tax liabilities	65	68
Miscellaneous liabilities	86	141
Deferred income	2,805	1,167
Other current liabilities	**3,720**	**2,428**

Payroll liabilities mainly consist of March compensation paid in April and social security charges in the final quarter.

Prepaid expenses represent the amount of work invoiced to the partners for feasibility studies but where work was ongoing at the reporting date or where the work involved a later period.

5.14 – Categories of financial assets and liabilities

The tables below show the Group's categories of financial assets and liabilities at the end of the fiscal years presented:

5.14.1 – Financial assets

(In € thousands)	March 31, 2016			
	Carrying amount	Loans and receivables	Assets at fair value through P/L	Fair value
Non-current financial assets	63	63	-	63
Trade receivables	2,156	2,156	-	2,156
Other current assets	2,449	2,449	-	2,449
Short-term investments in cash equivalents	1,875	-	1,875	1,875
Cash and cash equivalents	636	-	636	636
Total	**7,179**	**4,668**	**2,511**	**7,179**

(In € thousands)	March 31, 2017			
	Carrying amount	Loans and receivables	Assets at fair value through P/L	Fair value
Non-current financial assets	2,560	60	2,500	2,560
Trade receivables	933	933	-	933
Other current assets	2,969	2,969	-	2,969
Short-term investments in cash equivalents	5,458	-	5,458	5,458
Cash and cash equivalents	3,824	-	3,824	3,824
Total	**15,744**	**3,962**	**11,782**	**15,744**

5.14.2 – Financial liabilities

(In € thousands)	March 31, 2016			
	Carrying amount	Loans and receivables	Liabilities at fair value through P/L	Fair value
Financial debt	4,322	4,322	-	4,322
Trade payables	1,596	1,596	-	1,596
Other liabilities	3,720	3,720	-	3,720
Total	**9,638**	**9,638**	**-**	**9,638**

(In € thousands)	March 31, 2017			
	Carrying amount	Loans and receivables	Liabilities at fair value through P/L	Fair value
Financial debt	20,704	20,704	-	20,704
Trade payables	2,148	2,148	-	2,148
Other liabilities	2,428	2,428	-	2,428
Total	**25,280**	**25,280**	**-**	**25,280**

5.15 – Inventories

Inventories stood at €779k at March 31, 2017 and mainly comprised the inventory of the CM Biomaterials B.V. subsidiary linked to the manufacture of polymers. This increase is due to commitments made by the subsidiary to Corbion (see Note 8) and having regard to the lifespan of products, this inventory could be disposed of on the same terms as at present.

NOTE 6 – Notes on the income statement

6.1 – Revenue

The table below presents the Group's revenue for the fiscal years presented:

(In € thousands)	March 31, 2016	March 31, 2017
Revenue	8,232	8,533
- Income received under partnership agreements	*6,023*	*6,749*
-Licenses, Milestones, Royalties	*1,582*	*715*
- Income from the sale of polymers	*627*	*1,069*
Other income from continuing operations	1,048	1,421
- Research Tax Credit	*1,048*	*1,421*
Total Revenue	**9,280**	**9,954**

Revenue as of March 31, 2017 mainly consisted of (i) development services of €6.7 million and (ii) licenses, milestones and royalties of €0.7 million.

Over this fiscal year, the main customer, based in Israel, accounts for 71% of the Group's revenue, while the second-largest, based in Switzerland, accounts for 29% of the Group's revenue.

All the revenue for the two fiscal years was generated outside France.

Polymer sales involved sales to pharmaceutical partners to carry out (pre)clinical studies.

6.2 – Nature of expenses allocated by function

6.2.1 – Nature of expenses included in Research and development costs

(In € thousands)	March 31, 2016	March 31, 2017
Employee-related expenses	(3,122)	(3,746)
- Employee-related expenses excluding share-based payments [(1)]	*(3,081)*	*(3,723)*
- Share-based payments	*(41)*	*(23)*
Other operating expenses paid	(2,505)	(3,254)
- Outsourcing, studies and services	*(749)*	*(1,668)*
- Raw Materials and consumables	*(772)*	*(472)*
- Fees and consultancy	*(518)*	*(613)*
- Rent and related costs, Insurance, Postal fees	*(289)*	*(395)*
- Other taxes and levies	*(51)*	*(30)*
- Grants	*69*	*75*
- Travel & Transportation	*(195)*	*(151)*
Other operating expenses not paid	(331)	(551)
- Net additions to amortization, depreciation and provisions	*(331)*	*(551)*
Total research and development costs	**(5,958)**	**(7,551)**
[(1)] Of which CICE (tax credit for competitiveness and employment) share:	*61*	*90*

6.2.2 – Nature of expenses included in Sales and marketing costs

(In € thousands)	March 31, 2016	March 31, 2017
Employee-related expenses	(342)	(661)
- Employee-related expenses excluding share-based payments[(1)]	*(339)*	*(658)*
- Share-based payments	*(3)*	*(3)*
Other operating expenses paid	(363)	(628)
- Outsourcing, studies and services	*(158)*	*(283)*
- Travel and transportation, trade fairs, documentation	*(52)*	*(157)*
- Fees and consultancy	*(114)*	*(137)*
- Rent and related costs	*(13)*	*(17)*
- Other taxes and levies	*(7)*	*(3)*
- Other	*(19)*	*(29)*
Other operating expenses not paid	-	-
- Net additions to amortization, depreciation and provisions	-	-
Total sales and marketing costs	**(705)**	**(1,289)**
Of which CICE (tax credit for competitiveness and employment) share:	*8*	*13*

6.2.3 Nature of expenses included in Overheads and administrative costs

(In € thousands)	March 31, 2016	March 31, 2017
Employee-related expenses	(1,078)	(1,517)
- Employee-related expenses excluding share-based payments [(1)]	*(1,071)*	*(1,507)*
- Share-based payments	*(7)*	*(10)*
Other operating expenses paid	(1,126)	(1,435)
- Outsourcing, studies and services	*(103)*	*(130)*
- Fees and consultancy	*(639)*	*(727)*
- Grants	*-*	*9*
- Travel and transportation, Postal fees	*(163)*	*(267)*
- Rent and related costs, Insurance	*(106)*	*(152)*
- Advertising	*(67)*	*(113)*
- Income tax and taxes other than on income (including Tax Credits)	*17*	*28*
- Other	*(65)*	*(83)*
Other operating expenses not paid	(1)	-
- Net additions to amortization, depreciation and provisions	*(1)*	-
Total overheads and administrative costs	**(2,205)**	**(2,953)**
[(1)] Of which CICE (tax credit for competitiveness and employment) share:	*19*	*30*

6.2.4 – Cost of goods and services sold

€885k of the cost of goods and services sold consisted of consumables at the CM Biomaterials B.V. subsidiary.

6.3 –Group headcount and employee related expenses

6.3.1 – Headcount

The Group headcount at end March 2017 was 95 (compared with 77 at end March 2016).

Group headcount by function changed over the period as follows:

Position	March 31, 2016	March 31, 2017
Research and development costs	52	69
Sales and marketing costs	7	7
Overheads and administrative costs	18	19
Total employees	**77**	**95**

6.3.2 – Breakdown of employee-related expenses by type

The employee-related expenses included in the cost of goods sold, of research and development, of sales and marketing, and of overheads and administrative costs cover the items indicated below:

(In € thousands)	March 31, 2016	March 31, 2017
Wages and salaries	(3,133)	(3,964)
Social security and tax charges on salaries	(1,319)	(1,895)
Share-based payments	(51)	(36)
Addition to provision for pension liabilities	(39)	(38)
Total employee benefit expenses	**(4,542)**	**(5,933)**

6.3.3 – Breakdown of employee-related expenses by purpose

The personnel expenses included in the cost of sales, research and development, marketing, selling, overheads and administrative costs cover the items indicated below:

(In € thousands)	March 31, 2016	March 31, 2017
Research and development costs	(3,122)	(3,746)
Sales and marketing costs	(342)	(661)
Overheads and administrative costs	(1,078)	(1,526)
Total employee benefit expenses	**(4,542)**	**(5,933)**

6.4 – Depreciation, amortization and provisions: additions and reversals

The depreciation and amortization included in the cost of goods sold, of research and development, of sales and marketing, and of overheads and administrative costs, are summarized as follows:

(In € thousands)	March 31, 2016	March 31, 2017
Research and development costs	(331)	(551)
Sales and marketing costs	-	-
Overheads and administrative costs	(1)	(1)
Total depreciation and amortization expense and allocation to provisions, net of operating reversals	**(332)**	**(552)**

The additions to provisions, net of reversals, included in the cost of goods sold, in research and development costs, in sales and marketing costs and in overheads and administrative costs, cover the following items:

(In € thousands)	March 31, 2016	March 31, 2017
Additions net of provision reversals - CFS	(332)	(552)
Net addition to amortization - Intangible assets	*(163)*	*(192)*
Net addition to depreciation - Property, plant and equipment	*(169)*	*(360)*
Additions net of reversals for provision for current assets	-	-
Total depreciation and amortization expense and provisions, net of reversals	**(332)**	**(552)**

6.5 – Other operating income and expenses

Other operating expenses in respect of the year ended March 31, 2017 mainly comprised (i) €306k in expenses relating to the application of a better fortune clause on two write-offs of stockholder advances made in 2008 and 2012, and (ii) €539k in expenses recognized as losses for a planned capital increase launched by MedinCell S.A.

6.6 – Financial income /(expense)

The "Financial income /(expense)" line item in the consolidated income statement breaks down as follows:

(In € thousands)	March 31, 2016	March 31, 2017
Income from cash investments	26	21
Interest on financial debts	(127)	(1,305)
Cost of net financial debt	**(101)**	**(1,284)**
Foreign exchange losses	(20)	(114)
Change in fair value of convertible bonds	-	-
Impairment of short-term investments	-	-
Other financial expenses	(2)	(191)
Other financial expenses	**(22)**	**(305)**
Foreign exchange profits	30	291
Other financial income	2	-
Other financial income	32	**291**
Total financial income /(expense)	**(91)**	**(1,298)**

6.7 – Income taxes

6.7.1 – Breakdown of the "Income taxes" line item

The "Income taxes" line item in the consolidated income statement breaks down as follows:

(In € thousands)	March 31, 2016	March 31, 2017
Taxes payable	-	-
Deferred taxes	255	1,350
Tax expense	**255**	**1,350**

As indicated in Note 3 - Accounting policies, the Research Tax Credit is not included in the "Income taxes" line item but instead increases Other income (see Note 6.1 – Other income).

6.7.2 – Reconciliation between actual tax expense and theoretical tax expense

The table below illustrates the reconciliation between the actual income tax expense and the theoretical tax expense (tax expense calculated at the nominal rate of 33.33%, excluding additional contributions):

(In € thousands)	March 31, 2016	March 31, 2017
Pre-tax profit (loss)	330	(4,887)
Theoretical tax rate	33.33%	33.33%
Theoretical tax income (expense)	**(110)**	**1,629**
Reconciliation items		
- Tax credit (including Research Tax Credit)	391	533
- Permanent differences	-	35
- Impact of tax rate differences	(26)	(29)
- Adjustment of tax rate at 28%	-	(556)
- Impairment of past deferred tax assets	-	(257)
- Other differences	-	(5)
Income tax recognized in the income statement	**255**	**1,350**

6.7.3 – Deferred tax assets and liabilities

The table below presents the changes in the main sources of deferred tax assets and liabilities:

(In € thousands)	Pension provision	Tax losses	Non-current assets and write-off of	Other	Net deferred tax asset
Balance at March 31, 2015	38	775	165	(7)	**973**
Change in net income /(loss)	13	264	-	(22)	254
Change in other comprehensive income	(8)	-	-	30	22
Exchange rate differences	-	(21)	(22)	(2)	(46)
Balance at March 31, 2016	43	1,018	143	(1)	**1,203**
Change in net income /(loss)	3	1,821	(408)	(68)	1,348
Change in other comprehensive income	8	-	-	57	65
Exchange rate differences	-	29	25	4	58
Balance at March 31, 2017	54	2,872	(218)	(34)	**2,674**

At March 31, 2017, all deferred tax assets on losses are recognized for MedinCell SA. In fact, the company expects profits within three years and accordingly to use all its deferred tax assets by 2023.

On the other hand, the deferred tax assets on losses for MedinCell US were wholly written off for €257k.

In France, the 2017 Finance Act introduced a tax rate of 28% from 2018. The Group estimated the likely reversal dates on the temporary differences. A rate of 33.33% was applied for MedinCell SA, the only Group company in metropolitan France where the reversals are expected in 2017 and 2018 and a rate of 28% was applied for reversals expected after December 31, 2018. The profit and loss impact for the fiscal year was an expense of €546k.

The deferred taxes relating to non-current assets concern the termination of the license at MedinCell Corp.

6.8 – Earnings per share

6.8.1 – Basic earnings per share

Basic earnings per share are calculated by dividing the income /(loss) attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the fiscal year.

	March 31, 2016	March 31, 2017
Net income /(loss) for the fiscal year – Attributable to owners of MedinCell	622	(3,561)
Weighted average number of shares outstanding	14,545,300	14,412,150
Basic earnings per share (€)	**0.04**	**(0.25)**

Diluted net earnings per share as of March 31, 2016 were adjusted retrospectively to reflect the effect of the 50:1 split approved by the Annual General Meeting of Shareholders of March 16, 2017.

6.8.2 – Diluted earnings per share

Diluted earnings per share are calculated by dividing the consolidated net income /(loss) attributable to owners of MedinCell SA by the weighted average number of shares outstanding plus potential shares.

For each fiscal year reported, an equity instrument (i.e. an option on a stock warrant, a stock warrant, a founders' stock warrant, or indeed an award of bonus shares) is deemed to be potentially dilutive when it is "in the money" (i.e. when the exercise or settlement price is lower than the average market price). Since the Company's stock is not listed on a stock market, all instruments have been considered dilutive. Once the Company is listed on a stock exchange, the stock market closing price will be included in the calculation at each reporting date.

Dilution is defined as a reduction in the earnings per share, or an increase in losses per share. Consequently, when the consolidated earnings attributable to MedinCell SA's shareholders is a loss, and given that the exercise of any option on a stock warrant, of any stock warrant or founders' stock warrant, or any award of bonus shares or indeed the conversion of any other convertible instrument would result in a reduction of the loss per share, these instruments are then considered anti-dilutive and are excluded from the calculation of the loss per share.

	March 31, 2016	March 31, 2017
Profit (loss) for the fiscal year - Attributable to Medincell stockholders	**622**	**(3,561)**
Weighted average number of shares outstanding used to calculate basic earnings per share	14,545,300	14,412,150
Effect of dilutive instruments:		
- Stock subscription options (OSA) / Stock Options (SO)	-	-
- Founders' stock warrants (FSWs)	185,400	-
- Stock warrants (SWs)	103,200	-
- Bonus share awards	-	-
Weighted average number of shares outstanding* used to calculate basic earnings per share used to calculate diluted earnings per share	**14,833,900**	**14,412,150**
Diluted earnings per share (€)	**0.04**	**(0.25)**

Diluted net earnings per share as of March 31, 2016 were adjusted retrospectively to reflect the effect of the 50:1 split approved by the Annual General Meeting of Shareholders of March 16, 2017.

NOTE 7 – Exposure to financial risks

The Company's main financial instruments consist of financial assets, cash and investment securities. The purpose of the management of these instruments is to enable the financing of the Company's activities. The Company's policy is to not acquire financial instruments for the purposes of speculation. The Company does not use derivatives.

The main risks to which the Company is exposed are interest rate and credit risk.

7.1 – Interest rate risk

The Company's exposure to interest rate risk concerns investment securities and financial debt.

The short-term investments comprise term deposits with fixed interest rates. The change in interest rates therefore has no impact on the rate of return on these investments or the cash flows generated.

All the Company's debts are fixed rate except for the bond issue, which is at Euribor +10%. These are the only repayments that are subject to interest rate risk.

The repayment of repayable advances may vary depending on whether or not objectives are achieved. Changes in expected repayment flows will be accounted for in the income statement (Note 4.19).

7.2 – Credit risk

The maximum credit risk exposure at the end of each fiscal year is represented by the carrying amount of the financial assets and is summarized in the table below:

(In € thousands)	March 31, 2016	March 31, 2017
Non-current financial assets	63	2,560
Trade receivables	2,156	933
Other current assets	2,449	2,969
Short-term investments in cash equivalents	1,875	5,458
Cash and cash equivalents	636	3,824
Total	**7,179**	**15,744**

Given the Company's history, the receivables relating to government grants and research tax credits are considered to have an insignificant credit risk.

Credit risk from cash and cash equivalents and current financial instruments is not material having regard to the quality of the co-contracting financial institutions.

Credit risk from trade receivables is limited due to (i) the low amount of trade receivables in the fiscal years presented and (ii) the quality of the Group's aging balances. As of the reporting date of the consolidated financial statements, all past due trade receivables had been recovered.

As of the reporting date of the consolidated financial statements, net trade receivables at March 31, 2017 stood at €933k.

7.3 – Foreign exchange risk

The Group's currency risk is immaterial given its current stage of development. The Company does not have any automatic backing, total or partial.

The Group is exposed to foreign exchange risk and in particular to movements in the EUR/USD pair with respect to (i) the consolidated statement of financial position of the US subsidiary, which currently has a reduced research and development activity, (ii) foreign currency debts in particular on the dollar loan. The dollar loan was recognized as a Company liability for US$1,095k and US$1,040k as of March 31, 2016 and 2017, respectively.

The impact of a +/- 10% change in the EUR/USD exchange rate for the two periods presented on the net assets and liabilities and the consolidated net income /(loss) are presented below:

	March 31, 2016		March 31, 2017	
Change in €/$ exchange rate	Net equity	Net income	Net equity	Net income
+ 10%	(87)	47	(97)	47
-10%	87	(47)	95	(48)

7.4 - Liquidity risk

The tables below summarize for each fiscal year presented the remaining contractual maturities of financial liabilities and commitments under Group leases:

	March 31, 2016			
(In € thousands)	Carrying amount	Loans and receivables	Liabilities at fair value through P/L	Fair value
Financial debt	4,322	4,322	-	4,322
Trade payables	1,596	1,596	-	1,596
Other liabilities	3,720	3,720	-	3,720
Total	**9,638**	**9,638**	**-**	**9,638**

		March 31, 2017		
(In € thousands)	Carrying amount	Loans and receivables	Liabilities at fair value through P/L	Fair value
Financial debt	20,704	20,704	-	20,704
Trade payables	2,148	2,148	-	2,148
Other liabilities	2,428	2,428	-	2,428
Total	**25,280**	**25,280**	**-**	**25,280**

The Company currently estimates that it does not face any liquidity risk and will be able to meet its obligations over the 12 months following the reporting date of March 31, 2017.

NOTE 8 – OFF-BALANCE SHEET COMMITMENTS

8.1 – Operating leases

The future minimum payments for non-cancelable operating leases for premises occupied by the Group are presented below:

(In € thousands)	Within 1 year	1 to 5 years	> 5 years	Total
Minimum future payments at March 31, 2016	177	298	-	475
Minimum future payments at March 31, 2017	177	160	-	337

The amount of lease payments expensed in the fiscal year ended March 31, 2017 totaled €190k.

A lease was signed with SCI PAGENO for the premises occupied by the company from June 1, 2009. Said lease was entered into for a period of nine years with an option to cancel every three years. The off-balance sheet commitment represents the sum of outstanding lease payments before the next option to terminate, namely May 31, 2018 (14 months).

The lease signed with Indivision Tisserand for the new leases from mid-March 2016 was entered into for a period of nine years with an option to cancel every three years. The off-balance sheet commitment represents the sum of outstanding lease payments before the next option to terminate, namely March 15, 2019 (27.5 months).

8.2 – Commitments of CM Biomaterials B.V.

As of the reporting date, the only manufacturer to which the Group outsources the production of its polymers is Purac Biochem, a Dutch company belonging to the Corbion Group. This collaboration is operated through CM Biomaterials B.V., a joint-venture set up between the Company and Corbion to manufacture and distribute the polymers needed to formulate, develop and market the various products developed by the Group.

Under the collaboration arrangement, the Group is committed to minimum polymer manufacturing volumes through CM Biomaterials B.V.. If these volumes are not achieved, the Group may, in certain circumstances, be obliged to pay certain financial compensation to Corbion.

8.3 – Other commitments given

The 2016 bond issue also included certain commitments from MedinCell to subscribers that may be applied in the event of MedinCell's default:

a fourth-ranking pledge over its business assets;

a pledge comprising 50% of the intellectual property rights limited to developed products and to the geographic regions in which the subscriber distributes.

8.4 – Other commitments received

None

NOTE 9 – RELATED PARTY TRANSACTIONS

The total amount of compensation paid for Group Governance (members of the Management Board and Supervisory Board) is presented in the table below:

(In € thousands)	**March 31, 2016**	**March 31, 2017**
Gross compensation and benefits in kind	366	372
Service provision	-	20
Share-based payments	-	-
Total	**366**	**392**

The company was also invoiced €777k as of March 31, 2017 by service providers who hold less than 1% of the company's share capital. The main purpose of the related contracts is to support the company with the clinical development of products, market access, corporate development and Group communications.

As of March 31, 2017, stockholder advances were zero.

NOTE 10 – OTHER INFORMATION

Statutory Auditor fees totaled €108k as of March 31, 2017, €36k of which was for statutory auditing and €72k for the audit of the IFRS consolidated financial statements.

20.2. Proforma financial information

Not applicable.

20.3. Historic financial statements of Medincell SA

Since the Company has prepared consolidated financial statements for the reporting period, the historical separate financial statements of MedinCell S.A. are not included in this *document de base*.

20.4. Auditing of annual historical financial information

20.4.1. Statutory Auditors' report on the consolidated financial statements prepared in accordance with IFRS for the year ended March 31, 2018

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

MedinCell

3, rue des Frères Lumière

34830 Jacou, France

To the members of the Executive Board,

In our capacity as Statutory Auditors of MedinCell and pursuant to Regulation (EC) No 809/2004 in connection with the planned admission of equity securities to trading on the regulated market of Euronext Paris, we have audited the consolidated financial statements of MedinCell for the fiscal year ended March 31, 2018, prepared for the purposes of the *document de base*, and presented in accordance with IFRS as adopted in the European Union, as appended to this report.

These consolidated financial statements were prepared under the responsibility of the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements drawn up for the purposes of the *document de base* give a true and fair view, in all material respects of the assets and liabilities and of the financial position of the group as of March 31, 2018, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Signed in Montpellier and Angers, July 26, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Becouze
Céline Gianni Darnet	Fabien Brovedani

20.4.2. Statutory Auditors' report on the consolidated financial statements prepared in accordance with IFRS for the year ended March 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards.

MedinCell

3, rue des Frères Lumière

34830 Jacou, France

To the members of the Executive Board,

In our capacity as Statutory Auditors of MedinCell and pursuant to Regulation (EC) No 809/2004 in connection with the planned admission of equity securities to trading on the regulated market of Euronext Paris, we have audited the consolidated financial statements of MedinCell for the fiscal year ended March 31, 2017, prepared for the purposes of the *document de base*, and presented in accordance with IFRS as adopted in the European Union, as appended to this report.

These consolidated financial statements were prepared under the responsibility of the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements drawn up for the purposes of the *document de base* give a true and fair view, in all material respects, of the assets and liabilities and of the financial position of the group as of March 31, 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Signed in Montpellier and Angers, July 26, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Becouze
Céline Gianni Darnet	Fabien Brovedani

20.4.3. Other information checked by the Statutory Auditors

None.

20.5. Date of latest financial information

March 31, 2018.

20.6. Interim financial information

Not applicable.

20.7. Dividend policy

20.7.1. Dividends paid over the past three fiscal years

None.

20.7.2. Dividend policy

Given the Company's stage of development, there are no plans to introduce a dividend policy in the short-term.

20.8. Legal and arbitration proceedings

As of the date of this *document de base*, there are no governmental, judicial or arbitration proceedings or any proceedings of which the Group is aware, either pending or threatened, likely to have or that have in the past 12 months had a material impact on the Group, its operations, outlook, its ability to achieve its objectives, its financial position and/or its development.

20.9. Significant change in the issuer's financial or trading position

None.

21. ADDITIONAL INFORMATION

21.1. Share capital

21.1.1. Amount of share capital

As of the date of this *document de base*, the Company's share capital was €144,816, divided into 14,481,600 fully paid-up shares with a par value of €0.01 (one euro cent) each.

The Company's share capital consists solely of ordinary shares.

21.1.2. Securities not representing share capital

In December 2017 and January 2018, the Company issued convertible bonds (CBs) in favor of funds managed by Seventure Partners (Seventure CBs), recognized at €4,200k and which would be subject to early conversion in the event of an IPO.
In April 2018, it also issued convertible bonds (CBs) in favor of BNP Paribas Développement (BNP Paribas Développement CBs) and CM-CIC Innovation (CM-CIC Innovation CBs), for a total amount of €3,198k, which would be subject to early conversion in the event of an IPO.

The number of shares issued as repayment of these Seventure CBs will be calculated according to the price of this IPO, it being specified that, at the minimum conversion price of €3.35 (see section 10.3 of this *document de base* for more details), the maximum number of shares to be issued as repayment of these convertible bonds would be 2,145,760 shares, i.e. 14.8% of the Company's capital on a non-diluted basis as of the date of this *document de base*.

21.1.2.1. Seventure convertible bonds

On December 21, 2017 and January 18, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders on December 21, 2017, issued two tranches of convertible bonds with a total nominal amount of €3,990,000.75 comprised of 1,191,045 convertible bonds with a par value of €0.01 each, convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of funds managed by Seventure Partners. These convertible bonds do not bear interest and will be subject to mandatory early repayment in the event and as of the date that an IPO of the Company takes place before their maturity date.

The number of shares that will be held by the Seventure funds issued as redemption for Seventure convertible bonds will be calculated based on said IPO price.

A premium will be applied on the nominal amount of the Seventure convertible bonds, for the purposes of their redemption, equal to (i) 25%, if the IPO price is strictly less than €8 (for shares with a par value of €0.01); (ii) between 25% and 55% (on the following straight-line basis of calculation 25 + [30 × (IPO price – 8)/6]%) if the IPO price is between €8 and €14 (for shares with a par value of €0.01); or (iii) 55%, if the IPO price is strictly greater than €14 (for shares with a par value of €0.01).

This nominal amount, plus the premium mentioned above, in addition to interest capitalized at the annual rate of 3% for the purpose of redemption in the event of an IPO of the Company on the nominal amount, not including the Seventure convertible bonds, will then be divided by the price of said IPO in order to obtain the final number of shares that will be held by the Seventure funds in redemption of the Seventure convertible bonds.

In the event of an IPO, the redemption in shares of the Seventure convertible bonds will not be taken into account when establishing the IPO order book.

At the minimum conversion price of €3.35 (see section 10.3 of this *document de base* for more details), the maximum number of shares to be issued as repayment of these convertible bonds would be 1,191,045 shares, representing around 8.2% of the Company's share capital on a non-diluted basis as of the date of this *document de base*.

21.1.2.2. BNP Paribas Développement convertible bonds

On April 3, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders of December 21, 2017, issued 895,523 convertible bonds with a par value of €0.01 each, with a total nominal amount of €3,000,002.05 convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of BNP Paribas Développement. These convertible bonds do not bear interest and will be subject to mandatory early repayment in the event and as of the date that an IPO of the Company takes place before their maturity date.

The number of shares that will be held by BNP Paribas Développement issued as redemption for BNP Paribas Développement convertible bonds will be calculated based on said IPO price.

A premium will be applied on the nominal amount of the BNP Paribas Développement convertible bonds, for the purposes of their redemption, equal to (i) 25%, if the IPO price is strictly less than €8 (for shares with a par value of €0.01); (ii) between 25% and 55% (on the following straight-line basis of calculation 25 + [30 × (IPO price – 8)/6]%) if the IPO price is between €8 and €14 (for shares with a par value of €0.01); or (iii) 55%, if the IPO price is strictly greater than €14 (for shares with a par value of €0.01).

This nominal amount, plus the premium mentioned above, in addition to interest capitalized at the annual rate of 3% for the purpose of redemption in the event of an IPO of the Company on the nominal amount, not including the BNP Paribas Développement convertible bonds, will then be divided by the price of said IPO in order to obtain the final number of shares that will be held by BNP Paribas Développement in redemption of the BNP Paribas Développement convertible bonds.

In the event of an IPO, the redemption in shares of the BNP Paribas Développement convertible bonds will not be taken into account when establishing the IPO order book.

At the minimum conversion price of €3.35 (see section 10.3 of this *document de base* for more details), the maximum number of shares to be issued as repayment of these convertible bonds would be 895,523 shares, representing around 6.2% of the Company's share capital on a non-diluted basis as of the date of this *document de base*.

21.1.2.3. CM-CIC Innovation convertible bonds

On April 3, 2018, the Executive Board of the Company, as delegated by the General Meeting of Shareholders on December 21, 2017, issued 59,192 convertible bonds with a par value of €0.01 each, convertible into ordinary shares of the Company no later than March 31, 2023, entirely in favor of CM-CIC Innovation, with a total nominal amount of €198,293.20. These convertible bonds do not bear interest and will be subject to mandatory early repayment in the event and as of the date that an IPO of the Company takes place before their maturity date.

The number of shares that will be held by CM-CIC Innovation issued as redemption for CM-CIC Innovation convertible bonds will be calculated based on said IPO price.

A premium will be applied on the nominal amount of the CM-CIC convertible bonds, for the purposes of their redemption, equal to (i) 25%, if the IPO price is strictly less than €8 (for shares with a par value of €0.01); (ii) between 25% and 55% (on the following straight-line basis of calculation 25 + [30 × (IPO price – 8)/6]%) if the IPO price is between €8 and €14 (for shares with a par value of €0.01); or (iii) 55%, if the IPO price is strictly greater than €14 (for shares with a par value of €0.01).

This nominal amount, plus the premium mentioned above, in addition to interest capitalized at the annual rate of 3% for the purpose of redemption in the event of an IPO of the Company on the nominal amount, not including the CM-CIC Innovation convertible bonds, will then be divided by the price of said IPO in order to obtain the final number of shares that will be held by CM-CIC Innovation in redemption of the CM-CIC Innovation convertible bonds.

In the event of an IPO, the redemption in shares of the CM-CIC Innovation convertible bonds will not be taken into account when establishing the IPO order book.

At the minimum conversion price of €3.35 (see section 10.3 of this *document de base* for more details), the maximum number of shares to be issued as repayment of these convertible bonds would be 59,192 shares, representing around 0.4% of the Company's share capital on a non-diluted basis as of the date of this *document de base*.

21.1.3. Number, book value and par value of the shares held by the Company or on its behalf

As of the date of this *document de base*, the Company did not hold any of its own shares, and none of the Company's shares were held on its behalf by a third party.

The General Meeting of Shareholders of June 28, 2018 resolved, subject to the condition precedent that the Company's shares be admitted to trading on the regulated market of Euronext Paris, to authorize the Executive Board, for a period of eighteen months from the date of the General Meeting, to implement a buy-back program for the Company's shares subject to the provisions of Article L. 225-209 of the French Commercial Code and Regulation (EU) No 596/2014 of April 16, 2014 on market abuse and in accordance with the General Regulations of the AMF under the conditions described below:

Maximum number of shares that may be purchased: 10% of the total number of shares forming its share capital on the date of the share buy-back. Where the shares are acquired for the purpose of encouraging market making and liquidity provisioning for the securities, the number of shares taken into account to calculate the above-mentioned 10% limit corresponds to the number of shares purchased less the number of shares resold during the authorization period.

Objectives of the share buy-backs:

- to encourage market making and liquidity provisioning for the Company's shares as part of a liquidity contract to be signed with an independent investment service provider, in accordance with an ethics charter recognized by the AMF; and/or

- to honor the obligations arising from share option programs, bonus share allocation programs, employee savings programs or other allocations of shares to the Company's employees, including (i) the implementation of any Company share purchase plan under the provisions of Articles L. 225-177 et seq. of the French Commercial Code, (ii) the allocation of existing shares to employees in order to allow them to share in the profits from the business's expansion and the implementation of any company savings plan as provided for by law, and in particular by Articles

L. 3332-1 to L. 3332-8 et seq. of the French Labor Code, or (iii) the free allocation of existing shares under the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code; and/or

- to issue shares upon exercise of the rights associated with securities granting access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or otherwise, in compliance with the regulations in force; and/or

- to cancel all or part of the shares bought back in this way, subject to a specific resolution; and/or

- more generally, to carry out any transaction required by the regulations in force.

Maximum purchase price: 300% of the price set by the Executive Board for the new shares issued as part of the IPO (excluding fees) subject to adjustments intended to take into account the occurrence of new transactions on the Company's share capital, and in particular any change in the share's par value, increase of the share capital by capitalizing reserves, bonus share award, stock split or reverse stock split, distribution of reserves or any other assets, capital depreciation or any other transaction affecting shareholder equity.

Maximum amount of funds that may be used for the buy-back: €5 million

The shares bought back in this way may be canceled.

Note that the creation and implementation of the share buy-back program is subject to notification in accordance with legal and regulatory provisions.

21.1.4. Convertible or exchangeable securities or securities accompanied by subscription warrants

As of the date of this *document de base*, the securities granting access to the Company's share capital are presented in the following tables:

21.1.4.1. Stock subscription warrants (SW) plan

	SW 2014		SW 2016	SW 2016'	TOTAL
Date of meeting	September 9, 2014		May 10, 2016		
Date of allocation by the Executive Board	March 17, 2015	April 27, 2015	August 31, 2016	May 5, 2017	
Total number of authorized SWs	12,254		8,211		**20,465**
Total number of allocated SWs	6,786	11,250	1,565	1,121	**20,722**
Total number of shares that may be subscribed	**339,300**	**11,250**	**134,300**		**484,850**
number of which may be subscribed or purchased by the corporate officers:	*0*	*0*	*30,300*	*52,500*	***82,800***
Virginie Lleu			*30,300*		***30,300***
Sabri Markabi				*52,500*	***52,500***
Number of beneficiaries who are not corporate officers	9	1	2	1	**13**
Progressive start date to exercise SWs	(A)	(B)	(C)	(D)	
Expiration date of SWs	December 31, 2024	December 31, 2024	August 30, 2026	May 4, 2027	
Subscription price of SWs	€1.20	€1.20	€3.50	€6.00	
Exercise price of SWs	€12.00	€12.00	€35.00	€62.00	
Voting procedures	(A)	(B)	(C)	(D)	
Number of SWs exercised	534	0	312	224	**1,070**
Number of shares subscribed	26,700	0	15,600	0	**42,300**
Total number of null or void SWs	4,746	225	647	0	**5,618**
Total number of remaining SWs	1,506	0	606	897	**3,009**
Exercise price for one share	0.24	N/A	0.70	1.24	
Total number of shares that may be subscribed	75,300	0	30 300	44,850	**150,450**

(A) ***The SW 2014*** *warrants become exercisable as follows:*

- *Prior to the first anniversary of the date of appointment of the SW warrant holder as a corporate officer or member of a corporate body of the Company or one of its subsidiaries, or the effective date of the agreement binding them to the Company or any of its subsidiaries (the "**Opening Date**"): no SWs are exercisable;*
- *From the first anniversary of the Opening Date: 20% of the SWs awarded become exercisable ("**SW Tranche 1**")*
- *From the second anniversary of the Opening Date: 25% of the SWs awarded and not yet exercisable;*
- *From the third anniversary of the Opening Date: 33% of the SWs awarded and not yet exercisable;*
- *From the fourth anniversary of the Opening Date: 50% of the SWs awarded and not yet exercisable;*
- *From the fifth anniversary of the Opening Date: the balance of SWs awarded and not yet exercisable.*

*If the SW 2014 Tranche 1 warrants are not exercised by the end of the 15th month following the Opening Date, all of the relevant holder's SW 2014 warrants will automatically become null and void. In the event that the Company's securities are listed on a regulated market, even before the Opening Date, then the holder may exercise 20% of the SW 2014 warrants awarded (subject to the exercise of all the SW Tranche 1 warrants). In the event of a transfer of control, the holder of the SW 2014 warrants will, as from the date of the said transfer of control, be able to exercise 50% of the SW 2014 warrants awarded (subject to the exercise of all the SW Tranche 1 warrants) (the IPO and the transfer of control being hereinafter together referred to as the "**Transaction**").*

*In the event of termination of the collaboration between the holder of the SWs and the Company for any reason whatsoever (the "**Termination**") before the Opening Date and before a Transaction: none of the relevant holder's SW 2014 warrants will be exercisable and all the SW 2014 warrants will automatically become null and void.*

In the event of a Termination after the Opening Date or after a Transaction: the SWs exercisable as of the Termination Date (if the termination is not instigated by the SW holder) may be exercised within a period of 3 months from the Termination Date (on the understanding that this period cannot extend beyond December 31, 2024). After this period, any SW 2014 warrants that have not been exercised will become null and void.

*(B) All **SW 2014'** warrants are null and void on this date.*

*(C) The **SW 2016** warrants become exercisable on the following terms:*

- *Prior to the first anniversary of the Opening Date: no SWs are exercisable;*
- *20% of the SWs awarded ("**SW 2016 Tranche 1**") as follows:*
    - *For shareholders whose appointment is prior to August 31, 2015, the SW 2016 Tranche 1 warrants are exercisable immediately as of the award date and within three months;*
    - *For any collaboration agreed with the Company from August 31, 2015 onwards, the SW 2016 Tranche 1 warrants will be exercisable as of the first anniversary of the Opening Date and within a period of three months;*
- *From the second anniversary of the Opening Date: 25% of the SWs awarded and not yet exercisable;*
- *From the third anniversary of the Opening Date: 33% of the SWs awarded and not yet exercisable;*
- *From the fourth anniversary of the Opening Date: 50% of the SWs awarded and not yet exercisable;*
- *From the fifth anniversary of the Opening Date: the balance of SWs awarded and not yet exercisable.*

It is specified that if a portion of the SW 2016 warrants has not been exercised by one of the deadlines given above, it will not cause the holder to lose the right to exercise said portion thereafter for the total term of the 10-year exercise period scheduled for the SW 2016 warrants.

In the event of Termination for any reason whatsoever before the first anniversary of the Opening Date: none of the relevant holder's SW 2016 warrants will be exercisable and all SW 2016 warrants will be automatically null and void.

In the event of Termination after the Opening Date: the SWs exercisable on the Termination Date (if the termination is not instigated by the SW holder) may be exercised within a period of three months from the Termination Date (on the understanding that this period cannot extend beyond August 30, 2026). After this period, any SW 2016 warrants that have not been exercised will become null and void.

*(D) The **SW 2016** warrants become exercisable on the following terms:*

- *Prior to the first anniversary of the Opening Date: no SWs are exercisable;*
- *20% of the SWs awarded ("**SW 2016' Tranche 1**") as follows:*
    - *For shareholders whose appointment is prior to May 5, 2016, the SW 2016' Tranche 1 warrants are exercisable immediately as of the award date and within three months,*
    - *For any collaboration agreed with the Company as of May 5, 2016, the SW 2016' Tranche 1 warrants will be exercisable as of the first anniversary of the Opening Date within a period of three months;*
- *From the second anniversary of the Opening Date: 25% of the SWs awarded and not yet exercisable;*
- *From the third anniversary of the Opening Date: 33% of the SWs awarded and not yet exercisable;*
- *From the fourth anniversary of the Opening Date: 50% of the SWs awarded and not yet exercisable.*
- *From the fifth anniversary of the Opening Date: the balance of SWs awarded and not yet exercisable.*

In the event that the SW 2016' Tranche 1 warrants are not exercised within the deadlines set out above, all the relevant holder's SW 2016' warrants will be automatically null and void.

In the event of Termination for any reason whatsoever before the first anniversary of the Opening Date: none of the relevant holder's SW 2016' warrants will be exercisable and all SW 2016' warrants will be automatically null and void.

In the event of Termination after the Opening Date: the SWs exercisable on the Termination Date (if the termination is not instigated by the SW holder) may be exercised within a period of three months from the Termination Date (on the understanding that this period cannot extend beyond May 4, 2027). After this period, any SW 2016' warrants that have not been exercised will become null and void.

21.1.4.2. Founders' stock warrants (FSW) plan

	FSW 2014	FSW 2016	FSW 2016'	FSW 2017	TOTAL
Date of meeting	September 9, 2014	May 10, 2016		July 5, 2017	
Date of allocation by the Executive Board	March 17, 2015	August 31, 2016	May 5, 2017	January 8, 2018	
Total number of authorized FSWs	12,254	8,211		149,310	**20,465**
Total number of allocated FSWs	5,219	1,090	2,146	23,000	**31,455**
Total number of shares that may be subscribed or purchased	**260,950**	**161,800**		**23,000**	**445,750**
number of which may be subscribed or purchased by the corporate officers:	*0*	*0*	*449*	*0*	***449***
Jaime Arango	*0*	*0*	*449*	*0*	***449***
Number of beneficiaries who are not corporate officers	23	41	42	11	**117**
Start date to exercise FSWs	(A)	(B)	(C)	(D)	
Expiration date of FSWs	December 31, 2024	August 31, 2026	May 4, 2027	January 7, 2028	
Exercise price of FSWs	€ 12.00	€ 35.00	€ 62.00	(D)	
Voting procedures	(A)	(B)	(C)	(D)	
Number of FSWs exercised	1,488	269	314	0	**2,071**
Number of shares subscribed	74,400	13,450	15,700	0	**103,550**
Total number of null or void FSWs	1,200	170	118	1,000	**1,488**
Total number of remaining FSWs	2,531	651	1,714	22,000	**26,896**
Exercise price for one share	0.24	0.70	1.24	(D)	
Total number of shares that may be subscribed	126,550	32,550	85,700	22,000	**266,800**

(A) ***The FSW 2014*** *warrants become exercisable as follows:*

- *Prior to the first anniversary of the beneficiary's date of appointment (the most recent of the effective date of the employment contract and the effective date of the beneficiary's new position) (the "**Start Date**"): no FSW warrants are exercisable;*
- *From the first anniversary of the Start Date: 20% of the FSWs awarded and not yet exercisable (the "**FSW 2014 Tranche 1**" warrants);*
- *From the second anniversary of the Start Date: 25% of the FSWs awarded and not yet exercisable;*
- *From the third anniversary of the Start Date: 33% of the FSWs awarded and not yet exercisable;*
- *From the fourth anniversary of the Start Date: 50% of the FSWs awarded and not yet exercisable;*
- *From the fifth anniversary of the Start Date: the balance of the FSWs awarded and not yet exercisable.*

If the FSW 2014 Tranche 1 warrants are not exercised by the end of the 15th month following the Start Date, all the relevant holder's FSW 2014 warrants will automatically become null and void.

In the event that the Company's securities are listed on a regulated market, even before the first anniversary of the Start Date, then the holder may exercise 20% of the FSW 2014 warrants awarded (subject to the exercise of all the FSW 2014 Tranche 1 warrants). In the event of a transfer of control, the holder of the FSW 2014 warrants may exercise 50% of the FSW 2014 warrants awarded (subject to the exercise of all FSW 2014 Tranche 1 warrants).

*In the event that the beneficiary loses the status of employee or their duties as an officer of the Company are terminated ("**Termination**") before the first anniversary of the Start Date and before a Transaction: all the non-exercisable FSW 2014 warrants will automatically be null and void.*

In the event of Termination occurring after the first anniversary of the Start Date and December 31, 2024 (except in the event of death or resignation): the FSW 2014 warrants exercisable on the Termination date may be exercised within a period of 3 months from the date of Termination (on the understanding that this period may not extend beyond December 31, 2024). After this period, any FSW 2014 warrants that have not been exercised will become null and void.

In the event of resignation, the FSW 2014 warrants will become null and void on the date of resignation.

(B) ***The FSW 2016** warrants become exercisable as follows:*

- *Prior to the first anniversary of the Start Date: no FSWs are exercisable;*
- *20% of the FSWs awarded (the "**FSW 2016 Tranche 1**" warrants) as follows:*
    - *For shareholders whose Start Date is prior to August 31, 2015, the FSW 2016 Tranche 1 warrants will be exercisable immediately as of the award date and within three months,*
    - *For any Start Date from August 31, 2015 onwards, the FSW 2016 Tranche 1 warrants will be exercisable as of the first anniversary of the Start Date within a period of three months,*
- *From the second anniversary of the Start Date: 25% of the FSWs awarded and not yet exercisable;*
- *From the third anniversary of the Start Date: 33% of the FSWs awarded and not yet exercisable;*
- *From the fourth anniversary of the Start Date: 50% of the FSWs awarded and not yet exercisable;*
- *From the fifth anniversary of the Start Date: the balance of the FSWs awarded and not yet exercisable.*

In the event that the beneficiary loses the status of employee before the first anniversary of the Start Date for any reason whatsoever: all the non-exercisable FSW 2016 warrants will automatically be null and void.

In the event that the beneficiary loses the status of employee after the first anniversary of the Start Date and August 30, 2026 (except in the event of death or resignation): the FSW 2016 warrants exercisable on this date may be exercised within a period of 3 months from the termination date (on the understanding that this period may not extend beyond August 30, 2026).

In the event of resignation, the FSW 2016 warrants will be automatically null and void.

In the event that the FSW 2016 Tranche 1 warrants are not exercised within the deadlines set out above, all the relevant holder's FSW 2016 warrants will be automatically null and void.

(C) ***The FSW 2016'** warrants become exercisable as follows:*

- *Prior to the first anniversary of the Start Date: no FSWs are exercisable;*
- *20% of the FSWs awarded (the "**FSW 2016' Tranche 1**" warrants) as follows:*
    - *For shareholders whose Start Date is prior to May 5, 2016, the FSW 2016' Tranche 1 warrants will be exercisable immediately as of the award date and within three months,*
    - *For any Start Date from May 4, 2016 onwards, the FSW 2016' Tranche 1 warrants will be exercisable as of the first anniversary of the Start Date within a period of three months,*
- *From the second anniversary of the Start Date: 25% of the FSWs awarded and not yet exercisable;*
- *From the third anniversary of the Start Date: 33% of the FSWs awarded and not yet exercisable;*
- *From the fourth anniversary of the Start Date: 50% of the FSWs awarded and not yet exercisable;*
- *From the fifth anniversary of the Start Date: the balance of the FSWs awarded and not yet exercisable.*

In the event that the FSW 2016' Tranche 1 warrants are not exercised within the deadlines set out above, all the relevant holder's FSW 2016' warrants will be automatically null and void.

In the event that the beneficiary loses the status of employee before the first anniversary of the Start Date for any reason whatsoever: all the non-exercisable FSW 2016' warrants will automatically be null and void.

In the event that the beneficiary loses the status of employee after the first anniversary of the Start Date and May 4, 2027 (except in the event of death or resignation): the FSW 2016' warrants exercisable on this date may be exercised within a period of 3 months from the termination date (on the understanding this period may not extend beyond May 4, 2027).

In the event of resignation, the FSW 2016' warrants will be automatically null and void.

(D) ***The FSW 2017*** *warrants become exercisable as follows:*

- *20% of the FSWs awarded (the "**FSW 2017 Tranche 1**" warrants) as follows:*
  - *For shareholders whose Start Date is prior to January 8, 2017, the FSW 2017 Tranche 1 warrants will be exercisable immediately as of the award date,*
  - *For any Start Date from January 8, 2017 onwards, the FSW 2017 Tranche 1 warrants will be exercisable as of the first anniversary of the Start Date,*
- *From the second anniversary of the Start Date: 25% of the FSWs awarded and not yet exercisable;*
- *From the third anniversary of the Start Date: 33% of the FSWs awarded and not yet exercisable;*
- *From the fourth anniversary of the Start Date: 50% of the FSWs awarded and not yet exercisable;*
- *From the fifth anniversary of the Start Date: the balance of the FSWs awarded and not yet exercisable.*

*None of the FSW 2017 warrants may be exercised before December 31, 2018 (the "**Reference Date**").*

In the event that the FSW 2017 Tranche 1 warrants are not exercised within three months following the Reference Date, all the relevant holder's FSW 2017 warrants will be automatically null and void.

In the event that the beneficiary loses the status of employee before the first anniversary of the Start Date for any reason whatsoever: all the non-exercisable FSW 2017 warrants will automatically be null and void.

In the event that the beneficiary loses the status of employee after the first anniversary of the Start Date and January 7, 2018 (except in the event of death or resignation): the FSW 2017 warrants exercisable on this date may be exercised within a period of 3 months from the termination date (on the understanding that this period may not extend beyond January 7, 2028) or the Reference Date if this falls after the termination date.

In the event of resignation, the FSW 2017 warrants will be automatically null and void.

Each of the FSW 2017 warrants entitles the holder to subscribe to one ordinary share of the Company at the unit price determined as follows:

- *If, as of December 30, 2018, the Company's shares have been admitted to trading on Euronext Paris or another regulated market, the higher of (x) (a) three euros and thirty-five cents (€3.35) plus (b) any earn-outs payable as of December 30, 2018 (namely a maximum additional sum in respect of these earn-outs of one euro and sixty-eight cents) and (y) 80% of the price per share used for the purposes of the IPO;*
- *Otherwise, (a) three euros and thirty-five cents plus (b) any price supplements due on December 30, 2018.*

By 30 December 2018 at the latest, the Company will notify the beneficiaries of the FSW 2017 warrants of the exercise price in accordance with the above criteria.

21.1.4.3. Convertible bonds

See section 21.1.2 of this *document de base*.

21.1.4.4. Summary of dilutive instruments

The table below gives a summary of the Company's dilutive instruments (excluding convertible bonds) as of the date of this *document de base*:

	SW	FSW	TOTAL
Total number of allocated SWs/FSWs	20,722	31,455	**52,177**
Total number of shares that may initially be subscribed or purchased	**484,850**	**445,750**	**930,600**
number of which may be subscribed or purchased by the corporate officers:	*82,800*	*449*	***83,249***
Virginie Lleu	*30,300*	*0*	***30,300***
Sabri Markabi	*52,500*	*0*	***52,500***
Jaime Arango	*0*	*449*	***449***
Number of SWs/FSWs exercised	1,070	2,071	**3,141**
Number of shares subscribed	42,300	103,550	**145,850**
Total number of null or void SWs/FSWs	5,618	1,488	**7,106**
Total number of remaining SWs/FSWs	3,009	26,896	**29,905**
Total number of shares that may be subscribed	**150,450**	**266,800**	**417,250**

As of the date of this *document de base*, a total of 29,905 dilutive instruments (including 3,009 stock warrants and 26,896 founders' stock warrants), granting rights to 417,250 ordinary shares of the Company, were outstanding.

21.1.5. Authorized capital

The Extraordinary General Meeting of Shareholders of June 28, 2018 decided to approve the approved financial authorization resolutions as summarized below:

Transaction	Cap (nominal)	Procedures for determining the issue price	Term	Common cap
Authorization granted to the Executive Board, subject to a condition precedent, for the Company's purchase of its own shares (Articles L. 225-209 et seq. of the French Commercial Code) 5th resolution	10% of share capital	the maximum unit purchase price of the shares shall not be greater than 300% of the price per new share used in connection with the IPO (excluding purchase fees)	18 months	

Transaction	Cap (nominal)	Procedures for determining the issue price	Term	Common cap
Delegation of authority to the Executive Board to decide on the issuance, without preferential subscription rights, of ordinary shares and/or securities to be issued immediately or in the future by the Company by means of a public offering (Article L. 225-136 I of the French Commercial Code) 7th resolution	Capital increase: €100,000 Debt securities: €100,000,000	- As part of the capital increase to be performed during the IPO: The price will be determined in accordance with standard market practices - After the IPO: the issue price of the shares to be issued shall be at least equal to an amount determined in accordance with the regulations applicable on the issue date - The issue price of securities granting access to the capital shall be such that the amount received immediately by the Company, plus, where applicable, any amounts that may be subsequently collected by it, i.e. for each share issued resulting from the issue of these securities, at least equal to the issue price as defined above	26 months	Common cap for resolutions 7 to 9, 11 to 13 and 16: Capital increase: €150,000 Debt securities: €150,000,000
Delegation of authority to the Executive Board, subject to a condition precedent, to increase the share capital one or more times by issuing ordinary shares and/or securities to be issued immediately or in the future by the Company, while maintaining the preferential subscription right (Article L. 225-134 of the French Commercial Code) 8th resolution	Capital increase: €60,000 Debt securities: €100,000,000		26 months	Common cap for resolutions 7 to 9, 11 to 13 and 16: Capital increase: €150,000 Debt securities: €150,000,000

Transaction	Cap (nominal)	Procedures for determining the issue price	Term	Common cap
Delegation of authority to the Executive Board, subject to a condition precedent, to issue ordinary shares and/or securities to be issued immediately or in the future by the Company, without preferential subscription rights, by means of an offer as set out in Article L.411-2 II of the French Monetary and Financial Code (Article L. 225-136 of the French Commercial Code) 9th resolution	Capital increase: 20% of share capital/year Debt securities: €100,000,000	(i) The issue price of the ordinary shares that may be issued pursuant to this delegation shall be at least equal to the minimum authorized by the legislation in effect on the issue date, and (ii) the issue price of the securities to be issued under this resolution other than shares will be such that the amount received immediately by the Company plus, where applicable, any amounts that may subsequently be collected by the Company is, for each share issued resulting from the issue of said securities, at least equal to the amount referred to in (i) above	26 months	Common cap for resolutions 7 to 9, 11 to 13 and 16: Capital increase: €150,000 Debt securities: €150,000,000
Authorization granted to the Executive Board, subject to a condition precedent, to reduce the share capital by canceling shares acquired for the purpose of authorizing the buy-back of shares of the Company (Articles L. 225-209 et seq. of the French Commercial Code) 10th resolution	up to a limit of 10% of share capital per 24-month period		18 months	
Delegation of authority to the Executive Board, subject to a condition precedent, to resolve to increase the share capital by capitalizing premiums, reserves, profits, etc. (Article L. 225-130 of the French Commercial Code) 11th resolution	Capital increase: €60,000		26 months	Common cap for resolutions 7 to 9, 11 to 13 and 16: Capital increase: €150,000

Transaction	Cap (nominal)	Procedures for determining the issue price	Term	Common cap
				Debt securities: €150,000,000
Delegation of authority to the Executive Board, subject to a condition precedent, without preferential subscription rights, to issue shares and/or securities to be issued immediately or in the future by the Company, as remuneration for contributions in kind (Article L. 225-147 of the French Commercial Code) 12th resolution	Capital increase: 10% of share capital/year		26 months	Common cap for resolutions 7 to 9, 11 to 13 and 16: Capital increase: €150,000 Debt securities: €150,000,000
Delegation of authority to the Executive Board of the ability to issue shares and securities entailing an increase in share capital in the event of a public exchange offer initiated by the Company (Articles L. 225-129 et seq. of the French Commercial Code) 13th resolution	Capital increase: €60,000		26 months	Common cap for resolutions 7 to 9, 11 to 13 and 16: Capital increase: €150,000 Debt securities: €150,000,000

Transaction	Cap (nominal)	Procedures for determining the issue price	Term	Common cap
Authorization granted to the Executive Board, subject to a condition precedent, in the event of an issue of shares and/or securities to be issued immediately or in the future by the Company, without preferential subscription rights, to set the issue price up to a limit of 10% of share capital and within the limits set by the General Meeting of Shareholders (Article L. 225-136 I paragraph 2 of the French Commercial Code) 15th resolution	10% of share capital/year	- The issue price of the ordinary shares will be at least equal to the average volume-weighted share price over the last ten (10) trading days preceding its setting, potentially minus a maximum discount of 20%, on the understanding that this may not in any event be less than the par value of one share of the Company on the issue date of the shares in question. - The issue price of the securities granting access to the capital shall be such that the amount received immediately by the Company, plus, where applicable, any amounts that may be subsequently collected by it, i.e. for each share issued resulting from the issue of these securities, at least equal to the issue price defined in the above paragraph	26 months	
Delegation of authority to the Executive Board to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights (Article L. 225-135-1 of the French Commercial Code) 16th resolution	15% of the initial issue		26 months	Common cap for resolutions 7 to 9, 11 to 13 and 16: Capital increase: €150,000 Debt securities: €150,000,000

Transaction	Cap (nominal)	Procedures for determining the issue price	Term	Common cap
Authorization granted to the Executive Board, subject to a condition precedent, to award Company stock subscription or purchase options to the corporate officers and the employees of the Company and affiliated companies (Article L. 225-177 of the French Commercial Code) 17th resolution	Capital increase: 7% of share capital	- in the case of new stock subscription options, the price may not be less than 95% of the average price quoted over the twenty (20) trading days prior to the day on which the option is awarded - in the case of existing stock subscription options, the price may not be less than 95% of the average purchase price (rounded up to the nearest euro cent) of the shares held by the Company pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code	38 months	Common cap for resolutions 17-19: 7% of share capital
Delegation of authority to the Executive Board, subject to a condition precedent, to resolve to issue stock warrants, excluding the preferential subscription right, to certain categories of persons (Article L. 225-138 of the French Commercial Code) 18th resolution *(1) and (2)*	Capital increase: 7% of share capital	- the subscription price for Warrants will be at least equal to 5% of the average volume-weighted share price over the last three (3) trading days preceding the date of award by the Executive Board. - the subscription price of an ordinary share of the Company upon exercise of a Warrant, which will be determined by the Executive Board when the Warrants are awarded, must be at least equal to the average volume-weighted share price of the twenty (20) trading days preceding the day of the Executive Board's decision to award the Warrants, subject to a maximum discount of 20%, where applicable.	18 months	Common cap for resolutions 17-19: 7% of share capital

Transaction	Cap (nominal)	Procedures for determining the issue price	Term	Common cap
Authorization granted to the Executive Board, subject to a condition precedent, to award bonus shares to the employees and corporate officers of the Company and affiliated companies (Article L. 225-197-1 of the French Commercial Code) 19th resolution *(3)*	Capital increase: 7% of share capital		38 months	Common cap for resolutions 17-19: 7% of share capital

(1) The subscription price of the share subscription warrants that may be issued pursuant to the delegation granted by the General Meeting of Shareholders will be equal to the market value, which will be validated by an independent expert appointed by the Company when the beneficiaries of the issue are members of the Company's Supervisory Board.

(2) The category provided for in the 18th resolution is defined as (i) any natural or legal person, strategic partners of the Company, industrial or commercial partners in the pharmaceutical sector, persons bound by a service or consultancy agreement to the Company or one of its subsidiaries; (ii) shareholders, officers or employees of these persons in the case of legal persons; (iii) officers, corporate officers or employees of the Company or its subsidiaries.

(3) The category provided for in the 19th resolution is defined as: employees, or certain categories of employees of the Company and/or entities directly or indirectly related to it within the meaning of Article L. 225-197-2 of the French Commercial Code, as well as the corporate officers of the companies or entities referred to above, as determined by the Executive Board in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code, or some of them, who in addition meet the conditions and, where applicable, the awarding criteria set out by the Executive Board.

None of the above-mentioned financial delegations has been used as of the date of this *document de base*.

21.1.6. Information on the share capital of Group companies subject to an option or conditional or unconditional agreement to place it under option

Not applicable.

21.1.7. Changes in share capital

21.1.7.1. Table showing the changes in the share capital of MedinCell S.A. over the past three fiscal years

This table shows the changes in the share capital of the Company over the past three fiscal years until the date of this *document de base* as increases in share capital have been recognized by the corporate bodies of the Company.

Date	Nature of transactions	Pre-transaction capital (€)	Issue premium (€)	Total issue premium (€)	Number of shares created	Number of shares in the capital	Par value (€)	Share capital after transaction (€)
	At March 31, 2015			**€ 181,877.10**	**290,391**	**290,391**	**€ 0.50**	**€ 145,195.50**
November 2, 2015	Exercise of SW 2014	€ 145,195.50	€ 11.50	€ 4,278.00	372	290,763	€ 0.50	€ 145,381.50
	Exercise of FSW 2014	€ 145,381.50	€ 11.50	€ 1,426.00	124	290,887	€ 0.50	€ 145,443.50
March 30, 2016	Exercise of FSW 2014	€ 145,443.50	€ 11.50	€ 6,382.50	555	291,442	€ 0.50	€ 145,721.00
	Exercise of SW 2014	€ 145,721.00	€ 11.50	€ 402.50	35	291,477	€ 0.50	€ 145,738.50
	At March 31, 2016			**€ 194,366.10**	**291,477**	**291,477**	**€ 0.50**	**€ 145,738.50**
August 31, 2016	Exercise of SW 2014	€ 145,738.50	€ 11.50	€ 1,046.50	91	291,568	€ 0.50	€ 145,784.00
	Exercise of FSW 2014	€ 145,784.00	€ 11.50	€ 2,277.00	198	291,766	€ 0.50	€ 145,883.00
	Exercise of FSW 2014	€ 145,883.00	€ 11.50	€ 931.50	81	291,847	€ 0.50	€ 145,923.50
December 19, 2016	Exercise FSW 2016	€ 145,923.50	€ 34.50	€ 3,657.00	106	291,953	€ 0.50	€ 145,976.50
	Capital reduction	€ 145,976.50	€ -	€ -	-3,900	288,053	€ 0.50	€ 144,026.50
February 13, 2017	Exercise of FSW 2016	€ 144,026.50	€ 34.50	€ 931.50	27	288,080	€ 0.50	€ 144,040.00
March 16, 2017	Share split	€ 144,040.00	€ -	€ -	14,115,920	14,404,000	€ 0.01	€ 144,040.00
March 28, 2017	Exercise of SW 2016	€ 144,040.00	€ 0.69	€ 5,209.50	7,550	14,411,550	€ 0.01	€ 144,115.50
March 28, 2017 March 29, 2017	Exercise of FSW 2016	€ 144,115.50	€ 0.69	€ 414.00	600	14,412,150	€ 0.01	€ 144,121.50
	At March 31, 2017			**€ 208,833.10**	**14,412,150**	**14,412,150**	**€ 0.01**	**€ 144,121.50**
	Exercise of SW 2014	€ 144,121.50	€ 0.23	€ 207.00	900	14,413,050	€ 0.01	€ 144,130.50
	Exercise of FSW 2014	€ 144,130.50	€ 0.23	€ 253.00	1,100	14,414,150	€ 0.01	€ 144,141.50
September 11, 2017	Exercise of SW 2016	€ 144,141.50	€ 0.69	€ 345.00	500	14,414,650	€ 0.01	€ 144,146.50
	Exercise of FSW 2016	€ 144,146.50	€ 0.69	€ 1,690.50	2,450	14,417,100	€ 0.01	€ 144,171.00
	Exercise of FSW 2016'	€ 144,171.00	€ 1.23	€ 799.50	650	14,417,750	€ 0.01	€ 144,177.50
	Exercise of SW 2016	€ 144,177.50	€ 0.69	€ 5,209.50	7,550	14,425,300	€ 0.01	€ 144,253.00
December 5, 2017	Exercise of FSW 2016	€ 144,253.00	€ 0.69	€ 69.00	100	14,425,400	€ 0.01	€ 144,254.00
	Exercise of FSW 2016'	€ 144,254.00	€ 1.23	€ 5,473.50	4,450	14,429,850	€ 0.01	€ 144,298.50
February 14, 2018	Exercise of FSW 2016	€ 144,298.50	€ 0.69	€ 103.50	150	14,430,000	€ 0.01	€ 144,300.00
	Exercise of FSW 2016'	€ 144,300.00	€ 1.23	€ 4,182.00	3,400	14,433,400	€ 0.01	€ 144,334.00
April 3, 2018	Exercise of FSW 2014	€ 144,334.00	€ 0.23	€ 3,795.00	16,500	14,449,900	€ 0.01	€ 144,499.00
	Exercise of FSW 2016'	€ 144,499.00	€ 1.23	€ 1,722.00	1,400	14,451,300	€ 0.01	€ 144,513.00
	At March 31, 2018			**€ 23,642.50**	**38,250**	**14,451,300**	**€ 0.01**	**€ 144,513.00**
	Exercise of SW 2014	€ 144,513.00	€ 0.23	€ 207.00	900	14,452,200	€ 0.01	€ 144,522.00
	Exercise of FSW 2014	€ 144,522.00	€ 0.23	€ 2,047.00	8,900	14,461,100	€ 0.01	€ 144,611.00
June 14, 2018	Exercise of FSW 2016	€ 144,611.00	€ 0.69	€ 2,415.00	3,500	14,464,600	€ 0.01	€ 144,646.00
	Exercise of BSA 2016'	€ 144,646.00	€ 1.23	€ 13,776.00	11,200	14,475,800	€ 0.01	€ 144,758.00
	Exercise of FSW 2016'	€ 144,758.00	€ 1.23	€ 7,134.00	5,800	14,481,600	€ 0.01	€ 144,816.00
	As of the date of this document de base			**€ 281,904.10**	**14,519,850**	**14,481,600**	**€ 0.01**	**€ 144,816.00**

21.2. Memorandum and Articles of Association

21.2.1. Corporate purpose

The Company's purpose is, directly or indirectly, in France or abroad, in its own name and on its own behalf as well as on behalf of third parties or in agreement with third parties:

- to develop any innovative medical products, including medicines intended to encourage the delivery of therapeutic products, and to promote access to these products for the greatest number of patients from a variety of therapeutic areas;
- to study, research, develop, industrially manufacture and market such products;
- to exploit and develop any patents or licenses relating to such products;
- in the long term, to manufacture and distribute such products.

In this context and as part of its commercial and operational activities, the Company may, while taking into account the interests of its stakeholders and the societal, environmental and social challenges of its activities:

- provide any services in the relevant areas and additional areas;
- enter into any research contracts and partnership agreements that may promote the aims defined above;
- and, in general, carry out any real estate, security, industrial, commercial or financial transactions that are directly or indirectly associated with this aim or any similar or related aims, or that may be useful in achieving or facilitate the achievement of this aim.

21.2.2. Statutory or other provisions relating to members of the administrative and management bodies

The Company is administered by an Executive Board and a Supervisory Board.

21.2.2.1. The Executive Board

1. Composition – Vacancies – Removal from office

The Company is managed by an Executive Board, which is subject to oversight by the Supervisory Board.

The members of the Executive Board are appointed by the Supervisory Board. They may be dismissed by the Ordinary General Meeting of Shareholders or by the Supervisory Board. If the decision to dismiss a member of the Executive Board is made without just cause, it may give rise to damages and interest.

The minimum and maximum number of members is determined by the laws and regulations in force and applicable to the Company.

If there is a vacancy on the Executive Board, the Supervisory Board must by law appoint a replacement for the remaining term of office of the former member.

The members of the Executive Board must be individuals, who may be selected from outside the shareholders.

If a member of the Supervisory Board is appointed to the Executive Board, that member's term of office on the Supervisory Board ends upon taking up office on the Executive Board.

Members of the Executive Board are always eligible for reelection.

2. Term of office

The Executive Board is appointed for a term of four years, which ends at the close of the Ordinary General Meeting called to approve the financial statements of the fiscal year ended and held in the year in which the term ends.

3. Chair of the Executive Board – Deliberations

The Supervisory Board grants one member of the Executive Board the position of Chairman. The Chairman performs his or her duties for the duration of his or her term of office on the Executive Board. The Chairman represents the Company in dealings with third parties.

The Supervisory Board may grant the same power of representation to one or more members of the Executive Board, who then bear the title of Chief Executive Officer.

The Chairman of the Executive Board or the Single Chief Executive Officer and the Chief Executive Officers are authorized to delegate any part of their powers to any special representatives they may notify.

The Executive Board meets as frequently as the Company's interests demand, and in any case no fewer than four times per year, at the request of its Chairman or half of its members, either at the registered office or in any other location as indicated in the notice to meeting, which may be issued by any means, including verbally.

The Chairman of the Executive Board chairs the meetings.

The members of the Executive Board may attend and vote in the meetings by videoconferencing or by any means of telecommunication recognized by law, and in accordance with the procedures set out in internal regulations (except for the purpose of adopting decisions regarding the preparation of the annual financial statements, the management report, the consolidated financial statements and the Group management report if it is not included in the annual report).

Meetings and deliberations are held subject to the conditions of quorum and majority stipulated by law. In the event of a tied vote, the Chairman of the meeting has the deciding vote. The members of the Executive Board may authorize another member to represent them at Executive Board meetings.

The Executive Board's deliberations are recorded in the form of minutes drawn up, delivered and certified in accordance with the law.

The members of the Executive Board, as well as any person called to attend the meetings, are required to maintain discretion regarding any information of a confidential nature and presented as such by the Chairman of the meeting.

4. Powers of the Executive Board

The Executive Board is vested with extensive powers to act in any circumstances in the Company's name, within the limit of the corporate purpose and subject to the powers expressly granted by the law and the Articles of Association to the General Meetings of Shareholders and the Supervisory Board.

The Executive Board collectively conducts the management of the Company.

The Board will convene all General Meetings of Shareholders, set the agenda for those meetings and execute their resolutions.

At least once per quarter, the Executive Board presents a report to the Supervisory Board. Within three months from the each fiscal year-end, it submits, for verification and control purposes, the annual financial statements and, where applicable, the consolidated financial statements to the Supervisory Board.

21.2.2.2. The Supervisory Board

1. Composition – Removal from office

The Supervisory Board is composed of no fewer than three and no more than 18 members, except where a temporary exemption is provided for by law.

The members of the Supervisory Board are appointed by the Ordinary General Meeting of Shareholders.

One legal entity may be appointed to the Supervisory Board. When such a legal entity is appointed, it is required to appoint a permanent representative. If the legal entity dismisses its permanent representative, it is required to arrange an immediate replacement. The same applies in the event of the death or resignation of the permanent representative.

No member of the Supervisory Board may be part of the Executive Board. If a member of the Executive Board is appointed to the Supervisory Board, that member's term of office on the Executive Board automatically ends upon taking up office on the Supervisory Board.

2. Term of office – Age limit

Members of the Supervisory Board have a term of office of four years, which ends at the close of the Ordinary General Meeting called to approve the financial statements of the fiscal year ended and held in the year in which the term ends. They are eligible for reelection.

The age limit for holding office as a member of the Supervisory Board is set at 70 years. The number of members of the Supervisory Board over the age of 70 cannot exceed one-third of the number of Supervisory Board members in office. When this limit is exceeded, the oldest member of the Supervisory Board is deemed to have resigned from office.

3. Vacancy – co-option – ratification

In the event of a vacancy due to the death or resignation of the holders of one or more seats on the Board, the Supervisory Board may make temporary appointments between two General Meetings of Shareholders.

If the number of members of the Supervisory Board falls below three, the Executive Board must immediately call an Ordinary General Meeting of Shareholders in order to supplement the Supervisory Board's membership.

Temporary appointments made by the Supervisory Board are subject to ratification at the next Ordinary General Meeting of Shareholders.

4. Officers of the Supervisory Board

The Supervisory Board appoints a Chairman and Vice-Chairman from among its members who are individuals; they are tasked with calling meetings of the Supervisory Board and directing its discussions. They perform their duties for their full terms of office as members of the Supervisory Board.

The Supervisory Board determines their compensation, as applicable.

5. Deliberations of the Supervisory Board

The Supervisory Board meets as frequently as the Company's interests demand, and in any case at least once per quarter to hear the Executive Board's quarterly report and at least once, as needed, to verify and check the documents relating to the financial statements for the fiscal year, to be submitted to it by the Executive Board within three months from the fiscal year-end.

The members of the Supervisory Board are called to meetings by the Chairman or Vice-Chairman by any means, including verbally.

The Statutory Auditors are also be heard at the financial statement review meetings.

The representative(s) of the Social and Economic Committee attend the meetings of the Supervisory Board in an advisory capacity.

Meetings and deliberations are held subject to the conditions of quorum and majority stipulated by law. In the event of a tied vote, the Chairman of the meeting has the deciding vote.

Members of the Supervisory Board who attend meetings by means of videoconferencing or by using any means of telecommunication, subject to the conditions permitted or imposed by the law, the regulations in force and the internal regulations, are deemed to be present for the purpose of quorum and majority calculations.

The Executive Board provides the members of the Supervisory Board with all documents necessary in order to carry out their duties with reasonable notice before the date of the Supervisory Board meeting.

The Supervisory Board's deliberations are recorded in the form of minutes drawn up, delivered and certified in accordance with the law.

6. Powers of the Supervisory Board

The Supervisory Board constantly monitors the Executive Board's management. For this purpose, it conducts the verifications and checks that it deems appropriate and it may demand any documents that it deems useful in carrying out its task.

It hears the Executive Board's report on the management of the Company once per quarter.

It presents its findings on the Executive Board's report and on the financial statements for the fiscal year to the Annual Ordinary General Meeting of Shareholders.

21.2.2.3. Non-voting members

The General Meeting of Shareholders or the Supervisory Board may appoint one or more non-voting members to assist the Supervisory Board.

The number of non-voting members may not exceed six. They are freely selected on the basis of their skills.

The terms of office of non-voting members are set by the General Meeting of Shareholders or the Supervisory Board when they are appointed. Their terms of office end at the close of the Ordinary General Meeting of Shareholders called to approve the financial statements for the fiscal year ended and held in the year in which their terms of office expire. They are always eligible for reelection. They may be dismissed at any time by resolution of the General Meeting of Shareholders.

Non-voting members study the matters submitted to them for review and comment by the Supervisory Board. Non-voting members attend the Supervisory Board's meetings and take part in their deliberations in a purely advisory capacity; their absence may not, however, affect the validity of the deliberations.

The above provisions notwithstanding, the Supervisory Board may, at the request of any of its members, resolve to meet without the non-voting member(s), whether in the form of a restricted meeting on certain matters as part of a meeting that is otherwise open to non-voting members, or at an *ad hoc* meeting to which the non-voting members are not called.

They are called to the Supervisory Board's meetings under the same conditions as the members.

The Supervisory Board determines their compensation, as applicable.

Non-voting members have access to the same information as the members of the Supervisory Board and are subject to the same obligations of discretion.

21.2.2.4. Committees

The Supervisory Board may resolve to create committees tasked with studying and formulating opinions on specific matters such as audit or compensation committees. The composition, powers and operating procedures are determined by the Supervisory Board, as part of its internal regulations where applicable.

21.2.3. Rights, privileges and restrictions attached to the Company's shares

21.2.3.1. Share types

The shares are either registered or bearer shares, at the shareholder's discretion, subject to the legal provisions and regulations in force. Shares that are not fully paid-up must be registered shares.

They must be registered for the account of their holder in accordance with the conditions and procedures set out in the rules and regulations in force, and are transmitted by account to account transfer.

The ownership of registered shares is determined by their registration in a registered account.

21.2.3.2. Voting rights

Voting rights attached to capital or dividend shares are proportional to the percentage of share capital that they represent. Each share grants the right to one vote.

However, a voting right of double that granted to other shares with regard to the percentage of share capital that they represent is granted to all fully paid-up shares for which proof of registration is given in the same shareholder's name for at least two (2) years.

This double voting right is also granted, from the time of issue in the event of a capital increase by capitalizing reserves, earnings or issue premiums, to registered shares awarded free of charge to a shareholder for old shares for which the shareholder benefits from such a right.

The transfer of shares by inheritance, separation of assets between spouses or donations inter vivos in favor of a partner or close relative does not entail a loss of the acquired right or an interruption of the time frames specified above.

The same applies in the event of a transfer of shares following the merger or demerger of a shareholding company. In addition, the merger or demerger of the Company does not affect the double voting right that may be exercised within the beneficiary company or companies if implemented in their Articles of Association.

21.2.3.3. Rights to dividends and profits

Each share grants the right to a share of the profits, corporate assets and liquidating dividend proportional to the percentage of share capital that it represents.

21.2.3.4. Preferential subscription rights

Shareholders have a preferential right to subscribe to shares issued for cash in order to bring about a capital increase; this right is proportional to the number of shares they hold.

21.2.3.5. Limitation of voting rights

Not applicable.

21.2.3.6. Identifiable bearer securities

Under the legal and regulatory conditions in force, the Company is entitled to request from the central depositary maintaining the issuing account of its shares, at any moment in exchange for payment, the full names or company names, nationalities, years of birth or incorporation and addresses of the holders of securities granting voting rights immediately or in the future in its own General Meetings of Shareholders, as well as the number of shares held by each of them and, where applicable, the restrictions that may affect the securities, and, more generally, to make use of the provisions of Article L.228-2 of the French Commercial Code on the identification of holders of securities granting voting rights immediately or in the future in its own General Meetings of Shareholders.

21.2.3.7. Right of access to information

Any shareholder has the right, at any time, to view the documents mentioned in Article L.225-115 of the French Commercial Code for the preceding three fiscal years, as well as the minutes and lists of attendees of the General Meetings of Shareholders held over the preceding three fiscal years.

21.2.3.8. Buyback by the Company of its own shares

See section 21.1.3 of this *document de base*.

21.2.3.9. Procedures for changing the rights of shareholders

The rights of the shareholders as set out in the Company's Articles of Association may not be changed except by the Company's Extraordinary General Meeting of Shareholders.

21.2.4. General Meetings of Shareholders

21.2.4.1. Rules common to all General Meetings of Shareholders

1. Calling meetings

General Meetings of Shareholders are called under the conditions and in the form stipulated by law and the regulations in force.

General Meetings of Shareholders are held at the registered office or in any other location indicated in the meeting notice and letters.

2. Meeting agenda

The meeting agenda is created in accordance with the legal and regulatory provisions in force.

3. Shareholder attendance at General Meetings of Shareholders

Any shareholder, regardless of the number of shares he or she holds, has the right to attend General Meetings of Shareholders and take part in deliberations in person or through a representative in accordance with the legal and regulatory provisions in force simply by providing proof of identity, provided that his or her shares are paid up in full and registered to an account in the shareholder's name within the legal time frame.

A shareholder may grant another person power of attorney at any General Meeting of Shareholders in accordance with the legal provisions in force. A specific power of attorney for each General Meeting of Shareholders must be signed by the representative, giving his or her full name and place of residence.

For any power of attorney for a shareholder where a representative is not indicated, the Chairman of the General Meeting of Shareholders casts a vote in favor of adopting the draft resolutions submitted or agreed by the Executive Board and a vote against adopting any other draft resolutions.

Legal entities attend General Meetings of Shareholders through their legal representatives or through any other person duly and properly authorized by those representatives.

Voting may take place in absentia in accordance with the conditions and procedures set out in the appropriate legal and regulatory provisions.

Any shareholder may also take part in debates and vote in absentia by videoconferencing or by any means of telecommunication that allows the shareholder to be identified, and in accordance with the conditions and procedures set out in the appropriate legal and regulatory provisions. In such an event, the shareholder is deemed to be present for the purpose of quorum and shareholder majority calculations.

4. General Meetings of Shareholders

An attendance list is maintained under the conditions set out in the legal provisions and regulations in force.

General Meetings of Shareholders are chaired by the Chairman of the Supervisory Board or, in the Chairman's absence, by the Vice-Chairman of the Supervisory Board if one has been appointed, or by a member of the Supervisory Board who has been specifically delegated to do so by the Supervisory Board. If a General Meeting of Shareholders is called by a statutory auditor or a court officer, it is chaired by the person who called it. Failing this, the General Meeting of Shareholders elects its own Chairman.

The two present and consenting shareholders who represent the greatest number of votes, both in their own right and as representatives, serve as tellers. In the absence of such consent, the General Meeting of Shareholders elects its own tellers. The officers thus appointed then appoint a Secretary, who may be from outside the members of the General Meeting of Shareholders.

In Ordinary and Extraordinary General Meetings of Shareholders, a quorum is calculated on the basis of all the shares constituting the share capital less shares without voting rights under the law.

For the purpose of quorum and majority calculations, shareholders attending the General Meeting of Shareholders by videoconferencing or by means of telecommunication that allow them to be identified, the nature and conditions of which are set by decree, are deemed to be present.

Subject to double voting rights, the voting rights attached to the shares are proportional to the percentage of share capital that they represent.

The deliberations of the General Meetings of Shareholders are recorded in minutes signed by the officers and drawn up in a special register in accordance with the law. Copies and extracts of these minutes are certified as valid under the conditions stipulated by law.

21.2.4.2. Provisions specific to Ordinary General Meetings of Shareholders

Ordinary General Meetings of Shareholders are held at least once per year, within six months from the fiscal year-end, to approve that fiscal year's financial statements and, if applicable, on the consolidated statements of the preceding fiscal year subject to an extension of this time frame by court decision.

The Ordinary General Meeting of Shareholders is held and deliberates under the conditions of quorum and majority stipulated by law.

21.2.4.3. Provisions specific to Extraordinary General Meetings of Shareholders

The Extraordinary General Meeting of Shareholders is held and deliberates under the conditions of quorum and majority stipulated by law.

By way of exception, the Extraordinary General Meeting of Shareholders may rule under the conditions of quorum and majority stipulated for Ordinary General Meetings of Shareholders when a capital increase takes place by means of capitalization of reserves, earnings or issue premiums.

21.2.5. Provisions allowing a change in control to be delayed, deferred or prevented

The Company's Articles of Association do not contain any provisions allowing a change in control to be delayed, deferred or prevented.

21.2.6. Statutory ownership disclosure threshold

In addition to the legal requirements regarding the declaration of ownership disclosure thresholds, any individual or legal entity acting alone or in concert who acquires, by any means within the meaning of Articles L.233-7 et seq. of the French Commercial Code, a proportion equal to 2.5% of the share capital or voting rights, or any multiple of this percentage, must inform the Company of the total number of shares and voting rights of the Company held (or potentially held within the meaning of Article L.233-7 of the French Commercial Code) by that individual or entity before and after the transaction that led to exceeding or falling below such threshold, as well as of the nature of that transaction. This declaration must be made by means of a registered letter with acknowledgment of receipt (or by any equivalent means for persons residing outside of France) to the registered office no later than the close of trading on the fourth trading day following the day of exceeding or falling below the ownership disclosure threshold.

This obligation applies, under the same conditions as those described in the preceding paragraph, each time the proportion of share capital or voting rights falls below one of the disclosure thresholds referred to in the above paragraph.

In the event of failure to comply with the provisions set out in the above paragraphs in the event that a disclosure threshold is exceeded, any shareholder who has not properly declared this will be stripped of the voting rights attached to the shares in excess of the proportion not properly declared for any General Meeting of Shareholders held until the end of a period of two (2) years following the date on which the notification is properly submitted.

21.2.7. Specific conditions governing changes in share capital

There are no specific provisions in the Company's Articles of Association governing changes in its capital that are stricter than the provisions stipulated by law.

21.2.8. Pledges of assets or shares of the other companies of the Company

As of the registration date of the *document de base*, the business capital of the Company was subject to pledges.

By private agreement dated July 3, 2014, the business capital of the Company was pledged for a debt of €336,000 in favor of Banque Populaire du Sud (Record No. 586 of July 11, 2014).

By private instrument dated February 24, 2016, the business capital of the Company was pledged for a debt of €402,500 in favor of BNP Paribas. This registration is *pari passu* with Record No. 349 below (registration dated March 8, 2016 no. 191).

By private instrument dated April 11, 2016, the business capital of the Company was pledged for a debt of €420,000 in favor of Banque Populaire du Sud. This registration is *pari passu* with Record No. 191 above (Record No. 349 of April 28, 2016).

By private instrument dated August 2, 2016, the business capital of the Company was pledged for a debt of €15,000,000 in favor of TEVA Pharmaceuticals International GmbH, a company under Swiss law located at Schlüsselsstrasse 12, 8645 Jona, Switzerland (Record No. 652 of August 9, 2016).

Furthermore, a pledge on certain industrial property rights of the Company was granted under a private instrument dated August 2, 2016 in favor of TEVA Pharmaceuticals International GmbH. In the event of a realization of this pledge by TEVA, the Company could continue to use the Pledged Intellectual Property Rights without affecting the Company's ability to develop and market therapeutic products under other programs. If applicable, the royalties repaid by TEVA on products developed in partnership with the Company may be reduced.

A release for each of its pledges of business capital will be formalized and granted to the Company in the event of repayment of the underlying receivables.

22. MAJOR CONTRACTS

22.1. Collaboration and licensing agreements

22.1.1. Collaboration and license agreements with the TEVA group

On November 28, 2013, MedinCell S.A. entered into a collaboration and license agreement with Plus Chemicals S.A., today referred to as Teva Pharmaceuticals International GmbH, a Teva group company (« TEVA »), in order to develop, manufacture and commercialize several jointly selected long-acting injectable therapeutic products based on the BEPO® technology (« TEVA Selected Product(s) »), including for each of them an active pharmaceutical ingredient and a mode of action in various therapeutic indications. Since then, this agreement has been amended and supplemented by several amendments indicating in particular the TEVA Selected Products, it being specified that as of the registration date of the document de base, three products have been selected in the central nervous system therapeutic area.

Furthermore, following the completion of the development program for each TEVA Selected Product, in the event that TEVA decides to further develop and commercialize one or more products, MedinCell S.A. undertakes to grant to TEVA, in return for royalties (see below), an exclusive and worldwide license on its patents, its know-how and its technology, necessary to develop and commercialize the concerned TEVA Selected Product, with the exception of its rights related to the Polymer manufacturing technology.

MedinCell S.A. grants TEVA a priority right to the exclusive rights to develop and commercialize any other product containing (i) a pharmaceutical ingredient for use in the same or similar therapeutic indication as the TEVA Selected Products under certain conditions, or (ii) a new therapeutic indication for a pharmaceutical ingredient used in the TEVA Selected Products. MedinCell S.A. also grants TEVA, for any therapeutic indication in which three TEVA Selected Products are active, under development or commercialization, an exclusive right to develop, manufacture or commercialize any additional product related to the concerned therapeutic indication.

In return, TEVA undertakes to finance the development, including the clinical trials, of TEVA Selected Products. In addition, under the terms of this agreement, TEVA agrees to make to MedinCell S.A.:

- a non-refundable initial upfront payment of €3 million already paid by TEVA upon execution of the contract;

- for each of the TEVA Selected Products, a payment corresponding to the research and development expenses (internal and external expenses) incurred by MedinCell S.A.;

- for the three TEVA Selected Products to date:

  - additional milestone payments of up to $366.75 million, subject to the achievement of (i) milestones related to development, regulatory and marketing approval, and (ii) depending on sales level of each therapeutic product;

  - instalment payments of patent royalties based on a percentage of sales, for a term of up to the expiration of the protection period of the last patents and at least for 10 years following the launch of the commercialization of each product, and then, at the expiration date, (ii) reduced royalties payments related to MedinCell S.A. know-how on TEVA Selected Products. In certain cases, royalties payments to MedinCell S.A. might be

reduced in case a third-party license involving royalties payments is required for the formulation of a TEVA Selected Product.

TEVA also commits to be solely responsible for interactions and correspondence with Regulatory Authorities likely to grant any authorization in connection with TEVA Selected Products.

Under the terms of this agreement, any intellectual property rights non severable from by MedinCell S.A. patented technology (including BEPO® technology) that exist or would be developed as part of the joint development program, by each party individually or jointly, remain the sole legal and beneficial property of MedinCell S.A.. Any other intellectual property rights, developed by each of the parties individually or jointly, will remain, as the case may be, the exclusive property of the concerned party or, will be jointly owned in equal shares by MedinCell S.A. and TEVA.

Finally, under the terms of this agreement, TEVA undertakes to purchase exclusively polymers from the supplier CM Biomaterials B. V., for the purpose of the development and commercialization of TEVA Selected Products.

Except in the events of early termination, this agreement will remain in effect as long as payments are due by TEVA to MedinCell S.A. under the commercialization of at least one of the TEVA Selected Products.

22.1.2. Collaboration and licensing agreement with Arthritis Innovation Corporation

On February 19, 2016, the Company signed a collaboration and licensing agreement with AIC to develop, manufacture and market new long-acting injectable therapeutic products based on the BEPO® technology ("**AIC Selected Product(s)**"), each covering an API, a mode of action and a therapeutic indication, as part of the intra-articular treatment of diseases or conditions in the orthopedic field.

The Company and AIC have undertaken to make reasonable and sufficient efforts to carry out the development of the AIC Selected Products.

Under this agreement, the Company is primarily responsible for the initial development of the AIC Selected Products, while AIC is primarily responsible for their subsequent development, marketing and transformation into finished products.

In this context, the Company has granted AIC, in exchange for royalties (see below), an exclusive, global license, with the right to grant sub-licenses, to its patents, know-how and technology, as well as its existing or new intellectual property rights developed solely by it, where these are necessary for the development program for the AIC Selected Products, their manufacture and marketing, with the exception of its polymer manufacturing technology rights.

In return, AIC will finance and take responsibility for part of the initial development and all subsequent development of the AIC Selected Products (including clinical studies and processes for authorization by the competent administrative authorities). It is noted that, as of the date of this *document de base*, an initial BEPO® product has been selected in the management of pain and inflammation following the fitting of a prosthetic knee. In the event that this initial product is first administered to a patient with the authorization of a competent administrative authority in Canada, the United States or the European Union, other products may be developed as part of this collaboration on a proposal from AIC and by joint agreement with the Company.

Under the terms of this contract, AIC has also undertaken to pay the Company:

- on the date on which the contract is signed, an initial non-refundable payment of CAD 250,000 (approximately €164,500) (Up-front Access Fee);

- a payment of CAD 25,000 (approximately €16,450) per year to maintain the license (License Maintenance Fee) until the final claim to the last of the Company's patents under the licensing agreement expires; and

- during the marketing period or while sales are made to a third party, a quarterly payment of 50% of the net profits from the marketing of the AIC Selected Product concerned, after covering part of the costs incurred by AIC and the Company for the development of the AIC Selected Product in question.

AIC also undertakes to maintain relations and interactions with the administrative authorities granting any authorizations associated with the AIC Selected Products.

Furthermore, under the terms of their agreement, the Company and AIC must make every effort to prioritize the marketing of the AIC Selected Products in the United States and Canada. For each AIC Selected Product, if AIC decides, one year after the initial market authorization for an AIC Selected Product in any country, not to continue to develop and market that product in any country, the Company shall be free to do so subject to payment of a percentage of the net profits from the marketing of that product in the country in question (except the United States and Canada).

In addition, the Company must pay AIC a percentage of any sales it makes, whether alone or as part of collaborative arrangements, in intra-articular therapeutic indications provided that AIC is the first company in the world to have administered the Company's intra-articular technology to human patients (*First in Man*).

Under this agreement, any rights to intellectual property developed individually or jointly by the parties as part of this collaboration that is not associated solely with the active ingredients developed by AIC or solely with the product administration mechanism is the exclusive property of the Company. Any intellectual property rights associated with polymer manufacturing technology created or developed individually or jointly by the parties is also the exclusive property of the Company. AIC, for its part, will hold the intellectual property rights associated solely with the active ingredients developed by it. The intellectual property rights associated solely with the administration mechanism for the products developed individually or jointly by the parties under this agreement will be the joint property of the Company and AIC in equal parts.

The Company and AIC shall manage their collaboration through a Joint Steering Committee formed jointly and tasked with coordinating the activities of the co-development and marketing program for the AIC Selected Products. Its decisions are made by unanimous vote.

Finally, under this agreement, AIC undertakes to obtain supplies exclusively from the polymer supplier CM Biomaterials B.V. in the course of developing and marketing AIC Selected Products.

Except in the event of early termination, this agreement will remain in force as long as (a) AIC has to pay the license maintenance fees mentioned above or the percentage of net profits from the marketing of an AIC Selected Product, or (b) the Company has to repay AIC a percentage of any sales generated by a third party in collaboration with the Company in the same therapeutic indication in the First in Man case mentioned above.

22.2. Collaboration and financing agreement with the Bill & Melinda Gates Foundation

On November 15, 2017, the Company and the Bill & Melinda Gates Foundation ("**the Gates Foundation**") entered into a collaboration and financing contract for a total maximum amount of approximately USD 3.5 million with a fixed term ending on September 30, 2019.

The purpose of the contract is to finance an initial development phase for one or more innovative therapeutic solutions for the long-range injection of medications based on BEPO® technology in the field of contraception.

Under the terms of this contract, the Company has undertaken to carry out its development programs for therapeutic solutions covered by this contract as part of the "*Global Access*" strategy. This strategy aims to facilitate access to products, services or technologies financed by the Gates Foundation at an affordable price for women living in poverty in developing countries.

For this purpose, the Company has granted the Gates Foundation a global non-exclusive license, with the right to grant sub-licenses, authorizing any use aimed at creating, using, selling, offering for sale, importing, modifying, copying, distributing, creating derivatives of and communicating the Company's materials and developments or any innovation or technology implemented for the purposes of the financed projects, as well as any adaptation and reuse, including for commercial purposes, of its work, all as part of the "*Global Access*" strategy and of its success. MedinCell S.A. will retain the rights to use, adapt and market the intellectual property in territories or programs other than those strictly referred to by the "*Global Access*" strategy.

The contract provides for an initial payment of approximately €1.7 million (USD 2 million) to the Company in December 2017 and other milestone payments subject to the achievement of stages associated with the development of the therapeutic products and to the approval of the Gates Foundation when the said milestones are achieved.

22.3. Joint-venture and collaboration agreements with Corbion

As part of the development of its programs, and in particular the supply of the polymers required for its BEPO® technology to function (the "**Polymers**"), the Company has entered into joint-venture and collaboration contracts with Purac Biochem B.V., a Dutch company belonging to the Corbion group ("**Corbion**"), relating to the manufacture and distribution of Polymers in the controlled release of active substances in human and/or animal health (the "**Field of Activity**").

22.3.1. Joint-venture agreement with the Corbion group

On August 7, 2015, the Company and Corbion entered into a joint-venture agreement to create the Dutch company CM Biomaterials B.V. ("**CMB**"), held in equal parts and managed jointly by the parties, fully consolidated until the end of the 2017-2018 fiscal year and for which the Company now plans recognition by the equity method from the current fiscal year ending on March 31, 2019 (for the non-material nature of this change of accounting method, see section 6.8.4 of this *document de base*).

This contract was amended on December 21, 2016 and on August 27, 2018.

The Company licensed the intellectual property rights to the joint-venture, including the know-how and technology required to manufacture BEPO polymers, and Corbion fully finances the manufacturing of these polymers through the Corbion Group's plants.

The purpose of CMB is to provide the necessary Polymers (i) to all licensees of the Company for the development and, where applicable, the marketing of their products and (ii) to MedinCell S.A. to allow it to conduct its research and development activities.

Under this joint-venture agreement, the Company has undertaken to ensure that it and, as far as possible, its licensees are supplied with Polymers from CMB for the purposes of sale and distribution in the Field of Activity.

Furthermore, in the event that the Company develops new polymers distinct from those covered by the joint-venture agreement and subject to the Company's patents on its BEPO® technology, the Company undertakes to offer Corbion the opportunity to take on the production of these polymers on an exclusive basis, provided that Corbion is able to meet the needs of MedinCell S.A. and its licensees.

Moreover, in the event of the development of new polymers distinct from those covered by the joint-venture agreement that are not protected by the Company's patents on its BEPO® technology, the Company undertakes to offer CMB the opportunity to take on the production of these polymers for the Company and its licensees on a non-exclusive basis, provided that CMB is able to meet the needs of the Company and its licensees.

In return, Corbion undertakes to manufacture and/or supply the Polymers to CMB in view of any sale and distribution of products in the Field of Activity. This undertaking has been formalized in greater detail in a specific manufacturing contract signed on the same day by CMB and Corbion.

Finally, the parties entered into reciprocal undertakings in order to secure their respective intellectual property. The intellectual property rights of the Company and Corbion currently in existence or developed by each of the parties on its own under the collaboration agreements will therefore remain the sole property of each party. All the intellectual property rights developed jointly under the collaboration agreements will be the joint property of the Company and Corbion in equal parts. The Company will remain the sole holder of any intellectual property rights other than those specifically relating to the synthesis, purification and manufacture of the Polymers covered by the collaboration with Corbion.

22.3.2. Joint Development Agreement with the Corbion group

On August 7, 2015, the Company and Corbion signed a Joint Development Agreement pursuant to which the parties may conduct research and development activities relating to Polymer (a) synthesis and (b) separation-purification procedures.

There is no transfer of intellectual property held by the Company, particularly that relating to its BEPO® technology, under this agreement. All the intellectual property rights developed as part of the joint development program will be the joint property of the parties in equal parts.

The parties have also put in place a Joint Development Committee formed on an equal basis in order to supervise the development program for the purposes of their collaboration. Its decisions are made by unanimous vote.

This joint development contract has been entered into for an indefinite term, as long as the parties remain parties to the joint-venture agreement mentioned above.

22.3.3. Licensing Agreement with CMB and Corbion

On August 7, 2015, the Company, CMB and Corbion signed a *Licensing Agreement* pursuant to which the following licenses were agreed:

- The Company and Corbion both granted CMB a license to their respective intellectual property for polymer manufacture necessary for the performance of the joint-venture agreement. These licenses contain a sub-license right solely in favor of the other party (Corbion or the Company, as applicable) for research and development purposes in respect of MedinCell SA. Such sub-licenses were granted on an *ab initio* basis by this agreement.

- Corbion and the Company granted CMB a license to their jointly held intellectual property in respect of their collaboration agreements.

In return, CMB undertook to repay the Company and Corbion a percentage of the profit generated by CMB in each quarter.

This contract was signed for an indefinite term, and will remain in force as long as the joint-venture agreement subsists.

22.4. Financing contracts

22.4.1. Financing contract with the TEVA group and pledges

On July 25, 2016, MedinCell S.A. and TEVA entered into a Bond Subscription agreement allowing MedinCell S.A. to benefit from a bond financing representing a loan of 15 million euros issued by MedinCell S.A. and subscribed by TEVA on August 2, 2016, redeemable as follows:

- a minimum nominal amount of € 2.5 million (not considering capitalized interests on the bonds) to be redeemed by August 2, 2021;

- a minimum nominal amount of € 5 million (not considering capitalized interests on the bonds) to be redeemed by August 2, 2022; and

- a minimum nominal amount of € 7.5 million (not considering capitalized interests on the bonds) to be redeemed by August 2, 2023.

The bonds bear an interest rate equal to EURIBOR plus 10% per year annually capitalized for the first twenty-four months.

MedinCell S.A. has the option to reimburse at any time all or part of this bond financing under the conditions set forth in the contract, without any penalties.

In the event of an IPO,

1) TEVA has the option to subscribe by offsetting debt of a portion of bond financing still due on the date of the IPO, at the IPO price, (i) up to 20% of the issue amount and (ii) at no time exceeding 5% of the Company's share capital; the number of shares that TEVA will receive as such will be calculated on the basis of an amount equal to 111% of the value of this portion, and/or;

2) TEVA may ask MedinCell to allocate a maximum amount of 10% of the net proceeds from the issue, not including the subscription via offsetting of debt, to the early repayment of a portion of bond financing.

As a guarantee to the Company's obligations under the Bond Subscription Agreement, the Company granted TEVA multiple securities, including a pledge on its business and a pledge on its intellectual property rights related to TEVA Selected Products (the patent families being defined as the "**Pledged Intellectual Property Rights**").

Furthermore, TEVA also benefits from a call option on the Pledged IP Rights pursuant a call option agreement dated August 2, 2016, should MedinCell S.A. be in an incurable state of default under the Bond Subscription Agreement. This agreement also provides that should the call option be exercised or the pledge realized, MedinCell S.A. would nonetheless be able to use the Pledged IP Rights, not impacting MedinCell S.A.'s ability to develop and commercialize therapeutic products under other programs.

Furthermore, it is noted that the Company is forbidden to develop or market, alone or as part of a partnership, pharmaceutical products that include the active ingredients used in the products covered by the partnership with TEVA.

22.4.2. Financing contract with the European Investment Bank

As of March 22, 2018, MedinCell S.A. signed a financing contract with the EIB, allowing MedinCell S.A. to receive financing of €20 million in the form of a loan, guaranteed by the European Fund for Strategic Investments.

This loan is intended to finance, over a period of four years from 2018 to 2022, the investments planned by MedinCell S.A. as part of a research and development program on innovative drug delivery technologies used for the production of long-acting injectable APIs in France (the "**Program**").

This loan must not exceed fifty percent (50%) of the total amount of MedinCell S.A.'s investment in the Programs.

Pursuant to this contract, the EIB has committed to transfer the total amount to MedinCell S.A. in three installments. The first installment of €7.5 million was transferred in June 2018. Draw-down of the following tranches is subject to certain conditions relating to the Group's business and to the consolidation of the Company's equity. The Company considers that an IPO would remove the condition relating to the consolidation of equity required for drawing down the following tranches.

Interest rates will be applied to each installment that are (i) capitalized and (ii) paid in cash, as well as variable compensation on the marketing of products resulting from the programs financed.

In addition to the compensation of interest paid annually by MedinCell S.A., MedinCell S.A. must pay variable annual compensation to the EIB relating to the marketing of its products.

23. INFORMATION FROM THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTEREST

Some of the data contained in Chapter 6, “Overview of activities” of this *document de base* originates from third-party sources, which are each identified in a footnote on the relevant page. The Company attests that this information has been accurately reproduced and that, as far as the Company is aware and is to determine in light of the information published or provided by those sources, no facts have been omitted that would cause the reproduced information to be inaccurate or misleading.

24. DOCUMENTS AVAILABLE TO THE PUBLIC

Copies of this *document de base* are available free of charge from the Company's registered office at 3 rue des Frères Lumière, 34380 Jacou, France.

This *document de base* can also be viewed on the Company's website (www.medincell.com) and on the AMF's website (www.amf-france.org).

The Articles of Association, the minutes of the General Meetings of Shareholders and other corporate documents of the Company, as well as the historical financial information and any evaluation or declaration established by an expert at the Company's request that are required to be made available to shareholders in accordance with applicable law, may be viewed free of charge at the Company's registered office.

Upon the listing of the Company's shares for trading on the regulated market of Euronext Paris, the Company's regulated information within the meaning of the AMF's General Regulations will also be made available on the Company's website (www.medincell.com).

25. INFORMATION ON INVESTMENTS

See Chapter 7, “Organization chart” of this *document de base*.

26. GLOSSARY

Good Clinical Practice	All internationally recognized ethical and scientific quality requirements for the design, implementation, conduct, monitoring, quality control, auditing, data collection, analysis and expression of the biomedical results and research relating to medications for human use.
Good Laboratory Practice	All the rules to be observed in preclinical trials, i.e., trials on animals, in order to guarantee the quality, reproducibility and integrity of the results obtained.
Copolymers	Compounds made up of macromolecules containing different monomer units.
Lead formulations	Formulations linking an API to BEPO® technology that has passed the formulation research phase and can begin the preclinical study phase.
Opioids	Opioids are analgesics that contain morphine-like molecules and act on specific nerve cells in the central nervous system (spinal cord and brain). Depending on their mechanism of action, opioids can have different therapeutic effects, but also a variety of undesired effects.
Payers	Healthcare cost repayment bodies, which, depending on the case and region, may be public entities or private insurance providers. Payers are heavily involved in determining the price of medications.
Phase I	A phase of clinical trials that generally deals with a small number of healthy volunteers and has the primary objective of evaluating the metabolism, pharmacological action, tolerance and safety for use of the candidate product and, as far as possible, to gather preliminary evidence of its effectiveness.
Phase II	A phase of clinical trials usually consisting of carrying out studies on patients affected by the disease in order to determine the dose required in order to obtain the desired benefits. At the same time, safety information and supplementary information on the pharmacokinetics and pharmacodynamics of the product are gathered, parallel to the identification of undesired effects and safety

	risks, as well as a preliminary effectiveness evaluation.
Phase III	A phase of clinical trials generally dealing with significant numbers of patients and designed to provide the information necessary in order to establish the effectiveness and safety for use of the product with regard to its intended use, to establish the overall risk-to-benefit ratio of the product and to lay an adequate foundation for its authorization. In the context of these clinical trials, the product may be compared to a placebo and/or other treatments (active comparators). The duration of treatment is often extended in order to imitate the actual use of a product in the context of its marketing.
Q1M	Product administered once a month
Q2M	Product administered once every two months
Synovial tissue	The tissue that lines the inside of joints, made up essentially of elastic fibers and fat, which secretes the synovial liquid that lubricates and nourishes the cartilage.