MedinCell secures additional 20 million euros financing with the European Investment Bank (EIB)

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The approval obtained by the EIB is for a new credit facility of 40 million euros

The new credit facility foresees that MedinCell repays in anticipation a previous 20 million euros loan signed in 2018 with the EIB

30 million euros of the credit facility could be drawn in Q4 2022, and the disbursement of the remaining 10 million euros is subject to conditions that are expected to be met in 2023

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

The signature of the new EIB credit facility is expected in a few weeks after finalization of the legal documentation

New EIB financing extends MedinCell's cash visibility until at least the first quarter 2024

As the commercialization of the first treatment based on MedinCell's breakthrough technology is expected in 2023, the European Investment Bank reiterates its support to the French company with a new financing package of 40 million euros.

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

"We have a strong relationship with the European Investment Bank which has been a strategic partner of MedinCell for many years, said Jaime Arango, CFO of MedinCell. *Conditions to draw the two first parts of the new credit facility are already met and those to draw the last part of 10 million euros should be filled in the coming months. Therefore, the renewed support allows us to extend our cash visibility until at least the first quarter of 2024, while limiting the potential dilution for existing shareholders in the short term. At that point, the company should have reached a new level of maturity with regular revenue coming from a first product on market, with at least two investigational products in clinical Phase 3 and others in Phase 1 or 2, and with other programs at formulation or preclinical stage developed on our own or with partners."*

Main terms and conditions of credit facility agreement

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

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

Tranche A	**20 million euros drawable in Q4 2022** **Remuneration** ▪ 2% cash interest paid annually ▪ 4% capitalized interests paid at maturity of the tranche ▪ Warrants (see below)
Tranche B	**10 million euros drawable in Q4 2022** **Remuneration** ▪ 2% cash interest paid annually ▪ Either 3% or 6% capitalized interests paid at maturity of the tranche (depending on the number of projects in phase 3 and the regulatory status for mdc-IRM at the time of disbursement) ▪ Warrants (see below)
Tranche C	**10 million euros drawable under following conditions expected to be met in 2023** ▪ At least one product approved by the FDA > *mdc-IRM approval expected in H1 2023* ▪ A new IND accepted OR at least one new program in Phase 3 > *mdc-TJK go to Phase 3 announced on August 29, 2022* **Remuneration** ▪ 2% cash interest paid annually ▪ Either 2 or 3% capitalized interests paid at maturity of the tranche (depending on the number of projects in phase 3 and at least one IND approved at the time of disbursement) ▪ Warrants (see below)

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

The loan may, in certain circumstances, be prepaid, in whole or in part, for a prepayment fee, either at the election of MedinCell or because of EIB's demand following certain prepayment events. Subject to certain terms and conditions, upon the occurrence of usual events of default EIB may demand immediate repayment by MedinCell of all or part of the outstanding loan and/or cancel the undisbursed tranches.

Terms and Conditions of the warrant's agreement (to be signed with the credit facility agreement)

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

As part of the remuneration of the first tranche (A), MedinCell will issue 175.000 warrants to the benefit of EIB. The number of warrants to be issued to EIB as part of the remuneration of the second and third tranches (B and C) will be determined based on the average stock price before the subscription by the EIB. The subscription price will be 0.01 euro per warrant. Each warrant will entitle EIB to one ordinary share of MedinCell in exchange for the exercise price.

The strike price of each warrant will be equal to 95% of the volume weighted average of the trading price of MedinCell's ordinary shares over several trading days preceding the day the issue price is set. The warrants will have a maturity of fifteen years and will be exercisable following the earliest to occur of a change of control event, or the maturity date (5 years) of each tranche, or an event of default under the credit facility agreement, or a repayment demand by the EIB under the loan agreement.

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

Should the EIB exercise the *put option* MedinCell will pay the difference between the market value of the MedinCell's share at that time and the exercise price of each warrant to EIB by means of available cash, non-dilutive financing or alternatively a capital raise. In the latter, if the first tranche of the warrants were issued today and if the put option were exercised at 2x the exercise price, the remuneration to EIB resulting warrants would correspond to about 1 million euros for tranche A and about 2 million euros for each of tranche B and C .

MedinCell and the EIB will communicate upon definitive signature of the credit facility and warrants agreements, which remain conditional on the finalization of the legal documentation that is expected in the coming weeks.

About MedinCell

MedinCell is a pharmaceutical company at premarketing stage that develops a portfolio of long-acting injectable products in various therapeutic areas by combining its proprietary BEPO® technology with active ingredients already known and marketed. Through the controlled and extended release of the active pharmaceutical ingredient, MedinCell makes medical treatments more efficient, particularly thanks to improved compliance, i.e. compliance with medical prescriptions, and to a significant reduction in the quantity of medication required as part of a one-off or chronic treatment. The BEPO® technology makes it possible to control and guarantee the regular delivery of a drug at the optimal therapeutic dose for several days, weeks or months starting from the subcutaneous or local injection of a simple deposit of a few millimeters, fully bioresorbable. MedinCell collaborate with tier one pharmaceuticals companies and foundations to improve Global Health through new therapeutic options. Based in Montpellier, MedinCell currently employs more than 150 people representing over 30 different nationalities.
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