THE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to what action you should take, you are recommended to immediately consult if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Union (Markets in Financial Instruments) Regulations 2017 or the Investment Intermediaries Act 1995 (as amended), or another appropriately authorised professional advisor if you are in a territory outside Ireland.

This Securities Note, together with the Summary and the Registration Document, constitutes a prospectus (the **"Prospectus"**), for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") relating to Mainstay Medical International plc ("**Mainstay Medical**" or the "**Company**") and has been prepared in accordance with Chapter 1 of Part 23 of the Companies Act 2014, as amended, the European Union (Prospectus) Regulations 2019 of Ireland (the "**Irish Prospectus Regulations**"), Part 4 of the Central Bank (Investment Market Conduct) Rules 2019, Commission Delegated Regulation (EU) 2019/980 and Commission Delegated Regulation (EU) 2019/979 (the "**Delegated Regulations**").

Additional statutory and general information relating to the Company is contained in the Registration Document, prepared in accordance with the rules and regulations described in the preceding paragraph. This Securities Note, together with the Summary and the Registration Document constitutes the Prospectus. You are advised to read the full Prospectus (being the Registration Document, the Summary and this Securities Note).

The Prospectus (including this document) has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Regulation. The Central Bank approves the Prospectus (including this document) only as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment of the suitability of investing in the securities. Such approval relates only to the New Ordinary Shares of the Company which are to be admitted to trading on the regulated market of Euronext Paris ("**Euronext Paris**") for the purposes of the Directive 2014/65/EU. The New Ordinary Shares are also to be admitted to trading on the Euronext Growth Market ("**Euronext Growth**") of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**"). The Company has requested that the Central Bank provide a certificate of approval and a copy of the Prospectus, which has been submitted together with a translation of the Summary into the French language, to the French Financial Markets Authority (*Autorité des marchés financiers*) (the "**AMF**") in France for passporting in connection with the Company's application for the listing and admission of the New Ordinary Shares to trading on Euronext Paris ("**Euronext Admission**").

Mainstay Medical International plc

(Incorporated and registered in Ireland under the Irish Companies Acts with registered number 539688)

SECURITIES NOTE

Admission to trading on Euronext Paris of 4,649,775 New Ordinary Shares

---

Davy

Financial Adviser

This document does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase or otherwise acquire or subscribe for any security. You should read the whole of this document, together with the Registration Document and the Summary and any documents incorporated herein by reference. ONLY THE COMBINED

SECURITIES NOTE, REGISTRATION DOCUMENT AND SUMMARY CONSTITUTE, AND CAN BE RELIED UPON AS A PROSPECTUS.

The Directors, whose names appear on page 12 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and this document does not omit anything likely to affect the import of such information.

The existing Ordinary Shares of the Company are listed and admitted to trading on Euronext Paris and on Euronext Growth of Euronext Dublin. Applications have been made to Euronext Paris SA for Euronext Admission and to Euronext Dublin for the admission of the New Ordinary Shares to trading on Euronext Growth of Euronext Dublin ("**Euronext Growth Admission**") (Euronext Admission and Euronext Growth Admission together being "**Admission**"). Dealings in the New Ordinary Shares are expected to commence on Euronext Paris and Euronext Growth at 8.00 a.m. Irish Standard Time (9.00 a.m. CET) on 31 October 2019. When admitted to trading the New Ordinary Shares will be registered with International Securities Identification Number (''**ISIN''**) IE00BJYS1G50, SEDOL number BJYS1G5 and will trade under the symbol MSTY. No application has been, or is currently intended to be, made for the New Ordinary Shares to be admitted to listing or trading on any other stock exchange.

Copies of the entire Prospectus in English and the Summary translated into French will be available on the Company's website at www.mainstay-medical.com from the date of publication of this document.

No action has been taken by the Company to permit a public offer of the New Ordinary Shares under the applicable securities laws of any jurisdiction. Other than in Ireland and France, no action has been taken or will be taken to permit the possession or distribution of this document, the Registration Document or the Summary (or any other offering or publicity materials relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this document, the Registration Document nor the Summary, nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document, the Registration Document and/or the Summary comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

NOTICE TO PROSPECTIVE INVESTORS IN THE U.S.

The New Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state or local securities laws. Therefore, the New Ordinary Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and therefore subject to restrictions on resales made in the United States. Accordingly, the New Ordinary Shares may not be reoffered, resold, pledged or otherwise transferred, except (i) pursuant to an effective registration statement under the U.S. Securities Act, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (iii) to a person whom the seller and any other person acting on its behalf reasonably believe is a "qualified institutional buyer" purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A ("**Rule 144A**"), or (iv) pursuant to an exemption from registration provided by Rule 144 under the U.S. Securities Act (if available), or another applicable exemption, and in each case in accordance with any applicable securities laws, including of any state or other jurisdiction of the United States. The Company makes no representation as to the availability of Rule 144 under the U.S. Securities Act or

any other exemption under the U.S. Securities Act or any state securities laws for the re-offer, re-sale, pledge or transfer of the New Ordinary Shares.

Any prospective investors are hereby notified that sellers of the New Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the New Ordinary Shares, see paragraph 7.3 of Part 7 (*Additional Information*) of this document.

None of the U.S. Securities and Exchange Commission, nor any other U.S. federal or state securities commission or any U.S. regulatory authority has approved or disapproved of the New Ordinary Shares referred to in this document nor have such authorities reviewed or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

OTHER IMPORTANT NOTICES AND DISCLAIMERS OF LIABILITY

Davy is authorised and regulated in Ireland by the Central Bank. Davy is acting exclusively for the Company and no one else in connection with Admission, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to this document, Admission or any transaction, matter or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may not lawfully be excluded, Davy, and any persons affiliated with it, do not accept any responsibility or liability whatsoever and make no representation or warranty, express or implied, in respect of the contents of this document, including its accuracy or completeness, or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company or the Group, and nothing in this document is or shall be relied upon as a promise or representation in this respect whether as to the past or future. In addition, Davy and persons affiliated with it do not accept responsibility for, nor authorise the contents of, this document or its issue, including without limitation, under Section 1349 of the Companies Act 2014 or Regulation 35 of the Irish Prospectus Regulations. Davy and persons affiliated with it accordingly disclaim all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have to any person in respect of this document.

No person has been authorised to give any information or make any representations other than those contained in this document and any document incorporated by reference herein and, if given or made, such information or representations must not be relied upon as having been so authorised. The publication or delivery of this document shall not, under any circumstances, create any implication that there has been no change in the Company's affairs since the date of this document or that the information in this document is correct as at any time subsequent to its date.

The contents of this document should not be construed as legal, financial or tax advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

INTERPRETATION

Certain terms used in this document, including certain technical and other terms, are explained and defined in the *Definitions*, as the case may be, set out at the end of this document. References to the singular in this document shall include the plural and vice versa, where the context so requires. References to sections or Parts are to sections or Parts of this document. The terms ''subsidiary'', ''subsidiary undertaking'' and ''undertaking'' have the meanings given to them by the Companies Act 2014. All references to time in this document are to Dublin time unless otherwise stated.

The language of this document is English. Certain legislative references or technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law, or otherwise.

The date of this document is 25 October 2019.

TABLE OF CONTENTS

PART 1

RISK FACTORS

The risks set out in this Part 1 (Risk Factors) of the Securities Note, together with the risks set out in the part entitled "Risk Factors" of the Registration Document, should be considered carefully by Shareholders and prospective investors.

This section, together with the section set out in the part entitled "Risk Factors" in the Registration Document, addresses the existing and future material risks to Mainstay's business. However, they do not set out an exhaustive list or explanation of all risks that Shareholders or prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only as further risks and uncertainties not currently known to the Board, or that the Board currently deems immaterial, may also have an adverse effect on the Company's or the Group's financial condition, business, prospects and/or results of operations. In such a case, the market price of Ordinary Shares could decline and investors may lose all or part of their investment.

The first risk factor in each category is the most material from the Company's perspective however thereafter the risk factors are not listed in order of materiality. The order in which risks are presented is not an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company's or the Group's financial condition, business, prospects and results of operations.

This document contains forward-looking statements that involve risks and uncertainties. See "Forward Looking Statements" in Part 2 (Important Information) of this document. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Company and the Group described below and elsewhere in this document.

Shareholders and prospective investors should read this Part in conjunction with the entire Prospectus.

1.1 RISKS RELATING TO THE NEW ORDINARY SHARES

(a) Future issuances or exercise of Ordinary Shares, Share Options or Share Warrants may affect the market price of the Ordinary Shares and could dilute the interests of existing Shareholders

We have incurred significant net losses since we were founded. If we are unable to obtain regulatory approvals for ReActiv8 in the U.S. or elsewhere, or if product development, manufacture, marketing, sales or commercialisation of ReActiv8 is delayed or abandoned, we may never generate significant revenue or become profitable. Further, we expect to require additional funds in the future in order to meet our capital and expenditure needs. To date we have funded, and for the immediate future, we expect to continue to fund, our operations through equity capital (by way of issuance of new Ordinary Shares and/ or rights to subscribe for new Ordinary Shares) and debt.

Pursuant to the Shareholder resolutions described at paragraph 9.4(a)(i) and (ii) of Part 9 (*Additional Information*) of the Registration Document, the Shareholders have authorised the Board to allot securities of the Company, without having regard to statutory pre-emption rights, during the period ending on 20 September 2024 up to an aggregate nominal value amount of €17,000 ((representing approximately 126.66% of the issued ordinary share capital of the Company as at the Latest Practicable Date), without seeking Shareholder approval. The issue price per new Ordinary Shares will be as determined by the Directors provided that no share be issued as a discount to its nominal value. If the Company issues additional Ordinary Shares it could cause dilution for the holders of Ordinary Shares and could have a negative impact on the price of Ordinary Shares.

Under the First Warrant Instrument, the Company has granted rights to subscribe for 1,500,000 Ordinary Shares at an exercise price of €6.00 per share. In addition, under the terms of the IPF Amendment and Restatement Agreement and the Second Warrant Instrument, the Company may be required to issue Ordinary Shares at a price of €8.00 per share on the basis described in paragraphs 9.12(c) and (e) of Part 9 (*Additional Information*) of the Registration Document. As at the Latest Practicable Date, assuming the triggers for conversion under the IPF Amendment and Restatement

Agreement were met in the second half of 2020, this could result in the issuance of approximately 1.7 million new Ordinary Shares. If the existing subscription rights were to be exercised or triggered, or if further rights to subscribe for Ordinary Shares were to be granted or exercised, this could cause dilution for the holders of Ordinary Shares and could have a negative impact on the price of Ordinary Shares.

From time to time, the Company has issued Share Options to its employees, directors or consultants. Since the IPO, those Share Options have been granted with an exercise price equal to the market value of an Ordinary Share at the date of grant. As at the Latest Practicable date, the vast majority of those Share Options have an exercise price that is significantly in excess of the quoted price per Ordinary Share on Euronext Growth and Euronext Paris. The Employee Incentive Plan was amended in January 2019 to allow for the issue of RSUs, being rights to receive Ordinary Shares at no cost to the relevant employee, director or consultant. The Company has granted 390,000 RSUs as at the Latest Practicable Date. Vesting of existing Share Options or RSUs or the grant or vesting of Share Options or RSUs in the future could cause dilution for the holders of Ordinary Shares and could have a negative impact on the price of Ordinary Shares.

(b) **We may be a passive foreign investment company ("PFIC") for 2019 or subsequent years, which could result in adverse U.S. federal income tax consequences to U.S. investors**

For U.S. federal income tax purposes, a non-U.S. corporation will be considered a passive foreign investment company, or PFIC, for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets that produce or are held for the production of passive income. If we are a PFIC for any taxable year during which a U.S. holder holds shares, the U.S. holder may be subject to adverse tax consequences, including (1) the treatment of any gain on disposition as ordinary income, rather than capital gain qualifying for preferential rates, (2) the application of an interest charge with respect to such gain and certain dividends and (3) compliance with certain reporting requirements. The Directors do not believe that the Company was a PFIC for its 2018 taxable year, although the U.S. Internal Revenue Service ("**IRS**") may disagree with this conclusion in the event it audits any U.S. shareholder's tax reporting. Based on the value and composition of our assets, we may, however, be a PFIC for 2019 and potentially for future taxable years. The determination of PFIC status is fact-specific, and a separate determination must be made for each taxable year (after the close of each such taxable year). Each U.S. shareholder is strongly urged to consult its tax advisors regarding these issues.

(c) **The market price and/or liquidity of our securities may fluctuate widely in response to various factors which may limit or prevent investors from selling their Ordinary Shares**

The market price and/or liquidity of Ordinary Shares could be subject to wide fluctuations in response to many risk factors listed in this section, beyond our control including (without limitation):

- actual or anticipated fluctuations in our financial condition and operating results;
- our failure to obtain regulatory approval for ReActiv8 beyond CE Marking;
- our failure to successfully commercialise ReActiv8;
- adverse results or delays in our Clinical Trials;
- actual or anticipated changes in our growth rate;
- competition from existing products or new products that may emerge;
- announcements by us, our collaborators or our potential competitors of significant acquisitions, strategic partnerships, joint ventures, strategic alliances, or capital commitments;
- adverse regulatory decisions;

- the inability to establish potential strategic alliances;
- unanticipated serious safety concerns related to the use of our product;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- price and volume fluctuations in trading of our Ordinary Shares on Euronext Growth of Euronext Dublin or Euronext Paris;
- additions or departures of key management or scientific personnel;
- disputes or other developments related to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- our inability to obtain reimbursement by commercial third-party payers and government payers and any announcements relating to coverage policies or reimbursement levels;
- announcement or expectation of additional debt or equity financing efforts;
- issuances by the Company of Ordinary Shares or transfers or sales of Ordinary Shares by shareholders;
- issue or exercise of share warrants or share options; and
- general economic and market conditions.

The above and related market and industry factors may cause the market price, demand and/or liquidity of our Ordinary Shares to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their Ordinary Shares. In addition, the stock market in general, and development stage companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies.

(d) **Our Ordinary Share ownership is concentrated in the hands of our principal Shareholders, who may be able to exercise a direct or indirect controlling influence on us**

Our seven largest Shareholders together own approximately 78% of our Ordinary Shares in issue at the Latest Practicable Date. As a result, these Shareholders (or a combination of some of these Shareholders), if they were to act together, would have significant influence over all matters that require approval by our Ordinary Shareholders, including the election of directors and approval of significant corporate transactions. Subject to customary Shareholder protections on takeovers and related party transactions, corporate action might be taken even if other Ordinary Shareholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of our Company that other Ordinary Shareholders may view as beneficial.

(e) **If securities or industry analysts do not publish research or publish unfavourable research about our business, the price of our Ordinary Shares and trading volume could decline**

The trading market for our Ordinary Shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If few or no securities or industry analysts cover us, the trading price for our Ordinary Shares could be negatively impacted. If one or more of the analysts who covers us downgrades this recommendation on our Ordinary Shares, publishes unfavourable research about our business, ceases coverage of our Company or fails to publish reports on us regularly, demand for our Ordinary Shares could decrease, which could cause the price of our Ordinary Shares or trading volume to decline.

(f) **We do not currently intend to pay dividends, and, consequently, the ability to achieve a return on investment will depend on appreciation in the price of the Ordinary Shares**

We have never declared or paid any cash dividends on our Ordinary Shares and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your Ordinary Shares for the foreseeable future and the success of an investment in Ordinary Shares will depend upon any future appreciation in the value of the Company. Consequently, investors may need to sell all or part of their holdings of Ordinary Shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our Ordinary Shares.

(g) **Irish law may afford fewer remedies in the event shareholders suffer losses compared to the U.S. or other jurisdictions**

As an Irish company, we are governed by the Irish Companies Act 2014 and Irish company law generally, which differ in some material respects from laws generally applicable to typical U.S. corporations and other non-Irish corporations and their shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or other officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. You should also be aware that Irish law does not allow for any terms of legal proceedings directly equivalent to the class action available in U.S. courts. Accordingly, holders of our shares may have more difficulty protecting their interests than would holders of shares of a company organised in a jurisdiction of the U.S.

(h) **A takeover bid for the Company's securities would be subject to supervision by French and Irish regulatory authorities, which may add complexity to, and delay completion of, any takeover bid for the Company**

As a company with its registered office in Ireland and whose securities are admitted to trading on a regulated market (within the meaning of point (21) of Article 4(1) of Directive 2014/65/EU) in France only, the Company is, for the purposes of Directive 2004/25/EC of the European Parliament and the Council dated 21 April 2004 (the "**Takeover Directive**"), a shared jurisdiction company. This means that a takeover bid for its securities would be subject to the Irish Takeover Rules of the Irish Takeover Panel in some respects, but also subject to the general regulation (règlement général) (the "**French Takeover Rules**") of the Autorité des marchés financiers (the "**AMF**") in most other respects.

In the case of a takeover bid for a shared jurisdiction company, the Takeover Directive provides that matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be dealt with in accordance with the rules of the EU member state in which the securities of the company are admitted to trading on a regulated market, in this case, France. Matters relating to the information to be provided to the employees of the offeree company and matters relating to company law, in particular the percentage of voting rights conferring "control" and any derogation from the obligation to launch a bid, as well as the conditions under which the board of the offeree company may undertake any action which might result in frustration of the bid, shall be determined by the rules of the EU member state in which the Company has its registered office, in this case, Ireland.

The Company believes it is currently the only shared jurisdiction company (current or previous) for the purposes of the Takeover Directive where, in the case of a takeover bid, the relevant competent authorities would be those of France and Ireland. Accordingly, a takeover bid for the Company would be supervised by two competent authorities, who would need to agree amongst themselves the correct delineation, with respect to such takeover bid, between the application of their respective takeover rules, as well as between their respective responsibilities and powers. The Company believes

that this could lead to additional complexity in planning, making and/or completing any such takeover bid, which in turn could result in an extension of the transaction timetable and increased transaction costs.

(i) **Future sales of Ordinary Shares by existing shareholders could depress the market price of the Ordinary Shares**

If our existing shareholders sell, or indicate an intent to sell, substantial amounts of Ordinary Shares in the public market, the trading price of the Ordinary Shares could decline significantly.

PART 2

IMPORTANT INFORMATION

2.1 FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "should" or "will", or "explore", or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear throughout this document and include, but are not limited to, statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's or the Group's results of operations, financial position, prospects, financing strategies, expectations for product design and development, regulatory applications and approvals, reimbursement arrangements, costs of sales and market penetration.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of the Company's or the Group's operations, and the development of ReActiv8, the markets and the industry in which the Company operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this document. In addition, even if the Company's or the Group's results of operations, financial position and growth, and the development of ReActiv8 and the markets and the industry in which the Company operates, are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of the Company to differ materially from those expressed or implied by the forward looking statements including, without limitation, the successful launch and commercialisation of ReActiv8, the time and process required to obtain regulatory approvals, including any inability to obtain such approvals in a timely manner, the ability to raise additional capital to fund the Company's business and the cost of such capital, general economic and business conditions, the global medical device market conditions, industry trends, competition, changes in law or regulation, changes in taxation regimes, the time required to commence and complete Clinical Trials, currency fluctuations, changes in its business strategy, political and economic uncertainty discussed in Part 1 (*Risk Factors*) in the Registration Document. The forward looking statements herein speak only at the date of this document. Other than required by the Irish Prospectus Regulations, Prospectus Rules, applicable market abuse law, the Transparency Regulations and Transparency Rules, the rules of Euronext Paris, the Euronext Growth Rules or by law, the Company undertakes no obligation to update these forward looking statements and will not publicly release any revisions it may make to these forward looking statements that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document. You should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this document.

2.2 MARKET, ECONOMIC AND INDUSTRY DATA

This document includes certain market, economic and industry data, which were obtained by the Company from scientific publications, industry publications, data and reports compiled by professional organisations and analysts, data from other external sources and internal surveys conducted by or on behalf of the Group. The market, economic and industry data sourced from third parties used to prepare the disclosures in this document have been accurately reproduced and, as far as the Company and the Directors are aware and are able to ascertain from the information provided to them by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Based on the market, economic and industry data, the Company has made a number of estimations regarding market size, the potential target market/population, and related

markets and patient populations, using assumptions and judgments that the Company believes are reasonable. Although the Company believes that its assumptions and judgments are reasonable, there is no guarantee that they will prove to be accurate, or that future events will conform to the assumptions and judgments believed to be reasonable at the time.

2.3 CURRENCIES

Unless otherwise indicated, all references in this document to Euro and € are to the lawful single currency of member states of the EU that adopt or have adopted the Euro as their currency in accordance with the legislation of the EU relating to European Monetary Union, all references to Pounds Sterling, sterling, GBP, £ or p are to the lawful currency of the United Kingdom and all references to U.S.$, U.S. Dollars, USD, dollars or $ are to the lawful currency of the United States of America. The Company prepares its financial statements in United States Dollars (USD).

2.4 PRESENTATION OF FINANCIAL INFORMATION

Except as otherwise indicated, financial data regarding the Group is extracted from the consolidated audited financial statements of the Group for the years ended 31 December 2016, 31 December 2017 and 31 December 2018. The consolidated audited financial statements of the Group for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union.

All future financial information for the Company and the Group is intended to be prepared in accordance with IFRS as adopted by the European Union and, unless otherwise indicated, the financial information in this document has been prepared in accordance with IFRS as adopted by the European Union.

2.5 ROUNDING

Some financial information in this document has been rounded. As a result of this rounding, figures shown as totals in this document may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

2.6 NO INCORPORATION OF WEBSITE INFORMATION

This document will be made available to the public in France and Ireland at www.mainstay-medical.com. Save for information expressly stated to be incorporated by reference into this document as described in Part 10 (*Documentation Incorporated by Reference*) of the Registration Document, other materials on the Company's website are not incorporated into, and do not form part of, this document.

2.7 GENERAL INFORMATION

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting or regulatory matters, investment decisions or any other matter. Shareholders and prospective investors must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

PART 3

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

DIRECTORS	Oern Stuge MD (*Non-Executive Independent Chairman*) Jason Hannon (*Chief Executive Officer*) David Brabazon (*Non-Executive Independent Director*) Greg Garfield *(Non-Executive Director)* Antoine Papiernik (*Non-Executive Director*) James Reinstein (*Non-Executive Independent Director*) Dan Sachs MD (*Non-Executive Director*)
COMPANY SECRETARY	Matt Onaitis
COMPANY REGISTERED OFFICE	77 Sir John Rogerson's Quay Block C Grand Canal Docklands Dublin 2 D02 VK60 Ireland Company Telephone Number: +353 (1) 553 0217
LEGAL ADVISERS TO THE COMPANY	(as to Irish law): McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2 Ireland (as to French and U.S. Law): Latham and Watkins LLP 45, rue Saint-Dominique Paris 75007 France
AUDITORS AND REPORTING ACCOUNTANTS	KPMG 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
FINANCIAL ADVISER	Davy Davy House 49 Dawson Street Dublin 2 Ireland
REGISTRAR	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland

PART 4

CAPITALISATION AND INDEBTEDNESS

As at 31 August 2019, the Group had no guaranteed or unguaranteed/unsecured debt and no indirect or contingent indebtedness.

The following tables set forth the Group's actual capitalisation and net indebtedness as at 31 August 2019, extracted without material adjustment from the Group's unaudited accounting records. For information on the 2019 Placing, please see Part 6 (*The 2019 Placing*) of this document.

	As at 31 August 2019 Unaudited
Capitalisation and Indebtedness (in $'000)	
Total Current financial debt	
Guaranteed	-
Secured	170
Unguaranteed / Unsecured	-
Total Non-Current debt	
Guaranteed	-
Secured	13,174
Unguaranteed / Unsecured	-
Total indebtedness	**13,344**
Shareholder's Equity (deficit)	
Share capital	72
Share premium	159,430
Legal Reserves and Other Reserves	
Share based payments reserve	16,360
Other Reserves	4,606
Retained loss	(171,216)
Total Capitalisation	**9,252**

The following table shows the net indebtedness of the Company as at 31 August 2019:

	As at 31 August 2019 Unaudited
Net indebtedness (in $'000)	
Cash	22,627
Cash equivalent	-
Trading securities	-
Liquidity	22,627
Current Financial Receivable	**22,627**
Current Bank debt	-
Current portion of non-current debt	-
Other current financial debt	170
Current financial debt	**170**

Net Current Financial Indebtedness	**22,457**
Non-current Bank loans	12,930
Bonds Issued	-
Other non–current financial debt	244
Non-current financial indebtedness	**13,174**
Net Financial Indebtedness	**9,283**

Total indebtedness has increased from $9.9 million at 30 June 2019 (being the date of the Group's most recently published financial information, which is incorporated by reference in Part 8 (*Historical Financial Information*) of the Registration Document) to $13.3 million at 31 August 2019, primarily due to the drawdown of $3.3 million in additional debt from the Company's existing lender and accrued interest of approximately $0.1 million between 30 June 2019 and 31 August 2019.

Share premium increased between 30 June 2019 and 31 August 2019 from $143.9 million to $159.4 million due to the 2019 Placing, consisting of the issuance of 4,649,775 New Ordinary Shares for gross proceeds of approximately €13.9 million (approximately $15.5 million). Share capital also increased between 30 June 2019 and 31 August 2019 from $66,510 to $71,689 due to the 2019 Placing.

The Group's share-based payment reserve has increased from $15.8 million at 30 June 2019 (being the date of the Group's most recently published financial information which is incorporated by reference in Part 8 (*Historical Financial Information*) of the Registration Document) to $16.3 million at 31 August 2019 due to additional share-based payments charges being incurred in the intervening period in line with the Group's accounting policy.

The Group's cash has increased from $5.8 million at 30 June 2019 (being the date of the Group's most recently published financial information which is incorporated by reference in Part 8 (*Historical Financial Information*) of the Registration Document) to $22.6 million at 31 August 2019 due primarily to the approximate gross proceeds of $15.5 million raised pursuant to the 2019 Placing and the drawdown of approximately $3.3 million in additional debt from a new tranche of the existing debt facility. This increase is offset by operating cash outflows related to our on-going business activities during the period.

Save as set out above, there has been no material change to the Group's capitalisation and indebtedness between the period 30 June 2019 (being the date of the Group's most recently published financial information which is incorporated by reference in Part 8 (*Historical Financial Information*) of the Registration Document) and the Latest Practicable Date.

PART 5

TAXATION

5.1 OVERVIEW

The following generally summarizes the material Irish, French and U.S. tax consequences of purchasing, owning and disposing of Ordinary Shares. This discussion is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax effects of the purchase, ownership or disposition of our Ordinary Shares. The tax legislation of an investor's EU member state and of the Company's country of incorporation may have an impact on the income received from the securities. All of the following is subject to change. Such changes could apply retroactively and could affect the consequences described below.

This summary does not constitute a legal opinion or tax advice. Shareholders are urged to consult their own tax advisers regarding the tax consequences of the purchase, ownership and disposition of Ordinary Shares in light of their particular circumstances.

This discussion is intended only as a general summary and does not purport to be a complete analysis or listing of all potential tax effects of the acquisition, ownership or disposition of the Ordinary Shares to any particular investor. Shareholders are advised to consult their own tax advisers with regard to the application of Irish and French tax law to their particular situations, as well as any tax consequences arising under the laws of any state, local or other foreign jurisdiction.

5.2 IRISH TAXATION

The following is a general summary of the main Irish tax considerations applicable to certain Irish investors who are the beneficial owners of Ordinary Shares and is based on existing Irish law and practice in effect on the date of this Securities Note. Legislative, administrative or judicial changes may modify the tax consequences described below. The statements do not constitute tax advice and are intended only as a general guide. Furthermore, this information applies only to Ordinary Shares held as capital assets. This summary is not exhaustive and prospective purchasers should consult their own tax advisers as to the tax consequences in Ireland, or other relevant jurisdictions of the purchase, ownership and disposition of Ordinary Shares.

Irish taxation of shareholders who are Irish resident and/or ordinarily resident individuals

Dividends

Irish resident and/or ordinarily resident individual Shareholders will be liable to Irish income tax on dividends from the Company at their marginal rate, plus pay-related social insurance and the universal social charge, depending on their circumstances, on the gross amount of the dividend (i.e. the gross amount of any dividend before deduction of dividend withholding tax).

Subject to certain exceptions, the Company is required to apply dividend withholding tax at source at the standard rate (currently twenty per cent. (20%)) on dividends paid to Irish resident and/or ordinarily resident individual Shareholders. The Company should provide the Shareholder with a certificate setting out the gross amount of the dividend, the amount of tax withheld, and the net amount of the dividend.

Where tax has been withheld at source the Shareholder may, depending on their circumstances (i) be liable to further tax on their dividend at their applicable marginal rate, (ii) incur no further liability on their dividend, or (iii) be entitled to claim repayment of some or all of the tax withheld on their dividend. The withholding tax deducted will be available as a credit against the individual's income tax liability. An individual may claim to have the withholding tax refunded to him to the extent that it exceeds his/her income tax liability.

Capital gains tax

Irish resident and/or ordinarily resident individual Shareholders will (subject to the availability of exemptions and reliefs) be liable to capital gains tax (currently thirty three per cent. (33%)) on gains realised on the disposal of Ordinary Shares. An individual is entitled to a small gains exemption annually whereby currently the first €1,270 of an individual's chargeable gain is exempt.

Irish taxation of Shareholders who are Irish resident companies

Dividends

A Shareholder who is an Irish resident company will not be subject to Irish corporation tax on dividends received from the Company.

Tax will not be withheld at source by the Company on dividends paid to an Irish resident company Shareholder provided the appropriate declaration is validly made and provided to the Company in advance of the dividend payment date. If dividend withholding tax is withheld at source, the Irish resident company Shareholder can set the tax withheld against any liability to corporation tax in the accounting period in which the distribution is received, or may claim a refund to the extent it exceeds the company Shareholder's corporate tax liability.

Irish resident company Shareholders which are close companies, as defined under Irish legislation, may, in certain circumstances, be subject to a corporation tax surcharge on dividend income to the extent that it is not re-distributed within the appropriate time frame.

Capital gains tax

Capital gains tax (currently thirty-three per cent. (33%)) may apply on gains realised on the disposal of shares in the Company by an Irish company Shareholder. Substantial shareholding exemptions may apply to corporate Shareholders who own more than five per cent. (5%) in the shares of the Company.

Irish taxation of certain other Irish resident Shareholders

Dividends

Tax will not be withheld at source by the Company on dividends to certain other Irish resident Shareholders including certain pension schemes, collective investment undertakings and charities provided the appropriate declaration is validly made and provided to the Company in advance of the dividend payment date. If dividend withholding tax is withheld at source, the Shareholder can set the tax withheld against their liability to income or corporation tax (if any) in the accounting period in which the distribution is received, or may claim a refund to the extent it exceeds the tax liability.

Capital gains tax

Capital gains tax (currently thirty-three per cent. (33%)) may apply on gains realised on the disposal of shares in the Company by such other Irish resident Shareholders depending on their specific tax status.

Irish taxation of Shareholders who are not resident for tax purposes in Ireland

Dividends

The Company is obliged to apply dividend withholding tax at the standard rate (currently twenty per cent. (20%)) on dividends paid to non-resident Shareholders.

However, dividends paid to certain non-residents may be exempt from dividend withholding tax on the basis that the distribution is made to:

(a) a Shareholder that is not a company and is neither Irish resident nor ordinarily resident in Ireland but who is resident of a foreign country for the purposes of tax with which Ireland has a double tax treaty;

(b) a Shareholder that is not a company and is neither Irish resident nor ordinarily resident in Ireland but who is resident of an EU Member State (other than Ireland) for the purposes of tax;

(c) a company not resident in Ireland which is ultimately controlled by a resident of a double tax treaty country or an EU Member State (other than Ireland) and not under the control of persons who are not resident in a double tax treaty country or an EU Member State (other than Ireland); or

(d) a company if its principal class of shares is substantially and regularly traded on a recognised stock exchange in a tax treaty country or EU Member State.

In each case, an appropriate declaration must be made and evidence of entitlement to exemption provided. Where a non-Irish resident person suffers dividend withholding tax on a distribution which would not have been deducted had a properly completed dividend withholding tax declaration been received from that person, then that person should be entitled to receive a refund of the full amount of dividend withholding tax deducted on application to the Irish Revenue Commissioners.

Capital gains tax

Non-Irish residents will not be liable to capital gains tax in Ireland unless such persons are either ordinarily resident in Ireland or, at or before the time when the gain accrued, held, used or acquired for use the Ordinary Shares in connection with a branch or agency carried on in the state. Notwithstanding this, a Shareholder who is an individual and who is temporarily a non-resident of Ireland may under anti-avoidance legislation still be liable to Irish taxation on any chargeable gain realised (subject to the availability of exemptions or reliefs).

Irish capital acquisitions tax

Capital acquisitions tax ("**CAT**") covers both gift tax and inheritance tax. Irish CAT may be chargeable on an inheritance or a gift of Ordinary Shares as such shares would be considered Irish property, even if the gift or inheritance is between two non-Irish resident and non-ordinarily Irish resident individuals. The current rate of CAT is thirty-three per cent. (33%) above certain tax-free thresholds. Gifts and inheritances passing between spouses are exempt from CAT. Shareholders should consult their tax advisors with respect to the CAT implications of any proposed gift or inheritance of Ordinary Shares.

Stamp Duty

For so long as the Ordinary Shares remain admitted to the Euronext Growth of Euronext Dublin, no Irish stamp duty will arise on transfer or sales of the Ordinary Shares.

5.3 FRENCH TAXES

The following is a summary of certain tax considerations which may be relevant for holders of the Ordinary Shares that are resident of France for tax purposes (the "**French Resident Shareholders**") and are either (i) individuals holding the Ordinary Shares as part of their personal portfolio (the "**Individual French Resident Shareholders**") or (ii) French legal entities subject to corporation tax in France (the "**French Resident Corporate Shareholders**").

This summary is provided for general information purposes only, and it does not purport to be a comprehensive description of all the tax considerations which may be relevant for specific French Resident Shareholders in light of their particular circumstances.

French Resident Shareholders are advised to contact their own tax advisor to determine the tax regime applicable to their own situation in connection with the acquisition, holding and disposal of the Ordinary Shares.

This summary is based on the tax laws and regulations currently in force in France, including the double tax treaty entered into between Ireland and France dated 21 March 1968 (the "**Ireland/France Tax Treaty**"), as amended by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed by France and Ireland on 7 June 2017, as currently in effect and applied by the French tax authorities, all of which being subject to change, or different interpretation by the French jurisdictions and tax authorities.

This summary is not intended to be, nor should it be construed as being legal or tax advice.

Individual French Resident Shareholders

This section addresses certain French tax consequences applicable to individual shareholders resident of France for tax purposes, holding their shares in the Company as part of their private estate and who do not conduct stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis.

Dividends

Dividends distributed by the Company to Individual French Resident Shareholders should not be subject to a dividend withholding tax in Ireland, provided certain conditions are met (please see paragraph 5.2 of Part 5 (*Taxation*) above). Should any Irish domestic dividend withholding tax be imposed, the rate of such withholding tax would not be reduced under the current provisions of the Ireland/France Tax Treaty, but it could give rise, under certain conditions, to a tax credit in France which could be deductible from the personal income tax due in France by the relevant Individual French Resident Shareholder in accordance with Article 21 of the Ireland/France Tax Treaty.

Individual French Resident Shareholders are subject to personal income tax in France at a flat rate of twelve point eight per cent. (12.8%) on the gross amount of the dividends received. However, any Individual French Resident Shareholder retains the right under certain conditions to elect for the taxation of such dividends to the progressive tax scale (which would therefore not be subject to the flat tax) in case the latter turns out to be more favourable than the flat tax. Such election has to be made on a yearly basis and applies to all investment income eligible to the flat tax of a given year (including capital gain income described below).

As the Company is subject in Ireland to a tax equivalent to the French corporation tax (i.e. Irish corporation tax), has its head office located in Ireland, and assuming that the relevant dividend is made in accordance with Irish company law, dividends received by Individual French Resident Shareholders may be subject, upon the abovementioned election by each relevant Individual French Resident Shareholders in respect of all capital income of the relevant tax year, to personal income tax at the progressive rates up to forty-five per cent. (45%). An allowance equal to forty per cent. (40%) of the gross amount of the dividends received, as provided for by Article 158, 3°-2 of the French tax code should then be applicable to determine the amount of dividends to be subject to such progressive rates.

In addition, a so-called exceptional contribution on high income should be due by Individual French Resident Shareholders on the gross amount of the dividends received if the total taxable income of their household exceeds certain thresholds. Such exceptional contribution is levied (i) at the rate of three per cent. (3%) on the portion of the taxable income comprised between €250,000 and €500,000 for single taxpayers and between €500,000 and €1,000,000 for joint taxpayers, and (ii) at the rate of four per cent. (4%) on the portion of the taxable income exceeding €500,000 for single taxpayers and €1,000,000 for joint taxpayers.

Pursuant to Article 117 *quater* of the French tax code, in advance of payment of the personal income tax liability of any relevant year, Individual French Resident Shareholders are subject to a mandatory

withholding tax at the rate of twelve point eight per cent. (12.8%) on the gross amount of the dividends distributed, to be paid to the French tax authorities by the paying agent established in France, by the paying agent established within the EEA and duly authorised by the taxpayer to pay such withholding tax on his behalf or, in other cases, by the Individual French Resident Shareholders within fifteen (15) days of the first day of the month following the month of payment of the dividends.

However, Individual French Resident Shareholders belonging to a tax household whose taxable income for the preceding year, as defined in 1° of IV of Article 1417 of the French tax code, is less than €50,000 for taxpayers who are single, divorced or widowed, or €75,000 for couples filing jointly (Article 117 *quater* I.1. of the French tax code), may request an exemption from this withholding under the terms and conditions of Article 242 *quater* of the French tax code, i.e. by providing to the paying agent, to the extent such agent is established in France, no later than 30 November of the year preceding the year of the payment of the dividends, a sworn statement that the reference fiscal income shown on the taxation notice (*avis d'imposition*) issued in respect of the ante penultimate year was below the above-mentioned taxable income thresholds.

When the paying agent is established outside France, only individuals belonging to a tax household whose taxable income of the preceding year, as defined in 1° of IV of Article 1417 of the French tax code, is equal or higher than the amounts mentioned in the previous paragraph are subject to this 12.8% withholding tax.

This 12.8% withholding tax does not discharge the taxpayer from the payment of personal income tax on such amounts in application of the flat tax mechanism or the progressive tax scale nor from the payment of the exceptional contribution on high income earners, where applicable. It however constitutes an instalment on account of the taxpayer's final income tax and is creditable against the final personal income tax due by the taxpayer with respect to the year during which it is withheld, the surplus, if any, being refunded to the taxpayer. Shareholders concerned should seek advice from their usual tax advisor to determine the taxation mechanism applicable to them in connection with the Ordinary Shares.

The withholding tax does not apply to income relating to shares held through a *plan d'épargne en actions* (please see below for more details on the tax regime of the *plan d'épargne en actions*).

Dividends received from the Company by Individual French Resident Shareholders will also be subject to social contributions at the aggregate rate of seventeen point two per cent. (17.2%) (including (i) the *contribution sociale généralisée* at the rate of nine point two per cent. (9.2%), (ii) the *contribution pour le remboursement de la dette sociale* at the rate of zero point five per cent. (0.5%), and (iii) the *prélèvement de solidarité* at the rate of seven point five per cent. (7.5%)).

These social contributions are levied at the same time and in the same manner as the 12.8% instalment on account of the taxpayer's final income tax described above, according to Article L. 136-6 III of the French Social Security Code (*Code de la sécurité sociale*). These contributions are not tax deductible for personal income tax purposes, unless election for the taxation under the progressive tax scale of individual income tax is made in which case the *contribution sociale généralisée* would be partly deductible up to 6.8%.

Combined with the flat twelve point eight per cent. (12.8%) personal income tax rate above, the total tax rate would thus amount to thirty per cent. (30%) of the gross amount of the dividends received, to which may be added, under certain conditions, the three to four per cent. (3% to 4%) exceptional contribution described above.

Capital gains

Pursuant to Article 7-1° of the Ireland/France Tax Treaty, capital gains realised by Individual French Resident Shareholders upon the sale or disposal of Ordinary Shares should be exclusively taxable in France.

Under current French tax law, capital gains realised upon the sale or disposal of Ordinary Shares will be subject to (i) personal income tax at a flat rate of twelve point eight per cent. (12.8%), (ii) the so-called exceptional contribution on high income at the rate of three per cent. (3%) or four per cent. (4%), and (iii) the seventeen point two per cent. (17.2%) social contributions described above.

Upon specific election similar to the one described above for dividend income by an Individual French Resident Shareholders in respect of all eligible income of the relevant tax year, capital gains realised upon the sale or disposal of Ordinary Shares, may be subject to personal income tax at the progressive rates up to forty-five per cent. (45%).

In accordance with Article 150-0 D of the French tax code, capital losses realised upon the sale or disposal of Ordinary Shares should be deductible from capital gains realised upon the sale or disposal of securities of the same nature in the same year or during the ten years following the relevant sale or disposal. Investors are advised to consult their own tax advisers on this issue.

*Special tax regime for stock-savings plans (plan d'épargne en actions or "**PEA**")*

For Individual French Resident Shareholders, the Ordinary Shares could be eligible assets for PEA purposes. The PEA investment ceiling amount is €150,000 (€300,000 for a couple). Under certain conditions, the PEA gives entitlement:

- for the duration of the PEA and to the extent that the PEA is not closed prior to the expiry of a period of five (5) years as from the first wire transfer was made on it, to exemption from income tax and social security contributions on the capital gains generated by and dividends received in relation to the investments made as part of the PEA, on condition that those capital gains and dividend income are reinvested in the PEA; and

- in case of a withdrawal occurring as from the expiry of the abovementioned period of five (5) years, to exemption from income tax on the net gain realised upon such withdrawal. However, this gain remains subject to the above described social contributions at the aggregate rate of seventeen point two per cent. (17.2%).

Any other net gains realised as a result of a withdrawal or the closure of a PEA prior to the expiry of a five-year period starting from the first wire transfer made on such PEA (x) entails the closure of the PEA (save for a limited number of specific exemptions) and (y) are taxable under ordinary conditions, i.e. (i) personal income tax at a flat rate of twelve point eight per cent. (12.8%) or, upon election, personal income tax at the progressive rates up to forty-five per cent. (45%), (ii) the so called exceptional contribution on high income at the rate of three per cent. (3%) or four per cent. (4%), and (iii) the seventeen point two per cent. (17.2%) social contributions.

Losses realised on shares held in a PEA are, in principle, not tax deductible but can be set off against any gains realised under the same plan (special rules apply, however, in certain circumstances, when closing a PEA). Investors are advised to consult their own tax advisers on this issue.

Another category of PEA, called "PME-ETI" and created exclusively for investment in small and medium sized businesses, provides for the same tax benefits as the PEA. Eligible securities must, in particular, have been issued by a company that employs less than 5,000 people and has annual revenues not exceeding €1.5 billion or a balance sheet total not exceeding €2 billion. An implementing decree (No. 2014-283) specifying these conditions was published on 5 March 2014.

Provided that the Company qualifies as an "autonomous enterprise" within the meaning of Article 3 of Annex I of Regulation (EC) No. 800/2008 of 6 August 2008, the Ordinary Shares could be eligible to both the PEA and PEA "PME-ETI" regime.

The "PME-ETI" PEA investment ceiling amount is €75,000 (€150,000 for a couple). The "PME-ETI" PEA may be combined with an ordinary PEA, and each taxpayer may hold only one "PME-ETI" PEA (for married persons and civil union partners each person or partner may hold a "PME-ETI" PEA). Investors are advised to consult their own tax advisers on this issue.

Individual French Resident Shareholders should contact their own tax advisor to determine whether any other taxes could be applicable under French law depending on their personal situation.

French Resident Corporate Shareholders

Dividends

Dividends distributed by the Company to French Resident Corporate Shareholders should not be subject to a dividend withholding tax in Ireland, provided certain conditions are met (please see paragraph 5.2 of Part 5 (*Taxation*) above). Should any Irish domestic dividend withholding be imposed, the rate of such withholding tax would not be reduced under the current provisions of the Ireland/France Tax Treaty, but it could give rise, under certain conditions, to a tax credit in France which should be deductible from the corporation tax due in France, in accordance with Article 21 of the Ireland/France Tax Treaty (except where the French parent-subsidiary regime described below is applicable, in which case no tax credit would be available).

Dividends received by French Resident Corporate Shareholders will be subject to French corporation tax at the standard rates (for fiscal years opened in 2018: (i) twenty eight per cent. (28%) for the fraction of the profits up to €500,000 and (ii) thirty three and one third per cent. (33 $^{1}/_{3}$%) for the fraction of the profits in excess of €500,000), potentially increased by the three point three per cent. (3.3%) social contribution assessed on the amount of the corporation tax liability in excess of €763,000 in a relevant year. A reduced corporation tax rate of fifteen per cent. (15%) up to €38,120 of the taxable income realised in the relevant fiscal year may also be available, subject to certain conditions.

In accordance with Articles 145 and 216 of the French tax code, French Resident Corporate Shareholders holding at least 5% of the capital of the Company are eligible, under certain conditions, to the French parent-subsidiary regime under which dividends are exempt from corporation tax subject to an add-back to the taxable income of a lump sum amounting to five per cent. (5%) of the dividends received (so-called *quote-part de frais et charges*), which is subject to French corporation tax under the ordinary conditions described above.

Capital gains

Pursuant to Article 7-1° of the Ireland/France Tax Treaty, capital gains realised by French Resident Corporate Shareholders upon the sale or disposal of Ordinary Shares should be exclusively taxable in France, unless the relevant Ordinary Shares are held through a permanent establishment of the relevant French Resident Corporate Shareholder in Ireland.

Capital gains and losses realised upon the sale or disposal of Ordinary Shares by French Resident Corporate Shareholders are in principle included in the taxable income realised in the relevant fiscal year by the French Resident Corporate Shareholder, and thus subject to corporation tax at the standard rates described above for dividend income.

French Resident Corporate Shareholders may however be eligible to a specific corporation tax treatment under the French participation-exemption regime to the extent that the Ordinary Shares held (i) qualify as a so-called qualifying interest (*titres de participation*) within the meaning of Article 219-1 a *quinquies* of the French tax code, and (ii) were held for a period of at least two (2) years as at the date of the sale or disposal. In accordance with Article 219-1 a *quinquies* of the French tax code, only twelve per cent. (12%) of the gross amount of the capital gains realised upon the sale or disposal of such controlling interest held for at least two years as at the date of the sale or disposal is subject to French corporation tax.

Other taxes and duties

French financial transactions tax

In accordance with Article 235 *ter* ZD of the French tax code, acquisitions of certain equity securities or similar instruments issued by a company having its head office in France and having a market capitalization as of 1 December of the year preceding the taxation year in excess of €1,000,000,000 are

subject to the French financial transaction tax at the rate of zero point three per cent. (0.3%). Such tax may also apply to acquisitions of certain securities issued by an issuer whose head office is not in France where such securities represent certain equity securities or similar instruments issued by a company having its head office in France and having a market capitalization as of 1 December of the year preceding the taxation year in excess of €1,000,000,000.

A list of companies whose market capitalization is in excess of €1,000,000,000 as of December 1 of the year preceding the taxation year within the meaning of Article 235 *ter* ZD of the French tax code is published by the French tax authorities (see official administrative guidelines BOI-ANNX-000467-20181217 issued on 17 December 2018).

In accordance with Article 235 *ter* ZD of the French tax code and with official administrative guidelines BOI-TCA-FIN-10-10-20151221 §90 issued by the French tax authorities, when the issuer does not have its head office in France, its securities do not fall within the scope of the French financial transaction tax, even if they are (i) admitted to trading on a French trading platform or (ii) their issue account is held by a central depositary in France.

As long as the head office of the Company is not in France, acquisitions of Ordinary Shares on Euronext Paris should thus not be subject to the French financial transactions tax.

Registration duties

Pursuant to Articles 726 and 718 of the French tax code, registration duties are payable in France upon a sale of shares in a listed company whose head office is abroad only where the aforementioned sale is recorded in a written agreement executed in France formalising the sale of such shares. Where applicable, such registration duties are due at an uncapped proportional rate of zero point one per cent. (0.1%) levied on the higher of the sale price of the shares or their fair market value. Investors are advised to consult their own tax advisers on this issue.

Other situations

French Resident Shareholders who are subject to taxation regimes other than those described above should contact their own tax advisor to determine the tax treatment applicable to them in light of their personal situation.

5.4 U.S. TAXATION

U.S. Taxes

The following generally summarizes the material U.S. federal income tax consequences to U.S. holders (as defined below) of purchasing, owning and disposing of Ordinary Shares. For the purposes of this discussion, a U.S. holder is a beneficial owner of Ordinary Shares that is (i) an individual who is a U.S. citizen or resident for U.S. federal income tax purposes, (ii) a U.S. domestic corporation or certain other entities created or organized in or under the laws of the United States or any state thereof, including the District of Colombia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, (iv) a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person, or (v) otherwise subject to U.S. federal income taxation on a net income basis in respect of Ordinary Shares.

If a partnership holds Ordinary Shares, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If a U.S. holder is a partner in a partnership that holds Ordinary Shares, the holder is urged to consult its own tax adviser regarding the specific tax consequences of acquiring, owning and disposing of Ordinary Shares.

The discussion applies only to investors that hold our Ordinary Shares as capital assets that have the U.S. dollar as their functional currency. Certain holders (including, but not limited to, U.S. expatriates, partnerships or other entities classified as partnerships for U.S. federal income tax

purposes, banks, insurance companies, regulated investment companies, tax-exempt organizations, financial institutions, persons subject to the alternative minimum tax, persons who acquired the Ordinary Shares pursuant to the exercise of employee stock options or otherwise as compensation, persons that own (directly, indirectly or by attribution) ten per cent. (10%) or more of our voting stock, dealers in securities or currencies, persons that elect to mark their securities to market generally for U.S. federal income tax purposes and persons holding Ordinary Shares as a position in a synthetic security, straddle or conversion transaction) may be subject to special rules not discussed below. U.S. holders of Ordinary Shares are advised to consult their own tax advisers with regard to the application of U.S. federal income tax law to their particular situations, particularly with regard to the application of the Passive Foreign Investment Company ("**PFIC**") rules below.

Taxation of Dividends

Subject to the PFIC and other rules discussed below, for U.S. federal income tax purposes, the gross amount of any distribution paid to U.S. holders (that is, the net distribution received plus any tax withheld therefrom) will be treated as ordinary dividend income to the extent paid or deemed paid out of the current or accumulated earnings and profits of the Company (as determined under U.S. federal income tax principles). Dividends paid by the Company will not be eligible for the dividends received deduction generally allowed to corporate U.S. holders. Certain deductions may be available for dividends received by a U.S. Holder that is a domestic corporation if the Company is treated as a 10 per cent. owned foreign corporation with respect to such U.S. holder.

Subject to the PFIC rules below (and certain exceptions for short-term and hedged positions), the U.S. dollar amount of dividends received by a non-corporate U.S. Holder, including an individual U.S. holder with respect to Ordinary Shares is currently subject to taxation at a maximum rate of twenty per cent. (20%) provided that the dividends are "qualified dividends". Dividends are qualified dividends if (i) the Company is eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service has approved for the purposes of the qualified dividend rules, (ii) the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC and (iii) certain holding periods are met. The income tax treaty between the United States and Ireland has been approved for these purposes and the Company expects to be eligible for the benefits of the treaty. Nevertheless, if the Company is treated as a PFIC in 2018 or any subsequent taxable years (see "Passive Foreign Investment Company and Similar Rules", below), dividends on the Ordinary Shares will not be treated as qualified dividends until the year after the Company ceases to be a PFIC, which may not ever occur. U.S. holders of Ordinary Shares should consult their own tax advisers regarding the availability of the reduced dividend tax rate in light of the PFIC rules and their own particular circumstances.

If you are a U.S. holder, dividend income received by you with respect to Ordinary Shares generally will be treated as foreign source income for foreign tax credit purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Distributions out of earnings and profits with respect to the Ordinary Shares generally will be treated as "passive category" income.

Dividends paid on the Ordinary Shares to a U.S. holder should not be subject to a dividend withholding tax in Ireland (see "Irish taxation of shareholders who are not resident for tax purposes in Ireland" in paragraph 5.2 of this Part 5 (*Taxation*) above). Should any Irish withholding or other non-U.S. withholding tax be imposed, on the dividends, subject to the above and other limitations, any such tax withheld could be claimed as a credit against the U.S. federal income tax liability of a U.S. holder if such U.S. holder elects for that year to credit all foreign income taxes. Alternatively, such non-U.S. withholding tax could be taken as a deduction against taxable income. Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in Ordinary Shares and may not be allowed in respect of certain arrangements in which a U.S. holder's expected economic profit is insubstantial. The U.S. federal income tax rules governing the availability and computation of foreign tax credits are complex. U.S. holders should consult their own tax advisers concerning the implications of these rules in light of their particular circumstances.

To the extent that an amount received by a U.S. holder exceeds the allocable share of the Company's current and accumulated earnings and profits, such excess will be applied first to reduce such U.S. holder's tax basis in its Ordinary Shares and then, to the extent it exceeds the U.S. holder's tax basis, it will constitute capital gain from a deemed sale or exchange of such Ordinary Shares (see "Gain or Loss upon Sale (or Other Disposition)" in paragraph 5.4 of this Part 5 (*Taxation*) below). However, the Company does not intend to calculate its earnings and profits under U.S. federal income tax principles. Therefore, a U.S. holder should expect that a distribution will generally be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as a capital gain under the rules described above.

The amount of any distribution paid in Euro will be equal to the U.S. dollar value of the Euro amount distributed, calculated by reference to the exchange rate in effect on the date the dividend is received by a U.S. holder of Ordinary Shares regardless of whether the payment is in fact converted into U.S. dollars on such date. U.S. holders should consult their own tax advisers regarding the treatment of foreign currency gain or loss, if any, on any Euro received by a U.S. holder that are converted into U.S. dollars on a date subsequent to receipt.

Passive Foreign Investment Company and Similar Rules

The Company may meet the definition of a PFIC for its 2019 taxable year and subsequent taxable years. If the Company is treated as a PFIC, any U.S. holder of Ordinary Shares that receives an "excess distribution" on its Ordinary Shares (which includes gain realised on a sale or other disposition of its Ordinary Shares, as discussed below) will be subject to an increased tax amount with respect to each prior year it held the Ordinary Shares, based on an assumption that such excess was economically earned over all such prior years. All such amounts will be treated as ordinary income, rather than capital gain or qualified dividends. These consequences can be mitigated if the U.S. holder makes the Qualified Electing Fund ("**QEF**") election described below. The application of the PFIC rules can be detrimental in terms of timing and character of income from an investment in the Ordinary Shares, as well as quite complex. Potentially affected U.S. holders of Ordinary Shares are encouraged to consult their own tax advisors with regard to the PFIC rules and the QEF and other elections discussed below that might be used to mitigate their detrimental effects.

PFIC Definition

A non-U.S. corporation is deemed to be a PFIC if in any year in which either (1) 75 per cent. or more of its "gross income" is passive-type income (the "**Income Test**"), or (2) 50 per cent. or more of its assets (based on quarterly average values) are assets that produce passive-type income (the "**Asset Test**"). The Company does not believe it met the Income Test in 2018, but it may meet the Income Test in subsequent taxable years. The Company may also meet the Asset Test for 2019 and subsequent years due to the large proportion of its assets that are cash and cash equivalents (which are treated as producing passive-type income for the purposes of the Asset Test). It is possible that the Company will not, however, meet the Asset Test in these years. For example, in 2019, it is possible that the trading value of the Company's stock will be sufficiently high for all quarters that the annual average value of the Company's goodwill (which should be such total trading value minus the aggregate value of other assets) will be sufficiently large that the Asset Test is not met. It is also possible that the proportion of the Company's assets represented by cash and cash equivalents will be sufficiently reduced that the Asset Test will not be met.

PFIC Taxation

Absent the elections discussed below, if the Company is a PFIC during any taxable year in a U.S. holder's holding period, all "excess distributions" made to the shareholder (including gain on a sale or disposition of the Ordinary Shares, as described below), in that year and in all subsequent years are subject to a special tax regime that requires ordinary income treatment and applies an increased tax amount based on an assumption that such excess was economically earned over all prior years of the U.S. holder's holding period. The total excess distribution for any taxable year is the excess of (a) the total distributions received by the taxpayer during the year over (b) 125 per cent. of the average amount received by the taxpayer during the three preceding years (or, if shorter, the taxpayer's

holding period). In addition, all gains on the disposition of the Ordinary Shares will be treated as an excess distribution. The increased tax amount for the excess distribution is equal to the sum of (a) the aggregate increases in taxes (computed at the maximum marginal rate) for each year in the taxpayer's holding period before the current year that would result from allocating the excess distributions rateably over the taxpayer's holding period and (b) an interest charge on those increases. Amounts allocated to the taxable year in which the sale or excess distribution occurs and to any year before the Company became a PFIC would be taxed as ordinary income in the taxable year in which the sale or excess distribution occurs. If applicable to a U.S. holder of Ordinary Shares, the rules pertaining to a "controlled foreign corporation" (discussed below) effectively override the PFIC rules in most circumstances.

In order to avoid the application of the above PFIC rules, U.S. holders of Ordinary Shares may wish to consider making the QEF election. If a U.S. holder makes a valid QEF election, instead of being subject to the "excess distribution" rules discussed above, such U.S. holder will generally be required to include as ordinary income its pro rata share of the Company's ordinary earnings for each taxable year and to include in gross income as capital gains its pro rata share of the Company's net capital gains for the taxable year (even if the amount of such income exceeds the cash received by the U.S. holder for the taxable year). Subsequent dividends received by the U.S. holder will not be taxable to the extent of amounts previously included in gross income by the U.S. holder under these rules. Any losses of the Company in a taxable year will not be available to such U.S. holder and may not be carried back or forward in computing the Company's ordinary earnings and net capital gain in other taxable years. If the Company is treated as a PFIC in 2019 or any subsequent taxable year, the Company will provide an annual information statement on its website to allow U.S. holders of Ordinary Shares to determine their pro rata share of the Company's ordinary earnings and net capital gains for purposes of the QEF election rules.

A U.S. holder making the QEF election may have amounts of so-called "phantom income" i.e., income for U.S. federal income tax purposes that exceeds the amounts distributed on the Ordinary Share. Such phantom income may, under some circumstances, make the QEF election undesirable (as compared to reporting under the "excess distribution" rules for PFICs described above).

U.S. holders of Ordinary Shares that make the QEF election may also elect to defer payment of some or all of their taxes on the Company's income, subject to an interest charge on the deferred amount. A special election is also available for U.S. holders who have not made the QEF election for all relevant years to "purge" those years in which the Company was a PFIC but not a QEF with respect to the U.S. holder from the U.S. holder's holding period and thus cease the application of the "excess distribution" rules with respect to those years, in exchange for a one-time income inclusion.

Provided that the Ordinary Shares are treated as "marketable stock" for purposes of the PFIC rules, a U.S. holder may also be able to avoid application of the "excess distribution" rules by making a mark-to-market election with respect to its Ordinary Shares. A U.S. holder that makes an effective mark-to-market election will include as ordinary income each year the excess of the fair market value of its Ordinary Shares at the end of the year over its adjusted tax basis in its Ordinary Shares. Similarly, any gain realised on the sale, exchange or other disposition of the Ordinary Shares will be treated as ordinary income. A U.S. holder that makes a mark-to-market election will be entitled to deduct as an ordinary loss each year the excess of its adjusted tax basis in its Ordinary Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. holder that makes a mark-to-market election will increase its adjusted tax basis in its Ordinary Shares by the amount of any income inclusions and decrease its adjusted tax basis in its Ordinary Shares by the amount of any deductions under the mark-to-market rules. If a U.S. holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless we the Company is no longer treated as a PFIC, the Ordinary Shares are no longer regularly traded on a qualified exchange or the Internal Revenue Service consents to the revocation of the election.

All U.S. holders of Ordinary Shares are urged to consult with their own tax advisors with regard to the consequences and desirability of making the QEF and these other elections.

If the Company were a PFIC, certain subsidiaries and other entities in which the Company has a direct or indirect interest may also be PFICs ("Lower-tier PFICs"). Under attribution rules, U.S. holders would be deemed to own their proportionate shares of Lower-tier PFICs and would be subject to U.S. federal income tax according to the rules described above on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the U.S. holder held such shares directly, even though such U.S. holder had not received the proceeds of those distributions or dispositions. A U.S. holder may not make a mark-to-market election with respect to the shares of any Lower-Tier PFIC. Thus, the mark-to-market election is not available to mitigate the adverse tax consequences attributable to any Lower-Tier PFIC.

Controlled Foreign Corporation Rules

If U.S. holders of Ordinary Shares or U.S. holders treated as constructively owning Ordinary Shares, each owning at least 10 per cent. of the equity of the Company by vote or equity value ("**10-per cent. Shareholders**") own in total more than 50 per cent. of the Company by vote or equity value, the Company will be treated as a controlled foreign corporation ("**CFC**"). If the Company were treated as a CFC, a 10 per cent. Shareholder would generally be treated, subject to certain exceptions, as receiving a deemed dividend at the end of the taxable year of the Company in an amount equal to its pro rata share of the "subpart F income" of the Company. Among other items, and subject to certain exceptions, "subpart F income" includes interest and gains from the sale or exchange of certain assets. Thus, it is likely that, if the Company were to constitute a CFC, some of its income would be subpart F income. In addition, if the Company were treated as a CFC, a 10-per cent. Shareholder may also be required to include "global intangible low-taxed income" of the Company, subject to certain deductions. If the Company were treated as a CFC and a U.S. holder were treated as a 10-per cent. Shareholder therein, the Company would not be treated as a PFIC with respect to such U.S. holder for the period during which the Company remained a CFC and such U.S. holder remained a 10-per cent. Shareholder therein. The application of the rules governing CFCs is quite complex, and potentially affected U.S. holders of Ordinary Shares are encouraged to consult their own tax advisors.

Gain or Loss upon Sale (or Other Disposition)

Subject to the special PFIC and CFC rules below, in general, a U.S. holder that sells, exchanges or otherwise disposes of its Ordinary Shares (including by redemption) will recognize capital gain or loss in an amount equal to the U.S. dollar value of the difference between the amount realised for the Ordinary Shares and the U.S. holder's adjusted tax basis (determined as below in U.S. dollars) in the Ordinary Shares. Such gain or loss generally will be U.S. source gain or loss, and will be treated as long-term capital gain or loss if the U.S. holder's holding period in the ordinary shares exceeds one year at the time of disposition. For non-corporate U.S. holders, including individuals, any capital gain generally will be subject to U.S. federal income tax at preferential rates (currently a maximum of twenty per cent. (20%)) if specified minimum holding periods are met. The deductibility of capital losses is subject to significant limitations.

Initially, a U.S. holder's tax basis for an Ordinary Share will equal the cost of such share to the U.S. holder. Such basis will be increased by amounts taxable to such U.S. holder by virtue of a QEF election, or by virtue of the CFC rules, and decreased by actual distributions from the Company that are deemed to consist of such previously taxed amounts or are treated as a non-taxable reduction to the U.S. holder's tax basis for the Ordinary Shares (as discussed above). If the Company is a PFIC for 2019 or any subsequent year of the U.S. holder's holding period, and the U.S. holder does not make a timely QEF election for all such years (or one of the other elections discussed above), any gain realised on the sale, exchange, redemption, retirement or other taxable disposition of the U.S. holder's Ordinary Shares will be taxed as ordinary income and subject to the additional tax reflecting the deemed interest discussed above (see *PFIC Taxation* above). If the Company were treated as a CFC and a U.S. holder were treated as a 10-per cent. Shareholder therein, then any gain realised by such U.S. holder upon the disposition of Ordinary Shares may be treated as ordinary income to the extent of the U.S. holder's share of the current or accumulated earnings and profits of the Company, and may qualify for certain deductions available for dividends. In this regard, earnings and profits would not include any amounts previously taxed pursuant to a QEF election or pursuant to the CFC rules.

Medicare Tax

Certain U.S. holders who are individuals, estates or trusts are required to pay a Medicare tax of three point eight per cent. (3.8%) (in addition to taxes they would otherwise be subject to) on their "net investment income" which would include, among other things, dividends and capital gains from the Ordinary Shares.

Information Reporting and Backup Withholding Tax

Distributions made to holders and proceeds paid from the sale, exchange, redemption or disposal of Ordinary Shares may be subject to information reporting to the Internal Revenue Service. Such payments may be subject to backup withholding taxes unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. Holders that are not U.S. persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification of its non-U.S. status in connection with payments received within the United States or through a U.S. related financial intermediary to establish that it is an exempt recipient. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

Foreign Asset Reporting

A U.S. holder that is an individual (and, to the extent provided in future regulations, an entity), generally is required to file an information report (Form 8938) with respect to its holding of "specified foreign financial assets" if the aggregate value of these assets exceeds certain threshold amounts. Significant penalties can apply if holders are required to make this disclosure and fail to do so. Ordinary Shares generally will constitute specified foreign financial assets subject to these reporting requirements, unless Ordinary Shares are held in an account at certain financial institutes. Holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of Ordinary Shares.

State and Local Taxes

In addition to U.S. federal income tax, U.S. holders of Ordinary Shares may be subject to U.S. state and local taxes with respect to such Ordinary Shares. Holders of Ordinary Shares are advised to consult their own tax advisers with regard to the application of U.S. state and local income tax law to their particular situation.

PART 6

THE 2019 PLACING

6.1 THE 2019 PLACING

The Company raised gross proceeds of €13.9 million through the 2019 Placing, issuing 4,649,775 New Ordinary Shares at a purchase price of €3.00 per New Ordinary Share to new and existing Shareholders. The net asset value per Ordinary Share as at 31 July 2019 was €0.77. The New Ordinary Shares represented an increase of approximately 53.0% from the Company's issued ordinary share capital immediately prior to the 2019 Placing. Shareholders that did not participate in the 2019 Placing have been subject to a dilution of approximately 53.0%. The investors in the 2019 Placing were primarily existing Ordinary Shareholders in the Company (principally Sofinnova Partners, KCK, Fountain Healthcare Partners and several individual investors).

Sofinnova Partners, Fountain Healthcare Partners and KCK (who are considered substantial shareholders of the Company under the Euronext Growth Rules) subscribed for 533,333, 1,333,333 and 654,000 of the New Ordinary Shares respectively pursuant to the 2019 Placing. Their participation in the 2019 Placing constituted related party transactions under Rule 5.18 of the Euronext Growth Rules. The Directors (with the exception of Antoine Papiernik, Nael Karim Kassar and Greg Garfield), considered, having consulted with Davy, the Company's Euronext Growth Adviser, that the terms of their participation in the 2019 Placing were fair and reasonable insofar as the Company's shareholders were concerned. Details of the investor agreements with certain of its existing institutional investors with director representation on the Board, namely Sofinnova Partners, Fountain Healthcare Partners and KCK are set out in paragraph 9.12(a) of Part 9 (*Additional Information*) of the Registration Document.

David Brabazon, a Director, also participated in the 2019 Placing, subscribing for 155,000 New Ordinary Shares. As at the Latest Practicable Date, David Brabazon holds 212,828 Ordinary Shares, representing 1.59% of the issued ordinary share capital of the Company.

The New Ordinary Shares, were issued fully paid and rank pari passu in all respects with the existing issued Ordinary Shares, except that the New Ordinary Shares will not be listed or traded on Euronext Paris and Euronext Growth of Euronext Dublin until Admission occurs, which is expected to occur on 31 October 2019. For details on the New Ordinary Shares, see paragraph 7.3 of Part 7 (*Additional Information*) of this document.

6.2 USE OF PROCEEDS

The Company has used, and intends to continue to use, the net proceeds from the 2019 Placing:

- to further its application for pre-market approval from the US Food and Drug Administration ("**FDA**") in the United States;
- to continue to advance the initial commercial validation of ReActiv8 in Germany and additional markets; and
- for general corporate purposes.

CE Marking was obtained in May 2016 allowing the start of commercialisation in the EU. European commercial activities for ReActiv8 are initially focused on Germany where we are working to drive adoption of ReActiv8 in a select number of high volume multi-disciplinary spine care centres to develop reference sites.

In January 2017, we applied to the Therapeutic Goods Administration of Australia (the "**TGA**") for ReActiv8 to be admitted to the Australian Register of Therapeutic Goods (the "**ARTG**") which would allow for commercialisation in Australia. In April 2018, the TGA requested additional clinical data with respect to ReActiv8. To provide the most meaningful clinical data possible, we intend to rely on the clinical data gathered as part of the U.S. Pivotal ReActiv8-B Clinical Trial. The U.S. Pivotal

ReActiv8-B Clinical Trial did not achieve statistical significance on its primary endpoint, but it did achieve statistical significance on two pre-specified alternative analyses of that endpoint and on multiple secondary endpoints. We cannot be certain whether the totality of the data from the U.S. Pivotal ReActiv8-B Clinical Trial will be sufficient to demonstrate safety and efficacy to the satisfaction of the TGA to allow for the admission of ReActiv8 to the ARTG. The TGA may request additional information during the review process. Review of an application for admission of a product to the ARTG has varied historically. The TGA is required to complete assessment of applications within approximately one year. Following admission of ReActiv8 to the ARTG, we will also apply for reimbursement approval in Australia.

Approval to enter the U.S. market is via a Pre-Market Approval ("**PMA**") issued by the FDA. We conducted the U.S. Pivotal ReActiv8-B Clinical Trial under an IDE from the FDA to gather information for the PMA Application. As noted above, the U.S. Pivotal ReActiv8-B Clinical Trial did not achieve statistical significance on its primary endpoint, but it did achieve statistical significance on two pre-specified alternative analyses of that endpoint and on multiple secondary endpoints. We cannot be certain whether the totality of the data from the U.S. Pivotal ReActiv8-B Clinical Trial will be sufficient to demonstrate safety and efficacy to the satisfaction of the FDA to allow for the granting of a PMA. However, the Company believes that the totality of the data will support the submission of a PMA application for ReActiv8 to the FDA, the FDA approval of which is required to allow the start of commercialisation in the U.S. With capital from the 2019 Placing available, the Company will continue to progress the PMA application, a key step towards commercialisation of ReActiv8 in the USA.

PART 7

ADDITIONAL INFORMATION

7.1 RESPONSIBILITY

The Company and the Directors (whose names appear on page 12 of this document) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

7.2 SHARE CAPITAL

Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company, all of which is fully paid up, is as follows:

Class of shares	Authorised Number	Issued and fully paid number
Ordinary Shares	20,000,000	13,421,504
Deferred Shares	40,000	40,000

7.3 INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

(a) Applications have been made for Euronext Admission and Euronext Growth Admission. Dealings in the New Ordinary Shares are expected to commence on Euronext Paris and Euronext Growth at 8.00 a.m. Irish Standard Time (9.00 a.m. CET) on 31 October 2019. When admitted to trading the New Ordinary Shares will be registered with International Securities Identification Number IE00BJYS1G50, SEDOL number BJYS1G5 and will trade under the symbol MSTY. No application has been, or is currently intended to be, made for the New Ordinary Shares to be admitted to listing or trading on any other stock exchange.

(b) The New Ordinary Shares were issued in registered form. On issue, the New Ordinary Shares were issued in certificated form and share certificates were sent to the registered members by courier. Subject to the provisions of the CREST Regulations, the Directors may permit the holding of such shares in uncertificated form and title to such shares may be transferred by a relevant system (as defined in the CREST Regulations). Where shares are held in CREST, the relevant CREST stock account of the registered members will be credited. Computershare has responsibility for maintaining the Company's register of members.

(c) The New Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state or local securities laws. Therefore, the New Ordinary Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and therefore subject to restrictions on resales made in the United States. Accordingly, the New Ordinary Shares may not be reoffered, resold, pledged or otherwise transferred, within the United States, except (i) pursuant to an effective registration statement under the U.S. Securities Act, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (iii) to a person whom the seller and any other person acting on its behalf reasonably believe is a "qualified institutional buyer" purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, or (iv) pursuant to an exemption from registration provided by Rule 144 under the U.S.

Securities Act (if available), or another applicable exemption, and in each case in accordance with any applicable securities laws, including of any state or other jurisdiction of the United States.

(d) The rights attached to the New Ordinary Shares, including any limitations of those rights and procedures for the exercise of those rights, are outlined in paragraph 7.4 of Part 7 (*Additional Information*) of this Securities Note.

(e) The New Ordinary Shares issued pursuant to the 2019 Placing were issued by the Company pursuant to the Companies Act 2014 and the Articles of Association.

(f) The New Ordinary Shares issued have been authorised by a resolution of the Shareholders at the Company's 2018 AGM on 21 September 2018. Full details of the resolutions passed are described in paragraph 9.4(a) of Part 9 (*Additional Information*) of the Registration Document.

7.4 RIGHTS ATTACHED TO THE SECURITIES TO BE ADMITTED TO TRADING

(a) Dividends

Subject to the provisions of the Companies Act 2014, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. Subject to the provisions of the Companies Act 2014, the Directors may declare and pay such interim dividends as appear to them to be justified by the profits of the Company available for distribution. The Directors may from time to time at their discretion, with or subject to the sanction of an ordinary resolution of the Company, offer to the holders of Ordinary Shares in the Company the right to elect to receive an allotment of additional Ordinary Shares, credited as fully paid, instead of cash in respect of all or part of any cash dividend or dividends specified by such resolution or such part of such dividend or dividends as the Directors may determine. Any dividends which remain unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. If the Directors so resolve, all dividends or interest which have remained unclaimed for 12 years after having been declared shall be forfeited and cease to remain owing by the Company.

(b) Rights of Pre-Emption

Under Irish law, each shareholder generally has pre-emptive rights to subscribe on a proportionate basis to any issuance of new shares. Pre-emptive rights may be dis-applied under Irish law for renewable periods of up to five years by Irish companies by way of a provision in their articles of association or special resolution of their shareholders (being a resolution approved by no less than 75% of the votes cast by shareholders in general meeting). At our AGM in 2019, shareholders approved, for a period ending on 20 September 2024, the disapplication of statutory pre-emption rights with respect to the issuance of share capital with a nominal value of up to €17,000, representing approximately 102% of the aggregate of the issued ordinary share capital of the Company as at 13 August 2019 and the ordinary shares estimated to be issuable to the Company's lender, IPF upon exercise of First Warrant Instrument and conversion of IPF's accrued principal and interest under the terms of the IPF Amendment and Restatement Agreement and the Second Warrant Instrument.

(c) Voting Rights

Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares and subject to any suspension or abrogation of rights pursuant to the Articles, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share carrying rights of which he is the holder. On a poll a member entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.

Subject to the Companies Act 2014 and to such requirements and restrictions as the Directors may, in accordance with the Companies Act 2014, specify, the Company at its discretion may provide for participation and voting in a general meeting by electronic means.

Subject to the Companies Act 2014 and to such requirements and restrictions as the Directors may, in accordance with the Companies Act 2014, specify, the Company may at its discretion provide for voting on a poll by correspondence. Where the Company permits votes to be cast on a poll by correspondence, it shall be required to count only those votes cast in advance by correspondence that are received before the date and time specified by the Company for that purpose, provided that such date and time is not more than 24 hours before the time at which the vote is to be concluded.

(d) Purchase of Own Shares

Subject to the provisions of the Companies Act 2014 and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class including redeemable shares so that any shares so purchased may be cancelled or held by the Company as treasury shares. The Company shall not make a purchase of shares in the company unless the market purchase has first been authorised by a special resolution of the Company.

(e) Alteration of Capital

The Company may by ordinary resolution:

- increase its share capital;
- consolidate and divide all or any of its share capital into shares of a larger amount;
- convert any paid up shares into stock and reconvert any stock into paid up shares of any denomination;
- subject to the provisions of the Companies Act 2014, sub-divide its shares, or any of them, into shares of smaller amount; or
- cancel any shares which have not been taken or agreed to be taken by any person and reduce the amount of its share capital by the amount of the shares so cancelled.

(f) Distribution on Winding Up

If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively; and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the share capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital at the commencement of the winding up paid up on the shares held by them respectively; provided, however, that this paragraph shall not affect the rights of the holders of shares issued upon special terms and conditions.

7.5 INTERESTS OF MAJOR SHAREHOLDERS

In so far as is known to the Company, the following persons had an interest which represented three per cent. or more of the issued ordinary share capital of the Company, being an interest in the Company's capital or voting rights which is notifiable under the Transparency Rules::

	Immediately prior to the 2019 Placing	*As at the Latest Practicable Date*

Name	*Number of issued Ordinary Shares*	*Percentage of issued ordinary share capital*	*Number of issued Ordinary Shares* (2)	*Percentage of issued ordinary share capital*
Sofinnova Capital VI FCPR	2,415,813	27.5%	2,949,146	22.0%
KCK Limited	1,582,418	18.0%	2,236,418	16.7%
Fountain Healthcare Partners (1)	935,220	10.7%	2,268,553	16.9%
ISIF	714,285	8.1%	714,285	5.3%
Dan Sachs, MD	515,000	5.9%	515,000	3.8%
Seamus Mulligan (3)	372,039	4.2%	772,039	5.8%
RICA Universal, S.A.	64,935	0.7%	1,064,935	7.9%

Notes:

(1) Fountain Healthcare Partners Fund 1, L.P holds 935,220 Ordinary Shares and Fountain Healthcare Partners Fund 3, L.P. holds 1,333,333 Ordinary Shares. Fountain Healthcare Partners Fund 1, L.P. also holds 40,000 Deferred Shares.

(2) Numbers include the following numbers of New Ordinary Shares subscribed for under the 2019 Placing: (i) Sofinnova Capital VI FCPR: 533,333 New Ordinary Shares (ii) KCK Limited: 654,000 New Ordinary Shares (iii) Fountain Healthcare Partners Fund 3, L.P: 1,333,333 New Ordinary Shares and (iv) Nerano Capital Limited (a company controlled by Seamus Mulligan): 400,000 New Ordinary Shares.

(3) Includes Ordinary Shares held by Barrymore Investments Limited and Nerano Capital Limited (both companies controlled by Seamus Mulligan).

As of the Latest Practicable Date the Company is not aware of any other person, who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company. All Ordinary Shares have the same voting rights. The Deferred Shares do not have any voting rights.

7.6 INTERESTS IN THE 2019 PLACING

With respect to the 2019 Placing, Sofinnova Partners, Fountain Healthcare Partners and KCK (who are considered substantial shareholders of the Company under the Euronext Growth Rules) subscribed for 533,333, 1,333,333 and 654,000 of the New Ordinary Shares respectively pursuant to the 2019 Placing. Their participation in the 2019 Placing constituted related party transactions under Rule 5.18 of the Euronext Growth Rules. The Directors appointed prior to the completion of the 2019 Placing (with the exception of Antoine Papiernik, Nael Karim Kassar and Greg Garfield), considered, having consulted with Davy, the Company's Euronext Growth Adviser, that the terms of their participation in the 2019 Placing were fair and reasonable insofar as the Company's shareholders were concerned.

David Brabazon, a Director, also participated in the 2019 Placing, subscribing for 155,000 New Ordinary Shares. As at the Latest Practicable Date, David Brabazon holds 212,828 Ordinary Shares, representing 1.59% of the issued ordinary share capital of the Company.

Save as set out above there are no interest, including a conflicting interest that is material to the 2019 Placing.

7.7 MANDATORY BIDS, COMPULSORY ACQUISITION RULES AND DISCLOSURE OF INFORMATION

(a) Mandatory Bids

The Takeover Directive sets forth certain principles governing the laws applicable to the Company in the context of a takeover bid for the shares of the Company. Specifically, Article 5-1 of the Takeover

Directive requires EU member states to ensure that any person who, acting individually or in concert with other persons, acquires directly or indirectly a specified percentage of voting rights which confers on such person the control of a listed company, is required to make a takeover bid as a means of protecting the minority shareholders of that company, subject to certain exemptions provided by law.

As a company with its registered office in Ireland and whose securities are admitted to trading on a regulated market (within the meaning of point (21) of Article 4(1) of Directive 2014/65/EU) in France only, the Company is, for the purposes of the Takeover Directive, a shared jurisdiction company. This means that a takeover bid for its securities would be subject to the Irish Takeover Rules of the Irish Takeover Panel in some respects, but also subject to the French Takeover Rules of the AMF in most other respects.

French Takeover Rules

Pursuant to Articles 4-2(b) and 4-2(e) of the Takeover Directive, for so long as the Ordinary Shares of the Company shall be admitted to trading on a regulated market in France only, (i) the AMF shall be competent to supervise any takeover bid filed for the Company's shares and (ii) matters relating to the consideration offered and the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be dealt with in accordance with the French Takeover Rules.

Takeover bids must be made for all of the Company's voting securities, as well as for all other securities issued by the Company that entitle the holders thereof to the subscription for, or the conversion in, voting securities. Prior to making a takeover bid, the offeror must issue and disseminate an offer document, which must be approved by the AMF. The offeror will also have to obtain approvals of the relevant regulatory authorities, where such regulatory approvals are legally required as part of the contemplated transaction.

In the event of a mandatory takeover bid, the offer price must be at least equal to the highest price paid by the offeror, acting alone or in concert, in the twelve-month period preceding the event that gave rise to the obligation to file a mandatory offer.

The acceptance period for the takeover bid will depend on the regime of the offer and may be between 10 and 35 trading days (in the event the offer period is reopened).

For the avoidance of doubt, any French Takeover Rules on the percentage of voting rights that trigger the obligation to file a mandatory takeover bid or allowing the squeeze-out or the sell-out of the minority shareholders in certain circumstances will not apply in relation to the Ordinary Shares of the Company. Rather, these matters shall be dealt with in accordance with the Irish Takeover Rules and the 2006 Regulations (as defined below), which are described below.

Irish Takeover Rules

Pursuant to Article 4-2(e) of the Takeover Directive in the case of a takeover bid for the shares of the Company, Irish takeover law applies to the Company only in respect of matters relating to the information to be provided to its employees and matters relating to company law (in particular the percentage of voting rights which confers control and any derogation from the obligation to launch an offer, as well as the conditions under which the Board may undertake any action which might result in the frustration of an offer). Under the Irish Takeover Rules a person acquires control of a relevant company where that person acquires securities which, when taken together with securities held by concert parties, amount to 30 per cent. or more of the voting rights of that company.

There have been no mandatory takeover bids nor any public takeover bids by third parties in respect of the share capital of the Company in the last financial year or in the current financial year to date.

(b) Squeeze Out

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (the "**2006 Regulations**") set out a procedure enabling a bidder for an Irish company which has securities admitted to trading on an EU regulated market to acquire compulsorily the securities of those holders who have not accepted a general offer—the "**squeeze-out**" right—on the terms of the general offer.

The main condition that needs to be satisfied before the "squeeze-out" right can be exercised is that the bidder, pursuant to acceptance of a bid for the beneficial ownership of all the transferable voting securities (other than securities already in the beneficial ownership of the bidder) in the capital of the company, has acquired, or unconditionally contracted to acquire, securities that amount to not less than nine tenths of the nominal value of the securities affected and carry not less than nine tenths of the voting rights attaching to the securities affected.

(c) Sell Out

The 2006 Regulations also provide for rights of "**sell-out**" for shareholders in Irish companies which have securities admitted to trading on an EU regulated market. Holders of securities carrying voting rights in the company who have not accepted a bid by way of a general offer for the beneficial ownership of all of the voting securities in the company (other than securities already in the beneficial ownership of the bidder) have a corresponding right to oblige the bidder to buy their securities, on the terms of the general offer under which the beneficial ownership of the securities of the assenting security holders was acquired by the bidder. The main condition to be satisfied to enable the exercise of ''sell-out'' rights is that the bidder has acquired, or unconditionally contracted to acquire, securities which amount to not less than nine tenths in nominal value of the securities affected and which carry not less than nine-tenths of the voting rights attaching to the securities affected.

7.8 WORKING CAPITAL

The Company having made due and careful enquiry is of the opinion that the Group has sufficient working capital for its present requirements that is, for at least the next 12 months from the date of the Prospectus.

7.9 EXPENSES

The total costs and expenses (exclusive of VAT) of, or incidental to, the 2019 Placing and admission to listing and trading on Euronext Paris and to trading on Euronext Growth, payable by the Company are estimated to be approximately €0.45 million. The net proceeds of the 2019 Placing, after deduction of fees and expenses, were approximately €13.45 million.

7.10 GENERAL

Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Paragraph 5.16 of Part 5 (*Information on the Group*) of the Registration Document and paragraph 9.12 of Part 9 (*Additional Information*) of the Registration Document set out summary information regarding the patents or licences, industrial, commercial or financial contracts or new manufacturing processes on which the Company is dependent and which are material to the Company's business or profitability.

Save as disclosed in Part 1 (*Risk Factors*) of the Registration Document and in Part 1 (*Risk Factors*) of this document, Part 4 (*Overview of the Market*) of the Registration Document, Part 5 (*Information on the Group*) of the Registration Document, paragraph 6.7 of Part 6 (*Directors, Senior Management and Corporate Governance)* of the Registration Document and paragraph 9.12 of Part 9 (*Additional Information*) of the Registration Document, the Directors are not aware of any trends, uncertainties,

demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Company for at least the current financial year.

7.11 DOCUMENTS ON DISPLAY

Copies of the documents referred to below will be available in electronic form on the Company's website www.mainstay-medical.com for the life of this document,

(a) the Memorandum and Articles of Association of the Company;

(b) the Historical Financial Information of the Group and the Company;

(c) the Summary and the Summary translated into French;

(d) the Registration Document; and

(e) this document.

This document is dated 25 October 2019.

DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

"**€**" or "**EUR**" or "**Euro**"	the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended;
"**£**" or "**Sterling**" or "**pounds**" or "**pence**"	the lawful currency of the United Kingdom;
"**$**" or "**U.S.$**" or "**U.S. dollars**" or "**cents**"	the lawful currency of the United States;
"2006 Regulations"	has the meaning given to that term in paragraph 7.7(b) of Part 7 (*Additional Information*) of this document;
"2014 Corporate Reorganisation"	the reorganisation under which the Company became the ultimate holding company of the Group and MML became a wholly-owned subsidiary of the Company;
"2019 Placing"	means the allotment and issue of the 4,649,775 New Ordinary Shares to certain new and existing shareholders as announced on 29 July 2019;
"Admission"	means Euronext Admission and Euronext Growth Admission;
"AMF"	the French Financial Markets Authority (Autorité des marchés financiers);
"Articles" and "Articles of Association"	the articles of association of the Company, as amended from time to time;
"CAT"	capital acquisitions tax;
"CE Mark" or "CE Marking"	means a marking by which the manufacturer indicates that the product is in conformity with the applicable requirements set out in EU harmonisation legislation providing for its affixing, including the related conformity assessment process;
"**Central Bank**"	the Central Bank of Ireland;
"Clinical Trial"	has the meaning given to that term in the Glossary of Technical Terms of the Registration Document;
"**Companies Act 2014**"	the Companies Act 2014 of Ireland;
"**Company**"	Mainstay Medical International plc, a company incorporated under the laws of Ireland (registered under the number 539688), with its registered office at 77 Sir John Rogerson's Quay, Block C, Grand Canal Docklands, Dublin 2, D02 VK60;
"**CREST**"	the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST

	Regulations;
"**CREST Regulations**"	the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68 of 1996) of Ireland (as amended);
"**Davy**"	J&E Davy of Davy House, 49 Dawson Street, Dublin 2, trading as Davy or, as the context so requires, any affiliate thereof or company within its group;
"**Deferred Shares**"	fully paid up deferred shares of nominal value €1.00 in the capital of the Company;
"**Directors**" or "**Board**"	the directors of the Company, from time to time;
"**EU**"	the European Union;
"EU Prospectus Regulations"	Commission Regulation (EC) No. 809/2004;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Euronext Admission"	listing and admission of the New Ordinary Shares to trading on Euronext Paris;
"Euronext Dublin"	the Irish Stock Exchange plc trading as Euronext Dublin;
"Euronext Growth"	the Euronext Growth Market, an authorised multilateral trading facility under the European Communities (Markets in Financial Instruments Directive) Regulations 2017, operated by Euronext Dublin and previously known as the Enterprise Securities Market or ESM;
"Euronext Growth Admission"	admission of the New Ordinary Shares to trading on Euronext Growth;
"Euronext Growth Rules" or "Euronext Growth Rules for Companies"	the Euronext Growth Markets Rule Book issued by Euronext;
"Euronext Paris"	the regulated market operated by Euronext Paris SA;
"Financial Adviser"	means, with respect to Davy, prospectus adviser and Euronext Growth adviser;
"Fountain Healthcare Partners"	means Fountain Healthcare Partners Fund, L.P. or Fountain Healthcare Partners Limited acting as General Partner of Fountain Healthcare Partners Fund, L.P.;
"French Resident Shareholders"	has the meaning given to that term in paragraph 5.3 of Part 5 (*Taxation*) of this document;
"French Resident Corporate Shareholders"	has the meaning given to that term in paragraph 5.3 of Part 5 (*Taxation*) of this document;
"French Takeover Rules"	has the meaning given to that term in paragraph 7.7(a) of Part 7 (*Additional Information*) of this document;

"Group"	the Company and its subsidiaries and subsidiary undertakings;
"Historical Financial Information"	the historical financial information of the Group for the each of the three years ended 31 December 2018, 31 December 2017 and 31 December 2016 set out in Part 8 (Historical Financial Information) of the Registration Document;
"**IFRS**"	International Financial Reporting Standards;
"Individual French Resident Shareholders"	has the meaning given to that term in paragraph 5.3 of Part 5 (*Taxation*) of this document;
"IPF Facility Agreement"	a facility agreement dated 24 August 2015 between MML, the Company and IPF Fund I SCA SICAV-FIS;
"**Ireland**"	the island of Ireland excluding Northern Ireland, and the word "**Irish**" shall be construed accordingly;
"Ireland/France Tax Treaty"	has the meaning given to that term in paragraph 5.3 of Part 5 (*Taxation*) of this document;
"**Irish Companies Acts**"	the Irish Companies Acts 1963 to 2013 or, following the commencement of the relevant provisions of the Companies Act 2014 or otherwise, the Companies Act 2014 and every statutory modification, replacement and re-enactment thereof for the time being in force;
"**Irish Prospectus Regulations**"	European Union (Prospectus) Regulations 2019 of Ireland;
"**Irish Revenue Commissioners**"	the Revenue Commissioners of Ireland;
"**Irish Takeover Panel**"	the Irish Takeover Panel, established under the Irish Takeover Panel Act 1997;
"**Irish Takeover Rules**"	the Irish Takeover Panel Act 1997, Takeover Rules 2013, as amended;
"**ISIF**"	the National Treasury Management Agency, as controller and manager of the Ireland Strategic Investment Fund;
"**ISIN**"	International Security Identification Number;
"**KCK**"	KCK Limited, a private company limited by shares incorporated in British Virgin Islands (registered no. 1644955), whose registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands;
"KPMG"	KPMG Chartered Accountants, whose address is 1 Stokes Place, St. Stephen's Green, Dublin 2;
"**Latest Practicable Date**"	23 October 2019, being the latest practicable date prior to the publication of this document;
"Memorandum" and "Memorandum of Association"	the memorandum of association of the Company, as amended from time to time;

"MMI"	Mainstay Medical, Inc., a company incorporated under the laws of the State of Delaware;
"MML"	Mainstay Medical Limited, a private company limited by share incorporated in Ireland with registered number 516089 having its registered office at 77 Sir John Rogerson's Quay, Block C, Grand Canal Docklands, Dublin 2, D02 VK60;
"**New Ordinary Shares**"	the new Ordinary Shares issued pursuant to the 2019 Placing;
"**Non-Executive Director**"	a non-executive Director;
"**Ordinary Shareholders**"	a holder of Ordinary Shares from time to time;
"**Ordinary Shares**"	the ordinary shares of par value €0.001 each in the capital of the Company;
"**Prospectus**"	the prospectus issued by the Company dated 25 October 2019, comprising this document, the Registration Document and the Summary prepared, published and approved by the Central Bank of Ireland under the Prospectus Directive;
"**Prospectus Regulation**"	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017;
"Prospectus Rules"	the prospectus rules issued by the Central Bank from time to time;
"ReActiv8"	means Reactiv8®;
"ReActiv8-A Clinical Trial"	is an international, multi-centre, prospective, single arm trial of ReActiv8 for the purpose of gathering data to form part of the submission for CE Marking;
"Reporting Accountants"	KPMG;
"Registration Document"	means the registration document dated 25 October 2019, which, together with this document and the Summary, constitutes the Prospectus;
"Rule 144A"	Rule 144A of the U.S. Securities Act;
"Securities Note"	means this securities note dated 25 October 2019, which, together with the Registration Document and the Summary, constitutes the Prospectus;
"SEDOL"	Stock Exchange Daily Official List;
"sell-out"	has the meaning given to that term in paragraph 7.7(c) of Part 7 (*Additional Information*) of this document;
"**Shareholder**"	a holder of shares in the Company from time to time;
"Share Options"	options over the Ordinary Shares in the Company;
"Share Warrants"	warrants over the Ordinary Shares in the Company;

"Sofinnova Partners"	means Sofinnova Capital VI FCPR or Sofinnova Partners acting on behalf of Sofinnova Capital VI FCPR;
"squeeze-out"	has the meaning given to that term in paragraph 7.7(b) of Part 7 (*Additional Information*) of this document;
"**subsidiary**"	shall be construed in accordance with the Companies Act 2014;
"**subsidiary undertaking**"	shall be construed in accordance with the Companies Act 2014;
"**Summary**"	means the summary dated 25 October 2019, produced under the Prospectus Rules, which, together with this document and the Registration Document, constitutes the Prospectus;
"takeover bid"	has the meaning given in the Takeover Directive
"Takeover Directive"	the Directive 2004/25/EC of the European Parliament and the Council dated 21 April 2004 on takeover bids;
"**Transparency Regulations**"	the Transparency (Directive 2004/109/EC) Regulations 2007 (SI No. 277 of 2007) (as amended);
"**Transparency Rules**"	the transparency rules issued by the Central Bank from time to time;
"**uncertificated**" or in "**uncertificated form**"	the Ordinary Shares recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST;
"undertaking"	shall be construed in accordance with the Companies Act 2014;
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**U.S.**"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"**U.S. Pivotal ReActiv8-B Clinical Trial**"	is an international, multi-centre, prospective randomised sham controlled triple blinded with one-way crossover trial of ReActiv8 for the purpose of gathering data to form part of the submission for FDA for Pre-Market Approval Application (PMAA);
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended; and
"VAT" or "Value Added Tax"	value added tax.

For the purpose of this document, references to one gender include the other gender.

Any references to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof for the time being and unless the context otherwise requires or specifies, shall be deemed to be legislation or regulations of Ireland.