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Press Release

This Announcement contains inside information

Mainstay Medical announces strategic plans to maximize shareholder value, including proposals to establish new holding company and delist its Shares from Euronext Growth and Euronext Paris

Dublin, Ireland – 7 April 2020: Mainstay Medical International plc (“**Mainstay**” or the “**Company**”, Euronext Paris: MSTY.PA and Euronext Growth operated by Euronext Dublin (MSTY.IE), a medical device company focused on bringing to market ReActiv8, an implantable restorative neurostimulation system to treat disabling Chronic Low Back Pain, today announces strategic plans designed to maximize shareholder value as the Company continues to make progress on its premarket approval application (PMA) seeking FDA approval for ReActiv8. These plans include the establishment of a new holding company and the delisting of its Shares from Euronext Growth and Euronext Paris.

The new company, Mainstay Medical Holdings plc (“**Mainstay Holdings**”), is a recently incorporated company registered in Ireland. It is intended that this new corporate structure will be a corporate reorganization implemented by means of a scheme of arrangement under Chapter 1 of Part 9 of the Companies Act 2014 (the “**Reorganization**”). The Reorganization requires approval by shareholders of Mainstay (“**Mainstay Shareholders**”) and by the Court.

Two separate general meetings of shareholders in Mainstay, as described below, are expected to be convened for the same day and location and further information will be made available in due course through the publication of a circular by Mainstay.

ADDITIONAL INFORMATION

1. Introduction

Mainstay is a medical device company focused on bringing to market ReActiv8, an implantable restorative neurostimulation system to treat disabling Chronic Low Back Pain. The Company is headquartered in Dublin, Ireland with subsidiaries operating in Ireland, the US, Australia, Germany and the Netherlands. The Company's ordinary shares are currently listed on Euronext Paris and the Euronext Growth market operated by Euronext Dublin ("**Euronext Growth**") (the "**Listings**"). The Company will shortly commence the process for Mainstay Shareholder and Court approval for the introduction of Mainstay Holdings and the delisting of the Mainstay ordinary shares from Euronext Paris and Euronext Growth (the "**Delisting**").

2. Reasons for and benefits of the Reorganization

Since the IPO in 2014 there has been limited trading in the Company's ordinary shares on Euronext Growth and Euronext Paris. Therefore, Mainstay Shareholders have not been able to take advantage of the liquidity benefit typically associated with an active trading market for such Listings. The lack of liquidity has had a disproportionate impact on the share price, with poor demand for shares and thin volumes leading to large volatility in price. In addition, most shares are held by investment funds with a long term investment horizon who have not sought to actively trade their shares, leading to a lack of supply in the market. The Mainstay board of directors believes that the lack of liquidity has been a significant contributing factor to downward pressure on the price of the Company's ordinary shares. Furthermore the Listings require significant expenditure on legal and regulatory advice given the unique listing status of Mainstay and required compliance with applicable stock exchange rules, EU prospectus law and the EU Market Abuse Regulation (596/2014) (the "**Market Abuse Regulations**"), together with the related costs, such as professional fees payable to stock exchange advisers, lawyers, accountants and PR advisers. As such, having completed a detailed review of the alternatives available to the Mainstay Group in light of the above facts, the Mainstay board of directors has concluded that the time and expense involved in maintenance of the Listings is not justified for the Company given its size and stage of development. Accordingly, it has concluded that the Delisting would be in the best interests of the Company and its shareholders as a whole and, after consultation with its advisors, believes that the Reorganization would be the most efficient process to effect the proposed Delisting.

Mainstay is proposing to undertake a group reorganisation which will involve the establishment of a new group holding company (Mainstay Holdings) directly above Mainstay. Mainstay Holdings will have the usual activities of a holding company (including the overall stewardship and governance of the Mainstay Group).

Should Mainstay Shareholders approve the Reorganization, thereby establishing Mainstay Holdings as the new group holding company of the Mainstay Group, this will result in Mainstay's ordinary shares being delisted from Euronext Paris and Euronext Growth.

3. Principal features of the Reorganization

A scheme of arrangement is a formal procedure under the Companies Act that is commonly used to carry out corporate reorganizations and is, in the view of the Mainstay Board, the best way of achieving the proposed reorganization of the Mainstay Group and the Delisting.

Under the Companies Act, a scheme of arrangement must be approved at a special meeting or meetings of shareholders convened by either the directors of the company or the High Court of Ireland (the "**Court**") for the specific purpose of approving the Reorganization. A special meeting or meetings of all Mainstay Shareholders will be convened in order to approve the Reorganization (the "**Scheme Meeting**"). All Mainstay Shareholders at the applicable record time (being the "**Scheme Shareholders**") will be entitled to attend and vote at the Scheme Meeting.

An extraordinary general meeting (the "**Extraordinary General Meeting**" or "**EGM**", and together with the Scheme Meeting, the "**Meetings**") of all Mainstay Shareholders will also be convened for immediately after the Scheme Meeting, in order to authorize the Mainstay Board to take such action as it considers necessary or appropriate to put the Reorganization into effect (the "**Resolution**"). All Mainstay Shareholders at the applicable record time will be entitled to attend the Extraordinary General Meeting.

The Reorganization requires the approval of the Scheme Shareholders at the Scheme Meeting and the approval of the Resolution by Mainstay Shareholders at the Extraordinary General Meeting and the subsequent approval of the Court. The Resolution will, if approved by Mainstay Shareholders, also grant the directors of Mainstay authority to effect the Delisting.

If the Reorganization becomes effective, all ordinary shares in Mainstay (the "**Shares**") will be transferred to Mainstay Holdings, and the Shareholders at the applicable record time will receive one ordinary share in Mainstay Holdings (the "**Mainstay Holdings Shares**") for each Share transferred to Mainstay Holdings, under the Reorganization.

No application will be made to have the Mainstay Holdings Shares admitted to listing on Euronext Growth, Euronext Paris or the market of any other stock exchange.

The Irish Takeover Panel has, pursuant to its powers under the Takeover Rules, provided a derogation from the application of the Takeover Rules to the Reorganization. The Reorganization is

not subject to the tender offer rules under the General Regulation of the *Autorité des marchés financiers*, the French Financial Market Authority (the “AMF”) or to authorization by the AMF.

4. Other effects of the Reorganization and Delisting

If the Reorganization becomes effective and the Delisting occurs, there will be a number of consequences for Mainstay and its shareholders, further details of which will be set out in the Circular.

5. Revised lender arrangements

As part of, and conditional on the Reorganization becoming effective, Mainstay and IPF Partners (“IPF”) have agreed to roll-up certain of the existing facility and warrant arrangements between Mainstay and IPF so that these arrangements will apply at the Mainstay Holdings level upon the Reorganization becoming effective. The facility agreement will be amended so that the automatic conversion mechanics will engage when FDA approval has been received in respect of ReActiv8 and Mainstay Holdings completes an issuance of shares at a price of €6.00 per Mainstay Holdings Share for a total aggregate amount of €20 million. In addition, certain additional rights will be granted to IPF conditional on the Reorganization becoming effective. Under these new arrangements IPF will be entitled to appoint an observer to the board of directors of Mainstay Holdings. IPF’s prior written consent will also be required for Mainstay Holdings to complete an equity raising transaction by means of a share issuance where (i) shares in Mainstay Holdings are to be issued at a price below €6.00 per share and (ii) 49% or more of the aggregate value of the share issuance is to be contributed by institutional shareholders in Mainstay Holdings who are represented on the board of directors of Mainstay Holdings at the time of agreement to enter into such equity raising transaction. This restriction shall cease upon satisfaction of certain conditions including full satisfaction of the monies owed under the IPF facility agreement, whichever is the earlier.

6. Expected timetable of key events

Mainstay expects that it will publish and post to Mainstay Shareholders in the coming weeks a circular setting out details of the Reorganization and all related matters (the “Circular”), including notices of the Mainstay shareholder meetings. The Meetings are expected to be held in May 2020. A further announcement will be made by Mainstay confirming the timing for publication of the Mainstay circular and the date, times and venue for the Mainstay shareholder meetings.

If the relevant approvals are obtained, the Reorganization is expected to become effective at some time in May or June 2020. The admission of the Mainstay ordinary shares to trading on Euronext Growth and Euronext Paris is expected to be cancelled shortly after the Reorganization becomes effective.

Mainstay is closely monitoring Irish Government restrictions to minimise the spread of COVID-19, which may impact the expected timetable described above. In that event, appropriate announcements will be issued through a regulatory information service and published on Mainstay's website.

This Announcement contains inside information for the purposes of the Market Abuse Regulation.

The person responsible for arranging release of this Announcement on behalf of Mainstay is Matt Onaitis.

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About Mainstay

Mainstay is a medical device company focused on commercializing an innovative implantable restorative neurostimulation system, ReActiv8®, for people with disabling Chronic Low Back Pain (CLBP). The Company is headquartered in Dublin, Ireland. It has subsidiaries operating in Ireland, the United States, Australia, Germany and the Netherlands, and is listed on the regulated market of Euronext Paris (MSTY.PA) and Euronext Growth operated by Euronext Dublin (MSTY.IE).

About Chronic Low Back Pain

One of the root causes of CLBP is impaired control by the nervous system of the muscles that dynamically stabilize the spine. ReActiv8 is designed to electrically stimulate the nerves responsible for contracting these muscles to improve dynamic spine stability, allowing the body to recover from CLBP.

People with CLBP usually have a greatly reduced quality of life and score significantly higher on scales for pain, disability, depression, anxiety and sleep disorders. Their pain and disability can persist despite the best available medical treatments, and only a small percentage of cases result from an identified pathological condition or anatomical defect that may be correctable with spine surgery. Their ability to work or be productive is seriously affected by the condition and the resulting days lost from work, disability benefits and health resource utilization put a significant burden on individuals, families, communities, industry and governments.

Further information can be found at www.mainstay-medical.com

CAUTION – in the United States, ReActiv8 is limited by federal law to investigational use only.

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Forward looking statements

This announcement 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”, “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 announcement and include, but are not limited to, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the establishment of a new holding company of the Mainstay Group and the delisting of the Company’s ordinary shares from Euronext Paris and the Euronext Growth market of Euronext Dublin.

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 operations, the development of its main product, and 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 announcement. In addition, even if the Company’s results of operations, financial position and growth, and the development of its main product and the markets and the industry in which the Company operates are consistent with the forward looking statements contained in this announcement, 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, shareholder approval of the scheme of arrangement, the outcome of the Company’s interactions with the FDA on a PMA application for ReActiv8 and the successful launch and commercialization of ReActiv8. As a result, investors should not rely on such forward-looking statements in making their investment decisions. No representation or warranty is made as to the achievement or reasonableness of, and no reliance should be placed on, such forward-looking statements. The forward-looking statements herein speak only at the date of this announcement. None of Mainstay, the Mainstay Board, Mainstay Holdings or the Mainstay Holdings Board assume any obligation to update or correct the information contained in this announcement, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing contained in this announcement shall be deemed to be a forecast, projection or estimate of the future financial performance of the Mainstay Group except where expressly stated.

Important Notices

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

The contents of this announcement are not to be construed as legal, financial or tax advice. Each prospective investor should consult his own legal adviser, financial adviser or tax adviser for legal, financial or tax advice, respectively.

Disclaimers

This announcement and the information it contains does not constitute and shall not be considered as constituting a public offer, an offer to subscribe or an intention to solicit the interest of the public for a public offering of Mainstay’s securities in Ireland, France, the United Kingdom, the United States or any other jurisdiction. This announcement does not comprise a prospectus or a prospectus equivalent document.

With respect to Member States of the European Economic Area, no action has been taken or will be taken to permit a public offering of the securities referred to in this announcement which would require the publication of a prospectus in any Member State. There will be no offer to the public of Mainstay Holdings Shares in any Member State of the European Economic Area and no prospectus or other offering document has been or will be prepared in connection with the issue of Mainstay Holdings Shares.

J&E Davy, trading as Davy, which is authorised and regulated in Ireland by the Central Bank of Ireland, is acting exclusively for the Company and Mainstay Holdings and no one else in connection with the Reorganization and will not be responsible to anyone other than the Company and Mainstay Holdings for providing the protections afforded to its clients or for providing any advice in relation to the Reorganization or any matter referred to herein.

The release, publication or distribution of this announcement and the documents referred to herein in jurisdictions other than Ireland, France and the United Kingdom may be restricted by law and therefore persons into whose possession any of this announcement and the documents referred to herein come should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable

law, Mainstay and Mainstay Holdings disclaim any responsibility or liability for the violation of such requirements by any person.

Notice to investors in the United States

The Reorganization relates to the shares of an Irish company (a “foreign private issuer” as defined under Rule 3b-4 under the U.S. Securities Exchange Act of 1934 (the “**Exchange Act**”)) and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, Irish law (the “**Scheme**”). Neither the proxy solicitation rules nor the tender offer rules under the Exchange Act will apply to the Scheme. Accordingly, the Mainstay Holdings Shares to be issued pursuant to the Scheme have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) or under the relevant securities laws of any State or territory or other jurisdiction of the United States, and are expected to be offered in the United States in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof and exemptions provided under the laws of the States of the United States in which eligible Scheme Shareholders may reside.

For the purpose of qualifying for the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof with respect to the Mainstay Holdings Shares issued pursuant to the Scheme, Mainstay will advise the Court that its sanctioning of the Scheme will be relied upon by Mainstay Holdings as an approval of the Scheme, following a hearing on its fairness to Scheme Shareholders at which hearing all Scheme Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such Scheme Shareholders.

The Mainstay Holdings Shares to be issued under or in connection with the Scheme to a Scheme Shareholder who is neither an affiliate, for the purpose of the Securities Act, of Mainstay or Mainstay Holdings on or prior to the time the Scheme becomes effective nor an affiliate of Mainstay Holdings at the time the Scheme becomes effective (the “**Scheme Effective Time**”) would not be “restricted securities” under the Securities Act. Scheme Shareholders who are affiliates of Mainstay or Mainstay Holdings on or prior to the Scheme Effective Time or affiliates of Mainstay Holdings after the Scheme Effective Time may, under Rule 145(d) under the Securities Act, be subject to timing, manner of sale and volume restrictions on the sale of Mainstay Holdings Shares received in connection with the Scheme. For the purpose of the Securities Act, an affiliate of either Mainstay or Mainstay Holdings is any person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with Mainstay or Mainstay Holdings respectively. Whether a person is an affiliate of either Mainstay or Mainstay Holdings for the purpose of the Securities Act depends on the circumstances. Persons who believe that they may be affiliates of either Mainstay or, after the Scheme Effective Time, Mainstay Holdings should consult their own legal advisers prior to any sale of the Mainstay Holdings Shares received upon the implementation of the Scheme.

The Scheme is subject to the disclosure requirements and practices applicable in Ireland to schemes of arrangement, which differ from the disclosure and other requirements of U.S. securities laws.

Mainstay and Mainstay Holdings are both incorporated under the laws of Ireland. Some or all of the officers and directors of Mainstay and Mainstay Holdings may be residents of countries other than the United States. It may not be possible to sue Mainstay and Mainstay Holdings in a non-U.S. court for violations of U.S. securities laws. It may be difficult to compel Mainstay, Mainstay Holdings and their respective affiliates to subject themselves to the jurisdiction and judgment of a U.S. court. It may not be possible to enforce in Ireland a judgment of a U.S. court in respect of violations of U.S. securities law.

None of the securities referred to in this announcement have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this announcement. Any representation to the contrary is a criminal offence in the United States.

There will be no public offer of securities in the United States.