ANNUAL REPORT 2019

Transforming **women's health** through **innovation**

mithra
Women's Health

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ACTIVITY REPORT

20 years of innovation in women's health

Inspired by Women

Mithra has been committed, for twenty years now, to offering women new choices through innovation with a particular focus on contraception and menopause. From the spin-off of the University of Liege to the listed company with nearly 300 collaborators today, the goal has remained the same: to develop and produce new products, offering better efficacy, safety and convenience, meeting women's needs throughout their life span.

1999-2019 : twenty years of exciting research, boldness and challenges, more determined than ever to enter 2020, in a new crucial decade of its history. The decade in which its portfolio of innovative Estetrol based products has come of adulthood age. A decade of maturity for its expertise in the development of controlled-release drugs supported by polymer technology. That of promising first step in the exploration of new R&D projects with Estetrol in other therapeutic areas. Now in its twenties, Mithra intends to be faithful to its DNA and to continue to combine Passion and Innovation.


1999-2019
MITRA
LISTED
EURONEXT
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Letter to shareholders

Dear Shareholders,
colleagues and partners,

2019 marked Mithra's 20th year anniversary, and what a year it's been! Our Estetrol (E4) pipeline comprising three late stage potential blockbusters in women's health, progressed very well, and together with all our international partners we're actively preparing for market commercialization of Estelle®, our combined oral contraceptive, in early 2021.

The year has begun with a great recognition by our peers. Mithra was selected amongst a hundred candidates, as winner to the prestigious essencia Innovation Award 2019 for the development of its contraceptive pill Estelle® based on Estetrol (E4). Awarded every two years by the Federation of Chemistry and Life Sciences, the Innovation Award is the most important prize for industrial innovation in Belgium. We are proud that the jury of experts recognized the major breakthrough that our contraceptive pill represents for woman around the world.

Milestones achieved for our E4 pipeline

The year was unveiled by the announcement of positive Phase III study results for Estelle® in both the United States (U.S.) and Canada. For the first time ever, complete Phase III data was presented at the opening symposium of the European Society of Gynecology Conference in October, with more than 400 gynecologists, doctors and researchers present. Nearly 90% of these experts believe that the choice of estrogen in a combined oral contraceptive is essential. Even more acknowledge that Estelle® shows promising clinical results.

In the second half of the year, Mithra initiated the Phase 3 clinical program for the next-generation hormone therapy Donesta®. The program, which involves 2,200 women ,includes two pivotal studies and should be completed over a period of two years.

In parallel with these major milestones, we have further strengthened our IP portfolio for E4, bringing our total patent families worldwide to 33. In addition, Mithra was granted a key patent for the dysmenorrhea indication in Japan, a market four times larger than the Japanese contraceptive market.

Commercial launch of Myring™

February marked the European commercial launch of Myring™, our vaginal contraceptive ring. Several significant partnership agreements have since been signed in key territories, such as Germany and Italy, respectively the world's second and third largest markets, as well as China, totaling ten new Licensing and Supply Agreements (LSA's) this year.

Towards the end of the year we received news that the European Authorities removed the requirement for special temperature storage and extended the shelf-life of Myring™ from 18-24 months. These competitive advantages reduce the impact on transport and storage costs, and provide a more convenient option for the distributors, pharmacists and patients.

Coming to America

In October we announced the highly anticipated LSA with Mayne Pharma, a leading supplier of oral contraceptives, for the commercialization of Estelle® in the United States (US). This marks our largest deal to date, and with strong management experience in women's health, we are confident that Mayne is the best possible partner.

The collaboration also includes a future seat on Mayne's Board of Directors upon FDA approval of Estelle®, as well as participation on a joint steering committee relating to the commercialization and continued development of Estelle®. What better way for Mithra to ensure the successful launch of this critical asset?

Record revenues

2019 is also synonymous with new records both in terms of revenues (+47%) and REBITDA (+79%), mainly thanks to the agreement with Mayne. With revenues perspectives, especially for Estelle®: out of a total amount of EUR 486 million in milestone payments under existing contracts, Mithra should recognise an additional EUR 322 million in the coming years.

The successful renegotiation of the earnout payment owed to former Uteron Pharma shareholders has already enabled us to significantly reduce the weight of this contingent liability on our 2019 results, while at the same time strengthening our book equity.

More than ever, our cash flow was solidly managed in 2019, allowing us to start the Phase III study for Donesta®, while ensuring the growth of our business, which has entered commercial production. The expected launch of Myring™ in the world's three largest markets in 2020 and that of Estelle® from 2021, will complete our transition into a commercial biotech company. Mithra has also begun the valuation of its E4 pipeline outside the spectrum of women's health. As in the past, the Company is taking all necessary steps to ensure comfortable cash position to finance its activities and projects.

Looking forward

This year 2020 will be marked, for all of us, by the emergence of an unprecedented health crisis, requiring us to demonstrate even greater thoroughness, solidarity and perseverance. It is a challenging period that we are trying to manage in a pragmatic manner, in strict compliance with the measures required by our authorities, focusing on our core activities in order to make every effort to meet the challenges ahead.

At the beginning of this complex year, we are very pleased to have already achieved a major goal for Estelle®, thanks to the great work of our teams and partners: the filing by both European and American regulatory agencies. Commercial batches will be produced from the second half of the year, a significant production that should generate over EUR 7 million in 2020.

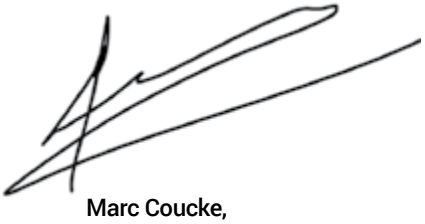
We also hope to make progress in the recruitement of our Donesta® Phase III study and to finalize our clinical development plan for PeriNesta® with the regulatory agencies.

In addition to its large-scale commercialization in promising markets, our vaginal contraceptive Myring™ expects FDA approval for U.S. commercialization early in the second half of 2020. To meet the growing demand, our Mithra CDMO has increased its production capacity to nearly two million rings in 2020.

It will be a busy year from every point of view, as we will in the meantime continue to advance our business development efforts for our entire asset portfolio.

2020 is definitely a year of collaboration. In these times of great challenge for all of us, we would like to thank you most sincerely for your continued loyalty and trust.

Take care of you, your family and your collaborators.



Marc Coucke,
Chairman of the Board

François Fornieri
Chief Executive Officer

> At the beginning of this year, struck by a virus of a new kind, we can only be more convinced of the urgent need to continue to invest in scientific research and innovation. Alongside women's health, we will explore in 2020, with the same rigor and tenacity, other therapeutic areas where our E4 molecule could be synonymous of medical breakthrough.

Marc Coucke,
Chairman of the Board

2019 marked our 20th anniversary and was exceptional in more ways than one. We recorded a strong turnover increase, achieved key milestones in both clinical development and international growth, and a CDMO that successfully moved into commercial production. In 2020, despite this unprecedented situation caused by Covid-19, our teams are determined to do everything possible to meet our ambitious challenges.

François Fornieri,
Chief Executive Officer

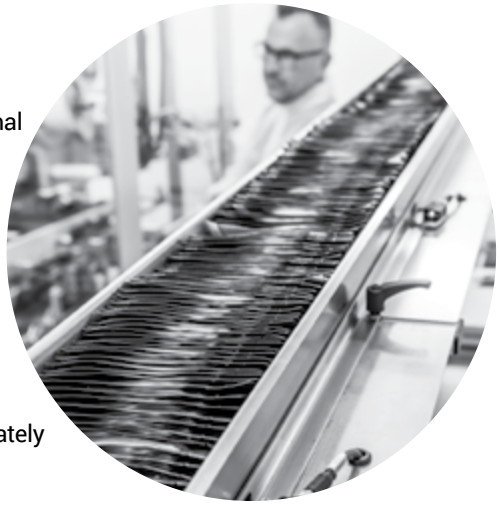
Highlights 2019

1. January

- Publication of positive top-line results of Estelle® Phase III oral contraceptive study in the United States/Canada, in line with those obtained in the Europe/Russia study, confirming the unique safety profile of Mithra's innovative contraceptive.
- Expansion of the E4 development program with a third late stage clinical product candidate, PeriNesta® for the underserved perimenopausal market.
- Mithra wins BelMid Company of the Year 2018, awarded to a listed company that has demonstrated the highest relative increase in market capitalisation.

2. February

- First R&D veterinarian project signed with CEVA Animal Health, leading global veterinary pharmaceutical group, allowing Mithra to expand its polymer-based technology expertise.
- Crucial milestone reached by the Mithra CDMO with the successful launch of Myring™ commercial production. The contraceptive vaginal ring is marketed for the first time in European pharmacies, in the Czech Republic.
- Agreement with ITROM for the commercialization of Estelle® and Myring™ in Middle East, worth approximately EUR 61 million.



3. March

- Presentation of the results of a new study on E4 mode of action at the Endocrine Society congress in the United States. They delineate further E4's unique profile as an estrogen with selective actions in tissues, demonstrating the absence of specific membrane receptor effects.
- Strengthening of Mithra's activity in the fast-growing Chilean market through an agreement with Saval Pharmaceuticals for the hormonal treatment Tibelia®.

4. April

- Mithra wins the Essenscia Innovation Award for Estelle®, the most prestigious prize for industrial innovation in Belgium. Beside innovation, the essenscia Innovation Award takes into account the strategy for intellectual property management, the environmental impact and the value added for the Belgian economy.
- Following the European Medicines Agency, it's FDA's turn to grant E4 an Orphan Drug Designation for the treatment of hypoxic ischemic encephalopathy. This serious paediatric syndrome affects about 30,000 newborns each year in Europe and the U.S. and suffers from a lack therapeutics alternatives.
- Agreeement with Megalabs for the commercialization of Myring™ in Latin and South America (Argentina, Paraguay, Dominican Republic).
- Additional agreement with Generic Speciality Pharma (GSP) for the development of a 5th injectable hormonal product at the Mithra CDMO.

5. May

- Agreement with Hormosan for the commercialization of Myring™ in Germany, the first European market and the second worldwide, with more than 3 million vaginal rings sold per year. This 5-year agreement could generate revenues of at least EUR 2.5 million for Mithra.
- Marketing authorization for Tibelia® as the first tibolone hormone treatment available in Canada. This green light from the Canadian authorities plays a significant role in the international commercial expansion strategy in North America.

6. June

- Mithra celebrates its 20th anniversary alongside its 250 collaborators.

Highlights 2019

7. July

- Strengthening of Management team with key appointments of Graham Dixon as Chief Scientific Officer and Renaat Baes as Plant Manager of the Mithra CDMO. These two appointments are an integral part of the global development plan to consolidate the R&D and production teams.

8. August

- Strategic additional patent for Estelle® in Japan in the dysmenorrhea indication, a market four times larger than the contraceptive market. Important milestone for the commercialization of Estelle® by Fuji Pharma in Japan and ASEAN, representing a total attractively priced market of EUR 400 million a year.
- Agreement with Dexcel Pharma for the commercialization of Estelle® and Myring™ in Israel.

9. September

- Mithra celebrates its 20th anniversary in the presence of 400 stakeholders gathered on the site of its Mithra CDMO, in Flémalle. The opportunity to thank all the teams, partners and shareholders, some of whom involved since the beginning of the adventure in 1999.

10. October

- Launch of Donesta® Phase III clinical study for the treatment of vasomotor symptoms in postmenopausal women. The “E4 Comfort” trial includes two pivotal studies, one in North America and one in Europe/Russia/South America and aims to recruit 2200 postmenopausal women.
- Landmark deal with Mayne Pharma for the commercialization of Estelle® in the United States, which represents more than twice the size of European deal. Mithra becomes a shareholder of the Australian listed company and is directly involved in deploying Estelle®’s business strategy in the world’s largest market.
- Agreement with Abbott for the commercialization of Myring™ in Zwitserland.
- Agreement with Aicore for the commercialization of Myring™ and Tibelia® in Eastern Europe.
- Substantial reduction (62% in total) of the remaining payment obligations (earnout) to the former owners of Uteron Pharma. Earnouts reduced from EUR 662 million to EUR 250 million, and payment duration reduced by twelve years. This renegociation implies a significative reduction of total debt under IFRS.

11. November

- Approval of two noteworthy modifications in Myring™ labelling by the European Authorities: extension of the shelf-life from 18 to 24 months and removal of requirement for special temperature storage. These two modifications represent a competitive advantage in terms of reduced costs and convenience for distributors, pharmacists and patients.

- Participation to the Belgian Economic Mission in China under the presidency of H.R.H. Princess Astrid of Belgium. Mithra then flies to India to participate to the CPHI and presents its research on Estetrol to the Indian Minister of Health, as well as to the representatives of the United Nations, the WHO and the Federation of Gynecologists.

12. December

- Recruitment of the first patient for the second pivotal Donesta® Phase III study conducted in 12 countries in Europe, Russia and South America.
- Two new commercial territories added for Myring™: Canada (Searchlight) and Switzerland (Labatec).
- Mithra receives EUR 2.9 million in non-dilutive funding from the Walloon Region for its research Program Zoreline®. In 2019, Mithra also received EUR 2.3 million in recoverable advances related to other research projects, and EUR 5.1 million investment grant for the development of its CDMO facility in Flémalle.

Commercialization agreements covering nearly 100 countries

New agreements signed in 2019

Estelle®

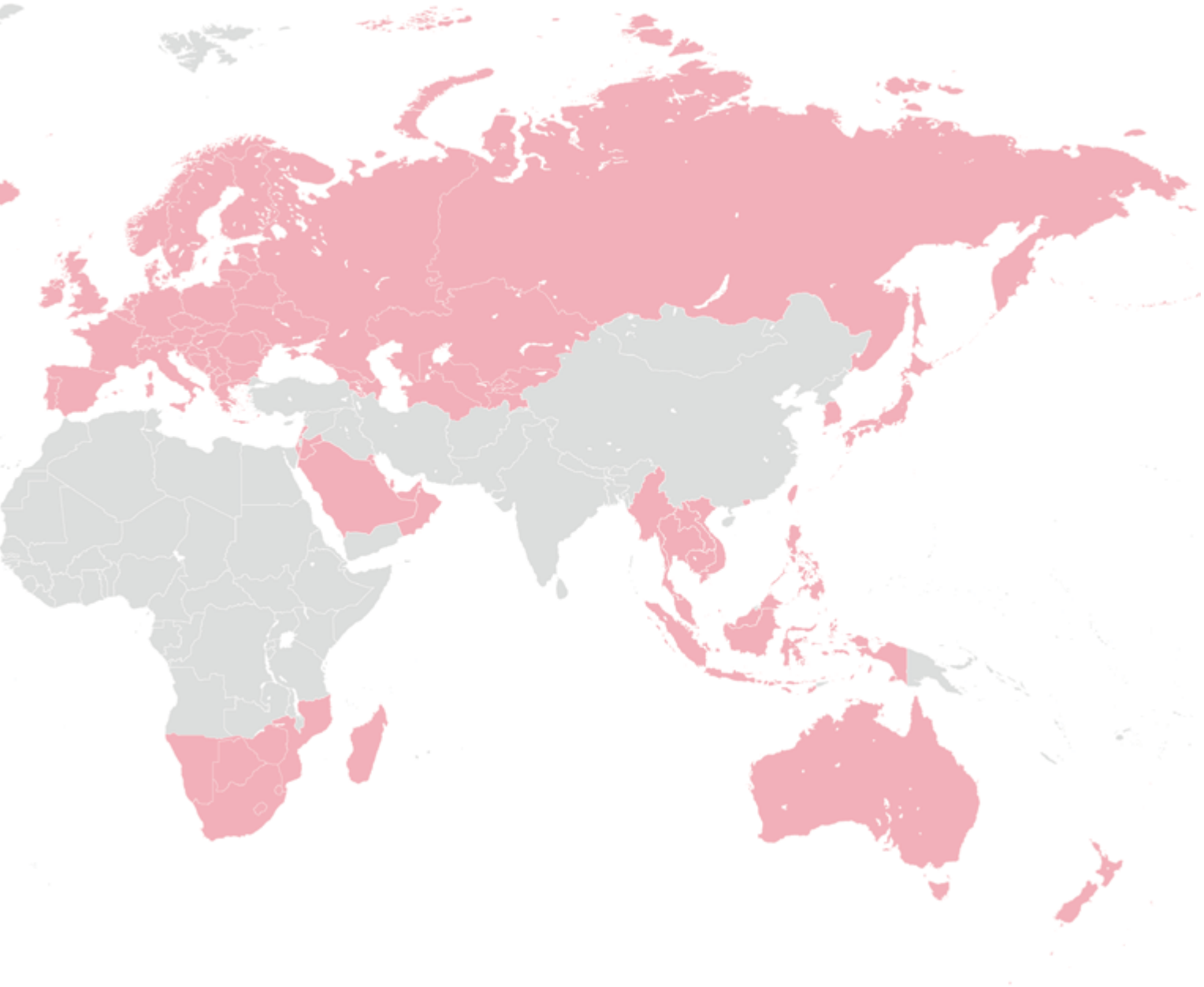
- ✓ Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, United Arab Emirates (ITROM)
- ✓ Israel (Dexcel Pharma)
- ✓ United States (Mayne Pharma)
- ✓ Hong Kong, Taiwan (Alvogen) Q1 2020

Myring™

- ✓ Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, United Arab Emirates (ITROM)
- ✓ Argentina, Paraguay, Dominican Republic (Megalabs)
- ✓ Germany (Hormosan)
- ✓ Israel (Dexcel Pharma)
- ✓ China (Abbott)
- ✓ Bulgaria, Croatia, Moldova, Romania, Serbia, Ukraine (Aicore Life Sciences)
- ✓ Switzerland (Labatec)
- ✓ Canada (Searchlight Pharma)
- ✓ Italy (Farmitalia) Q1 2020

Tibelia®

- ✓ Chili (Saval Pharmaceuticals)
- ✓ Bulgaria, Moldavia, Ukraine (Aicore Life Sciences)
- ✓ Italie (Farmitalia) Q1 2020



Mithra's presence through
Estelle®, Donesta®, Myring™ and TIbelia® agreements

Our employees, our main asset

270
Collaborators

56%
Women

44%
Men

84%
Higher education level

Average age
35
years old

Fun & Meaning at work thanks to the Happy team

In 2019, our Happy Team competed creatively to develop a positive approach to work and ensure the well-being of all our employees.

On the agenda: Sport teams challenges, healthy snacks, first edition of the Well-being Week, not forgetting a magnificent day of teambuilding at the Spa-Francorchamps circuit to celebrate our 20th anniversary.

Solidarity

More important than ever, thanks to our employees' generosity

At Mithra, corporate social responsibility is in line with its core values and mission: to support women in their daily challenges. Mothers, daughters, sportswomen, researchers, entrepreneurs, audacious women and those who don't have the opportunity to be. Through Sport, Culture, Education and Information, Mithra supports a wide range of initiatives in this line.

Long-term projects such as the information website Gyn&Co, which provides complete and objective medical information on all aspects of women's health. Or our commitment to players of the "Mithra Castor de Braine" basketball team, not forgetting our participation in the Mithra Jazz Festival, which opens up musical genres and attracts great names in jazz to Liège. Who says Woman, says Childhood. Every year we support the non-profit organisation "Fonds Entrepreneurial pour Enfants Défavorisés" (FEED), which offers material aid and financial support to foster homes for under-age children in difficulty.

In addition to all this support, Mithra has also started new projects in 2019, born out of inspiring encounters such as with Nobel Peace Prize winner Dr. Mukwege, sudden actuality such as this Covid-19-pandemic, and ideas launched directly by our generous collaborators, who never hesitate to volunteer and roll up their sleeves for the good cause.

Mithra had the honour of welcoming Dr. Denis Mukwege, Nobel Peace Prize winner, to present him our activities in the field of women's health. It was also an opportunity to show him our support in his remarkable fight towards sexual violence against women through a donation for the Mukwege Chair. A wonderful time of sharing with all our researchers.

Under our Christmas tree, we collected about a hundred gifts to offer to families in difficulty with the help of the non-profit organization **Hesbicoeur.**

Every year Mithra supports the 24h Vélo Télévie organized by the University of Liège to raise funds in the fight against cancer.

Because giving blood can still save lives, we hosted a **Red Cross** bus for the first time on our Mithra CDMO site.

In this Covid-19 crisis, we responded to the call for solidarity launched by Liège University Hospital to equip its medical staff. In total, some 2,500 gloves, 5,000 trolleys, 2,000 beard covers, 600 overalls and 200 aprons were quickly packed up and transported to the hospital. Mithra also helped the Italian Civil Protection of Bergamo with 5,000 glove boxes and 3,000 overshoes.

5th edition of the Mithra for Kids day: a hundred underprivileged children from several institutions in Liège and Hasselt went to explore the Forestia animal park. A day rich in exchanges and smiles orchestrated by all the Mithra volunteers, ambassadors of the "Children Rights and Business Principles" initiative launched by Unicef Belgium and the Federation of Belgian Companies.

Within the program BOOST - Platform for Education and Talent supported by the King Baudouin Foundation, we welcomed young people from secondary schools at the Mithra CDMO to show them the profession of scientist. We also took part in HR workshops to guide students in their final years of secondary school and to help them write their cover letters and CVs.

2020 Strategy and Outlook

The year of its 20th anniversary was a decisive year for Mithra, which enabled it to move its R&D programs forward, expand its network of commercial partnerships in key markets such as the United States and successfully bring its Mithra CDMO into commercial production.

In 2019, following the positive results of contraceptive pill Estelle® phase III studies, our R&D teams have been working hard on the **regulatory filing**, in close collaboration with our partners Gedeon Richter and Mayne Pharma. The applications were submitted to the European Medicines Agency (EMA) in February 2020, and to the Food & Drug Administration (FDA) in April 2020. These submissions to the regulatory agencies mark a key step towards the commercialization of Estelle®, with potential marketing authorization expected in the first half of 2021.

For this **first commercial launch** of an E4-based blockbuster candidate, Mithra will actively pursue the development and implementation of the marketing strategy, with all its international partners. In the second half of 2020, Estelle® batches will be produced at the Mithra CDMO in accordance with orders already placed by distributors. This production should generate over EUR 7 million in revenues in 2020.

Following the **launch of the Phase III clinical program for the hormone therapy Donesta®** *("E4 Comfort")* in October 2019, the recruitment process for postmenopausal patients is still ongoing at this time, but could be delayed due to the health crisis triggered by Covid-19. As for **PeriNesta®**, our R&D teams are finalizing the clinical development plan with the regulatory authorities, with the start of clinical trials scheduled for this year. Depending on regulatory approvals and the evolution of the health crisis, Mithra should be in position to target marketing authorization for both product candidates in 2023.

The year 2020 will also be crucial for the **Myring® vaginal contraceptive ring** with its large-scale global commercialization, especially in the world's three largest markets (United States, Germany and Italy). Already successfully launched in Belgium, Luxembourg, the Czech Republic and Germany, Mithra's contraceptive ring is expected to receive FDA approval in the second half of 2020, for commercialization in the U.S. by Mayne Pharma. On the operational side, Myring™, having already begun its transition to commercial production in 2019 for the European market, will reach cruising speed in 2020, with the production of some two million contraceptive rings.

The expected launch of Myring™ in 2020 in the three largest world markets and that of Estelle® from 2021, will complete our transition into a commercial biotech company.

On a strategic front, Mithra also intends to further expand its **Estetrol (E4) platform** through valuation of other application areas outside women's health, particularly paediatric neuroprotection and wound healing. At the same time, it will strengthen its **E4 intellectual property portfolio**, in particular with data from the recent bioavailability study conducted for the U.S. Estelle® filing.

Early-year marked by Covid-19

At the beginning of this year, the world is facing an unprecedented health crisis, still ongoing at the time of closing this annual report. While the evolution of this Covid-19 pandemic is of course difficult to predict, we nevertheless consider important to assess the potential impact that this crisis could have on our activities, and to continue to inform our shareholders in a transparent way in case of any significant repercussions.

> **Business continuity:** from the very beginning of the crisis, Mithra has taken all the necessary measures to protect its staff and prevent spread of the virus, in strict compliance with the recommendations of the Belgian authorities. At this time, Mithra is continuing its essential activities within its R&D and production center, the Mithra CDMO, and remains particularly attentive to the evolution of the situation. Only people essential to the operations in progress are present on site, and this, in compliance with hygiene and social distancing protocols.

> **Production:** Mithra makes every effort to ensure the continuity of production and delivery of orders to all its partners. The Myring™ batches for the German market were delivered on time at the end of March to guarantee pharmacies supply. To date, the Myring™ production schedule for European market remains unchanged.

> **Estelle®:** Submission applications have been filed with U.S. regulatory agency (FDA) as planned. Our partners Mayne Pharma and Gedeon Richter have so far not been informed of any potential delays in regulatory agencies' approval times for market authorizations.

> **Donesta®:** as announced in early April, E4 Comfort studies are still ongoing, but current patient recruitment has been delayed or put on hold in some countries. It is therefore possible that the global recruitment stage of these studies be further delayed compared to the initial schedule. Mithra however intends to make every effort to recover any potential delay endured during this crisis and has already implemented a Safety Management Plan at all its active sites, in accordance with the guidelines of the respective competent health authorities. Top priority remains the safety of everyone involved in this clinical program. Mithra will continue to monitor the situation very closely and will take appropriate measures to ensure patient safety and preserve the validity of the study.

> **Business Development:** all discussions and negotiations with potential commercial partners are currently being actively pursued and do not seem to be impacted in any way by the health crisis. Preparations for the commercial launch of Estelle® and all marketing and promotional material are also proceeding as planned, with priority being given to video-conferences rather than physical meetings between partners. Mithra has not yet received any information from its commercial partners regarding potential impact of Covid-19 crisis on their distribution activities.

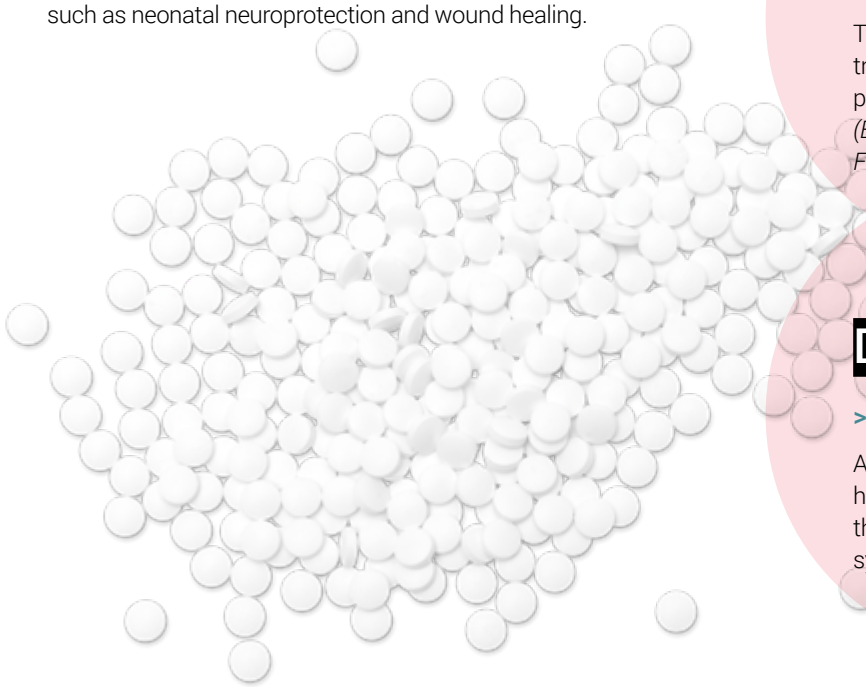
Research & Development

Today, Mithra has two complementary platforms powered by a unique CDMO facility: its innovative E4-based pipeline and its portfolio of complex therapeutics.

Three E4-based blockbuster candidates

E4 is a natural estrogen produced by the liver of the human fetus during pregnancy, passing in the maternal blood at relatively high levels. After years of R&D, Mithra can now produce E4 at scale through a complex soy-based synthesis process.

Thanks to its unique mode of action, tolerability and safety profile, E4 could represent a major breakthrough in several therapeutic areas of women's health, particularly in contraception and menopause. Today, Mithra is focused on the development of three late-stage Estetrol-based potential blockbusters. In addition to its three leading products, Mithra intends to explore and value the potential of E4 in other areas, such as neonatal neuroprotection and wound healing.



Estelle®

> Contraception

A new era in combined oral contraception
(15mg E4/3mg DRSP)

PeriNesta®

> Perimenopause

The first complete oral treatment targeting perimenopause
(E4 15mg/DRSP 3mg/ Food supplement)

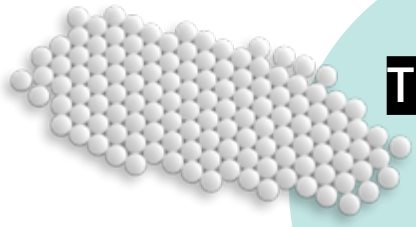
Donesta®

> Menopause

A next-generation hormone therapy for the relief of vasomotor symptoms (E4 only)

Unique expertise in Complex Therapeutics

Mithra has extensive expertise in the development of complex and innovative products in the fields of contraception, menopause and hormonal cancers. It is one of the few companies in the world that masters polymer technology, which enables a drug's active pharmaceutical ingredient (API) to be distributed at a predetermined rate over a period of time (from 1 month to 5 years), maintaining controlled drug delivery with minimum side effects. This technology can be used for vaginal rings, implants or intra-uterine devices.



Tibelia®

> Menopause

A therapeutic solution composed of tibolone, a synthetic steroid used for hormone therapy in menopause.

Myring™

> Contraception

A contraceptive vaginal ring releasing a combination of hormones, made of Ethylene-vinyl-acetate copolymers (EVA).

Zoreline®

> Hormono-dependant cancers

A biodegradable subcutaneous implant for prostate and breast cancer and gynecological indications (endometriosis, uterine fibroids).

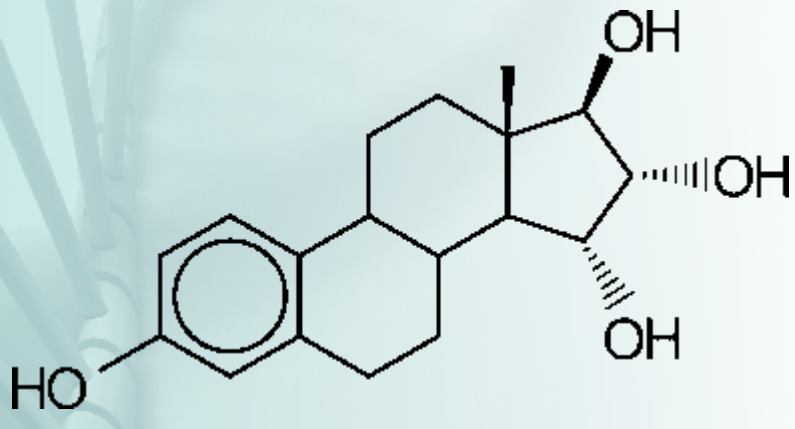
	Product	Therapeutical area	Phase 1	Phase 2	Phase 3	Market approval
E4	**Estelle®**	Contraception				2021
	PeriNesta®	Perimenopause				2023
	Donesta®	Menopause				2023
	Under development	CNS, dermatology, oncology, ect.	*Various stages of non-clinical development of future E4-based pipeline*			

			Formulation/Clinical	Filing	Market approval
COMPLEX THERAPEUTICS	**Tibelia®**	Menopause			commercialized
	Myring™	Contraception	Europe		commercialized
			U.S.		2020
	Zoreline®	Oncology			2024

Estetrol,

A new estrogen with multiple potential

The women's health market is huge and still growing, yet still suffering from a lack of innovation. Contraceptives represent the largest segment of this market, which has not seen real innovation for decades. Demographic trends are also increasing the relevance of medical treatments during menopause. On the medical side, there is also a need for estrogen with a better benefit/risk profile. Promising results from clinical programs conducted by Mithra indicate that Estetrol (E4) could offer new alternatives combining safety and convenience to address women's needs.



$40

billion

With a growth rate of 4.2% per year, the women's health market is growing faster than the GDP of the world economy[6].

Potential in neuroprotection

Following its European counterpart in 2017, the U.S. FDA has also granted E4 an orphan drug designation for the treatment of hypoxic ischemic encephalopathy (HIE) based on promising preclinical results. This severe form of neonatal asphyxia affects approximately 30,000 newborns each year in Europe and the U.S.[1]. This syndrome is caused by reduced blood or oxygen supply to the baby's brain before, during or shortly after birth. Nearly one in four affected infants will die prior to leave the neonatal intensive care unit. Among surviving infants, severe neurological disorders and long-term disability are observed, with 46% affected at 18-22 months follow-up[2]. Currently, infants are treated with therapeutic hypothermia or 'cooling', in order to reduce brain damage, but this treatment has limited efficacy and comes at high cost[3].

Given its significant mortality and morbidity in the newborn and the lack of available therapeutic alternatives, the development of a new E4-based treatment could meet a serious unmet medical need.

Confirmation of E4's unique profile

Mithra presented the results of a new study on E4's mode of action at the 101st Annual Meeting of the Endocrine Society held in March in New Orleans. The results of this study delineate further E4's unique profile as an estrogen with selective actions in tissues, demonstrating the absence of specific embrane receptor effects. E4 differs from current estrogens, but also from other product families like SERMs (Specific Estrogen-Receptor Modulators) which show a modular activity on estrogen receptors. Previous studies have already shown that E4 can activate estrogen receptors in some tissues, while acting as an anti-estrogen in other tissues[4].

Valuation of other indications

These additional data strengthen E4's unique character and the innovative potential of the E4 research platform. The specificity of E4 activity, in particular its favourable hepatic profile, should translate into safer clinical use across a broad range of indications.

In view of this broad potential, Mithra intends to further expand its E4 platform in 2020 in therapeutic areas beyond the core indications in women's health, particularly in neuroprotection and dermatology (wound healing).

Potential benefits of E4[5]

- Favorable VTE risk profile
- Favorable drug-drug interaction profile
- Minimal increase of triglycerides
- Lower breast pain and lower carcinogenic potential in the presence of E2
- Good user acceptability, body weight control, excellent cycle control, improved spotting and general well-being

1 *Kurinczuk et al. Early Hum Dev 2010; 86: 329-338, 2010*
2 *Shankaran et al. Early Hum. Dev. 1991; 25(2):135–148.*
3 *Cotten & Shakarn. Expert Rev Obstet Gynecol. 2010; 1;5(2):227-239. Regier et al., Value Health,2010; 13(6):695–702.*
4 *Abot A et al.,2014, "The uterine and vascular actions of estetrol delineate a distinctive profile of estrogen receptor α modulation, uncoupling nuclear and membrane activation", EMBO Molecular Medicine 6 (10): 1328-1346. Adlanmerini M. et al., 2014, "Mutation of the palmitoylation site of estrogen receptor α in vivo reveals tissue-specific roles for membrane versus nuclear actions", PNAS 111 (2): E283-E290.*
5 *Kluft C et al., Contraception 2016.; Gerard C et al., Oncotarget 2015;6(19):17621-36.; Visser M et al., Horm Mol Biol Clin Invest. 2012;9:95-103.; Visser M et al., Climacteric 2008; 11 Suppl 1:64-8.; Mawet M et al., Eur. J. Contracept. Reprod. Healthcare 2015:1-13.; Apter D. et al., Contraception 2016;94(4):366-73; Abot et al., EMBO 2014: 6 (10); Apter et al., Eur. J. Contracept. Reprod. Healthcare 2017:22(4)*
6 *Grand View Research, Women's health market size, 2020-2027*

Estetrol

An environmentally friendly estrogen

Either naturally produced by the human body or synthetically, estrogens are commonly found in the aquatic environment. These endocrine disruptors can influence the sexual differentiation of fish and affect aquatic ecosystems. According to the results of an ecotoxicity study announced in early 2020, Estetrol differs from other oestrogens and has a significantly more environmentally friendly profile.

Widely consumed through different pharmaceutical and veterinary products, steroidal estrogens are commonly found in aquatic ecosystems. Over 700 kg of the synthetic estrogen EE2, which is present in almost all combined contraceptive pills, are discharged every year in wastewater, based solely from pill intakes[7]. These estrogens, natural or synthetic, may be considered as strong environmental endocrine disruptors, since they accumulate in living organisms and can disrupt hormonal behaviours of various fishes.

Today, there is growing concern about the impact of these endocrine disruptors on the environment. At the end of 2019, the European Commission launched its European Green Deal, which aims to achieve the environmental objectives set by the United Nations by 2030, particularly with regard to toxic substances and their impact on groundwater, surface water and ecosystems.

> **All biotests carried out show without ambiguity that the endocrine disruptor effects of Estetrol are insignificant in comparison with those observed for natural or synthetic estrogens, whether in aquatic organisms or organisms living in the sediment.**
>
> **Prof. Patrick Kestemont, President of the Research Institute Live, Earth & Environment, University of Namur, Belgium**

Early 2020, the results of an environmental risk assessment study carried out by Mithra indicated the interesting ecological profile of Estetrol (E4). In these trials conducted on a representative fish species with doses up to 32,000 ng/L, E4 showed none of the adverse effects induced by natural (E1, E2) and synthetic (EE2) estrogens occring at levels as low as 1 ng/L: reduced egg production, decreased testicular growth, delayed maturation, development of male and female genital glands in males, and even feminization. And the amount of biologically active E4 released in wastewaters after human use is expected to be minimal and considerably lower than those tested in this study. The results also indicate that E4 does not accumulate in living organisms and is likely to disappate rapidly from water and sediment.

7 *Adeel et al. Environment International Volume 99, February 2017, Pages 107-119*

33 patent families worldwide

In 2019, Mithra strengthened its intellectual property portfolio with the addition of several patents and patent applications to its portfolio relating to E4. This now contains 33 patent families registered worldwide, ranging from the synthesis of Estetrol (E4) to its use in a wide range of conditions including women's health, cancer treatment and neuroprotection.

Following promising results from the Estelle® Phase II study on hemostasis, Mithra has filed a patent application in 2018 combining the use of E4 as a contraceptive with the unique safety profile of the E4/PRSP combination. Early 2019, Mithra expanded the coverage of this patent by filing an international application.

The patent application already filed after the positive results of the Donesta® Phase II study on the optimal minimum oral dosage (15 mg E4) for the effective treatment of VMS, moved into international phase in April. Once granted, these patents will consolidate and extend the protection around Donesta®.

In June and August, the Australian and Canadian Intellectual Property Offices issued a " divisional " patent and a patent covering the use of E4 as a new emergency contraceptive solution. This new method is based on the use of estrogen alone and thus differs from currently approved emergency contraceptives, which include progestin-only pills and combined oestrogen-progestin pills. In addition to Australia and Canada, the patent has already been granted in several parts of the world, namely Europe, Russia, the United States and Hong Kong.

In July, the Canadian Intellectual Property Office issued a patent covering the use of E4 in the treatment of cerebral ischemia. All of the patents of this family have now been granted in all territories where protection has been filed, offering protection until 2033 in Australia, China, Europe, Japan, Russia, the United States and Canada.

In August, Mithra obtained a key additional patent for Estelle® in Japan for the use of E4 in the treatment of dysmenorrhea, a market four times larger than the contraceptive market. This new patent extends Estelle® IP protection in Japan until 2037, and even further until 2042 if the patent term extension based on the marketing authorisation for Estelle® in Japan would be granted. This patent application has also been filed in about 20 countries, mainly in Asia and Latin America where the dysmenorrhea market is particularly attractive in terms of sales volume and pricing policy.

Finally, Mithra has also strengthened its IP in Brazil, India, Japan and South Korea, by obtaining patents protecting E4 synthesis until 2032 in these different regions of the world.

We have built a very strong Intellectual Property protection around our Estetrol-based products. This strategy protects our innovations from potential competitors in a large majority of countries around the world.

Estelle®

A new era in combined oral contraception

Estelle®, Mithra's combined oral contraceptive pill, has entered its final stretch before its global launch in 2021. Filing has been submitted to regulatory agencies in Europe and the United States. The time has now come to intensively prepare for its commercial launch with all international partners.

> **Estelle® clinical results are excellent and were eagerly awaited by the scientific community. Estetrol is a major innovation that meets women's needs in terms of convenience, while offering an improved benefit-risk profile.**
>
> **Prof. Andréa Genazzani, President of the European Society of Gynecology)**

In 2019, Estelle®, the combined oral contraceptive (COC) candidate composed of Estetrol 15 mg (E4) and 3 mg drospirenone (DRSP), further achieved key milestones to move closer to its commercial launch expected in 2021, depending on regulatory approvals.

Positive Phase III results

After announcing positive top-line results from the Phase III study of Estelle® in the U.S./Canada in January, Mithra presented the full results of its program at the opening symposium of the Congress of the European Society of Gynecology (ESG) in Vienna, Austria. These results confirm the unique benefit/risk profile of Mithra's innovative contraceptive, as well as previous data from the Estelle® Phase II study on hemostasis and ovarian function.

More than 400 gynaecologists, doctors and researchers participated in the opening symposium. Based on an anonymous survey, nearly 90% of the experts believe that the choice of estrogen in a combined oral contraceptive is essential. Even more acknowledge that Estelle® shows promising clinical results

> **I have been involved in many clinical research projects in contraception. The combination of E4/DRSP is different and should revolutionize contraception because E4 has a very favorable metabolic and hemostatic profile. E4/DRSP promises to be a "game changer" with an estrogen more in line with women's needs.**
>
> **Dr Céline Bouchard, FRCSC Women's Health Clinic, Québec, Canada**

New strategic patent

In August, Mithra obtained a key additional patent for Estelle® in Japan in the dysmenorrhea indication (symptom of painful menstruation). This market is four times larger than the contraceptive market, mainly due to the attractive reimbursement rate for products marketed in this indication. Together, the contraception and dysmenorrhea markets in Japan account for at least EUR 270 million a year[8], making Japan a high-potential market for Estelle®. Mithra has already entered into a partnership with Fuji Pharma for the commercialization of Estelle® in Japan and ASEAN, representing a potential deal value of EUR 450 million over the period.

The issuance of this patent covering the management of dysmenorrhea extends Estelle®'s IP protection in Japan until 2037, and even further until 2042, if the patent term extension based on the marketing authorization for Estelle® in Japan is granted.

8 IQVIA 2017

Strategic partnerships

- Partnership agreement with ITROM Pharmaceutical Group in MENA[9] territories (Saudi Arabia, United Arab Emirates, Bahrain, Kuwait, Qatar, Oman, Lebanon and Jordan) where the COC market is estimated at EUR 30 million a year[10]. Concluded in March, this agreement represents a deal worth up to EUR 55 million over the period.
- Exclusive Licence and Supply Agreement with Dexcel Pharma for Israel (August).
- Landmark deal signed in October with Mayne Pharma for the United States. In addition to the financial terms, Mithra obtains 9.6% equity stake across two tranches in the Australian company, as well as a seat on the Board of Directors and the Estelle®.Strategic Steering Committee.
- Exclusive Licence and Supply Agreement with Alvogen for Hong Kong and Taiwan (January 2020), where the hormonal contraception market is worth approximately EUR 20 million per year.

Estelle® could be the first new estrogen introduced in the U.S., the world's largest market, in nearly 50 years.

Landmark deal in the U.S.

After the deal concluded with Gedeon Richter in 2018 for the European market, Mithra signed in 2019 the biggest contract in its history with Mayne Pharma for the US. Potential gross revenues over 20 years: EUR 4.5 billion.

Number 1 worldwide, the annual contraceptive market in the United States is valued at approximately USD 5.4 billion, double the size of the European market[15]. More than ten million American women use combined oral contraceptives, vaginal rings or patches every day. But one in three American women are not using the pill for reasons of safety and ease of use[16]. Given this enormous potential, Mithra has therefore carefully chosen the ideal partner to best accompany its Estetrol-based contraceptive in this key territory.

Already a partner for the commercialization of Mithra's contraceptive vaginal ring, Mayne Pharma has a strong position in the US contraceptive market, notably after the acquisition of a portfolio of generic products from Teva in 2016. On the marketing level, Mayne Pharma plans to invest several hundred million dollars in the first five years and dedicate a sales team of some 70 experienced medical representatives supervised by a dozen managers to this innovative new contraceptive.

9 Middle East and Norh Africa
10 IQVIA Q3 2017: KSA, EAU, Liban, Jordanie, Koweit
11 Transparency Market Research 2017
12 Kempen initiating coverage report, September 2016
13 IMS Health Q3 2017
14 Kluft C et al, Contraception 2016
15 IQVIA juily 2019
16 K.Daniels et al., National Health Statistics Report n°62, 2013.

Continuous growing contraception market

The global contraceptive market is worth about USD 22 billion a year, with a compounded annual growth rate of about 6%[11]. The Combined Oral Contraceptive (COC) market represents approximately USD 6.5 billion and is still dominated by brands (59% of the revenue[12]). The best-selling pill is the Yaz® family (EE/DRSP), Estelle®'s benchmark, with EUR 1.3 billion in sales[13].

Unlike 1st and 2nd generation pills, drospirenone has the advantage of considerably increasing women's quality of life (absence of weight gain and even weight loss, improvement of acne, hirsutism...). But the 4th generation COC like Yaz has a well-documented elevated VTE risk . Estelle® offers the advantages of drospirenone in terms of a woman's quality of life, while demonstrating an improved haemostatic profile.

$22 billion

6% growth

Donesta®

The next-generation hormone therapy

In the second half of 2019, Mithra launched the Donesta® Phase III clinical program for the treatment of vasomotor symptoms in postmenopausal women. This program called "E4 Comfort" includes two pivotal studies and is expected to be completed over a period of two years, with a potential marketing authorization for 2023.

Mithra has presented the results of the Phase IIb study of Donesta® at various international scientific conferences, including the European Menopause & Andropause Society in May 2019. These results show that 15mg E4 significantly reduces the frequency and severity of hot flushes, as well as secondary menopausal symptoms such as vulvo-vaginal atrophy, while confirming a promising safety profile. These data also demonstrated an encouraging cardiovascular safety profile and lower bone turnover versus placebo[17]. The promising safety profile at both hemostatic and metabolic levels is consistent with the findings obtained during Clinical Program of Estelle® contraceptive.

Phase III over 2200 women

Following the positive results of this Phase II, Mithra launched in 2019 the Phase III clinical program called *"E4 Comfort"*, including two pivotal studies: the first one launched in October 2019 in North America (United States/Canada); the second one initiated in December 2019 in Europe, Russia and South America[18].

Entirely funded by Mithra, this programme should be completed over a period of two years. In light of the current global Covid-19 crisis, Mithra has to consider a potential impact on patient recruitment and therefore a potential delay compared to the initial schedule. From the beginning of this crisis, Mithra has put in place a safety management plan at all its active sites, in accordance with the guidelines of the respective competent health authorities. While the Company intends to make every effort to recover any potential delay endured during this crisis, its top priority remains the safety of patients and healthcare workers.

Depending on the evolution of the health crisis, study results and regulatory approvals, Mithra believes it could achieve marketing authorization for Donesta® in 2023. Ongoing patent applications could protect Donesta® intellectual property rights until 2039.

80%
of women suffer from hot flashes

10%
of them are treated

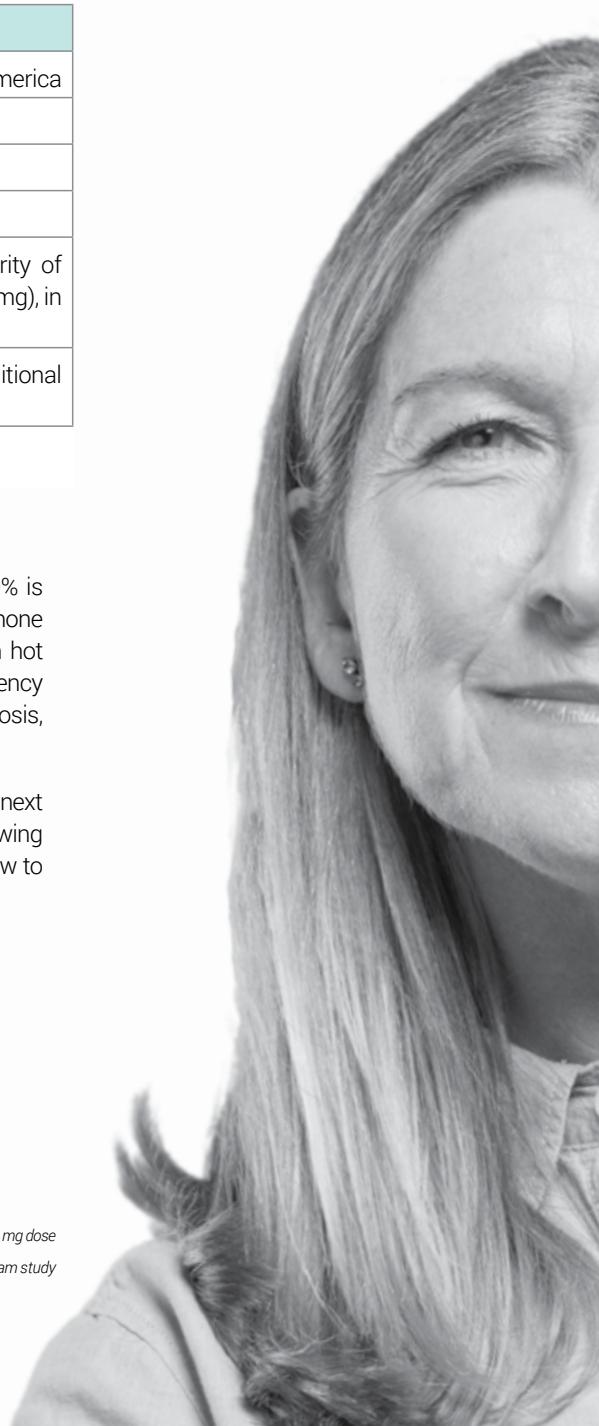
E4 Comfort Program

Pivotal study 1	Pivotal study 2
United States and Canada	12 countries in Europe, Russia, South America
1000 menopausal women	1200 menopausal women
120 sites	120 sites
Randomized, multicenter, double-blind, placebo-controlled trials	
Primary objective: to measure the effect of treatment on frequency and severity of moderate to severe VMS (i.e. hot flushes), with different doses of E4 (15mg and 20 mg), in menopausal women at 4 and 12 weeks of treatment	
Secondary objectives: evaluation of the effect of the treatment on a series of additional key efficacy and safety parameters	

80% of women suffering from VMS

While nearly 8 out of 10 women suffer from menopausal symptoms, less than 10% is currently treated. This is due to a concern about the safety of currently available hormone treatments. But also to the lack of an innovative treatment that would act both on hot flushes and on the many undesirable side effects associated with estrogen deficiency during menopause (night sweats, sleep disorders, vulvo-vaginal atrophy, atherosclerosis, osteoporosis, bone density and cardiovascular disease).

Given its unique mode of action as a native estrogen, Donesta® is emerging as a next generation alternative addressing the unmet needs of all these women. The rapidly growing global menopause market currently stands at USD 12.6 billion and is expected to grow to approximately USD 16 billion by 2025[19].



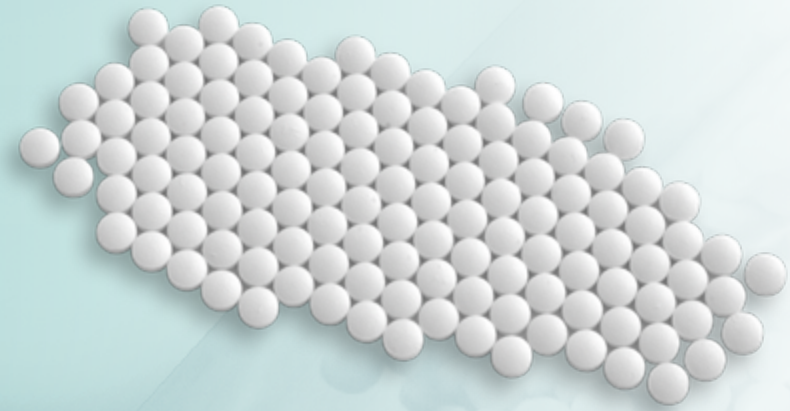
17 As measured by a decrease in both the CTX-1 and osteocalcin markers with E4 use vs placebo. The effect is most pronounced for the 15 mg dose (near-significant for CTX-1 and significant at p < 0.05 for osteocalcin)
18 For more information on E4 Comfort : http://www.clinicaltrials.gov (North American study NCT04090957) and (Europe/Russia/Latam study NCT04209543).
19 Transparency Market Research 2017

PeriNesta®

The first complete oral treatment targeting perimenopause

In 2019, Mithra announced the expansion of its E4 development programs with a third product candidate, PeriNesta® for the underserved perimenopausal market. This third potential blockbuster could become the first complete oral treatment on the market targeting perimenopausal women, offering an improved benefit/risk contraceptive solution while addressing the first menopausal symptoms.

> **The risk of venous thrombo embolism increases with age among users of combined oral contraceptives. The need for an effective contraceptive control that will show a safer profile while reducing the frequency and severity of hot flushes is an important medical need for clinicians and patients.**
>
> **Prof. Jean-Michel Foidart,**
> **Perpetual Secretary of the Royal Academy of Medicine of Belgium**



20 million American women

PeriNesta® represents a major new business opportunity while requiring limited additional investment. This undeserved market represents up to 35 million patients per year in the U.S. and three major European players, representing a multi billion EUR market value[21]. The U.S. market remains the largest in the world, with over 20 million perimenopausal women.

In January 2019, Mithra announced the addition of a third product candidate to its E4 women's health portfolio: PeriNesta® targeting perimenopause, a transition phase affecting women between reproductive age and postmenopausal age.

Perimenopause begins approximately three years prior to menopause, when the ovaries gradually start to produce less estrogen and ends one year after the final menstrual period. It affects women in their forties (average age: 45.5 years) who have decreased fertility but still require effective contraception. Perimenopause is characterized by persistent irregular menstrual cycles, extreme fluctuations in hormonal levels, frequent anovulation and the appearance of VMS . A significant number of women also experience sleep disorders, depressive symptoms, such as mood swings, irritability, and poor concentration[20].

To date, there is currently no approved product providing both VMS relief and effective contraception, while addressing increased safety concern for women in perimenopause. PeriNesta® has the potential to be the first approved product on the market to address this unmet need of women during this phase of life. It would offer women experiencing perimenopause an improved benefit-risk contraceptive solution while relieving the first menopausal symptoms such as hot flushes or vasomotor symptoms.

This third E4 product candidate will be the subject of a limited safety study in women aged around 50 years with vasomotor symptoms. The cost of the study will be low thanks to the extensive clinical data available. Mithra is finalizing the clinical development plan of Perinesta® with the regulatory authorities and intends to launch clinical trials in 2020. Depending on regulatory agency approvals, Mithra should be on track to target a marketing authorization in 2023.

Mithra has also filed an additional global patent application based on the existing data generated in previous clinical studies. If granted, the patent would strengthen and extend the existing E4 intellectual property estate for menopause and perimenopause until 2039.

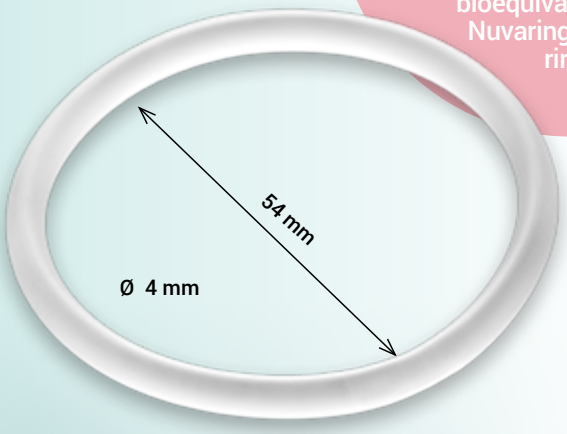
20 Bosworth et al., 2001
21 IQVIA 2019 (USA, France, UK, Germany)

Myring®

The hormonal contraceptive vaginal ring

In 2019, after years of Research and Development, Mithra successfully launched its contraceptive vaginal ring on the market. Marketed in several European countries, it is expected to continue on its way to pharmacies around the world in 2020.

Myring™ is a flexible contraceptive vaginal ring product candidate made of ethylene vinylacetate copolymers. It contains a combination of 11.7 mg etonogestrel and 2.7 mg ethinyl estradiol and is bioequivalent to the Nuvaring® vaginal ring.



We are proud to launch this product developed by Mithra in Germany. It is the first generic contraceptive ring with the same composition as the originator but without cool chain restrictions in storage conditions, this is a significant advantage for wholesalers and pharmacies. Our pre-marketing activities already show a high acceptance of this product with all market players.

Anjan Selz, Managing Director de Hormosan

In february, the first MyRing order left the Mithra CDMO to reach the Czech Republic and its pharmacies, launching the commercial production phase of the vaginal contraceptive ring developed by Mithra.

During the second half of the year, Mithra launched the production of other batches for the European market, ensuring commercial launches in Belgium, Luxembourg and Germany from the beginning of 2020. Other launches should follow in Europe where Mithra has already obtained 21 out of 23 marketing authorizations. The approval of the U.S. regulatory authorities (FDA) for Myring™ is expected in the second half of 2020, for commercialization in the U.S. by Mayne Pharma.

From the beginning of the health crisis caused by Covid-19, Mithra has managed to maintain the production and supply of Myring™ on track, in compliance with all the measures required by the Belgian authorities while ensuring the safety of its collaborators.

Business development

To date, Mithra has licensed Myring™ to 31 countries, including the United States, Germany, Italy, the world's three largest markets. All contracts provide for the production of vaginal contraceptives at the Mithra CDMO facility in Belgium.

In February, Mithra announced an agreement with ITROM for the MENA territories (Saudi Arabia, United Arab Emirates, Bahrain, Kuwait, Qatar, Oman, Lebanon and Jordan) where the hormonal contraceptive market is worth EUR 37.5 million[22]. This agreement represents a deal worth at least EUR 6 million over the period.

In April, Mithra granted an agreement to Megalabs for Latin America and South America (Argentina, Paraguay and the Dominican Republic). In Argentina alone, the market for contraceptive rings accounts for EUR 1.4 million a year and is rapidly growing[23].

In May, Mithra chose Hormosan, a subsidiary of the Lupin Group, as partner for the commercialization of Myring™ inGermany, the largest European market and the second largest in the world. With 3 million vaginal rings sold per year, the German contraceptive vaginal rings market is worth EUR 27 million per year[24]. Globally, this agreement could generate revenues of at least EUR 2.5 million for Mithra.

In August, Mithra granted an exclusive license to Dexcel Pharma for the commercialization of Myring™ in Israel.

In October, Mithra signed an agreement with Abbott for China, the world's most populous country for which the introduction of a long acting contraceptive represents a compelling new alternative. The Company also entered into a partnership with Aicore Life Sciences for several Eastern European countries (Bulgaria, Croatia, Moldova, Serbia and Ukraine).

In December, Switzerland, with a market of EUR 8 million, was added to the list of European countries via an agreement with Labatec. Mithra also signed an agreement with Searchlight Pharma for Canada and its EUR 9 million market[25].

Finally, in January 2020, Mithra signed a contract with Farmitalia to market Myring™ in Italy, the third largest market in the world, with nearly 2 million rings sold each year[26].

Competitive advantage

In November 2019, the European Authorities approved two noteworthy modifications in Myring™ labelling:

- **Extension of the shelf-life of Myring™ from 18 to 24 months**
- **Removal of requirement for special temperature storage**

This advantageous modification reduces the impact on transport and storage costs, suppressing the need for cold chain storage. Furthermore, it provides a more convenient option for the distributors, pharmacists and patients.

22 IQVIA Q3 2017, excluding Bahrain, Qatar and Oman
23 IQVIA Q3 2017, TCCA 19% (2012-2017).
24 IQVIA Q4 2018
25 IQVIA Q3 2017
26 IQVIA 2018, CAGR +3% (2014-2018)

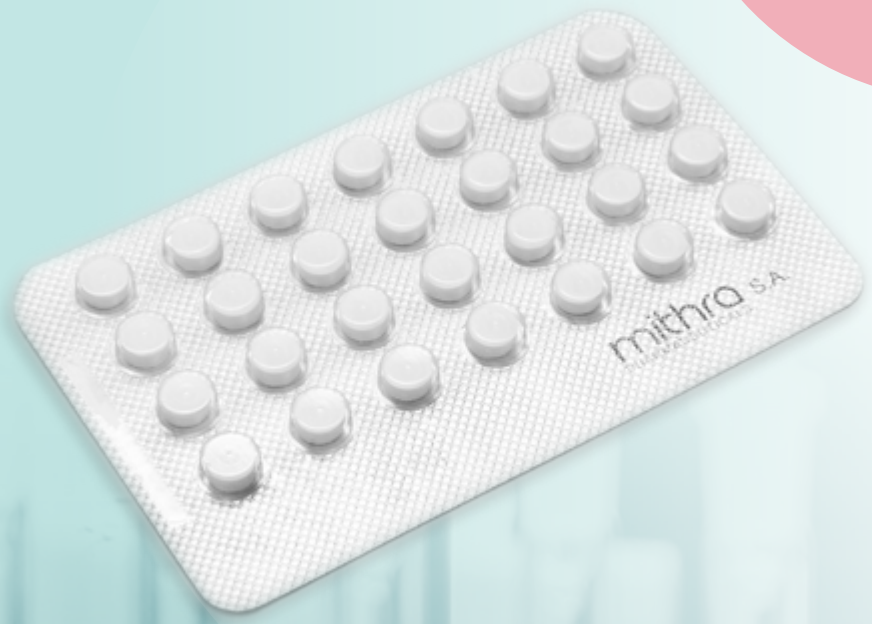
Tibelia®

Menopause & osteoporosis

Tibelia® is a complex oral formulation composed of tibolone, a synthetic steroid for use in hormone therapy. Already marketed in about 30 countries, Tibelia® further expanded its business development strategy in 2019.

New commercial agreements

- **Chili (Saval Pharmaceuticals)**
  March 2019
- **Bulgaria, Moldavia and Ukraine (Aicore Life Sciences)**
  October 2019
- **Italy (Farmitalia)**
  January 2020



> **In Canada, available hormonal treatment options for menopausal vasomotor symptoms while generally effective are often accompanied by side effect. As a result, many women discontinue therapy. Tibolone has been in use in Europe for treatment of menopausal symptoms for many years and has a proven efficacy, tolerability and safety profile.**
>
> **Dr Robert Reid, Gynaecologist and Professor at Queen's University (Canada)**

Tibelia® aims to relieve menopausal symptoms and to prevent osteoporosis in postmenopausal women. In a global market estimated at EUR 115 million, the product developed by Mithra is a bioequivalent version of the world market leader Livial®. Thanks to a longer shelf life than the original, Mithra believes that Tibelia® could capture a significant share of the global market in terms of volume, notably via Canada and the United States, where no tibolone-based hormone treatment product is currently marketed.

Pioneer in North America

While Mithra had already signed a contract with BioSyent to commercialize Tibelia® in Canada, it was still waiting for the green light from Canadian health authorities. Which is now happened: Health Canada granted the marketing authorization in May 2019. Tibelia® will therefore be launched in Canada as a new treatment option for postmenopausal women. The Canadian menopausal market is currently valued at approximately EUR 132 million[27], with further growth potential as new products are introduced.

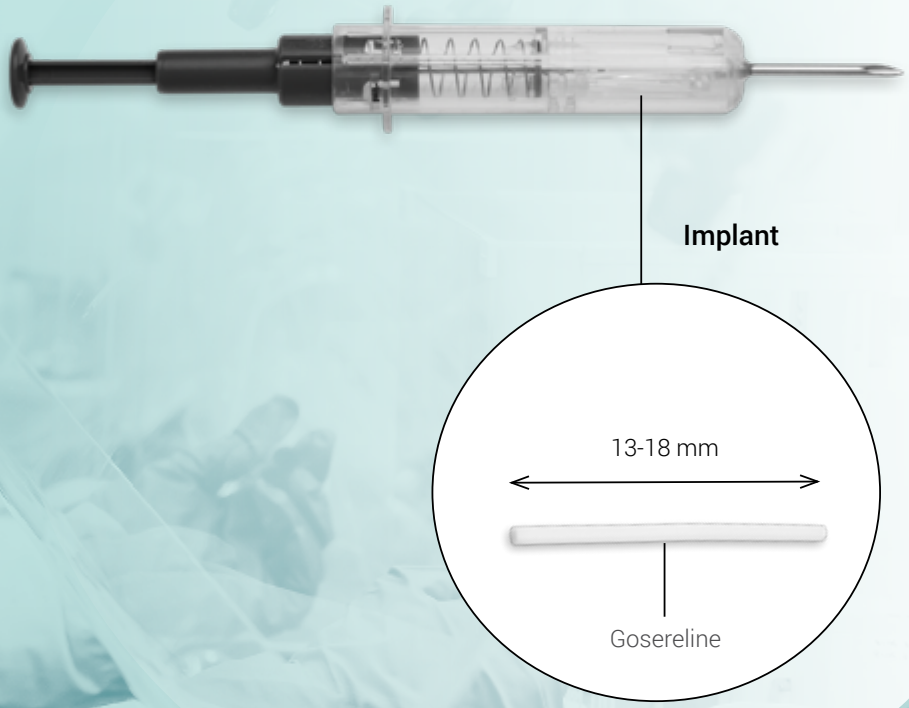
This introduction in Canada marks the first launch of a tibolone-based product in North America and should facilitate access to the nearby U.S. market. There are currently no tibolone-based products available on the U.S., where the menopause market is worth EUR 2.5 billion[28].

27 IQVIA 2018
28 IQVIA 2018

Zoreline®

Hormone Dependant cancers

In 2019, Mithra initiated the pivotal clinical pharmacodynamic program for Zoreline®, its polymer-based subcutaneous implant. Developed in two formulations, it is used in treating breast and prostate cancer, as well as gynecological conditions such as endometriosis and uterine fibroids.



Two formulations

- One-month implant containing 3.6 mg of goserelin, mainly for combined therapies in breast cancer
- Three-month implant containing 10.8 mg of goserelin, to be used primarily in the field of prostate cancer

Following the positive pharmacokinetic (PK) results for the one-and three-month formulation of Zoreline®, Mithra initiated a pivotal clinical pharmacodynamic program in 2019. Thanks to a non-dilutive funding of EUR 2.9 million granted in December from the Walloon Region, Mithra will continue its research program on Zoreline® in 2020 and will work further on the optimization of its formulations. Given the complexity of the development of such a product, Mithra hopes to complete its clinical program within two years.

Zoreline® represents a significant business opportunity in a market dominated by Zoladex®, with worldwide revenue of nearly USD 750 million[29]. No generic version of Zoladex® has been approved to date, except for a few Eastern European countries, which demonstrates the complexity of the clinical development of such a drug.

No generic version of Zoladex® has been approved to date, except for a few Eastern European countries, which demonstrates the complexity of the clinical development of such a drug.

29 IQVIA 2018

Mithra CDMO, a state-of-the-art R&D and manufacturing platform

Thanks to a triple production capacity and the acquisition of new equipment, the Mithra CDMO intensified its activities entered into the commercial production phase. The R&D and production platform, specialized in polymers, sterile injectables and hormonal tablets, is ready to meet the orders planned for 2020. On the agenda: the production of nearly two million Myring™ rings and the safety-stock of Estelle® for all commercial partners.

Myring™ production

Mithra successfully launched the commercial production phase of its contraceptive vaginal ring Myring™, with a first delivery for the European market (Czech Republic) in February. The Mithra CDMO then started the production of other orders for the next three countries on schedule, namely Belgium, Luxembourg, and especially Germany, the world's second largest market with 3 million contraceptive rings sold each year.

With U.S. regulatory approval expected in the second half of 2020, the Mithra CDMO is forecast to produce nearly 2 million vaginal contraceptive rings in 2020. Since the beginning of the Covid-19 crisis, the Belgian plant has maintained its production cycles according to planning, in strict compliance with the hygiene and social distancing measures imposed by its authorities.

2,000,000

contraceptive rings to be produced in 2020

> **The production of Estelle® batches should generate over EUR 7 million in revenues in 2020.**

Estelle® production

The Mithra CDMO Hormonal Tablets division also produced in 2019 the validation batches of Estelle® required for regulatory filings, which were submitted in both Europe and the U.S. in the first half of 2020. Production of commercial batches is expected to start in the second half of 2020 in order to meet orders from international distributors and to be ready for commercial launch in the first half of 2021. This production should generate over EUR 7 million in revenues in 2020.

New R&D projects

In February, Mithra took its first steps into the veterinary market signing a contract with CEVA Animal Health, one of the world's leading veterinary pharmaceutical groups. For this first development project in this sector, Mithra is in charge of developing a polymer-based hormone device for the fertility market.

In April, Mithra signed a new agreement with Generic Specialty Pharma (GSP) for the development and supply of a sterile hormonal injectable product at Mithra CDMO. This agreement follows the first collaboration agreement concluded with GSP in 2017 for the development of four injectable products and confirms GSP's confidence in the technological know-how of Mithra CDMO in this complex field of activity.

A multi-purpose technology platform

- 15 000 m² facilities in Liège (Belgium)
- 3 production units : polymeric forms, sterile injectables, hormonal tablets
- Dedicated R&D and production areas
- Full drug development services
- Pilot, clinical & commercial batches
- GMP Standards compliance

Financial highlights

Figures presented below (in thousands of Euro) are management figures

	Year ended 31 December	
	2019	***2018***
Revenues	96 520	65 465
Cost of sales	(2 487)	(5 254)
Gross profit	**94 033**	**60 211**
Research and development expenses	(52 576)	(33 407)
General and administrative expenses	(8 699)	(7 562)
Selling expenses	(2 044)	(3 658)
Other operating income	6 936	5 427
Total operating expenses	**(56 383)**	**(39 199)**
REBITDA*	**37 650**	**21 012**
Gain on asset deal	-	18 477
Warrants	(4 898)	(1 181)
EBITDA**	**32 752**	**38 308**
Depreciation	(5 777)	(2 851)
Operating profit	**26 975**	**35 457**
Change in fair value***	(54 728)	(46 550)
Net fair value on financial assets at fair value through profit or loss	2.763	
Financial income	271	237
Financial expenses	(6 705)	(5 365)
Financial result	**(58 399)**	**(51 678)**
Loss before taxes	**(31 424)**	**(16 232)**
Income taxes	**4.859**	**(1 935)**
Net loss for the period	**(26 565)**	**(18 157)**
Attributable to		
Owners of the parent	(26 565)	(18 157)
Non-controlling interest		
Profit / (Loss) per share		
Basic loss per share (Euro)	(0,70)	(1,07)
Diluted loss per share (Euro)	(0,70)	(1,07)

* *EBITDA is an alternative performance measure calculated by excluding the depreciations & amortization from EBIT (operating loss) from the consolidated statement of income prepared in accordance with IFRS.*
** *REBITDA is an alternative performance measure calculated by excluding the non-recurring items and the depreciation & amortization from EBIT (operating loss) from the consolidated statement of income prepared in accordance with IFRS.*
*** *Fair values are computed on the contingent considerations payables which are reported under Other financial loans (p.)*

- Revenues were up 47% to EUR 96.5 million over last year, mainly driven by the Mayne Pharma transaction signed in October 2019, for the commercialization of Estelle® in the United States.
- REBITDA, positive in 2018 for the first time, is at a new record high of EUR 37.7 million (+79%), although R&D expenses have increased to EUR 53 million from EUR 33 million in 2018, resulting from the Phase 3 clinical trial launch of Donesta®.
- Successful renegociation of the earnout payment with the former owners of Uteron Pharma in October 2019. Earnout payments are reduced from EUR 662 million to EUR 250 million (-62%), in addition to reducing the total payment duration by twelve years. This resulted in the significant reduction of the fair value of earnout debt on the balance sheet compared to June 2019.
- Deduction of 80% of patent income relating to Estelle® and Donesta® products from 2018 taxable income onwards, thanks to the Patent Income Deduction ruling,
- Book equity strengthened to EUR 163.3 million from EUR 150.9 million thanks to a conversion into equity of approximately EUR 40 million of the renegotiated earnout payments, partially offset by the net loss of EUR 26.6 million.
- Cash at December 31, 2019 was EUR 49.7 million (from EUR 77.5 million at 31 June 2019) and continues to be well-controlled (-33% cash used H2 vs H1 2019), even with the ramp-up of Donesta® Phase 3 clinical trials. Mithra is currently evaluating various options for potential additional financing to be implemented in the near and medium term in order to support the further growth strategy and to strengthen the balance sheet.

Licensing milestones from the backlog of contracts signed for Estelle®

EUR

486

million

Historical REBITDA

+79%

Record Revenue

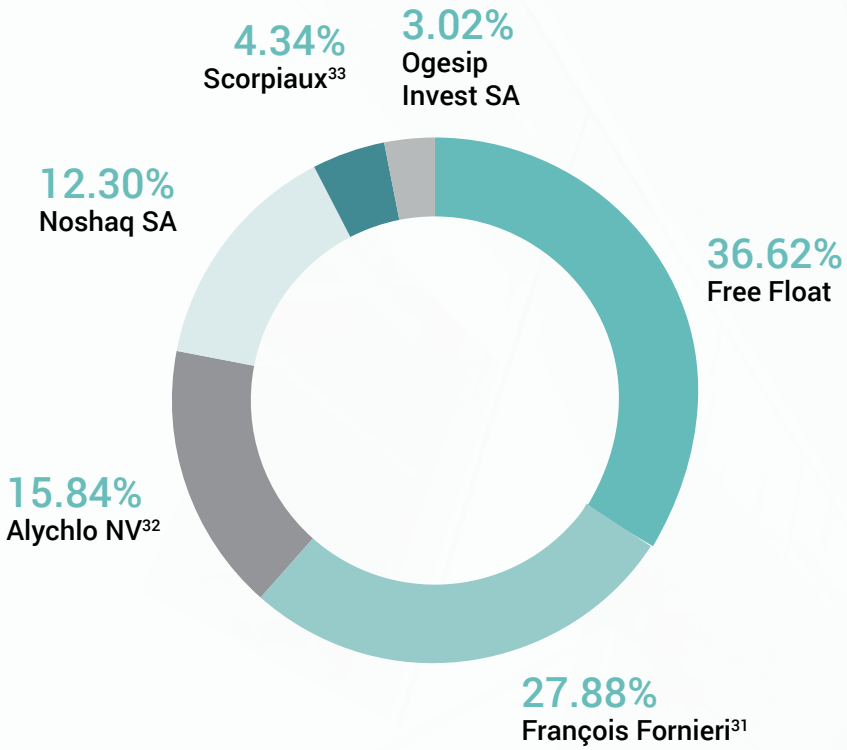
+47%

Earnouts payment

-62%

Shareholder structure

December 31, 2019



31 François Fornieri holds warrants entitling him to subscribe 1,023,000 additional shares of Mithra through himself and 752,790 additional shares of Mithra through Yima SPRL, a company fully owned by François Fornieri.
32 Marc Coucke holds his shareholding partially through Alychlo NV, controlled by him.
33 Bart Versluys holds his shareholdings through Scorpiaux BVBA, controlled by him.

9 March 2020
2019
Full Year Results

22 April 2020
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Annual Report

22 May 2020
Annual General
Shareholders'
Meeting

24 september 2020
2020
Interim Report

Analyst Coverage

- Beatrice Allen
- Benoît Louage
- Sandra Cauwenberghs
- Alexandru Cogut
- Pierre-Alexandre Desir
- Christophe Dombu

Board of Directors

Marc Coucke
Chairman, Non-executive Director

François Fornieri
Independent Director

Jean-Michel Foidart
Independent Director

Koen Hoffman
Independent Director

Christiane Malcorps
Independent Director

Jacques Platieau
Independent Director

Philippe Suinen
Independent Director


Patricia Van Dijck
Independent Director
Guy Debruyne
Non-executive Director
Freya Loncin
Non-executive Director
Christian Moretti
Non-executive Director
Gaëtan Servais
Non-executive Director
Joanna Tyrekidis
Non-executive Director

Our executive management team

François Fornieri

Chief Executive Officer (CEO)

Chief Business Development Officer (CBDO)

François Fornieri has more than 30 years of pharmaceutical experience with a strong focus on women's health. He obtained a degree in Chemistry and is the founder and CEO of the Company.

François previously worked for Bayer-Schering and was also co-founder of Uteron Pharma, which was sold to Watson/Actavis (NYSE: ACT) in early 2013.

François has been elected 2011 Manager of the year by the Belgian business magazine Trends/Tendances.

President of the Scientific advisory board

Prof Jean-Michel Foidart co-founded Mithra Pharmaceuticals SA and Uteron Pharma SA. Through his membership of international research centers as well as his academic and industry career, he has extensive knowledge of reproductive medicine.

He trained in Gynecology at the University of Liège where he also obtained a PhD in cell biology and biochemistry. He is the former head of the Gynecology and Obstetrics department at the University of Liège, the general secretary of the European Society of Gynecology (ESG) and member of multiple editorial boards of international peer-reviewed journals.

Prof Foidart was awarded the Bologne-Lemaire Prize from Institut Destrée (Walloon of the year) in 2011.

Chief Financial Officer (CFO)

Christophe Maréchal was Director, Group Treasury and Credit Risk Management, at Hamon Group (Euronext Brussels: HAMO), an engineering and contracting company. He has more than 20 years of international financial experience in the industrial, telecommunications, manufacturing and banking industries, including M&A, operational and financial strategy, and tactical initiatives to drive long-term business growth.

Before joining Hamon Group in 2006, Christophe held a number of positions at France Telecom Group in Paris, London and Brussels, including Deputy Group Treasurer. He holds a Masters in Business Administration from the University of Liège, Belgium, and studied econometrics at the Katholieke Universiteit Brabant, Tilburg, Netherlands.

Chief Financial Officer (CFO) & VP Corporate Development

Michaël Dillen has 12 years of experience in various legal positions, predominantly oriented towards the healthcare sector. Michaël initiated his career as a lawyer, where he developed a legal practice focused on corporate and commercial advisory towards private and institutional clients in the life sciences industry. Before joining Mithra in 2017 as Chief Legal Officer he worked for Terumo, a Japanese listed medical devices company. Here, he acted as senior counsel responsible for covering legal services in the EMEA region.

Michaël holds a Masters degree in law, LL.M. degrees in both health law and business law (University of Antwerp and Queen Mary and Westfield College, University of London), as well as a masters degree in business (Solvay Business School).

Our executive management team

Chief Scientific Officer (CSO)

Dr Graham Dixon has a 27 year international career in the pharmaceutical industry, with a strong track record in R&D across many therapeutic areas. He also has solid leadership experience having worked across a number of R&D management positions at AstraZeneca plc and in C-level management positions in several biotech companies: Entomed, Galapagos, Addex Therapeutics, Sensorion and Onxeo.

Dr Dixon has also held leadership roles in successful programmes spanning the whole continuum of R&D, including clinical proof-of-concepts and regulatory approvals. On the business side, he has held executive roles in two successful IPOs (Galapagos & Sensorion) and 10 clinical stage licensing deals.

He has also held several non-executive director positions in the biotech sector and acted as an advisor to several venture capital organisations and their portfolio companies. Dr Dixon obtained a Bachelor's degree in Biology from the University of Bradford, UK and a PhD in Biochemistry from the University of Swansea, UK.

Chief Production Officer (CPO)

Mr Renaat Baes has over twenty years of experience in pharmaceutical Manufacturing and Supply Chain Operations. He joins Mithra from Takeda, where he held different Project, Process and Production positions gaining a broad experience in different technologies (e.g. hormones, solid dosage, sterile manufacturing).

As Plant Director for 8 years in the Brussels Manufacturing site, Renaat led several strategic site divestments for Takeda. Most recently he was responsible for the Global Business Process Redesign Project from a manufacturing and supply chain perspective, involving change management in several production sites. Renaat holds a Master in Pharmacy including post-graduate degrees in Industrial Pharmacy from Gent University and Business Management from KUL, Belgium.

VP External & Scientific Affairs

Jean-Manuel Fontaine has over 20 years of experience in the pharma industry in manufacturing, supply chain and commercial positions. He holds a Master in Pharmaceutical Sciences and MBA from Cornell University.

He started his career at Pfizer in supply chain and manufacturing where he ensured ERP implementation and integration of Pfizer's Belgium manufacturing site. In 2001 he joined Lundbeck where he held various positions in sales & marketing in Belgium and France, notably for Cipralex®. In 2010, Jean-Manuel joined UCB's global marketing team as associate director, developing a global campaign for the brand and driving business alignment across EU regions.

In 2013, Jean-Manuel joined Mithra to lead successively business development and public relations.

Investor Relations Officer (IRO)

Alexandra has nearly 20 years combined international experience across a variety of functions and sectors, including pharmaceutical, automotive, banking, and insurance. She joins Mithra from UCB, where she held a number of roles, most recently as Director of Corporate Social Responsibility, where she was responsible for the implementation and management of several new patient initiatives in Africa. Prior to this she was Director of R&D Portfolio Management and Director of Investor Relations at UCB.

Born and raised in the United States, Alexandra holds an M.B.A. in International Management from Fordham University in New York and a Bachelor's degree in International Business from Loyola College in Maryland.

Chief Supply Chain Officer (CSCO)

Benjamin Brands holds a bachelor's degree from the university of Liège (Belgium) in Public Health with a major in Epidemiology and Health Economics and has over 10 years' experience in the pharmaceutical industry. His area of expertise covers Regulatory Affairs, Quality Assurance and Supply Chain.

Benjamin started his career at Astra Zeneca in a commercial role and joined Mithra in 2009 to take growing responsibilities in the Quality Assurance and Regulatory Affairs department. After developing the Quality Assurance activity at Mithra as QA Manager he progressively transitioned to Supply Chain Manager to develop the whole Supply activities and manage the growing logistic and supply streams. Since 2018, Benjamin is Chief Supply Chain Officer managing the further development of several key projects, including the Mithra CDMO platform.

Chief Information Officer (CIO)

Patrick Kellens has more than 25 years of IT experience in different sectors like health, telecommunications, consulting and manufacturing. He also has 5 years experience in the pharmaceutical industry as clinical data manager inside a clinical pharmacology unit at Eli Lilly.

Before joining Mithra in 2018, he held various positions ranging from consultant, project/program manager, operations manager to finally IT manager in a large local healthcare institution. He holds a Master degree in Biochemistry from the University of Liège and a complementary degree in IT.

2.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

1. Report of the Board of Directors

1.1. Analysis of results / operations

1.1.1. Total income

Group revenues increased to EUR 96,520k in 2019 (EUR 65,465k in 2018) mainly driven by license revenues related to our partnership agreements, which increased to EUR 92,912k mainly thank to Estelle® with Mayne Pharma for EUR 74,364k, Gedeon Richter for EUR 15,000k and with Searchlight for EUR 500k. The discontinued product sales decreased as expected as a consequence of the Ceres asset deal, however, product sales from continuing operations have increased. The revenues contain also the revenue recognized from the injectables activities for EUR 1,268 k. We also reported a further drop in sales in Germany. As previously announced, the German company is on hold and reported an insignificant amount of sales revenues as we no longer develop a sales and distribution organization.

1.1.2. R&D expenses

The total of R&D expenses, G&A and selling expenses, have increased by 52% (EUR 73,993k) in 2019.

R&D expenses increased by 60% in 2019 to EUR 57,073k (2018: EUR 35,713k). This increase is primarily due to increased R&D activity for the Phase III studies of Donesta®. R&D expenses for Donesta® should continue to increase in the first half of 2020.

1.1.3. G&A expenses

G&A increased by EUR 2,078 k compared to 2018, while the ramp-up of activities was important over the period.

1.1.4. Operating income

Operating income increased slightly because of the R&D tax credit that are directly related to the increase of R&D expenses in 2019 regarding 2018.

1.1.5. Change in fair value of contingent consideration payable, financial assets at fair value through profit and loss

Loss before taxes at EUR -31,424k in 2019 driven by an increase in the fair value of contingent consideration liabilities (earnouts) for EUR -54,728k mainly because of the increase of the probability of success for Estelle® and the new computation modele for Estelle® under the renegotiated earnout contract. The increase in in the fair value of contingent consideration liabilities (earnouts) are non-cash elements, and is mainly explained by the better terms renegotiated under the earnout contract with the former owners of Uteron.

The loss before taxes are also impacted by the adjustment of the fair value on Mayne's contract assets (non-monetary part) for EUR 5,236k (for the second equity tranche at FDA approval) which is offset by the contingent consideration receivable related to Ceres for EUR 7,999k.

1.1.6. Financial expense

Financial expense are mainly resulting from the IFRS adjustment in the amortized cost of government advances for EUR 3,218 k (reported in the consolidated income statement under financial expenses). The remaining part of the financial expenses is related to the interests paid for EUR 3,321k.

1.1.7. Branches

The Company has no branches. Refer to detailed table about the group structure in note 9.33.

1.2. Statement of financial position analysis

As of 31 December 2019, the Statement of financial position shows a total of EUR 311,121k in Non-current assets, the largest of which are Other intangible assets (EUR 87,490k), Property, plant and equipment (EUR 23,502k), Right-of-use assets (EUR 70,535k), Deferred tax assets (EUR 34,431k) and Contract assets (EUR 48,975k).

Other intangible assets are the result of assets acquired as part of former business combinations. Note that Donesta® qualified as an asset deal, for EUR 8,000k. The book value mainly relates to Estelle® for an amount of EUR 30,600k, to Zoreline® for an amount of EUR 24,400k, and to Myring™ for an amount of EUR 11,400k. Other intangible assets consist mainly of a portfolio of acquired product rights and market access rights. Over 2019, EUR 1,530k has been added to the Other intangible assets as a result of a capitalization of development costs incurred for the development of the API E4. An additional fee has also been added regarding the license rights acquired from GSP in 2019 for EUR 1,000k, for the CDMO development activities.

Tangible fixed assets (Property, plant and equipment and the Right-of-use assets) increased EUR 9,641k, mainly relating to the construction of the second phase of Mithra CDMO, where Mithra is producing Myring™. Property, plant and equipment increased EUR 7.4 million as a result of a capitalization of development costs incurred for the development of the production zone of Myring™ and all the related equipment, a part has also been incurred as ancillary costs for machine settings and improvement.

Contract assets of EUR 62,216k (non-current and current) versus EUR 15,350k in 2018 related to out-licensing revenue, mainly from Gedeon Richter (EUR 15,000k) and Mayne (EUR 33,233k), offset by unbilled revenues recognized in 2018 and billed in 2019.

Deferred tax assets increased EUR 7,386k mainly due to the recognition of additional assets arising from available tax losses carried forward.

Current assets at the end of 2019 of EUR 86,522k. The total cash position includes Cash and cash equivalents of EUR 49,720k, Trade & other receivables of EUR 12,238k, and Inventories of EUR 16,277k.

Inventories increased to EUR 16,277k from EUR 10,945k in 2018, mainly due to the increase of API stock from EUR 7.4 million in 2018 to EUR 13.8 million in 2019, which has been created in order to be ready for the production of Myring™ and Estelle®.

Total equity at year-end increased to EUR 163,298k from EUR 150,893k in 2018, mainly due to the increase of capital of EUR 38,863k, representing the equity tranche due to the former owners of Uteron as per the renegotiation of the earnout contract, partially offset by the net loss for the period (EUR 26.554k).

Non-current liabilities increased to EUR 186,546k at the end of year 2019, compared to EUR 172,727k in 2018, primarily due to an increase of the fair value of contingent considerations payables (EUR +11.2 million), which are reported under Other financial liabilities, and to the amortized cost treatment of refundable government advances (EUR +2.8 million) reported under Financial expense. These increases are attributable to the renegotiation of the earnout contract and to the probability of success of obtaining a marketing authorization for Estelle® increasing from 38% to 78%, following positive results the Phase III during the first half of the year.

Current liabilities increased to EUR 47,799k at the end of 2019, compared to EUR 36,109k in 2018. The increase of the current liabilities is the net result of an increase in Trade payables and other current liabilities (EUR 11.6 million).

1.3. Cash flow analysis

Full year cash flow of the group amounted to EUR -69.2 million:

- *Cash flow from operating activities* of EUR -46.9 million for 2019, including cash flows from discontinued operations. The operating profit of EUR 35 million has been adjusted for the non-cash items amounting in net to EUR -28.8 million. The cash flow from operating activities is mainly impacted by the movement of Contrat assets (-51,912 kEUR) as well as by the Mayne milestone payments paid in shares (-27,933 kEUR).
- *Cash flow from investing activities* of EUR -20.5 million. The purchase of tangible assets relates predominately to property, plant & equipment acquired for Mithra CDMO facility and related machinery and equipment (EUR 11.1 million) self-financed with the Group treasury (excluding Right-of-use assets) and to the capitalization of development costs incurred for the development of the API E4 (EUR 1.5 million). The assets financed by lease liabilities are netted together, and also reports payments for contingent liabilities (EUR 5 million).
- *Cash flow from financing activities* amounts to EUR -1.9 million related entirely to cash flow from continuing operations. The Group made new drawdowns under its bank loans over the course of the first half 2019, which partially offset a reimbursement of another straight loan facility (EUR 8.7 million). The facility was secured by partially collected government grant, (EUR 5.1 million), triggering the repayment.

The cash position of EUR 49,7 million at 31 December 2019 will allow the Group to keep up with operating expenses and capital expenditure requirements at least until the end of 2020 thanks to the current capital and financing transactions currently under finalization.

Based on their assessment, the Management and Board of Directors consider it appropriate to prepare the financial statements on a going concern basis. The assessment is based on expected R&D clinical results and further business deals as well as on the monitoring of our funding activities. We are also considering potential capital increase and additional credit facilities to secure liquidity and to support the continuing development of our products.

The uncertainly raised by the COVID-19 pandemic is not impacting going concern. Although there are lot of uncertainties, it does not impact the Company's ability to continue operations during the next twelve months. However, it had an impact on the financing especially in terms of timing (the stock price fell and some capital transactions were cancelled or postponed).

1.4. Corporate governance statement

1.4.1. Reference code

The Corporate Governance of the Company is organized pursuant to the Belgian Companies Code (BCC), the Company's Articles of Association and the Company's Corporate Governance Charter (CGC).

The Company's CGC was adopted by the Extraordinary Shareholders Meeting of 8 June 2015 and has become effective upon completion of the offering and listing of the shares of the Company. It was drafted in accordance with the recommendations set out in the Belgian Corporate Governance Code, which was issued on 9 December 2004 by the Belgian Corporate Governance Committee and as amended on 12 March 2009, pursuant to Article 96, §2, section 1, 1 of the BCC and the Royal Decree of 6 June 2010 with regard to the appointment of the Corporate governance Code to be complied with by listed companies.

The 2009 Belgian Corporate Governance Code (BCGC) is available on the internet site of the Belgian Corporate Governance Committee (www.corporategovernancecommittee.be).

For the financial year 2019, the Company has complied with these legislations. However, the CGC will be soon updated. As from the financial year 2020, a revised and renewed Corporate Governance Statement will apply taking into account the requirements of the new Code of Companies and Associations (CCA) and the new Corporate Governance Code 2020 (CBGE 2020) made mandatory by the Royal Decree of 12 May 2019 designating the corporate governance code to be complied with by listed companies. This code is available on the website of the Corporate Governance Commission (www.corporategovernancecommittee.be).

The Company's CGC, together with the articles of association of the Company, are available on the Company's website (www.mithra.com), mentioning the date of the most recent update, in a clearly recognizable part of the Company's website under the heading "Investors", separate from the commercial information.

The Company, which is listed since 30 June 2015, was required to implement the principles of the Code and the BCGC.Subject to the reservations set out above, the Company has not amended its CGC since then. The Company's Board of Directors complies with the BCGC.

Since the Ordinary Shareholders' Meeting of May 16, 2019, the Company has complied with the requirement of gender diversity and Article 2.1 of the CBGE. Indeed, the Board of Directors currently has four female directors. Indeed, at its last General Meeting, at which three new directors were appointed, two of them were women. In the future, the Company undertakes to take gender diversity into consideration when renewing the members of its Board of Directors and when filling new positions.

The Board of Directors is of the opinion that it is appropriate to derogate from the CBGE on a case-by-case basis in light of its particular circumstances, and in particular for the following:

- Provision 5.2 BCGC: the Company decided not to appoint a formal internal auditor because of the size of the Company. However, the Audit Committee regularly evaluates the need for this function and/or commissions external parties to conduct specific internal audit missions and report back to Board of Directors.

1.4.2. Capital & shares

The Company's shares are admitted to trading on the regulated market of Euronext Brussels, under the ticker "MITRA". The total number of voting rights as at 31 December 2019 was 39,133,245.

Since the publication of last year's report, three increases of capital took place two of which were due to the exercise of warrants (15 warrants on January 30, 2019 and 15 warrants on April 24, 2019).

On 30 January 2019, an increase of capital took place following the exercise of 15 warrants representing EUR 84,690 pursuant to the 2015 warrant plan. Indeed, in accordance with the warrant plan issued in 2015 ("Warrant Plan 2015), 1 January 2019 was the start of the exercise period. An amount of EUR 18,119.48 was contributed to the share capital of Mithra in cash, and the remaining amount of EUR 66,570.52 was contributed on the share premium account of the Company. This exercise of 15 warrants led to the issuance of 24,750 shares (1 warrant equaling to 1,650 shares) who have been admitted to trading on the regulated market of Euronext Brussels on February 15, 2019. As a result, the share capital of Mithra amounts to EUR 27,573,880.18 corresponding to 37,664,245 existing shares on 30 January 2019.

A second increase took place on April 24, 2019, following the exercise of 15 warrants pursuant to the 2015 Warrant Plan ("2015 Warrant Plan") corresponding to a contribution of EUR 84,690. An amount of EUR 18,119.40 was therefore contributed in cash to the share capital of Mithra and the balance of EUR 66,570.52 was allocated to the Company's "share premium" account. This exercise of 15 warrants resulted in the issue of 24,750 shares (1 warrant being equivalent to 1,650 shares) which, on May 9, 2019, were admitted to trading on the regulated market. As a result, Mithra's share capital at April 24, 2019 amounted to EUR 27,591,999.58 corresponding to 37,688,995 fully paid-up ordinary shares. The shares have no nominal value, but represent the same fraction of the Company's share capital, which is denominated in euros. Each share entitles its holder to one voting right. The number of voting rights held by the holders of shares was 37,688,995 at 30 June 2019.

Finally, on December 20, 2019, the Board of Directors carried out a capital increase through the authorized capital. This capital increase took place through a contribution in kind of a receivable amounting to EUR 38,863,454.55 which gave rise to a capital increase of EUR 1,057,331.07 including the issue premium and represented by 1,444,250 new shares, without mention of nominal value, of the same type and giving the same rights and benefits as the existing shares. As of December 31, 2019, the capital amounted to EUR 28,649,330.65 represented by 39,133,245 shares without nominal value and fully paid up.

On November 5, 2018, Mithra's extraordinary general meeting also approved the issuance of a maximum of 1,881,974 warrants under a new warrant plan (the "Warrant Plan 2018"), for the benefit of key employees, members of the management team and certain directors. The warrants expire five years after the date of issuance (maximum holding period). They are generally not transferable and may not, in principle, be exercised prior to the date of the second anniversary following its offering (i.e. principally not before the 6 November 2020 subject to exercise conditions in the Warrant Plan). All of the offered warrants are subject to a service condition of two years. Furthermore, a portion of 30% of these offered warrants were subject to additional market and non-market vesting conditions. The market condition, upon which the vesting is dependent from the share market price, was included in the grant date fair value calculation (see the discount applied in the table below). This condition was met during 2019.

Each warrant gives the right to subscribe to one new Mithra share. Should the warrants be exercised, Mithra will apply for the listing of the resulting new shares on Euronext Brussels.The warrants as such will not be listed on any stock exchange market.

With respect to the Warrant Plan 2018, out of the maximum of 1,881,974 warrants which have been issued, a number of 1,307,205 warrants (corresponding to 1,307,205 new shares) were offered and accepted by the beneficiaries (a number of 1,238,339 warrants in fiscal year 2018 and a number of 68,866 warrants in fiscal year 2019). They will be exercisable as of November 6, 2020 at the earliest, in accordance with the terms and conditions of the Warrants Plan 2018.

With respect to the Warrants Plan 2015, a remaining number of 620 warrants representing 1,023,000 shares can still be exercised as of January 1, 2019.

1.4.3. Shareholders & shareholder structure

Shareholders structure

Based on the transparency declarations the Company has received and the aforementioned capital increases which took place, the significant shareholders of the Company (*i.e.* above 3% of the outstanding voting rights) as at 31 December 2019 are:

Shareholder	*Address*	*Number of voting rights*	*% of voting rights*
Mr François Fornieri[1]		10,909,598	27.88%
Mr Marc Coucke[2]		6,201,573	15.84%
NOSHAQ (Meusinvest SA)	Rue Lambert-Lombard, 3, B-4000 Liège, Belgium	4,813,233	12.30%
Ogesip Invest SA	Boulevard du Roi Albert II, 37, B-1030 Bruxelles, Belgium	1,181,700	3.02%
Mr Bart Versluys[3]		1,699,496	4.34%
Free float		14,618,375	36.62%

1. François Fornieri holds through himself and through Yima SPRL warrants entitling him to subscribe still 1,775,7900 additional shares of Mithra.
2. Marc Coucke holds his shareholding partially through Alychlo NV, which he controls.
3. Bart Versluys holds his shareholding through Scorpiaux BVBA controlled by him.
- All percentages are calculated on the basis of the current total number of voting rights.

The most recent transparency declarations are available on the company's website www.mithra.com.

Shareholders' arrangements

To the Board's best knowledge, no shareholders' agreement exists among shareholders of the Company with respect to the Company.

1.4.4. Board of Directors

Composition of the board

The Board of Directors currently consists of thirteen (13) members (with a minimum of three (3) members set out in the Articles of Association), of which two (2) are Executive Directors (as members of the Executive Management Team) and eleven (11) of which are non-executive Directors, including five (5) Independent Directors.

The roles and responsibilities of the Board, its composition, structure and organization are described in detail in Company's Corporate Governance Charter (available on Mithra's website, www.mithra.com). This Corporate Governance Charter specifies the criteria that directors must satisfy in order to qualify as Independent Directors.

The Board is composed of nine (9) men and of four (4) women. Since the Shareholders' Meeting of 16 May 2019, the Company has an explicit diversity policy that it is commited to respect over the long term in order to meet the appropriate criteria of gender diversity within its Board of Directors while ensuring sufficient continuity within the Board. Moreover, it has already met the deadlines set out in Article 7:86 of the CCA.

Since the Shareholders Meeting of May 16, 2019, Directors are appointed for a maximum term of two years, which is renewable.

The composition of Mithra's Board of Directors is currently as follows:

Name	*Position*	*Term*[1]	*Nature of Mandate*	*Board of Directors Committee Membership*	*Attendance*[2] *to 2019 Board meetings*
YIMA SPRL (permanent representative: Mr. François Fornieri)	Managing director	2021	Executive	-	8/8
Mr François Fornieri	Director	2019[3]	Executive	-	3/8
Mr. Marc Beyens	Director	2019[4]	Non-executive	-	1/8
CG CUBE S.A. (permanent representative: Mr. Guy Debruyne)	Director	2021	Non-executive	-	7/8

NOSHAQ SA (permanent representative: Mr. Gaëtan Servais)	Director	2021	Non-executive	Audit Committee and Nomination and Remuneration Committee	8/8
EVA CONSULTING SPRL (permanent representative Mr. Jean-Michel Foidart)	Director	2021	Executive	-	6/8
P4MANAGEMENT SPRL (permanent representative: Ms. Christiane Malcorps)	Director	2021	Independent	Nomination and Remuneration Committee	8/8
Alychlo NV (permanent representative: Mr. Marc Coucke)	Director	2021	Chairman Non-executive		7/8
Aubisque BVBA (permanent representative Ms. Freya Loncin)	Director	2021	Non-executive	-	8/8
Ahok BVBA (permanent representative Mr. Koen Hoffman)	Director	2021	Independent	Audit Committee (Chair)	8/8
P.SUINEN SPRL-S (permanent representative: Mr. Philippe Suinen)	Director	2021	Independent	Audit Committee	8/8
Castor Development SA (permanent representative Mr. Jacques Platieau)	Director	2021	Independent	Nomination and Remuneration Committee (Chair)	8/8
NOSHAQ Partner SCRL (permanent representative Ms. Joanna Tyrekidis)	Director	2021[5]	Non-executive		5/8
Ms. Van Dijck Patricia	Director	2021[5]	Independent		3/8
Selva Luxembourg SA (permanent representative Mr. Christian Moretti)	Director	2021	Non-executive		8/8[6]

1. The term of the mandate of the Director will expire immediately after the Annual Shareholders Meeting held in the year set forth next to the Director's name. Current directors were reappointed at the Extraordinary Shareholders Meeting held on 16 May 2019, unless specified otherwise above.
2. The number of meetings attended by each Director should take into account the expiration of the term of the mandate of certain Directors during the year as well as the nomination of new Directors during the financial year.
3. At his request and in anticipation of the requirements of the CCA, Mr François Fornieri's seat as Director was not renewed after the General Meeting of 16 May 2019.
4. At his request, Mr Marc Beyens' seat of director was not renewed after the Shareholders' Meeting of May 16, 2019.
5. This director is exercising his first mandate within the Company. This term of office began at the Shareholders' Meeting of May 16, 2019.
6. SA SELVA Luxembourg, whose permanent representative is Mr Christian Moretti, was previously an observer of the Board of Directors since September 2018. As a result, he attended all Board meetings.

More detailed information on the Board's responsibilities, duties, composition and operation can be found on Mithra's website (www.mithra.com) in the Corporate Governance Charter.

Activity report

In 2019, eight (8) Board meetings have been held (in case two distinct meetings take place successively, the two meetings have been taken into account hereinabove).

The Board meetings were mainly related to the financial results and financial reporting, including the half-year and annual accounts and budget, the Company's strategy, and R&D progress, important agreements or (expected) acquisitions and divestments, and continuous evaluation of the structure of the Company.

In addition, three specific meetings were held on 30 September 2019 to discuss the approval of the three contracts to be signed with our U.S. partner Mayne Pharma LLC, the distributor of Estelle® in the United States. The Board approved (i) the terms of the license and supply agreement, (ii) the terms of the agreement for the subscription of Mayne shares by the Company, and (iii) the terms of the protocol for the participation of the Company tothe Board

of Directors of Mayne Pharma LLC. Also on 30 September 2019, the Board reviewed and approved the binding term sheet containing the main elements of the future contract formalizing the renegotiation of the earn-outs to be owed to the Uteron Sellers. Finally, on 20 December 2019, the Board of Directors made a capital increase described above through the authorized capital in order to partially execute the renegotiated earn-out agreement and to grant Uteron Sellers a portion of their compensation in Company shares.

Performance evaluation of the board

Led by the Chair and assisted by the Nomination and Remuneration Committee (and by external experts, as required) the Board of Directors conducts, every 3 years, a self-evaluation with respect to its size, composition, performance (including of its committees), and interaction with Executive Management. The evaluation has the following objectives:

- Assess how the Board or relevant Committees operate;
- Ensure that the important issues are suitably prepared and discussed;
- Evaluate the actual contribution of each Director's work, the Director's presence at Board and Committee meetings and his constructive involvement in discussions and decision-making;
- Ensure that the composition of the Board' or Committee is aligned with the desired composition;
- Assess on an annual basis the interaction between non-executive Directors and the Executive Management Team. In this respect, non-executive Directors meet at least once a year in the absence of the CEO and the other Executive Directors, if any. No formal Board decision can be taken at such meeting.

There is a periodic evaluation of the contribution of each Director aimed at adapting the composition of the Board. At the time of their re-election, the Directors' commitments and contributions are evaluated within the Board, and the Board ensures that any appointment or re-election allows an appropriate balance of skills, knowledge and experience to be maintained. The same applies at the time of appointment or re-election of the Chairs (of the Board and of the Board Committees).

This evaluation took place in fiscal year 2018 and will be renewed in fiscal year 2021. The Board always acts on the results of the performance evaluation by recognizing its strengths and addressing its weaknesses. Where appropriate, this could involve proposing new members for appointment, proposing not to re-elect existing members or taking any measure deemed appropriate for the effective operation of the Board.

1.4.5. Audit committee

The Board of Directors has set up an Audit Committee, in line with the BCGC.

More detailed information on the Audit Committee's responsibilities can be found in the CGC, which can be found on Mithra's website (www.mithra.com).

The Chair of the Audit Committee reports to the Board subsequent to each Committee meeting on its activities, conclusions, recommendations and resolutions. The Chair of the Audit Committee also reports to the Board on an annual basis, on the Audit Committee's performance.

Composition

The Audit Committee is composed of three (3) members, which are exclusively non-executive Directors. The majority of its members are Independent Directors.

At least one of its members has the necessary expertise with regard to accounting and auditing. The Board of Directors ensures that the Audit Committee has the necessary and sufficient expertise with regards to accounting, audit and finance, in order to fulfill its role in an adequate manner. The Chair of the Audit Committee is not the Chair of the Board of Directors. The CEO and CFO can attend the meetings of the Audit Committee in an advisory and non-voting capacity. At least twice a year, the Audit Committee meets the Statutory Auditor in order to discuss questions regarding its mandate, the audit procedure and, in particular, the potential weaknesses identified in the control.

The following Directors are members of the Audit Committee: AHOK BVBA (permanent representative: Mr Koen Hoffman) (Chair), P. SUINEN SPRL-S (permanent representative: Mr Philippe Suinen) and NOSHAQ SA (permanent representative: Mr. Gaëtan Servais). AHOK BVBA (permanent representative: Mr. Koen Hoffman) and P. SUINEN SPRL-S (permanent representative: Mr. Philippe Suinen) are both independent Directors.

A diversity policy has not yet been introduced within this Committee due to the fact that the Company has only been listed for a short period of time. While it has already met this requirement within the Board of Directors, the Company

undertakes to implement this diversity policy with a view to achieving gender diversity within the Audit Committee as well, under the conditions set out in Article 7:86 of the CCA.

Activity report

The Audit Committee met five times in 2019. The statutory auditor was present at two of these five meetings.

The main topics discussed were the interim half-year and annual financial information and figures, the budget, the statutory auditor's external audit, internal control, risk management and compliance. The opinion of the Audit Committee has also been requested on transactions where there were conflicts of interest.

Attendance was as follows: AHOK BVBA (permanent representative: Mr. Koen Hoffman): 5/5, P.SUINEN SPRL-S (permanent representative Mr. Philippe Suinen): 4/5, NOSHAQ SA (permanent representative: Mr. Gaëtan Servais): 5/5.

1.4.6. Nomination and remuneration committee

The Board of Directors has set up a Remuneration Committee, in line with the BCGC. As the Remuneration Committee also performs the task of a Nomination Committee, it is called the Nomination and Remuneration Committee.

The role of the Nomination and Remuneration Committee is to make recommendations to the Board of Directors with regard to the (re-)election of Directors and the appointment of the CEO and the Executive Managers, and to make proposals to the Board on the remuneration policy for Directors, the CEO and the Executive Managers.

The Committee has also specific tasks. These are further described in the Company's CGC and Article 7:100 of the CCA. In principle, the Committee will meet at least two (2) times per year.

Composition

The Nomination and Remuneration Committee is composed of three members, which are exclusively non-executive Directors. The majority of its members are Independent Directors.

The Nomination and Remuneration Committee has the necessary expertise in terms of the remuneration policy, which is evidenced by the experience and previous roles of its members.

The following Directors are members of the Nomination and Remuneration Committee: CASTORS DEVELOPMENT SA (permanent representative Mr Jacques Platieau), P4Management SPRL (permanent representative: Mrs Christiane Malcorps) and NOSHAQ SA (permanent representative : Mr Gaëtan Servais). P4Management (permanent representative: Mrs Christiane Malcorps) and CASTORS DEVELOPMENT SA (permanent representative Mr Jacques Platieau) are independent Directors.

Although the Company is not yet bound by gender diversity regulations (cfr. article 7:86 of the CCA), it is worth noting that by seating on the Nomination and Remuneration Committee, Mrs Christiane Malcorps sets a gender diversity of one third of the Committee's composition.

The CEO is invited to attend the meetings of the Nomination and Remuneration Committee in an advisory and non-voting capacity. He does not attend discussions concerning his own remuneration.

The Chair of the Nomination & Remuneration Committee reports to the Board subsequent to each Committee meeting on its activities, conclusions, recommendations and resolutions. The Chair of the Nomination & Remuneration Committee shall, on an annual basis, report to the Board on the Nomination & Remuneration Committee's performance. Every three (3) years, the Nomination & Remuneration Committee reviews its terms of reference and its own effectiveness and recommends any necessary changes to the Board.

Activity report

The Nomination & Remuneration Committee met four times in 2019.

The main topics discussed were the preparation of the remuneration report, performance of the CEO and other members of the Executive Management Team, their appointment, resignation, and remuneration (including the grant of warrants), the composition of the Executive Management Team, and the assessment of the contractual conditions giving right to bonuses to the CEO.

Attendance was as follows: CASTOR DEVELOPMENT SA (permanent representative: Mr Jacques Platieau) : 4/4, P4MANAGEMENT SPRL (permanent representative: Mrs Christiane Malcorps) 4/4 and NOSHAQ SA (permanent representative Mr Gaëtan Servais), 4/4.

1.4.7. Executive Committee

The Board of Directors of the Company has set up an Executive Management Team. The Executive Management Team is an advisory committee to the Board of Directors, which does not constitute a management committee ("*comité de direction*") under Article 524*bis* of the BCC. The governance structure chosen within the meaning of the CCA will soon be specified within the Company's CGE adapted to the CBGE 2020. It will be published on the Company's website.

The Executive Management Team's mission is to discuss and consult with the Board and advise the Board on the day-to-day management of the Company in accordance with the Company's values, strategy, general policy and budget, as determined by the Board.

The Executive Management Team shall, prepare a report to the Board on the day-to-day management of the Company, to be presented by the CEO to the Board. Such report shall contain a summary of all material resolutions discussed by the Executive Management Team over the relevant period.

More detailed information on the Executive Management Team's responsibilities can be found in the CGC, which can be found on Mithra's website.

Composition

At least all executive Directors are member of the Executive Management Team. The Executive Management Team is currently composed of eleven members: the Chief Executive Officer (CEO), Chief Business Development Officer (CBDO), Chief Financial Officer (CFO), Chief Legal Officer (CLO), Public Relations Officer (PRO), Chief Production Officer (CPO)[2], Chief Scientific Officer (CSO), the Investor Relations Officer (IRO), the Chief Supply Chain Officer (CSCO), the Chief Information Officer (CIO), and the President of the Scientific Advisory Board. The Executive Management Team is chaired by the CEO of the Company. Furthermore, the Chair may invite additional personnel to attend a meeting of the Executive Management Team.

The members of the Executive Committee as of 31 December 2019 are listed in the table below.

Name	*Function*
YIMA SPRL (permanent representative: Mr. François Fornieri)	Chief Executive Officer, Chief Business Development Officer (Chair)
EVA CONSULTING SPRL (permanent representative: Mr. Jean-Michel Foidart)	Chair of the Scientific Advisory Board
CMM&C SPRL (Mr. Christophe Maréchal)	Chief Financial Officer (CFO)
MIDICO BVBA (Mr. Michaël Dillen)	Chief Legal Officer (CLO)[1]
BGL Consulting SPRL (Mr. Benjamin Brands)	Chief Supply Chain Officer (CCO)
Novafontis SPRL (Mr. Jean-Manuel Fontaine)	Public Relations Officer (PRO)
GD LIFESCIENCE SPRL (Mr Graham Dixon)[3]	Chief Scientific Officer (CSO)
Mr Patrick Kellens	Chief Information Officer (CIO)
VIRIBUS VALOREM SPRL (Mrs Alexandra Deschner)[4]	Investor Relations Officer (IRO)

1. At the meeting of the Nomination and Remuneration Committee of November 8, 2019, Midico BVBA (permanent representative Mr Dillen Michael) rendered his resignation. He effectively ceased to perform his duties after the end of the financial year and as of March 1st, 2020. He was replaced by Mr Cédric Darcis, Legal Manager who is not a member of the Executive Committee.
2. During the financial year, Mr. Geoffroy Dieu has resigned. He was replaced by MAREBA BVBA (permanent representative, Mr Renaat Baes) as of April 1, 2019. MAREBA BVBA exercises its functions as Plant Manager. However, he is not a member of the Executive Committee.
3. During the financial year, Alius Modi SPRL ceased its functions. She was replaced by GD LIFESCIENCE SPRL (permanent representative, Mr Graham Dixon) as from 1 June 2019.
4. In August 2018, Ms Sofie Van Gijsel ceased her function. She was replaced by VIRIBUS VALOREM SPRL (permanent representative, Ms Alexandre Deschner) with effect as from 7 January 2019.

Activity report

The Executive Management Team met regularly and at least once every month. The CEO reported and advised the Board on this day-to-day management at every meeting.

1.4.8. Remuneration report

As prescribed by provision 3:6, §3 of the CCA, please find below the remuneration report pursuant to financial year 2019 prepared by the Nomination and Remuneration Committee. It will be submitted to the General Meeting of Shareholders.

The Remuneration and Nomination Committee confirms that, for the duration of the financial year 2019, the existing remuneration policy will continue to apply to the members of the Board of Directors and to the executive Committee, in accordance with the Corporate Governance Statement mentioned to in the Annual Report 2018 and in accordance with the Corporate Governance Charter which has not yet been reviewed.

At the beginning of the financial year 2020, a new remuneration policy will come into force. It will take into account the requirements of the new Belgian Code of Companies and Associations (CCA) as well as those of the new Belgian Code of Corporate Governance 2020 (CBGE 2020). This new remuneration policy will be implemented through an update of the Company's Corporate Governance Charter.

Directors

Procedure applied in 2019 in order to create a remuneration policy and to determine the individual remuneration

The Nomination and Remuneration Committee recommends the level of remuneration for Directors, including the Chairman of the Board, which is subject to approval by the Board and, subsequently, by the Annual Shareholders Meeting.

The Nomination and Remuneration Committee benchmarks the Directors' compensation against peer companies. The level of remuneration should be sufficient to attract, retain and motivate Directors who match the profile determined by the Board.

Apart from their remuneration, all Directors will be entitled to a reimbursement of out-of-pocket expenses actually incurred as a result of their participation in meetings of the Board of Directors.

The level of remuneration of the Directors was determined at the occasion of the Company's Initial Public Offering on 8 June 2015 and explained in the Prospectus issued by the Company in that context. It has not been modified since then. The remuneration of the Directors will be disclosed to the Company's shareholders in accordance with the applicable laws and regulations.

The Directors' mandate may be terminated *ad nutum* (at any time) without any form of compensation. There are no employment or service agreements that provide for notice periods or indemnities between the Company and the members of the Board of Directors, who are not a member of the Executive Management Team.

Without prejudice to the powers granted by law to the Shareholders Meeting, the Board will set and revise at regular intervals the rules and the level of compensation for Directors executing a special mandate or having a seat in one of the committees, as well as the rules for reimbursement of the Directors' business-related out-of-pocket expenses.

Only non-executive Directors shall receive a fixed remuneration in consideration of their membership of the Board and the Committees of which they are members. Regarding the members of the Board of Directors that are members of the Executive Management Team, please consult the section "Executive Management Team" on the Company's website (www.mithra.com).

Independent directors will not receive, any performance-related remuneration. However, the Board may upon recommendation of the Nomination and Remuneration Committee propose to the Shareholders Meeting to grant warrants in order to attract and retain highly qualified independent Directors. These warrants are not considered as to variable remuneration.

Executive Management Team members receive no additional compensation when invited to the Board.

Remuneration policy applied during 2019

The remuneration package for the non-executive Directors (whether or not independent) approved by the Shareholders Meeting of 8 June 2015 is made up of a fixed annual fee of EUR 20,000. The fee is supplemented with a fixed annual fee of EUR 5,000 for membership of each committee of the Board of Directors, and an additional fixed annual fee of EUR 20,000 for the Chairman of the Board. Changes to these fees will be submitted to the Shareholders Meeting for approval.

There is no performance-related remuneration for non-executive Directors.

Apart from the above remuneration for non-executive Directors (whether or not independent), all Directors will be entitled to a reimbursement of out-of-pocket expenses incurred as a result of participation in meetings of the Board of Directors.

The total amount of the remuneration and the benefits paid in 2019 to the non-executive Directors (in such capacity) was EUR 240,000 (gross, excluding VAT), split as follows:

Name	*Nature*	*Remunerations*	*As member of a committee*	*As chairman of the board*
Marc Beyens[1]	Non-exec	0		
CG Cube SA	Non-exec	20,000		
Meusinvest/NOSHAQ SA	Non-exec	20,000	10,000	
Alychlo NV	Non-exec - Chair	20,000		20,000
P. Suinen SPRL	Independent	20,000	5,000	
Castors Development SA[2]	Independent	20,000	5,000	
Ahok BVBA	Independent	20,000	5,000	
Aubisque BV	Non-exec	20,000		
P4Management BVBA	Non-exec	20,000	5,000	
Invest Partner SCRL	Non-exec	10,000		
P. van Dijck	Non-exec	10,000		
Selva Luxembourg SA	Non-exec	10,000		

[1] On the 16th of May 2019, Mr. Marc Beyens has resigned from its position as member of the Board of Directors.
[2] On the 16th of January 2019, Mr. Jacques Platieau has resigned from its position as chair of the Nomination and Remuneration Committee and member of the Board of Directors and been replaced by his company, Castors Development S.A.

The table below provides an overview of the shares and warrants held by the current members of the Board on the 31st of December 2019.

Share- Warrantholder	*Shares*	*%*	*Warrants**	*%*	*Shares and Warrants*	*%*
YIMA SPRL (permanent representative: Mr François Fornieri) (CEO)	0	0.00%	752,790	31.95%	752,790	1.81%
Mr François Fornieri (permanent representative of YIMA SPRL)	10,909,598	27.88%	1,023,000	43.41%	12,685,388	30.57%
Marc Beyens	0	0.00%	0	0.00%	0	0.00%
CG CUBE S.A. (permanent representative: Guy Debruyne)	0	0.00%	0	0.00%	0	0.00%
Guy Debruyne (permanent representative of CG Cube S.A.) (together with CG Cube S.A.)	80,800	0.2%	0	0.00%	80,800	0.19%
AHOK BVBA (permanent representative : Mr Koen Hoffman)	0	0.00%	0	0.00%	0	0.00%
Koen Hoffman (permanent representative of Ahok BVBA) (together with Ahok BVBA)	0	0.00%	0	0.00%	0	0.00%
Meusinvest /NOSHAQ SA (permanent representative: Gaëtan Servais)	4,813,233	12.30%	0	0.00%	4,813,233	11.60%

Gaëtan Servais (permanent representative of Meusinvest SA)	0	0.00%	0	0.00%	0	0.00%
Aubisque BVBA (permanent representative : Ms Freya Loncin)	0	0.00%	0	0.00%	0	0.00%
Freya Loncin (permanent representative of Aubisque BVBA) (together with Aubisque BVBA)	0	0.00%	0	0.00%	0	0.00%
Marc Coucke (permanent representative of Alychlo NV) (Marc Coucke together with Alychlo NV and Mylecke Management, Art & Invest NV)	6,201,573	15.84%	0	0.00%	6,201,573	14.95%
Eva Consulting SPRL (permanent representative : Jean-Michel Foidart)	0	0.00%	52,695	2.24%	52,695	0.13%
Mr Jean-Michel Foidart (permanent representative of Eva Consulting SPRL) (together with Eva Consulting SPRL)	41,460	0.11%	0	0.00%	0	0.10%
P4MANAGEMENT SPRL (permanent representative Christiane Malcorps)	0	0.00%	0	0.00%	0	0.00%
Christiane Malcorps (permanent representative of P4MANAGEMENT SA, together with P4MANAGEMENT SA)	0	0.00%	0	0.00%	0	0.00%
P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen)	0	0.00%	0	0.00%	0	0.00%
Philippe Suinen (permanent representative of P.SUINEN SPRL-S, together with P.SUINEN SPRL-S)	0	0.00%	0	0.00%	0	0.00%
CASTORS DEVELOPMENT SA (permanent representative Mr Jacques Platieau)	0	0.00%	0	0.00%	0	0.00%
Mr Jacques Platieau (permanent representative of Castors Development SA, together with Castors Development SA)	1,600	0.00%	0	0.00%	1,600	0.00%
NOSHAQ Partner SCRL (permanent representative Mrs Joanna Tyrekidis)	0	0.00%	0	0.00%	0	0.00%
Mrs Joanna Tyrekidis (permanent representative of Noshaq Partner SCRL)	0	0.00%	0	0.00%	0	0.00%
Mrs Patricia Van Dijck	0	0.00%	0	0.00%	0	0.00%
Selva Luxembourg SA (permanent representative M. Christian Moretti)	689,655	1,76 %	0	0,00%	689,655	1,66%
Christian Moretti (permanent representative of de Selva Luxembourg SA)	0	0,00%	0	0,00%	0	0,00%
Subtotal	**22,737,919**	**58.10%**	**1,828,485**	**77.60%**	**24,566 404**	**59.21%**

* corresponds to the amount of shares following warrant conversion.

Executive Management team

Procedure applied in 2019 in order to create a remuneration policy and to determine the individual remuneration

The remuneration of the members of the Executive Management Team is determined by the Board of Directors upon recommendation of the Nomination and Remuneration Committee and subsequent to the CEO's recommendation to this Committee (except for his own remuneration). the Company strives to be competitive in the European market.

Remuneration policy applied during 2019

The level and structure of the remuneration of the members of the Executive Management Team is such that qualified and expert professionals can be recruited, retained and motivated taking into account the nature and scope of their individual responsibilities.

The remuneration of the members of the Executive Management Team currently consists of the following elements:

- Each member of the Executive Management Team is entitled to a basic fixed remuneration designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions;
- Each member of the Executive Management Team currently participates in, and/or in the future may be offered the possibility to participate in a stock based incentive scheme or stock option in accordance with the recommendations set by the Nomination and Remuneration Committee, upon the recommendation by the CEO to such committee (except in respect of his own remuneration) and after (in respect of future stock based incentive schemes) prior shareholder approval of the scheme itself by way of a resolution at the Annual Shareholders Meeting;
- Each member of the Executive Management Team is entitled to a number of fringe benefits (to the exception, however, of those managers engaged on the basis of service agreements), which may include participating in a defined contribution pension or retirement scheme, disability insurance and life insurance, a company car, and/or a lump-sum expense allowance according to general Company policy.

In addition to the 2015 Warrant Plan, in order to include new members of the Executive Management team, a short and long term performance based remuneration and incentive scheme has been elaborated within the Nomination and Remuneration Committee, validated by the Board and formally approved by the Extraordinary General Meeting of shareholders on 5 November 2018. Such scheme is based on objectives which are, in accordance with Article 520*bis* of the BCC (article 7:90 of the CCA), pre-determined by an explicit decision of the Board of Directors and were chosen so as to link rewards to corporate and individual performance, thereby aligning on an annual basis the interests of all members of the Executive Management Team with the interests of the Company and its shareholders and benchmarked with the practices in the sector.

The amount of remunerations and benefits paid in 2019 to the CEO and the other members of the Executive Management Team, (gross, excluding VAT and share-related payments) is shown in the table below:

Thousands of Euro (€)	***Total***	***Of which CEO***
Basic Remuneration	2,537	1,009
Variable Remuneration (*)	0	0
Group Insurance (pension, invalidity, life)	0	0
Other insurance (car, cell phone, hospitalization)	0	0
Total	**2,537**	**1,009**

The table below provides an overview of the shares and warrants held by the members of the Executive Management Team, including the Executive Director on 31 December 2019 (i.e. the CEO).

Share- / Warrantholder	*Shares*	*%*	*Warrants*	*%*	*Shares and Warrants*	*%*
YIMA SPRL (permanent representative: Mr. François Fornieri) (CEO)	0	0.00%	752,790	31.95%	752,790	1.81%
Mr. François Fornieri (permanent representative of YIMA SPRL)	10,909,598	27.88%	1,023,000	43.41%	12,685,388	30.57%
Mr. Christophe Maréchal (representative of and together with CMM&C SPRL BVBA)	0	0.00%	135,502	5.75%	135,502	0.33%
Mr. Jean-Michel Foidart (representative of and together with Eva Consulting SPRL)	41,460	0.11%	52,695	2.24%	94,155	0.23%
Mr. Benjamin Brands (representative of and together with BGL Consulting SPRL)	0	0.00%	52,695	2.24%	52,695	0.13%
Mr. Jean-Manuel Fontaine (representative of and together with Novafontis SAS)	28	0.00%	52,695	2.24%	52,723	0.13%
M. Geoffroy Dieu (representative of and together with RLD Consult SPRL)[1]	0	0,00 %	0	0,00 %	0	0,00 %
Mme Valérie Gordenne (representative of and together with d'Alius Modi SPRL)[2]	54 000	0,14 %	0	0,00 %	54 000	0,13 %
Mr. Patrick Kellens	0	0.00%	0	0.00%	0	0.00%
Mr. Michaël Dillen[3] (representative of and together with Midico BVBA)	0	0.00%	24,089	1.02%	24,089	0.05%
Mr. Graham Dixon (representative of and together with GD Lifescience SPRL)	0	0.00%	25,000	1.06%	25,000	0.06%
Mrs. Alexandra Deschner (representative of and together with Viribus Valorem SPRL)	0	0.00%	30,000	1.27%	30,000	0.07%
Subtotal	**11,005,086**	**28.12%**	**2,183,466**	**91.18%**	**13,153,552**	**31,70%**
Total	**39,133,245**	**100.00%**	**2,356,395**	**100.00%**	**41,489,640**	**100.00%**

[1] During the financial year, Mr. Geoffroy Dieu has resigned. He was replaced in the exercise of his duties by MAREBA BVBA (permanent representative, Mr Renaat Baes) as of April 1, 2019. MAREBA BVBA exercises its functions as Plant Manager and is not a member of the Executive Committee.
[2] During the financial year, Alius Modi SPRL, represented by Valérie Gordenne, has resigned. Alius Modi left the company on May, 31 2019. She was replaced by GD LIFESCIENCE SPRL (permanent representative, Mr Graham Dixon) with effect as from June 1, 2019.
[3] In light of his resignation, based on the recommendation of the Nomination and Remuneration Committee, the Board has decided that Mr M. Dillen would retain only one fifth (i.e. 24,089) of its warrants after his departure of the Company.

The Company has put into place two warrants plans since its incorporation.

First, the Extraordinary Shareholders Meeting of the Company of 2 March 2015 approved, upon proposal of the Board of Directors, the issuance of warrants giving right to subscribe for 1,796,850 shares, which, on a fully-diluted basis, represented 5.56% additional Shares at the time.

These warrants (1089) have been granted free of charge. All warrants have been accepted by the relevant beneficiaries. Each warrant entitled its holder to subscribe for 1,650 Shares of the Company at a subscription price

of EUR 5,646.00 per 1,650 Shares (a part corresponding to the par value of the existing Shares on the day the warrants are exercised will be allocated to the share capital). The balance will be booked as an issue premium.

These warrants can be exercised as from 1 January 2019, and have a term of 8 years as from the date of grant. Upon expiration of the term, they become null and void.

As part of that plan, on 30th of January 2019, an increase of capital took place following the exercise of 15 warrants pursuant the 2015 Warrant Plan ("2015 Warrant Plan") corresponding to a contribution of EUR 84,690. In accordance with the 2015 Warrant Plan, the exercise period started on January 1, 2019. An amount of EUR 18,119.48 was therefore contributed in cash to the share capital of Mithra and the balance of EUR 66,570.52 was allocated to the Company's "share premium" account. This exercise of 15 warrants led to the issue of 24,750 shares (1 warrant being equivalent to 1,650 shares) which on February 15th 2019 were admitted to trading on the regulated market. As a result, Mithra's share capital on January 30, 2019 amounted to EUR 27,573,880.18 corresponding to 37,664,245 ordinary shares.

A second increase took place on 24 April 2019, following the exercise of 15 warrants pursuant the 2015 Warrant Plan ("2015 Warrant Plan") corresponding to a contribution of EUR 84,690. An amount of EUR 18,119.40 was therefore contributed in cash to the share capital of Mithra and the balance of EUR 66,570.52 was allocated to the Company's "share premium" account. This exercise of 15 warrants resulted in the issue of 24,750 shares (1 warrant being equivalent to 1,650 shares) which, on May 9, 2019, were admitted to listing on the regulated market. As a result, Mithra's share capital at 24 April 2019 amounted to EUR 27,591,999.58 corresponding to 37,688,995 fully paid-up ordinary shares. The shares have no par value, but represent the same fraction of the Company's share capital, which is denominated in euros. Each share entitles its holder to one voting right. The number of voting rights held by the shareholders was 37,688,995 at 30 June 2019.

On 31 December 2019, 620 warrants of the initial 1089 remained outstanding.

Secondly, on 5 November 2018, Mithra's Extraordinary General Meeting approved the issuance of a maximum of 1,881,974 warrants under the Warrant Plan 2018, for the benefit of key employees, members of the management team and certain directors. The warrants are expiring five years (maximum holding period) after the date of issuance. They are generally not transferable and in principle, cannot be exercised prior to the date of the grant's second anniversary (i.e. as from 6 November 2020 subject to exercise conditions). The warrants are subject to vesting conditions which have all been met in 2019. Each warrant gives the right to subscribe to one new Mithra share. Should the warrants be exercised, Mithra will apply for the listing of the resulting new shares on Euronext Brussels. The warrants as such will not be listed on any stock exchange market.

Out of the maximum of 1,881,974 warrants which have been issued, a number of 1,307,205 have been offered and accepted by beneficiaries in the period under review (i.e. amongst others, a number of 30,000 warrants have been granted to Viribus Valorem SPRL (represented by Mrs. Alexandra Deschner), a number of 52,695 warrants have been granted to Eva Consulting SPRL (represented by Prof. Jean-Michel Foidart), and 25,000 warrants to GD Lifescience SPRL (represented by Mr. Graham Dixon).

Therefore, in sum accordance with the Warrant Plan 2015, a remaining number of 620 warrants representing 1,023,000 new shares can still be exercised since 1 January 2019. Additionally, a number of 1,307,205 of new warrants (representing 1,307,205 new shares) shall in principle be exercisable, as from 6 November 2020 subject to exercice conditions pursuant to the Warrant Plan 2018.

In 2019, eight members of the Executive Management Team were recruted based on a service agreement, whereas one member of the Executive Management Team has been engaged based on an employment agreement. Both sorts of contracts can be terminated at any time, subject to certain pre-agreed notice periods, which may, at the discretion of the Company, be replaced by a corresponding compensatory payment. On 7 January 2019, Viribus Valorem SPRL (represented by Mrs. Alexandra Deschner) joined the Company based on a service agreement.

The service agreement with the CEO, YIMA SPRL, sets out a notice period (or notice indemnity *in lieu* of notice period) of 12 months.

Claw-back provisions

There are no provisions allowing the Company to reclaim any variable remuneration paid to Executive Management based on incorrect financial information.

Miscellaneous

In general, the company has no intention to compensate in a subjective or discretionary manner.

1.4.9. Most important characteristics of internal control

The Executive Management Team should lead the Company within the framework of prudent and effective control, which enables it to assess and manage risks. The Executive Management Team should develop and maintain adequate internal control systems so as to offer a reasonable assurance concerning the realization of goals, the reliability of the financial information, the observance of applicable laws and regulations and to enable the execution of internal control procedures.

The Executive Management Team is an advisory committee to the Board and the CEO on the day-to-day management of the Company. Each of the members of the Executive Management Team has individually been made responsible for certain aspects of the day-to-day management of the Company and its business (in case of the CEO, by way of a delegation from the Board; in case of the other Exective Management Team members, by way of a delegation from the CEO). In the case that any decision to be taken by a member of the Executive Management Team could be material to the Company, it shall be presented and discussed at a meeting of the the Executive Management Team. The Executive Management Team meets several times per month.

During those Executive Management Meetings, there is a follow-up of the progress of various Group projects, clinical studies, business development deals, and other material matters.

The process of gathering financial information is organized on quarterly, half-year and annual basis, and report of such information is made to the CEO and to the Audit Committee. A central team produces the accounting figures under the supervision of the CFO and Group controller and the books are kept by an ERP (Dynamics AX). The cash and working capital are monitored on a continuous basis.

The quality of the internal controls is assessed during the course of the financial year and on an ad hoc basis with internal audits (supply chain, IT, PO validation workflows, working capital management, etc.) carried out on the basis of potential risks identified. The conclusions are shared and validated with the Audit Committee. During the financial year, the Audit Committee undertakes reviews of the half-year closures and specific accounting treatments. It reviews the disputes and puts all the questions it deems relevant to the Auditor and to the CFO or to the Executive Management of the Company.

The Audit Committee assists the Board of Directors in the execution of its task to control the Executive Management Team.

Control Environment

The Executive Management Team has organized the internal control environment, which is monitored by the Audit Committee. The Audit Committee decided not to create an internal audit role, since the scope of the business does not justify a full-time role.

The role of the Audit Committee shall be to assist the Board of Directors in fulfilling its monitoring responsibilities, as stipulated in the Company's CGC. These responsibilities include the financial reporting process, the system of internal control and risk management (including the Company's process for monitoring compliance with laws and regulations) and the external audit process.

1.4.10. Statutory auditor

BDO Réviseurs d'Entreprises SCRL, with registered office at Rue de Waucomont, Battice 51, 4651 Herve, Belgium, member of the Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren, represented by Cédric Antonelli, auditor, has been renewed as Statutory Auditor of the Company on 17 May 2018 for a term of three years ending immediately after the Shareholders Meeting to be held in 2021 which will deliberate and resolve on the financial statements for the financial year ended on 31 December 2020. BDO Réviseurs d'Entreprises SCRL is a member of the Belgian Institute of Certified Auditors ("Institut des Réviseurs d'Entreprises") (membership number B00023).

1.5. Statements required by art. 34 of the royal decree of 14 November 2007

According to Article 34 of the Belgian Royal Decree of 14 November 2007, Mithra hereby discloses the following items:

Restrictions, either legal or prescribed by the articles of association, on voting rights

Pursuant to the BCC (now CCA), to attend or be represented at the general meeting and exercise her/his voting right, a shareholder must have carried out the accounting registration of his/her shares no later than the fourteenth day before the general meeting at 24:00h Belgian time (the "Registration Date"), either by registering them in the Company's register of nominative shares, or by registering them in the accounts of a licensed account holder or a settlement institution, the number of shares held on the day of the meeting being disregarded.

The shareholder must also inform the Company of her/his desire to attend the general meeting no later than the sixth day before the general meeting.

Rules governing the appointment and replacement of Board Members and the amendment of the issuer's Articles of Association

The Articles of Association provide that the number of Directors of the Company, who may be natural persons or legal entities and who need not be shareholders, shall be at least 3.

At least one half of the Board shall comprise non-executive Directors and at least 3 of them shall be Independent Directors.

When dealing with a new appointment, the Chair of the Board shall ensure that, before considering the candidate, the Board has received sufficient information such as the candidate's curriculum vitae, the assessment of the candidate based on the candidate's initial interview, a list of the positions the candidate currently holds, and, if applicable, the necessary information for assessing the candidate's independence.

The Chair of the Board is in charge of the nomination procedure. The Board is responsible for proposing members for nomination to the General Shareholders Meeting, in each case based upon the recommendation of the Nomination & Remuneration Committee.

Should any of the offices of Director become vacant, whatever the reason may be, the remaining Directors shall have the right to temporarily fill such vacancy until the next General Shareholders Meeting, which shall make a final appointment.

Whenever a legal entity is appointed as a Director, it must appoint an individual as its permanent representative, chosen from among its shareholders, managers, Directors or employees, and who will carry out the office of Director in the name and for the account of such legal entity.

Any proposal for the appointment of a Director by the General Shareholders Meeting shall be accompanied by a recommendation from the Board, based on the advice of the Nomination & Remuneration Committee. This provision also applies to proposals for appointment originating from shareholders. The proposal shall specify the proposed term of the mandate, which shall not exceed 4 years. It shall be accompanied by relevant information on the candidate's professional qualifications together with a list of the positions the candidate already holds. The Board will indicate whether the candidate satisfies the independence criteria.

In principle, there is no quorum requirement for a Shareholders Meeting and decisions are generally passed with a simple majority of the votes of the Shares present and represented. Nevertheless, capital increases (unless decided by the Board of Directors within the framework of the authorised capital), decisions with respect to the Company's dissolution, mergers, de-mergers and certain other reorganisations of the Company, amendments to the articles of association (other than an amendment of the corporate purpose) and certain other matters referred to in the BCC (CCA) not only require the presence or representation of at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, of the Company but also the approval of at least 75% of the votes cast. An amendment of the Company's corporate purpose or, subject to certain exceptions, the purchase and sale of own Shares, requires also the approval of at least 75% of the votes cast at a Shareholders Meeting, which in principle can only validly pass such resolution if at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event that the required quorum is not present or represented at the first meeting, a second meeting will be convened, that will be able to validly deliberate and resolve regardless of the number of Shares and profit certificates, are present or represented.

Significant agreements to which the issuer is a party and which take effect, alter or terminate upon a change of control of the issuer following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the issuer; this exception shall not apply where the issuer is specifically obliged to disclose such information on the basis of other legal requirements

As noted above, the Company has issued a maximum number of 1.883.063 warrants on 2 March 2015 and 5 November 2018, respectively, for the benefit of the members of its Executive Management Team,consultants and

employees. Pursuant to the terms and conditions of the warrant plans, in the event of a Liquidity event resulting from a public bid or otherwise, that modifies the (direct or indirect) control (as defined under Belgian law) exercised over the Company, the warrant holders shall have the right to exercise their warrants, irrespective of exercise periods/limitations provided by the plan. The warrants entitle their holders to subscribe to a maximum number of 2,929,724 securities carrying voting rights (all ordinary shares).

Each warrant of the Warrant Plan 2015 entitles its holder to subscribe to 1,650 Shares of the Company at a subscription price of EUR 5,646.00 per 1,650 Shares whereas each warrant of the Warrant Plan 2018 entitles its holder to subscribe 1 Share of the Company at a subscription price of the value of the last closing price of the Shares on the regulated market of Euronext Brussels on the Grant Date of the relevant Warrant; or the value of the average price of the Shares on the regulated market of Euronext Brussels during the thirty (30) calendar days preceding the grant date of the Warrant concerned. For each beneficiary who is not an Employee, the exercise price will not be less than the average of the prices of the Shares on the regulated market of Euronext Brussels over the thirty (30) calendar days preceding the Issue Date (a part corresponding to the par value of the existing Shares on the day the warrants are exercised will be allocated to the share capital, while the balance will be booked as an issue premium) (a part corresponding to the par value of the existing Shares on the day the warrants are exercised will be allocated to the share capital, while the balance will be booked as an issue premium).

1.6. Transactions within the authorized capital

On 20 December 2019, the Company carried out a capital increase by contribution in kind within the authorized capital. The capital was increased by EUR 1,057,311.07 to EUR 28,649,330.65 through the creation of 1,444,250 new shares, without mention of nominal value and with the same rights and benefits as the existing shares.

This capital increase was carried out by cancelling the preferential subscription rights of the existing shareholders in accordance with article 596 of the BCC (7:191 CCA).

1.7. Acquisition of own Securities

Neither Mithra Pharmaceuticals SA nor any direct affiliate or any nominee acting in his own name but on behalf of the Company or of any direct affiliate, have acquired any of the Company's shares. Mithra Pharmaceuticals SA has not issued profit-sharing certificates or any other certificates.

1.8. Use of financial instruments by the Group as per art. 96 of the Belgian Companies' code (3:6 CCA)

The Group did not use any financial derivative instruments.

1.9. Circumstances that could considerably affect the development of the Group

No special events have occurred that could considerably impact the development of the Group.

The Group's exposure to price risk, credit risk, liquidity risk and cash flow risk are detailed in note 9.3 (Financial Risk Management).

The Group has a business structure; built on: (i) a development portfolio which includes the development of Estetrol-based product candidates in the oral contraception and menopause indications and of Complex Therapeutics; (ii) the CDMO development and manufacturing facility, which will manufacture an important part of its innovative products, including its Estetrol-based products (the growing importance of this business for Mithra has been confirmed by the interest shown by first rank international market actors in its innovative products portfolio and the achievements in this respect in terms of international business development), and (iii) a commercialized portfolio of branded generics and OTC products in several regions. Therefore, the risk factors related to each of these pillars are presented separately (as each has a different set of risks associated with it). As Mithra further evolved towards a biopharma company in 2017, most focus is on the development portfolio.

(i) No Estetrol-based product candidates have been formally registered nor commercialised and the lead product candidate is currently in filing phase for Europe, (Canada) and US. Pending market approval of the product candidate Estelle®, the successful development of the Group's Estetrol-based other product candidates remain highly uncertain. Estetrol-based product candidates must undergo pre-clinical and clinical

testing supporting the clinical development thereof, the results of which, are uncertain and could substantially delay, which in turn could substantially increase costs, or prevent the Estetrol-based product candidates from reaching the market.

The Group's current lead Estetrol-based product candidates have not been approved nor commercialised. Estelle® for use in contraception is currently in filing phase for Europe, (Canada) and US during which will have to reconfirm its contraceptive efficacy, and in parallel with which a number of studies need to be conducted which are not expected to have a significant impact on any (potential) marketing authorisation approval, although these will play a role in determining the labelling and leaflet restrictions the product candidate would have upon approval (if any). Donesta® for use in hormone therapy in menopause is currently in Phase III (the pre-clinical and Phase I clinical trial support package is shared with Estelle®; the data currently available would seem to suggest (but did not possess the statistical power to demonstrate) that Estetrol decreases hot flushes in a dose-dependent manner, but larger populations and longer treatment periods as recommended by regulatory guidance (12 weeks) will be necessary to optimally see a difference in the results between the different Estetrol doses tested) and to confirm the minimum effective dose of E4. All Estetrol-based product candidates will be subject to extensive (pre-)clinical trials supporting the clinical development thereof to demonstrate safety and efficacy in humans (which will take several years) before they can apply for the necessary regulatory approval to enter the market and potentially obtain marketing authorisation with the relevant regulatory authorities. The Group does not know whether future clinical trials will begin on time, will need to be redesigned will be completed on schedule (for Estelle® and Donesta® the activities announced for 2019 were completed with the pre-filing activities for Estelle® for a Q1/Q2 2020 submission and the initiation of Phase 3 clinical trials for Donesta®), if at all, and therefore cannot currently provide any precise timing estimates for the development and registration (if any) of Estelle® or Donesta® beyond the Phases of clinical development these product candidates are currently in.

At any stage of development, based on review of available pre-clinical and clinical data, the estimated costs of continued development, the triggering of certain contingent payments and "royalty payments", (payable to the former shareholders of Uteron Pharma as part of the acquisition of Estetra by the Group), and up to EUR 12 million, for Donesta® (as described in the note on business combinations and asset deals), market considerations and other factors, the development of Estetrol-based product candidates may be discontinued.

Any further delays in completing clinical trials or negative results will delay the Group's ability to generate revenues from product sales of Estetrol-based product candidates, if any. This could have a material adverse effect on the Group's business, prospects, financial condition and results of operation.

(ii) The Group is, for its future development and pipeline, currently heavily focused on, and investing in, the development of its Estetrol-based product candidates. Its ability to realise substantial product revenues and, eventually, profitability in line with the investments envisaged will depend in large part on its ability to successfully develop, register and commercialise Estetrol-based product candidates.

The Group's pipeline currently comprises three product candidates which would, upon their marketing authorisation, be completely original innovative products. The Group is dedicating the majority of its available cash resources to the development of these innovative Estetrol-based product candidates. If the Group would be unsuccessful in developing, commercialising and/or partnering these innovative original products, this would materially impact the revenue and profitability potential of the Group, as in that case, the nature of the Group's pipeline would be limited to the development (either directly or indirectly) of Complex Therapeutics and the further development of its commercial business, both of which present market opportunities of a level which is significantly lower than the opportunity offered by the development of innovative original products. Both of these activities have a profile which is more limited in terms of funding need and growth potential compared to the development of innovative product candidates.

(iii) In order to successfully develop, register and commercialise its Estetrol-based product candidates, the Group will need to successfully manage the transition from a focus on the commercialisation and development of generic products to a company that is in addition, to a significant extent, involved in development and commercialisation of innovative original product candidates.

The Group has, to date, never fully developed, registered and commercialised an innovative product candidate. Such development, registration and commercialisation present significant new challenges.

In preparation, the Group has expanded and continues to expand its organisation and has attracted and continues to attract a number of experienced collaborators in this new field of development. However the Group may not be able to successfully integrate their experience and know-how, and to continue to further successfully expand its organisation and successfully conclude every development step. A failure to successfully do so could

cause delays in the clinical development and/or the regulatory approval process, which could ultimately delay or even prevent the commercialisation of the Group's innovative product candidates. This could have a material adverse effect on the Group's business, prospects, financial condition and result of operation.

(iv) Complex therapeutics Zoreline® currently under development by the Group has not yet received any regulatory approval. Myring™ received regulatory approval for Europe but is still waiting for it in the US. Complex Therapeutics must undergo bioequivalence or pharmacodynamics or any other studies, which could be subject to delays, which in turn could substantially increase costs, or prevent these generic products from reaching the market on time.

All complex therapeutics will be subject to bioequivalence or pharmacodynamics or other studies (as deemed fit by the relevant regulatory agencies), to demonstrate that the generic product is bioequivalent to the previously approved drug, before they can receive the necessary regulatory approval to enter the market. In 2016, Myring™ was the first complex therapeutic solution produced by Mithra to demonstrate bioequivalence; for the other products (including Zoreline®), this is not yet the case. Any delays in completing studies, will delay the Group's ability to generate revenues from product sales of complex therapeutical solutions products if any. In case the Group would come late in the market, dependent on the market as of the point when three to five generics have been approved, it will suffer from significantly reduced market share, revenues and cashflows for the relevant generic product.

(v) The Group's products may not obtain regulatory approval when expected, if at all, and even after obtaining approval, the drugs will be subject to ongoing regulation.

Upon completion of the relevant studies, the Group's products must obtain marketing approval from the European Medicines Agency (EMA), the US Food and Drug Administration (FDA) or competent regulatory authorities in other jurisdictions before the products can be commercialised in a given market, and each such approval will need to be periodically renewed. Each regulatory agency may impose its own requirements and may refuse to grant or may require additional data before granting marketing approval even if marketing approval has been granted by other agencies. Changes in regulatory approval policies or enactment of additional regulatory approval requirements may delay or prevent the products from obtaining or renewing marketing approval. Also, post-approval manufacturing and marketing of the Group's products may show different safety and efficacy profiles to those demonstrated in the data on which approval to test or market said products was based. Such circumstances could lead to the withdrawal or suspension of approval. All of this could have a material adverse effect on the Group's business, prospects, financial condition and results of operation.

(vi) The Group, being only commercially present in selected regions, will need to rely on partners for the commercialisation and distribution of its products in other regions.

The Group's product candidates are being developed with the intention of a commercial launch throughout the world. The Company currently has no commercial, marketing and sales organisation in place that would allow it to launch its product candidates in these markets. As in 2016, the Group decided to put its affiliates on hold, it does not plan to build out a commercial organization in these territories.

The Company divested its French subsidiary, Mithra France, in December 2017. The sale consisted in two agreements. A first contract was closed with Laboratoire CCD, a French-based Women's Health player and concerns the transfer of the marketing authorizations (Mas) for four products including Tibelia®. Secondly, Mithra concluded a share purchase agreement for Mithra France with Theramex, whereby Theramex has taken over the subsidiary, including its pharmaceutical license.

Until now the Group has never marketed a product outside of the Benelux and has therefore limited experience in the fields of sales, marketing and distribution in other markets. The Group does currently not intend to deploy itself a sales and distribution organisation elsewhere in the world, but will rely for the commercial launch and distribution of its products on license and supply deals with partners.

The new partners identified during the 2019 financial year are Itrom Pharmaceuticals Group (Middle East), Dexcel Pharma (Israel), Mayne Pharma (USA) for Estelle®. Itrom Pharmaceutical Group (Middle East), Megalabs (Argentina, Paraguay, Dominican Republic), Hormosan (Germany), Dexcel Pharma (Israel), Abbott (China), Aicore (Bulgaria, Moldova, Ukraine, Croatia, Romania, Serbia), Labatec (Switzerland), Searchlight (Canada) for Myring®. Post period end, the Company entered into an agreement with Alvogen (Taiwan & Hong Kong) for Estelle® and with Farmitalia (Italy) for Myring®. Other partners have currently not yet been identified and there can be no assurance that the Group will ever identify such partners or find an agreement with such partners. Therefore its products might not be commercialised in all the markets the Group currently intends to commercialise its products. The Group's dependence on partners for the commercialisation of its products in certain regions

results in a number of risks (including, but not limited to, less control over the partner's use of resources, timing, success, marketing of competing products by the partner, impact of future business combinations).

The Company has entered into some partnerships regarding sourcing of raw materials. Therefore the possibility for the Company to meet its production's commitments towards their counterparts depend on its sourcing arrangements.

(vii) The pharmaceutical industry is highly competitive and subject to rapid technological changes. If the Group's current or future competitors develop equally or more effective and/or more economical technologies and products, the Group's competitive position and operations would be negatively impacted

The market for pharmaceutical products is highly competitive. The Group's competitors in the Women's Health market include many established pharmaceutical, biotechnology and chemical companies, such as Bayer, MSD, Pfizer, Therapeutics MD, Exeltis and Allergan, many of which have substantially larger financial, research and development, marketing and personnel resources than the Group and could, therefore, more quickly adapt to changes in the marketplace and regulatory environment. Competitors may currently be developing, or may in the future develop technologies and products that are more effective, safe or economically viable than any current or future technology or product of the Group. Competing products may gain faster or broader market acceptance than the Group's products (if and when marketed) and medical advances or rapid technological development by competitors may result in the Group's product candidates becoming non-competitive or obsolete before the Group is able to recover its research and development and commercialisation expenses. This could have a material adverse effect on the Group's business, prospects, financial condition and results of operation.

(viii) The Group's patents and other intellectual property rights may not adequately protect its technology and products, which may impede the Group's ability to compete effectively.

The success of the Group will depend in part on its ability to obtain, maintain and enforce its patents and other intellectual property rights for technologies and products in all territories of interest to the Group. The Group directly holds various families of patent for Estelle® and Donesta®. The two patent families covering the indications for contraception and menopause will expire in 2022 in Europe and Canada and in 2025 in the United States (i.e., only a few years after the end of the development of these two product candidates). New patent applications have been filed to strengthen the protection of the product candidates, the outcome and scope of which are still undetermined. The Group also holds five families protecting different synthesis pathways for Estetrol, whose main patents expire in 2032. The Group will also seek to protect market opportunities for these products candidates once marketing authorization is granted (where applicable) through market/data exclusivity systems (between three and ten years maximum depending on the territory) and/or by applying for extensions of patent terms (five years maximum) where this possibility exists.

(ix) The Group has a history of operating losses, is accumulating deficits and may never become profitable.

The Group has experienced operating losses since 2012. It experienced consolidated net losses of EUR 9.8 million in 2015, EUR 35 million in 2016, EUR 35 million in 2017, EUR 12.4 million in 2018, and EUR 26.6 million in 2019. These losses have resulted principally from costs incurred in research & development and from general and administrative costs associated with the operations. In the future, the Group intends to continue the clinical trial program for its candidate products, conduct pre-clinical trials in support of clinical development and regulatory compliance activities that, together with anticipated general and administrative expenses, and the construction and start-up of its CDMO, will result in the Group incurring further significant losses for the next several years and the Group's cash burn is expected to increase as a result of these activities in the next few years.

There can be no assurance that the Group will ever earn significant revenues or achieve profitability resulting from its research and development activities.

The Group is also subject to the following risks, in addition to the risks mentioned above:

- The commercial success of the Company's products will depend on attaining significant market acceptance among physicians, patients, healthcare payers and the medical community.
- The Company's supply of innovative E4 products will depend on the production resources chosen by the Company.
- The Company may be exposed to product liability, no-fault liability or other claims and the risk exists that the Company may not be able to obtain adequate insurance or that the related damages exceed its current and future insurance cover.

- The Company is currently dependent on third parties for the pharmaceutical dossier and the supply of the products that it does not own but commercialises under its own trademarks.
- The Company might not be able to complete its own pharmaceutical dossiers for certain generic products in its portfolio, resulting in continued dependence on third party suppliers.
- The Company may require access to additional funding in the future, which could have a materially adverse effect on the Company's financial condition and results of operation and if the Company fails to obtain such funding, the Company may need to delay, scale back or eliminate the development and commercialisation of some of its products.
- The Company may infringe on the patents or intellectual property rights of others and may face patent litigation, which may be costly and time consuming.
- The Company's patents and other intellectual property rights may not adequately protect its technology and products, which may impede the Company's ability to compete effectively.
- The Company's success depends on its key people, and it must continue to attract and retain key employees and consultants.
- The Company must effectively manage the growth of its operations and the integration of acquisitions recently made or made in the future may not occur successfully.
- The Company has obtained significant grants and subsidies (mostly in the form of "avances récupérables"). The terms of certain of these agreements may hamper the Company in its flexibility to choose a convenient location for its activities.
- The Company has to comply with high standards of manufacturing in accordance with GMPs and other manufacturing regulations. In complying with these regulations, the Company must expend significant time, money and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. The failure to comply with these requirements could result in an enforcement action against the Company, including the seizure of products and shutting down of production. The Company may also be subject to audits by the Competent Authorities. If the Company fails to comply with GMPs or other applicable manufacturing regulations, the Company's ability to develop and commercialize the products could suffer significant interruptions and delay.

(x) The Company or third parties upon whom the Company depends may be adversely affected by natural disasters and/or global health pandemics, and its business, financial condition and results of operations could be adversely affected.

The occurrence of unforeseen or catastrophic events, including extreme weather events and other natural disasters, man-made disasters, or the emergence of epidemics or pandemics, depending on their scale, may cause different degrees of damage to the national and local economies and could cause a disruption in the Company's operations and have a material adverse effect on its financial condition and results of operations. Man-made disasters, pandemics, and other events connected with the regions in which the Company operates could have similar effects. If a natural disaster, health pandemic, or other event beyond its control occurred that prevented the Company from using all or a significant portion of its office and/or lab spaces, damaged critical infrastructure, such as its manufacturing facilities or its manufacturing facilities of its third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult for the Company to continue its business for a substantial period of time.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this Annual Report, Belgium, where the Company operates, has been impacted by temporary closures. The length or severity of this pandemic cannot be predicted, but the Company currently anticipates that there may be a potential impact from COVID-19 on the planned development activities of the Company.

With COVID-19 continuing to spread in the United States and Europe, the business operations of the Company could be delayed or interrupted, particularly if a large portion of its employees become ill. COVID-19 may also affect employees of third-party organizations located in affected geographies that the Company relies upon to carry out its clinical trials. The spread of COVID-19, or another infectious disease, could also negatively affect the operations at its third-party suppliers, which could result in delays or disruptions in the supply of drug product used in its clinical trials. In addition, the Company is taking temporary precautionary measures intended to help minimize the risk of the virus to its employees, including temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for its employees and discouraging employee

attendance at industry events and in-person work-related meetings, which could negatively affect the Company's business.

Further, timely enrollment in clinical trials is reliant on clinical trial sites which may be adversely affected by global health matters, including, among other things, pandemics such as COVID-19. For example, many of the Company's clinical trial sites are located in regions currently being afflicted by COVID-19. Some factors from the COVID-19 outbreak that the Company believes will adversely affect enrollment in its trials at least on a temporary basis include:

- the diversion of healthcare resources away from the conduct of clinical trial matters to focus on pandemic concerns, including the attention of physicians serving as Company's clinical trial investigators, hospitals serving as its clinical trial sites and hospital staff supporting the conduct of its clinical trials;
- limitations on travel that interrupt key trial activities, such as clinical trial site initiations and monitoring;
- interruption in global shipping affecting the transport of clinical trial materials, such as investigational drug product used in our trials; and
- employee absences that delay necessary interactions with local regulators, ethics committees and other important agencies and contractors.

The impact of COVID-19 on its business is uncertain at this time and will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among other things, but prolonged closures or other business disruptions may negatively affect its operations and the operations of its agents, contractors, consultants or collaborators, which could have a material adverse impact its business, results of operations and financial condition.

1.10. Research and development

We are committed to fully exploiting the potential of E4 (Estetrol) as well as our technologic platform in Complex Therapeutics to develop a diverse and broad portfolio of therapeutic treatments focused on Women's Health.

With regard to E4, most focus is on Mithra's late-stage product candidates, Estelle® for contraception (filing for Europe and US) and Donesta® for menopause (Phase III). Furthermore, Mithra is exploring additional indications in Women's Health (e.g. dysmenorrhea, endometriosis), as well as indications beyond Women's Health, such as wound healing and neuroprotection.

For the Complex Therapeutics, Mithra is currently launching Myring™ in Europe (Belgium, Luxembourg, Czech Republic and Germany) and is expecting the US launch for the end of 2020. At the same time, the Company continue to advance our research work on Zoreline® formulations, having obtained supportive 1 and 3-monthd PK results in 2018.

In October 2019, the Company enrolled the first patient marking the launch of the Phase III clinical program for Donesta® ("E4 Comfort") in postmenopausal women with vasomotor symptoms. The Phase III program consists of two pivotal studies enrolling a total of 2,200 women between 40 and 65 years of age. In December 2019, recruitment of the first patient for the second pivotal Phase III Donesta® study, conducted in 12 countries in Europe, Russia and South America, also marked the start of the Phase III Donesta® ("E4 Comfort") clinical program. This Phase III program aims to enroll approximately 2,200 postmenopausal women presenting vasomotor symptoms.

Post period end, in February 2020, the European Medicines Agency (EMA) accepted Gedeon Richter's regulatory submission for Estelle®. In March 2020, the European Medicines Agency (EMA) also accepted the regulatory submission for the commercialization of Estelle® in Belgium and Luxembourg. In April 2020, the regulatory submission for Estelle® has been filed by our partner, Mayne Pharma, with the Food and Drug Agency ("FDA") for the commercialization of Estelle® in the US.

Moreover, in light of the current global COVID-19 crisis, in April 2020, Mithra confirmed that E4 Comfort studies related to Donesta® was still ongoing, but that current patient recruitment had been delayed or put on hold in some countries. As the evolution of the health crisis cannot be predicted at present, The Company announced that it is possible that the global recruitment stage of the studies be further delayed compared to the initial schedule. Mithra however intends to make every effort to recover any potential delay endured during this crisis and has already put in place a safety management plan at all its active sites, in accordance with the guidelines of the respective competent health authorities.

Furthermore, Mithra will pursue the budgeted investments to further advance the technological CDMO facility in terms of performance, applicability and scale; in order to offer third-parties (such as GSP) the opportunity to develop

sterile injectables; and to prepare the polymeric forms and hormonal tablets zones for the production of its proprietary products.

In addition, Mithra intends to initiate new discovery programs which might lead to the development and commercialization of drug candidates; and is committed to seek, maintain and expand the know-how, technologies and intellectual property position.

1.11. Conflicting interests of Directors (Art. 7:96 of the CCA)

The Directors report that during the financial year under review one decision has been taken that fall within the provisions of Art. 523 BCC (now art. 7:96 of the CCA). As required by the law, the full minutes of the relevant meeting of the Board of Directors relating to such conflicts of interest are reproduced hereunder.

During the financial year 2019, no transaction or other agreement between the Company (or its affiliates) and a Director other than the decision reproduced hereunder, which could be considered as a conflict of interests within the meaning of Art. 523 BCC (now art. 7:96 of the CCA) was declared.

Furthermore, during the same financial year, there has been no transaction or other contractual relationship between the Group, and a Director or Executive Manager other than those that fall within the provisions of Art. 523 Art. BCC (now art. 7:96 of the CCA) or that have been disclosed under "related party transactions" set out below.

Meeting of the Board of Directors of 2 July 2019 (free translation of minutes from French)

"*On July 2, 2019, at 3:00 p.m., the Board of Directors (hereinafter the "Board") of SA MITHRA PHARMACEUTICALS (hereinafter the "Company") met at Rue de l'Expansion 57, 4400 Flémalle.*

I. Office composition

ALYCHLO NV (represented by M. Marc Coucke), chairs the Board.

MIDICO BVBA (represented by M. Michaël Dillen), is present in his capacity as Secretary of the Board.

II. Presence

All the members of the Board are present or represented, namely:

Member Represented by Present / Represented / Excused

- *AHOK SPRL, Koen Hoffman, Present*
- *ALYCHLO SA, Marc Coucke, Present*
- *AUBISQUE SPRL, Freya Loncin, Present*
- *Patricia Van Dijck, Excused*
- *CG CUBE SA, Guy Debruyne, Present*
- *EVA CONSULTING SPRL, Jean-Michel Foidart, Present (via confcall)*
- *YIMA SPRL, François Fornieri, Present*
- *CASTORS DEVELOPMENT SA, Jacques Platieau, Present*
- *NOSHAQ SA, Gaëtan Servais, Present*
- *P4MANAGEMENT SPRL, Christiane Malcorps, Present*
- *P. SUINEN SPRL-S, Philippe Suinen, Present*
- *SELVA Luxembourg SA, Christian Moretti, Present*
- *INVESTPARTNER SCRL, Joanna Tyrekidis, Present*

Are invited: Christophe Maréchal (CFO), Michaël Dillen (CLO), Graham Dixon (CSO), Romy Rizzo (Business Development Manager).

III. Agenda

1) *Approval of the minutes of the Board of directors held on 23 April, 2019*
2) *R&D point*
3) *Report of the audit committee and financial point*
4) *BD point*

5) Point on earnouts

6) Miscellaneous

(a) Appointment / renewal

(b) Approval or ratification of contracts

IV. Deliberation and resolutions

The elements mentioned in points I, II and III has been verified and recognised as accurate by the Board.

1) Approval of the minutes of the Board of Directors meeting held on 23 April 2019

The Council has no comments on the draft minutes (Annex 1).

Decision: The Council therefore decided to approve the draft minutes unanimously.

2) R&D item

The new CSO, Graham Dixon, introduced himself to the Board of Directors and provided an update on R&D activities (Annex 2)

(….)

3) Audit Committee Report and point Finance

(…)

4) BD Point

The Business Development Manager presents an overview of the status of the business discussions (Annex 4).

As far as Estelle® is concerned, the US market is currently mainly focused on the security profile of the pill. An analysis of the IQVIA market has recently been carried out on this point. As the US market is very specific, the promotional presentation has also been adjusted, which not only emphasises the safety profile, but also highlights the various advantages of Estelle. (…)

The Business Development Manager provides an overview of the ongoing business conversations in the US. (….). It is noted that the positions are currently still too far apart. (…)

As regards the Latin American market, discussions are under way with, (…). Other potential partners are currently in contact.

An agreement is also being negotiated with Dexcel (Israel). This should be finalised by the end of the summer. There are of course further licensing discussions underway for smaller markets, such as with Alvogen, (…).

For Donesta, IQVIA is currently working on the market analysis. In all cases, correct positioning of the product is essential. In general, it can be said that most potential partners are very enthusiastic. The current status of clinical development (pre-phase III) of the product implies that some of them prefer to wait a little longer. The areas where progress is most advanced are currently (….).

As regards Perinesta, IQVIA's market analysis is still pending. In addition to the general follow-up with potential business partners, business discussions with (…) are currently the most concrete. (…) indicated that it was carrying out an internal business case.

With regard to MyRing, contracts are being finalized with Dexcel (Israel). For China, a contract is being negotiated with Abbott. These contracts are expected to be finalized by the end of the summer. The BD also gives an overview of other discussions regarding MyRing. (….)

Finally, an overview of the status of partnerships for the CDMO's activity is also presented. It is reported that contracts had already been concluded for an annual production volume of 1,435,000 vials (i.e. approximately 30% of the CDMO's total capacity).

*****

The meeting was suspended at about 4:45 p.m. for 15 minutes. Mr. Servais, Mr. Platieau and Mr. Moretti left the meeting for good.

5) Earnouts Point

The CFO provides an update on the latest status of discussions and proposals regarding the renegotiation of earnouts (vis-à-vis the Uteron Sellers) (Annex 5).

The Chairman reminds that Article 523 of the Company Code provides in its first paragraph that "If a director has, directly or indirectly, a conflicting interest of a proprietary nature in a decision or transaction falling within the remit of the Board of

Directors, he must inform the other directors before the Board of Directors deliberates. His declaration, as well as the reasons justifying the opposing interest of the director concerned, must be included in the minutes of the board of directors meeting that will have to take the decision. The auditor must also be informed. "In this case, the Board must indicate in its minutes the nature of the decision or transaction in question and a justification of the decision that has been taken as well as the financial consequences for the Company.

Before proceeding with the discussions and deliberations on this item on the agenda, the directors Mr. Fornieri (Yima SPRL) and Prof. Dr. Foidart (Eva Consulting bvba) declare that they are in a situation of conflict of interest of a proprietary nature in relation to this item on the agenda, as they are also members of the Uteron Sellers. They state that they have duly informed the Company's auditor of this fact. The Chairman also asked the CFO and the CLO to leave the meeting for this item on the agenda, so that the directors present could judge this point among themselves.

Decision: After deliberation, the members of the Board present unanimously decided to continue negotiations with the Uteron Sellers, as the latter were not entirely satisfied with the latest proposal. The Board decides that it is more appropriate to hold the next negotiation discussions in the Audit Committee and that the Audit Committee appoints a representative for the Company. The Audit Committee is thus invited to make various proposals to the representative of Uteron Sellers (Mr Stijn Van Rompay), in particular to insert a lower cash limit needed to provide a cordon sanitaire (of the order of at least 80 million euros), and to propose a participation in "Mithra" shares. In addition, a possible lock-up period could also be considered, as well as conditions in the way capital transactions are handled thereafter (preferential subscription rights, etc.). In any event, the Board will decide on the fate of the final proposal.

6) Miscellaneous

a) Appointment / Renewal

The new composition of the Board of Directors was voted at the General Meeting of 16 May 2019. In accordance with the Company Code and the Company's corporate governance charter, it is therefore up to the Board to confirm the composition of the committees and the Managing Director.

Decision: The Board decided not to make any changes to the composition of the committees following the General Meeting and therefore decided to renew the appointment of the members of the committees, and to as far as necessary confirm the appointment of YIMA SPRL, represented by François Fornieri, (permanent representative) as Managing Director of the Company, as of 16 May 2019 and for an indefinite period aligned with the duration of his term of office as director. Insofar as necessary, the Board also decides to ratify all actions taken by YIMA SPRL in this capacity since 16 May 2019.

The conflict of interest rules have been complied with with regard to the members involved, as indicated in the company's Corporate Governance Charter (Annex E, point I).

b) Approval or ratification of contracts

Two contracts were submitted to the Council (Annex 6):

- The first concerns an exclusive license agreement concerning MyRing. Hormosan Pharma GmbH will be responsible for distribution in Germany for 5 years from the commercial launch. The products will be manufactured at the CDMO. Further details are discussed in Annex 6. The Council ratifies this agreement;

- The second agreement concerns the purchase of drospirenone (API), which is required for various of our products. NewChem SPA has been selected as the supplier. The agreement has a downward price scale depending on the volumes ordered. Limited minimum discounts are also provided. These are discussed in more detail in Appendix 6. The current agreement will have a duration of 6 years from the launch of Estelle® in (EU or US). The Council approves the signature.

Having discussed all the items on the agenda, the meeting was closed on 2 July 2019 at 17.30.

Annexes (6) not forming an integral part of these Minutes'.

Meeting of the Board of Directors of 30 September 2019 *(free translation of minutes from French)*

"On September 30, 2019, at 8:30 p.m., the Board of Directors (hereinafter the "Board") of SA MITHRA PHARMACEUTICALS (hereinafter the "Company") met by conference call at the Company's registered office.

I. I OFFICE COMPOSITION

- *Alychlo NV (represented by Mr Marc Coucke) chairs the Board.*
- *MIDICO BVBA (represented by Mr Michaël Dillen), is present in his capacity as Secretary of the Board.*

II. PRESENCES

All the members of the Board are present or excused, namely :

Member Represented by Present / Represented / Excused

- *AHOK SPRL Koen Hoffman, Present*
- *ALYCHLO SA Marc Coucke, Present*
- *AUBISQUE SPRL Freya Loncin, Present*
- *Patricia Van Dijck / Excused*
- *CG CUBE SA Guy Debruyne, Present*
- *EVA CONSULTING SPRL Jean-Michel Foidart, Excused*
- *YIMA SPRL François Fornieri, Present - then excused*
- *CASTORS DEVELOPMENT SA Jacques Platieau, Present*
- *NOSHAQ SA Gaëtan Servais, Present*
- *P4MANAGEMENT SPRL Christiane Malcorps, Present*
- *P. SUINEN SPRL-S Philippe Suinen, Present*
- *SELVA Luxembourg SA Christian Moretti, Present*
- *INVESTPARTNER SCRL Joanna Tyrekidis, Present*

Are invited: Christophe Maréchal (CFO), Romy Rizzo (Business Development Manager), Quentin Groutars (Junior BD Analyst) and Cédric Darcis (Legal Contracting Manager).

III. AGENDA

1. Review and Approval of the draft binding term-sheet concerning Uteron Sellers' earn-outs ("Earn-Outs")

IV. DELIBERATION AND RESOLUTIONS

The elements mentioned in points I, II and III has been verified and recognised as accurate by the Board.

1) Review and Approval of the draft binding term-sheet concerning earn-outs

The Chairman reminds that article 523 of the Company Code stipulates in its first paragraph that "If a director has, directly or indirectly, a conflicting interest of a proprietary nature in a decision or transaction falling within the remit of the Board of Directors, he must inform the other directors before the Board of Directors deliberates. His declaration, as well as the reasons justifying the conflicting interest of the director concerned, must be included in the minutes of the Board of Directors meeting that will have to take the decision. The auditor must also be informed. "In this case, the Board must indicate in its minutes the nature of the decision or transaction in question and a justification of the decision that has been taken as well as the patrimonial consequences for the Company.

Before proceeding with the discussions and deliberations on this item of the agenda, the director Mr. Fornieri (Yima SPRL) explains that he is in a situation of conflict of interest of a proprietary nature in relation to this item of the agenda, as he is also a member of the Uteron Sellers. He states that he has duly informed the Company's auditor of this fact.

Following these statements, the conflicted director leaves the room. Discussions continued.

The Board examines and deliberates on the draft of binding term-sheet concerning the renegotiation of earn-outs (Appendix 1). The Board asks the Audit Committee to make a summary of the term-sheet. The Chairman of the Audit Committee takes the floor to describe the financial mechanisms circumventing the transaction: share and cash payments. The Chairman of the Audit Committee recalls the latest changes compared to the previous proposals.

The Board asks the IR to remind new shareholders (Uteron sellers) of the compliance rules, notably those related to the MAR.

Decision: After examination of the project and deliberation on this subject, the Board unanimously decided, on the proposal of the Audit Committee, to vote in favour of signing the binding term-sheet. The Board gives CG CUBE SA a mandate to sign this binding term-sheet in the name and on behalf of the Board.

If this decision was taken when one of the directors is in a conflict of interest situation, the Board must describe, in accordance with Article 523 of the Company Code, the nature of the decision or transaction in question and give a justification for the decision taken and the financial consequences for the company.

The Board specifies that the renegotiation of the Earn-out contract is entirely in the Company's interest since it will (i) remove the condition of payment of the amounts due to the commercial success of Estelle, (ii) provide greater clarity on the total amount due, (iii) gain several years of payment, (iii) to insert a liquidity test for the payment of mon-tants and thus ensure

better control of the cash threshold, (iv) to reduce the absolute value of the amounts due, (v) to provide a shareholding, and thus to arouse the interest of Uteron Sellers in the societal life of Mithra.

The agenda being exhausted, the meeting is adjourned on September 30, 2019, at 9:30 pm.

Annexes (1) not forming an integral part of these minutes".

1.12. Independence and expertise of at least one member of the Audit committee

As previously disclosed, the Audit Committte is composed of the following three members: : (i) two of which satisfy to the independence criterias as set forth by provision 526ter of the BCC (now 7:87, §1st CCA) and (ii) all of them meet the expertise requirement of that very article:

AHOK BVBA (standing representative: Mr Koen Hoffman) – Mr Hoffman obtained a Master of Applied Economics at the University of Ghent in 1990, followed by an MBA at Vlerick Business School in Ghent in 1991. He started his career in the Corporate Finance Bank at KBC Bank, in 1992. From October 2012 to July 2016, he was Chief Executive Officer of KBC Securities SA. He was a member of the Supervisory Board of KBC IFIMA SA (formerly KBC Internationale Financieringsmaatschappij N.V.) and of Patria Securities, as well as a member of the Board of Directors of Omnia Travel Belgium. Mr Hoffman is the Chief Executive Officer of Value Square and has been an Independent Director of Fagron SA since August 2016. He is also an independent chairman of the board of directors in the listed companies Greenyard, MDxHealth and Snowworld.

AHOK BVBA also satisfies the independence criteria as prescribed by provision 526*ter* of the BCC (now 7:87, §1st CCA).

P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen) – Mr Suinen holds a degree in law from the University of Liège and a graduate diploma in European law from the University of Nancy. He entered public service in 1974 via the Government Recruitment Service and started his career at the Belgian Ministry of Foreign Affairs. From 1998 to 2014, he was CEO of A.W.E.X, General Administrator of WBI (Wallonia Brussels International) and APEFE (Association for the Promotion of Education and Training Abroad) and Senior Lecturer at the ULB (The Free University of Brussels). In 2014, he was elected President of the Chamber of Commerce and Industry of Wallonia (CCIW). During his career, he also served in several ministerial cabinets (Institutional Reforms, Education, Presidency of the Walloon Government and, as Chief of Cabinet, Foreign Trade and European Affairs, Vice-Presidency of the Belgian Federal Government, including transport, public enterprises, economy and telecommunications). He was also Vice-Chairman of the Board of SABENA and "Walloon of the Year" in 1999.

P. SUINEN SPRL-S also satisfies to the independence criterias as prescribed by provision 526 ter of the BCC (now 7:87, §1st CCA).

NOSHAQ SA (standing representative: Mr Gaëtan Servais) - Mr Servais is a graduate in economics from the University of Liège, where he began his career as a research assistant. In 1995, Mr Servais joined the Federal Plan Budget as an expert and, following this, the Economic and Social Council of the Walloon Region. From 2001, he was private secretary to a number of Ministers in the Walloon Government. Since 2007, has been CEO of Meusinvest, a financial company whose business is structured into a number of subsidiaries in order to best meet the financing needs for small to medium enterprises (SME) located in the Province of Liège.

1.13. Going concern assessment

End of 2019, Mithra has a total of EUR 127.7 million accumulated losses on its balance sheet and realized a consolidated net loss of EUR 26.6 million for the year ended 31 December 2019. The Board of Directors has analyzed the financial statements and accounting policies and based on conservative assumptions, the current cash position of EUR 49,7million at 31 December 2019 will allow the Group to keep up with operating expenses and capital expenditure requirements until the second quarter of 2021 thanks to the ongoing negociations.

Based on their assessment, the Management and Board of Directors consider it appropriate to prepare the financial statements on a going concern basis. The assessment is based on expected R&D clinical results and further business deals as well as on the monitoring of our funding activities. We are also considering potential capital increase and additional credit facilities to secure liquidity and to support the continuing development of our products.

The uncertainty raised by the COVID-19 pandemic has no impact on the going concern. Although there are many uncertainties, the Company is able to continue operations until the second quarter of 2021. However, the pandemic had an impact on financing, particularly in terms of timing (the share price has fallen, forcing the company to continue

to seek potential additional short- and medium-term financing to support the future growth strategy and strengthen the balance sheet).

1.14. Appropriation of results

Mithra Pharmaceuticals SA, the parent Company, ended the financial year 2019 with a net loss of EUR 34,725,228.25.

The Board of Directors proposed to appropriate the loss of the year of EUR 34,725,228.25 to accumulated loss. This brings the total amount of retained losses to EUR 99,378,243.35.

1.15. Important events after the reporting period

Post period, in January 2020, Mithra announced the granting of an exclusive license to Alvogen to market its Estelle® contraceptive pill in Hong Kong and Taiwan. Under the terms of this 20-year agreement, Alvogen will distribute Estelle® in Hong Kong and Taiwan, where the hormonal contraceptive market is worth approximately €20 million per year.

Also in January 2020, Mithra announced the granting of a licence to Farmitalia for the commercialization of its hormone treatment Tibelia® in Italy, where the tibolone market represents approximately EUR 4.5 million per year, as well as for the commercialization of its vaginal ring. Italy represents the third largest vaginal ring market in the world, with almost 2 million rings sold each year.

Mithra also announced that the results of an environmental assessment study showed that Estetrol (E4) is significantly more environmentally friendly than the alternatives currently on the market. The product candidate Estelle® (E4 15mg/ DRSP 3mg) is expected to be the first E4-based COC to show an environmentally friendly estrogenic profile, while more than 97% of COCs are based on EE2, a potent synthetic estrogen and endocrine disruptor that accumulates in the environment.

In February 2020, the Company announced that it had received a positive ruling from the Belgian tax authorities enabling it to benefit from the Belgian Patent Income Deduction (PID) on patent related income arising from Estetrol (E4) based products, namely Estelle® and Donesta®. Through the utilization of the tax losses carried forward and these PID/IID deductions, Mithra expects to significantly reduce its effective tax rate to less than 5% for its E4 product pipeline, compared to 30% for the standard Belgian commercial tax rate[1]. This low rate is expected to apply to the majority of future income related to E4-based products, including PeriNesta®.

Also in February 2020, the Company announced the commercial launch of Myring™ in Belgium. The Belgian market for contraceptive rings is estimated at approximately 5.1 million euros, with more than 600,000 rings sold each year[2]. Mithra's vaginal contraceptive ring is marketed in Belgium by Ceres Pharma under the brand name Myloop®.

In April 2020, the Company announced the commercial launch of Myring™ in Germany, which is the largest European market and the second worldwide in terms of sales volume. Mithra's vaginal ring contraceptive is marketed by Hormosan in Germany under the trademark name MYCIRQ®. Mithra is also in charge of the manufacturing of the product for the German market in its Mithra CDMO, still operational despite the Covid-19 crisis, in compliance with all the measures required by the Belgian authorities. Globally, this agreement could generate revenues of at least EUR 2.5 million for Mithra.

Also in April, Mayne Pharma and Mithra also announced that Mayne Pharma has submitted a New Drug Application (NDA) to the US Food and Drug Administration (FDA), seeking marketing authorisation for E4/DRSP, a combined oral contraceptive indicated for the prevention of pregnancy in women.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this Annual Report, Belgium, where the Company operates, has been impacted by temporary closures. The length or severity of this pandemic cannot be predicted, but the Company anticipates that there may be a potential impact from COVID-19 on the planned development activities of the Company.

With COVID-19 continuing to spread in the United States and Europe, the business operations of the Company could be delayed, particularly if a large portion of its employees become ill. COVID-19 may also affect employees of third-party organizations located in affected geographies that the Company relies upon to carry out its clinical trials. The

[1] In Belgium, the corporate tax rate is 29.58% from 2018 (tax year 2019) and 25% from 2020 (tax year 2021).

[2] IQVIA 2019

spread of COVID-19, or another infectious disease, could also negatively affect the operations at its third-party suppliers, which could result in delays or disruptions in the supply of drug product used in its clinical trials. In addition, the Company is taking temporary precautionary measures intended to help minimize the risk of the virus to its employees, including temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for its employees and discouraging employee attendance at industry events and in-person work-related meetings, which could negatively affect the Company's business.

Further, timely enrollment in clinical trials is reliant on clinical trial sites which may be adversely affected by global health matters, including, among other things, pandemics such as COVID-19. For example, many of the Group's clinical trial sites are located in regions currently being afflicted by COVID-19.

The impact of COVID-19 on its business is uncertain at this time and will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among other things, but prolonged closures or other business disruptions may negatively affect its operations and the operations of its agents, contractors, consultants or collaborators, which could have a material adverse impact its business, results of operations and financial condition.

There were no other subsequent events that occur between 2019 year-end and the date when the financial statements have been authorized by the Board for issue.

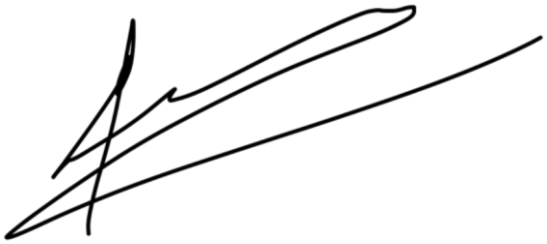
1.16. Grant of discharge to the directors and the statutory auditor

You are requested, for Mithra Pharmaceuticals SA, in accordance with the law and the Articles of Association, to grant discharge to the Directors and the Statutory Auditor for the duties carried out by them during the financial year ending 31 December 2019.

This report will be deposited according to the legal requirements and can be consulted at the Company's address.

Liege, 20 April 2020

For the Board of Directors,



Alychlo NV, represented by

Marc Coucke, Chairman

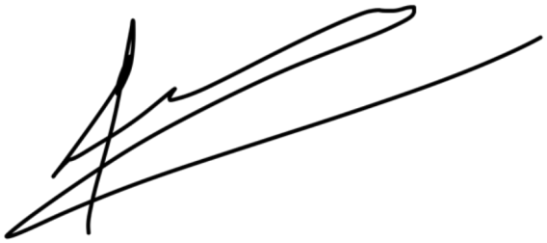
Yima SPRL, represented by

François Fornieri, Managing Director

2. Responsibility statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements as of 31 December 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included in the consolidation taken as a whole, and that the management report includes a fair review of the development and the performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board of Directors



ALYCHLO NV, represented by

Marc Coucke, Chairman

Yima SPRL, represented by

François Fornieri, Managing Director

CMM&C SPRL, represented by

Christophe Maréchal, CFO

3. Auditor report

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF MITHRA PHARMACEUTICALS SA FOR THE YEAR ENDED DECEMBER 31, 2019 (CONSOLIDATED FINANCIAL STATEMENTS)

In the context of the statutory audit of the consolidated financial statements of Mithra Pharmaceuticals SA ('the Company') and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report on the audit of the consolidated financial statements and the other legal and regulatory requirements. This report is an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of May 17, 2018, following the proposal formulated by the board of directors issued upon recommendation of the Audit Committee. Our statutory auditor's mandate expires on the date of the General Meeting deliberating on the financial statements closed on December 31, 2020. We have performed the statutory audit of the consolidated financial statements of Mithra Pharmaceuticals SA for 15 consecutive years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income , the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of 397,643 (000) EUR and for which consolidated income statement and other comprehensive income shows a loss for the year of
26,564 (000) EUR.
In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as at December 31, 2019, as well as of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the consolidated financial statements' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated financial statements in Belgium, including those concerning independence.

We have obtained from the administrative body and company officials the explanations and information necessary for performing our audit.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter paragraph

Without qualifying our opinion, we draw attention to Notes 9.4 and 9.31 in the financial statements which describes the current and potential impact of the COVID-19 crisis on the planned development activities. Mithra Pharmaceuticals SA concluded that no material uncertainty exists that may cast significant doubt on its ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Contingent consideration valuation

Description of the matter

As a result of the acquisitions of Estetra SRL and Novalon SA in 2015, the consolidated financial statements include a contingent consideration towards the previous owners. Additionally, during the second semester of 2019, an amendment to the sellers of Estetra (Uteron) agreement was signed with significant impacts. As disclosed in Note 9.16.3 of the consolidated financial statements, this contingent liability is reported at fair value in the statement of financial position.
We consider this area a key audit matter requiring high auditor's attention because of the fact that the valuation of the contingent consideration is complex, contains key judgmental areas and is strongly affected by assumptions with regards to expected future cash flows, cash position, discount rate and market conditions.

Procedures performed

Our audit procedures included, among others, the following:

- We have assessed and discussed with management the substance and the economic rational of the amendment to Uteron agreement;
- We have analyzed and reviewed the Company's fair value calculation including the significant underlying assumptions and checked whether an adequate valuation model was applied;
- We have analyzed the consistency of the underlying data used in the valuation model and compared these with the latest Board approved business plan;
- We consulted a valuation expert in our firm to assess the methodology, clerical accuracy,and discount rates as applied;
- We have performed an assessment of the reasonableness of key assumptions, notably expected future cash flows and cash position, probabilities applied to the different scenario's and discount rate;
- We reviewed the sensitivity analysis prepared by management to understand the effect of a change in assumptions;
- We reviewed the completeness and adequacy of the disclosures to the consolidated financial statements.

Revenue recognition

Description of the matter

The company has two main revenue streams, which are, on the one hand, sales of products, and, on the other hand, license agreements.
We consider this area a key audit matter requiring high auditor's attention due to the fact that (i) the accounting standard (IFRS 15) requires specific technical competences and a high degree of judgments in order to record and disclose revenue properly and (ii) the Company signed significant new contracts during the year.

Procedures performed

Our audit procedures included, among others, the following:

- We have reviewed the comprehensive analysis performed by the company for each relevant contract;
- We have assessed and discussed with management the substance and the economic rational of each relevant license agreement;
- We have evaluated and discussed with the internal legal counsel the legal obligations of the Group towards its customers;
- We have challenged the key judgments made by the management with regards to the determination of the transaction price, its allocation within the performance obligations and the stage of completion of these obligations, notably through discussions with the Chief Scientific Officer;
- We reviewed the completeness and adequacy of the disclosures as included in Note 9.19 to the consolidated financial statements.

Taxation

Description of the matter

As described in Note 9.24 to the consolidated financial statements, the Group accounts for deferred tax assets on
its tax losses carried forward and on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements to the extent that it is probable that future taxable profits will be realized for which unused tax losses and tax credits can be used.
We consider this area a key audit matter requiring high auditor's attention because of its significance to the financial statements and the critical judgment made to assess the recoverability of the deferred tax assets.

Procedures performed

Our audit procedures included, among others, the following:

- We have reconciled the total amount of tax losses carried forward available to the Group to supporting evidence;
- We have reviewed the taxable impact of the relevant IFRS accounting entries;
- We have challenged the judgment made by the management about taxable profits in the foreseeable future, taking into account the tax strategy of the Group;
- We have reviewed the accounting entries;
- We reviewed the completeness and adequacy of the disclosures as included in disclosures to the consolidated financial statements.

Responsibilities of the administrative body for the drafting of the consolidated financial statements

The administrative body is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for such internal control as the administrative body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the administrative body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the administrative body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

When executing our audit, we respect the legal, regulatory and normative framework applicable for the audit of the consolidated financial statements in Belgium. However, a statutory audit does not guarantee the future viability of the Group, neither the efficiency and effectiveness of the management of the Group by the administrative body.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
  Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the administrative body;

- Conclude on the appropriateness of the administrative body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, the supervision and the performance of the Group audit. We assume full responsibility for the auditor's opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

We also provide the audit committee with a statement that we respected the relevant ethical requirements relating to independence, and we communicate with them about all relationships and other issues which may influence our independence, and, if applicable, about the related measures to guarantee our independence.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our statutory auditor's report, unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the administrative body

The administrative body is responsible for the preparation and the contents of the management report on the consolidated financial statements and for the other information included in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (version revised in 2020) which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report on the consolidated financial statements and the other information included in the management report on the consolidated financial statements, as well as to report on these elements.

Aspects relating to the management report on the consolidated financial statementsand to the other information included in the annual report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the management report, this report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements (Chapter 1 Report of the Board of Directors)contain a material misstatement, i.e. information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the terms of our mandate.

- The fees related to additional services which are compatible with the statutory audit as referred to in article 3:65 of the Code of companies and associations were duly itemised and valued in the notes to the consolidated financial statements.

Other statements

This report is in compliance with the contents of our additional report to the Audit Committee as referred to in article 11 of regulation (EU) No 537/2014.

Battice, April 21, 2020

BDO Réviseurs d'Entreprises SCRL
Statutory auditor
Represented by Cédric ANTONELLI

4. Consolidated Statement of Profit and Loss

CONTINUING OPERATIONS

		Year ended 31 December	
Thousands of Euro (€)	*Notes*	*2019*	*2018*
Revenues	9.6, 9.19	96,520	57,876
Cost of sales	9.20	(2,487)	(1,571)
Gross profit		94,033	56,306
Research and development expenses	9.20, 9.21	(57,073)	(35,713)
General and administrative expenses	9.20, 9.21	(14,774)	(8,979)
Selling expenses	9.20, 9.21	(1,539)	(1,977)
Other operating income	9.19	5,401	4,552
Total operating expenses		(67,985)	(42,118)
Profit from operations		26,047	14,188
Change in the fair value of contingent consideration payable [3]	9.16, 9.18	(54,728)	(46,550)
Net fair value gain on financial assets at fair value through profit or loss[4]	9.18	2,763	-
Financial income	9.23	271	237
Financial expenses	9.23	(6,705)	(5,365)
Loss before taxes		(32,351)	(37,491)
Income taxes	9.24	5,128	9,885
Net loss from continuing operations		**(27,223)**	**(27,606)**

DISCONTINUED OPERATIONS[5]

		Year ended 31 December	
Thousands of Euro	*Notes*	*2019*	*2018*
Revenues	9.32, 9.6, 9.19	-	7,589
Cost of sales	9.20	-	(3,684)
Gross profit		-	3,905
Selling expenses	9.32, 9.20, 9.21	-	(1,989)
Other operating income	9.32, 9.19	928	876
Gain on sale of disposal group	9.32, 9.19	-	18,477
Total operating income		928	17,363
Operating Profit		928	21,269
Financial expenses	9.32, 9.23	(1)	(10)
Profit before taxes		927	21,258
Income taxes	9.32, 9.24	(269)	(6,015)
Net Profit from discontinued operations		**658**	**15,243**

[3] Fair values is computed on the contingent considerations payables which are reported under Other financial loans

[4] Fair value is computed on the financial assets which are reported under 9.18. Financial instruments. The amount reported on this line is the adjustment of the fair value (loss) on Contract assets Mayne's participation for EUR 5,236k (for the second equity tranche at FDA approval) which is offset by the contingent consideration receivable related to Ceres for EUR 7,999k.

[5] Please refer to note 9.32 Discontinued operations

GROUP TOTAL

		Year ended 31 December	
Thousands of Euro	*Notes*	*2019*	*2018*
Revenues	9.6, 9.19	96,520	65,465
Gross Profit		94,033	60,211
Profit from operations		26,975	35,457
Change in the fair value of contingent consideration payable [6]	9.16, 9.18	(54,728)	(46,550)
Net fair value gain on financial assets at fair value through profit or loss [7]	9.19	2,763	-
Financial income	9.23	271	237
Financial expenses	9.23	(6,705)	(5,375)
Loss before taxes		(31,424)	(16,232)
Income taxes	9.24	4,859	3,869
Net Loss for the year		**(26,564)**	**(12,363)**

Result for the purpose of basic loss per share, being net loss from continuing operations	(27,223)	(27,606)
Weighted average number of shares for the purpose of basic loss per share	37,751,788	36,564,683
Basic loss per share from continuing operations (in Euro)	(0.72)	(0.75)
Diluted loss per share from continuing operations (in Euro)	(0.72)	(0.75)

[6] Fair values is computed on the contingent considerations payables which are reported under Other financial loans

[7] Fair value is computed on the financial assets which are reported under 9.18. Financial instruments. The amount reported on this line is the adjustment of the fair value (loss) on Contract assets Mayne's participation for EUR 5,236k (for the second equity tranche at FDA approval) which is offset by the contingent consideration receivable related to Ceres for EUR 7,999k.

5. Consolidated statement of comprehensive loss

		Year ended 31 December	
Thousands of Euro	Notes	*2019*	*2018*
Net loss for the period		(26,564)	(12,363)
Other comprehensive loss		(4,962)	(3)
Items that may be reclassified to profit or loss:			
Currency translation differences		111	(3)
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through other comprehensive income	*9.15.3*	(5,073)	-
Total comprehensive loss for the period		(31,526)	(12,366)
Attributable to			
Owners of the parent		(31,526)	(12,366)
Non-controlling interests		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(31,526)**	**(12,366)**

The accompanying notes are an integral part of these financial statements.

6. Consolidated Statement of Financial Position

Thousands of Euro (€)	*Notes*	*As at 31 December 2019*	*2018*
ASSETS			
Property, plant and equipment	9.8	23,502	84,396
Right-of-use assets	9.8, 9.27	70,535	-
Goodwill	9.9	5,233	5,233
Other Intangible assets	9.7	87,490	81,907
Deferred income tax assets	9.24	34,431	27,045
Contracts assets	9.19, 9.18	48,975	14,350
Other non-current assets	9.11	13,096	3,435
Investments in equity securities	9.18	22,860	-
Non-current assets		306,121	216,366
Inventories	9.12	16,227	10,945
Contract assets	9.19, 9.18	13,242	1,000
Trade & other receivables	9.13	12,238	12,468
Other short-term deposits		46	0
Cash & cash equivalents	9.14	49,720	118,949
Current assets		91,522	143,362
TOTAL ASSETS		**397,643**	**359,728**

Thousands of Euro (€)	*Notes*	*As at 31 December 2019*	*2018*
EQUITY AND LIABILITIES			
Equity			
Share capital	9.15	28,018	26,925
Additional paid-in-capital	9.15	259,529	220,334
Other Reserves	9.15	3,423	(1,243)
Accumulated deficit	7	(127,673)	(97,620)
Equity attributable to equity holders		163,298	150,893
Subordinated loans	9.16	12,430	14,222
Other loans	9.16	6,626	53,148
Lease liabilities	9.27, 9.16	45,728	-
Refundable government advances	9.16	13,086	10,252
Other financial liabilities	9.16, 9.18	99,866	88,620
Contract liabilities	9.19	4,056	4,017
Provisions	9.28	607	266
Deferred tax liabilities	9.24	4,148	2,202
Non-current liabilities		186,546	172,727
Current portion of Subordinated loan	9.16	340	173
Current portion of Other loans	9.16	6,186	12,405
Current portion of lease liabilities	9.27, 9.16	6,746	-
Current portion of Refundable government advances	9.16	791	668
Current portion of Other financial liabilities	9.16	6,624	7,007
Trade payables, Accrued charges & other financial liabilities	9.17	27,114	15,520
Corporate tax payable		-	334
Current liabilities		47,799	36,109
TOTAL EQUITY AND LIABILITIES		**397,643**	**359,728**

7. Consolidated statement of changes in equity

Thousands of Euro (€)	*Share Capital*	*Share Premium*	*Accumulated deficit*	*Non controlling interests*	*Share- based payment reserve*	*Other reserves*	*Total Equity*
Notes	9.15	9.15			9.26	9.15.3	
Balance as at 1 January 2018	25,036	148,279	(88,744)	-	2,370	(59)	86,882
Result for the year			(12,363)				(12,363)
Currency translation differences						(3)	(3)
Capital increase of 30 May 2018	1,956	75,544					77,500
Transaction costs for equity issue	(68)	(2,236)					(2,304)
Share-based payment expense					1,181		1,181
Balance as at 31 December 2018	26,925	221,587	(101,107)	-	3,551	(62)	150,893
Result for the year			(26,564)				(26,564)
Currency translation differences						111	111
Changes in the fair value of equity investments at fair value through other comprehensive income						(5,073)	(5,073)
Total comprehensive income for the period	-	-	(26,564)	-	-	(4,962)	(31,526)
Capital increase warrants H1 2019	36	134					170
Capital increase 23 December 2019	1,057	37,806					38,863
Share-based payment expense					4,898		4,898
Balance as at 31 December 2019	**28,018**	**259,529**	**(127,673)**	**-**	**8,448**	**(5,024)**	**163,298**

The accompanying notes are an integral part of these financial statements.

8. Consolidated Cash Flow statement

GROUP TOTAL (INCLUDING DISCONTINUED OPERATIONS)

As at 31 December

Thousands of Euro	*Notes*	*2019*	*2018*
CASH FLOWS FROM OPERATING ACTIVITIES			
Result from operations		**34,974**	**35,457**
Adjustements for:			
Depreciation and amortisation		5,777	2,851
Gain on sale of disposal group	9.11	(7,999)	(18,477)
Tax credit	9.11	(1,360)	(739)
Share-based payments	9.26	4,898	1,181
Taxes paid		359	-
Upfront payment settled in shares	9.19, 9.18	(27,933)	-
Grant income	9.16	(2,555)	
Subtotal		**6,161**	**20,273**
Increase/(decrease) in trade payables and other current liabilities	9.17	11,594	(9,050)
(Increase)/decrease in trade receivables and other receivables	9.13, 9.19	(7,053)	10,108
Decrease in inventories	9.12	(5,282)	(7,604)
Increase in corporate tax payables and others		(334)	(10,185)
(Increase)/decrease in contract assets	9.19	(51,912)	-
Net cash (used in)/provided by operating activities		(46,826)	3,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of tangible fixed assets	9.8	(11,118)	(10,009)
Payment for acquisition of intangible fixed assets	9.7	(4,337)	(90)
Disposal of assets		-	19,353
Other financial liabilities payments	9.18	(5,000)	(3,690)
Net cash (used in)/provided by investing activities		(20,455)	5,564
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of subordinated loans and others	9.16	(11,080)	(1,365)
Repayment of refundable government advances	9.16	(766)	
Proceeds from subordinated loans & others loans	9.16	7,008	3,282
Proceeds from refundable government advances & Other grants	9.16	8,214	
Repayments of lease payments	9.27	(2,174)	-
Interests paid	9.23	(3,321)	(3,460)
Proceeds from issuance of shares (net of issue costs)	9.15	170	75,196
Net cash (used in)/provided by financing activities		(1,949)	73,653
Net increase/(decrease) in cash & cash equivalents		(69,184)	82,760
Cash & cash equivalents at beginning of year		118,949	36,190
Cash and cash equivalents at end of period		**49,720**	**118,949**

The accompanying notes are an integral part of these financial statements.
For additional information, please refer to Note 9.32 Discontinued operations.

9. Notes to the consolidated financial statements

9.1. General Information

Mithra Pharmaceuticals SA (Euronext MITRA) is a Belgian biotech company dedicated to transforming Women's Health by offering new choices through innovation, with a particular focus on contraception and menopause. Mithra's goal is to develop products offering better efficacy, safety and convenience, meeting women's needs throughout their life span. Its three lead development candidates are built on Mithra's unique native estrogen platform, Estetrol (E4): Estelle®, a new era in oral contraception, PeriNesta®, the first complete oral treatment for perimenopause and Donesta®, the next-generation hormone therapy. Mithra also develops and manufactures complex therapeutics in the areas of contraception, menopause and hormone-dependent cancers. It offers partners a complete spectrum of research, development and specialist manufacturing at its technological platform Mithra CDMO.

Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- Mithra signed a License and Supply Agreement (LSA) with Mayne Pharma Group Limited (hereinafter referred to as "Mayne"), a leading Women's Health player in oral contraceptives in the United States (US), for an exclusive license to commercialize Estelle® in the US. Estelle® is a native estrogen produced by the human foetal liver during pregnancy. Under the terms of the agreement, Mithra will receive down and milestone payments in cash and shares of a sellor a minimum amount USD 295 million. In addition, a transfer price comprising fixed and variable components based on a percentage of high double-digit net sales over a 20-year period. Mithra will be issued 9.6% of Mayne's Ordinary Shares across two tranches: the first tranche of equity will represent 4.95% of Mayne's total equity on issue; the second tranche will be awarded on FDA approval of the product. Regarding the deal signed with Mayne Pharma in 2019 for Estelle® in the US, the total deal value is about USD 295 million from which a part has been paid by Mayne, through shares of Mayne. In 2019, total revenue of EUR 74,368k was recognized under the contract, including cash consideration of EUR 17,605k, as well as non-cash consideration and promise of non-cash consideration of EUR 56,764k, measured at fair value. Mayne shares held and receivable are reported as follows in the financial statements:
    - Mayne shares received and held are reported as investments in equity securities for EUR 22,860k, measured at fair value through other comprehensive income (please refer to Note 9.18 Financial instruments).
    - Mayne shares receivable are reported amongs Contract assets for EUR 23,595k (please refer to Note 9.19 Revenue and other operating income). The variability associated with the Mayne share price gives rise to an embedded derivative so that in accordance with IFRS 9, the receivable is classified as fair value through profit or loss, please refer to 9.18 Financial instruments.

  Note : For more details about the revenue please refer 9.19 revenue and other operating income, for more details about the investments in equity securities please refer to 9.18 Financial instruments, for more details about the market risk please refer to 9.3 Financial risk management.
- Mithra reached an agreement with the former owners of Uteron Pharma revising the remaining payment obligations that Mithra has under the existing earnout agreement. Former owners of Uteron Pharma, which housed the asset E4 (synthesis and contraception) before divestment to Mithra, include an important number of shareholders. Under the agreed "best case" of the agreement, Mithra will make a lump sum payment of EUR 250 million in total over an expected period of 9 years, while the disbursement timing is fully dependent on the cash position reached at group level. A minimum amount of EUR 40 million will be paid through 8 instalments of EUR 5 million starting in 2021. Some installments may also be converted into equity under certain conditions. Based on our conservative forecasts, these renegotiated terms represent a 62% reduction in total remaining payment obligations to the former owners of Uteron Pharma from EUR 662 million to EUR 250 million.
    - The non-cash part representing the equity tranche due to the former owners of Uteron as per the renegotiation of the earnout contract explains the increase of capital of EUR 38,863k done at year end 2019, please refer to 9.15 Share Capital.

- For the remaining EUR 210 million cash amount, the debt has been adjusted and disclosed in other financial liabilities in the statement of financial position, please refer to 9.16.3 Other financial liabilities and 9.18 Financial instruments.

Note : For more details about the earn out Estelle®, please refer to 9.3 Financial risk management c)Liquidity risk, 9.16.3 Other financial liabilities and 9.18 Financial instruments.

- Under the sale and purchase agreement of our Belux generic business entered into with Ceres in 2018, we are eligible for an additional total of EUR 20 million in earn-outs over the course of the next five years. In 2019, we increased the fair value of contingent consideration receivable to EUR 7,999k based on our estimate of amounts receivable from upcoming milestones in the Ceres contract, as Mithra is The rest of the milestones may generate future out-licensing revenue related to the semi-exclusive Estelle® license granted on the Belux territory, please refer to 9.18 Financial instruments.

  Note : For more details regarding the contingent receivable Ceres, please refer to 9.11 Other non-current asset and to 9.18 Financial instruments.

- We adopted IFRS 16 as of 1 January 2019 using the modified retrospective approach. Consequently, the cumulative effect of adopting IFRS 16 has been recognized as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative figures. We apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

  Assets and liabilities arising from a lease are initially measured on a present value basis, being the present value of the remaining financial components of the lease payments (for leases of cars) and discounted using lessee's incremental borrowing rate.

  Note : For more details regarding the Lease liabilities, please refer to 9.2.4 Summary of significant accounting policies, 9.8 Property, plant and equipment, 9.16 Financial liabilities and 9.27 Lease liability.

9.2. Summary of Significant Accounting Policies

The consolidated financial statements are presented in thousands of euro (unless stated otherwise). The consolidated financial statements for the financial year ended 31 December 2019 have been authorized for issue by the Board of Directors of 20 April 2020. The financial statements have been prepared on historical cost basis. Any exceptions to the historical cost price method are disclosed in the accounting policies described hereafter.

9.2.1. Basis of presentation

The financial statements have been prepared on a going concern basis and in accordance with the main accounting principles set out in this section. The Group is expecting losses in the coming years, which is inherent to the current stage of the Group's business life cycle as a biotech company. In this respect, the following underlying assumptions have been used:

- The continued positive evolution of the development of products and timely market approvals in countries where the products will be filed;
- The availability of additional financial resources to deal with the remaining development expenses and to fund the cash requirements in the first years of commercialization of the different products.

The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union ("EU").

Comparative figures 2018

Compared to the published 2018 annual report, the figures as at 31 December 2018 were adjusted in terms of presentation, in order to further improve the readability and comparability of the financial information. More specifically, the items "Contract assets" and "Contract liabilities" are now separately disclosed on the face of the consolidated statement of financial position.

9.2.2. Significant accounting policies

The financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2018, with the exception of the initial application of IFRS 16, Leases.

The new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019 do not impact the Group's consolidated financial statements except for IFRS 16 for the accounting of leasing contracts which has been applied since 1 January 2019.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these financial statements.

9.2.3. Use of accounting judgments, estimates and assumptions

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimate and assumptions applied in the financial statements, including the key sources of estimation uncertainty, are disclosed in the note 9.4. Critical accounting estimates and judgments .

9.2.4. Changes in accounting policies and disclosures

During the current financial period, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the European Union and effective for the accounting year starting on January 1, 2019. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2019.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC as adopted by the European Union are effective for the financial period.

- annual Improvements to IFRSs 2015-2017 Cycle (December 2017)
- IFRS 9 Financial Instruments – Amendments regarding prepayment features with negative compensation (October 2017)
- IAS 19 Employee Benefits – Amendments relating to Plan Amendment, Curtailment or Settlement (February 2018)
- IAS 28 Investments in Associates and Joint Ventures – Amendments regarding long-term interests in Associates and Joint-Ventures (October 2017)
- IFRIC 23 Uncertainty over Income Tax Treatments (June 2017)
- IFRS 16 Leases (Original issue January 2016) – This standard provides a basis for the accounting of lease contracts by lessees and lessors. The standard is applicable as from 1 January 2019.

Adjustments recognised on adoption of IFRS 16

The Group adopted IFRS 16, Leases, on 1 January 2019 using the modified retrospective approach. Consequently, the cumulative effect of adopting IFRS 16 has been recognized as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative figures.

On adoption date, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The right-of-use assets were measured at the amount equal to the lease liability on that date.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- for leases that were classified as finance leases applying IAS 17, carry-forward of the carrying amount of the lease asset on lease liability immediately before the date of initial application measured applying IAS 17 as the carrying amount of the right-of-use asset and the lease liability at the date of initial application;
- application of a single discount rate to a portfolio of lease with similar characteristics;
- exclusion of initial direct costs from measuring the right-of-use asset at the date of initial application; and
- use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On January 1, 2019, the Group recognised an additional lease liability of EUR 853k primarily relating to offices and company cars, and an increase in right-of-use assets and cars. No effect resulted on the balance of accumulated deficit on 1 January 2019.

Thousands of Euro (€)	
Operating leases commitments disclosed – 31 December 2018	684
Adjustment as a result of different treatment of extension options	182
Additional operating leases commitments within IFRS 16 scope	866
Discounting effect at incremental borrowing rate	(13)
IFRS 16 additional lease liability (discounted) recognized at transition date – 1 January 2019	**853**
IFRS 16 additional lease liability (non-current) – 1 January 2019	**531**
IFRS 16 additional lease liability (current) – 1 January 2019	**322**

The discounting effect was determined using an average incremental borrowing rate of 1.44%.

Accounting for leases under IFRS 16

The Group leases various offices and cars. Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

We apply IFRS 16 to all contracts in force at 1 January 2019 and previously identified as leases in accordance with IAS 17 and IFRIC 4.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease term covers the non-cancellable period for which the Group has the right to use an underlying asset, together with both:

(a) periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The Group measures its right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Therefore, the nature of the expenses related to those leases changes as we recognize a depreciation of the right-of-use assets and an interest expense on the lease liabilities. The depreciation is done on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Except for IFRS 16 as described above, the adoption of these new standards and amendments has not led to major changes in the Group's accounting policies.

Summary of Standards and Interpretations issued but not yet effective in the current period

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued by the IASB and the IFRIC but are not yet effective as per December 31, 2019 and/or not yet adopted by the European Union as per December 31, 2019 and for which the impact might be relevant:

- amendments to References to the Conceptual Framework in IFRS Standards (March 2018) *
- IFRS 3 Business Combinations – Amendments to clarify the definition of a business (October 2018) *
- IFRS 17 Insurance Contracts (Original issue May 2017) *
- IAS 1 Presentation of Financial Statements – Amendments regarding the definition of material (October 2018) *
- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (January 2020)*
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (October 2018) *
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (September 2019)*

* Not yet endorsed by the EU as of December 31, 2019

None of these upcoming Standards, Interpretations and Amendments, are expected to have a material effect on the Group's future financial statements that IASB and IFRIC published after the 1st January 2019 but not yet effective and/or approved by the EU on 31 December 2019.

9.2.5. Basis of consolidation

a) Subsidiaries

The consolidated financial statements include all the subsidiaries over which the Group has control.

Control is achieved when the investor

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the investor shall reassess whether it controls the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 9.2.6)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Any non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

b) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net asset of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or joint venture is initially recognised at cost and adjusted for the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds its interest in that associate or joint venture, the Group discontinues recognising its share of further losses.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 (Impairment of Assets), by comparing its recoverable amount with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

9.2.6. Business combinations

The Group applies the acquisition accounting method to account for business combinations. Identifiable assets acquired, and liabilities and contingent liabilities assumed, are, with limited exceptions, measured initially at their fair values at the acquisition date. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group. This includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred.

Where not all of the equity of a subsidiary is acquired, the non-controlling interest is recognised either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis. Changes in the Group's ownership percentage of subsidiaries are accounted for within equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

9.2.7. Segment information

An operational segment is a component of an entity:

- which exercises operating activities with which profits are being gained and with which costs can be made (including profits and costs from transactions with other components of the entity);

- of which the operational results are being judged regularly by the highest function of the entity who can take important operational decisions in order to make decisions regarding the allocation of resources and to evaluate the financial results of the segment and;
- for which separate financial information is available. That is engaged either in providing specific products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

9.2.8. Foreign currency translation

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency.

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period the entity shall (a) translate the foreign currency monetary items at closing rate, (b) translate non-monetary items measured at historical cost in a foreign currency, using the exchange rate of the transaction date, (c) translate non-monetary items measured at fair value in a foreign currency using the exchange rates at the date the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement within 'financial income or cost'.

On consolidation, assets and liabilities including related goodwill of components of the Group, are translated into Euros at rates of exchange ruling at the balance sheet date. Exchange adjustments arising when translating the financial statements of foreign subsidiaries, and those arising on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and which therefore form part of the net investment in the foreign operation, are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

9.2.9. Intangible Assets

a) Research & development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development is recognised to the extent that all conditions for capitalisation have been satisfied as specified in IAS 38:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

This recognition is conventional when a regulatory filing has been made in a major market and the approval from the regulators is considered as highly probable. Some of its products which are capitalised as from current year do not require any regulatory approval.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

b) Acquired intangible assets

Separately acquired intangible assets are shown at historical cost. Contingent payments based on future performance are an attribute of a fair value measurement throughout the life of the asset. The contingent payments will be disclosed as a contingent liability. When the contingent liability becomes a liability the re-measurement at the end of each reporting period shall be accounted for as an adjustment to the cost of intangible assets to the extent that it relates to future benefits and reporting periods. Intellectual property rights, patents, licenses, know-how and software with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these intangibles over their estimated useful lives of 7 to 10 years and starts at the moment the assets are available for use.

In the event an asset has an indefinite life, this fact is disclosed along with the reasons for being deemed to have an indefinite life.

Intangible assets acquired in a business combination, including in-process research and development, are initially measured as explained in paragraph 9.2.6

9.2.10. Property, plant and equipment

Property, plant and equipment is carried at historical cost, less subsequent depreciation. Historical costs are capitalized and include expenditure that is directly attributable to the acquisition of the assets, expenditure for bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner, including the in-house development costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, here the CDMO platform, form part of the cost of that asset. Other borrowing costs are recognised as an expense. Borrowing costs are interest and other costs that Mithra CDMO incurs in connection with the borrowing of funds.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the profit and loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings and components: 15-30 years
- Machinery: 5-15 years
- Vehicles: 3-5 years
- Furniture and equipment: 5-8 years
- ICT and other equipment: 3-5 years

Specific machines are depreciated using unit of production depreciation method.

The acquisition value of the assets have been analysed by component and specific useful lives and residual values were applied to each of them. The residual value of the building is estimated to correspond to the cost of the structure of the building. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income or expenses' in the income statement.

9.2.11. Impairment of tangible, intangible assets and of goodwill

Assets with an indefinite useful life are tested for impairment annually and at each reporting date, and whenever there is an indication that the asset might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use. To determine fair value less cost to sell, the forecasted future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. A cash-generating unit is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash flows from other assets or

Group of assets. An impairment loss is immediately recognised as an expense. Intangible and tangible assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

9.2.12. Discontinued operations

To qualify as discontinued operations, a component of Mithra group must have been classified as held for sale and represent a separate major line of business or is a part of a single coordinated plan to dispose of a separate major line of business.

BeLux Business within Product sales area is classified as discontinued operation and reported as held for sale. Non-current assets or disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell..

9.2.13. Inventories

The inventories mainly consist of trade goods.

Trade goods are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIF0) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Write-offs are performed based on the shelf life of the products.

9.2.14. Trade receivables

Tradereceivablesare amounts due from customers for merchandise sold or services performed in the ordinary course of business and are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for expected credit losses.

9.2.15. Other Short-term investments

Term deposits with an initial term of more than three months are held to maturity and measured at amortized cost.

9.2.16. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks. In the balance sheet, bank overdrafts, if any, are included in borrowings in current liabilities.

9.2.17. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Equity instruments issued by the Company are recorded in the amount of the proceeds received, net of direct issue costs.

9.2.18. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

9.2.19. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the term of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

9.2.20. Current and deferred income tax

The tax expense or credit for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

9.2.21. Leases liabilities

Since 1 January 2019, leases are accounted for as explained in note 9.2.4.

Until 31 December 2018, and so in the comparable period included in these financial statements, leases were classified as finance leases whenever the terms of the lease transferred substantially all the risk and rewards of ownership of the asset to the lessee. All other leases were classified as operating leases.

At commencement of the lease, assets held under finance leases were recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum payments under the lease, each determined at the inception of the lease. The corresponding liability to the lessor was included in the statement of financial position as a finance lease obligation. Financial expense was recorded periodically to the term of the lease so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases were charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease were also spread on a straight-line basis over the lease term.

9.2.22. Revenue recognition

Net sales encompass revenue recognised resulting from transferring control over products sold to customers.

- In addition, the Group has entered into a number of contracts through which it "out-licenses" to customers the IP[8] it developed related to drugs that have not yet received regulatory approval. Generally, under the terms of the license, the licensee can further develop the IP, and manufacture and/or sell the resulting commercialized product. The Group typically receives an upfront fee, milestone payments for specific clinical or other development-based outcomes, and sales-based milestones or royalties as consideration for

[8] Intellectual property

the license. Some arrangements also include ongoing involvement by the Group, who may provide R&D[9] and/or manufacturing services relating to the licensed IP.

- Licenses coupled with other services, such as R&D, must be assessed to determine if the license is distinct (that is, the customer must be able to benefit from the IP on its own or together with other resources that are readily available to the customer, and the Group's promise to transfer the IP must be separately identifiable from other promises in the contract). If the license is not distinct, then the license is combined with other goods or services into a single performance obligation. Revenue is then recognised as the Group satisfies the combined performance obligation.
- If the license is distinct, revenue is recognised at the point in time the license is granted to the extent that the license provides the customer a "right to use" of a company's IP as it then exists. Revenue from a distinct license is recognized over time if and only if the license is qualified as "right to access", which is the case when the three following criteria are met:

  a) The entity (is reasonably expected to) undertakes activities that will significantly affect the IP to which the customer has rights;

  b) The customer's rights to the IP expose it to the positive/negative effects of the activities that the entity undertakes in (a);

  c) No goods or services are transferred to the customer as the entity undertakes the activities in (a).
- Milestone payments represent a form of variable consideration as the payments are contingent on the occurrence of future events. Milestone payments are estimated and included in the transaction price based on either the expected value (probability-weighted estimate) or most likely amount approach. The most likely amount is the most predictive for milestone payments with a binary outcome (i.e., the Group receives all or none of the milestone payment). Variable consideration is only recognised as revenue when the related performance obligation is satisfied and the company determines that it is highly probable that there will not be a significant reversal of cumulative revenue recognised in future periods. This then results in a catch up of revenue at that moment for any performance obligations satisfied until that moment. Sales-based royalties received in connection with the license of IP are not included in the transaction price until the customer's subsequent sales occur.
- For R&D services agreement where no license is granted, revenue is recognised over time using the output methods for determining the stage of completion of the services.
- For manufacturing and supply agreements, revenue is recognised at a point in time when the transfer of control over the related products is achieved.
- The Group takes advantage of the practical expedients (i) not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customers is one year or less and (ii) to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Contract assets and liabilities

- Contract assets arise when the Group recognises revenue in excess of the amount billed to the customer and the right to payment is contingent on conditions other than simply the passage of time, such as the completion of a related performance obligation.
- Contract liabilities represent the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

9.2.23. Government grants and advances

Government grants are recognised as revenue on a systematic basis over the periods in which the entity recognises the related costs as expenses for which the grants are intended to compensate.

[9] Research and development

Refundable advances are accounted for as interest free loans for which the benefit of the below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial fair value of the loan and the proceeds received. Accordingly, when estimating the liability, the Company (i) determines its best-estimate of the period during which it will benefit from the advance and (ii) determines the amount of the liability as the difference between the nominal amount of the loan and its discounted and risk-adjusted value using a market rate for a liability with similar risk profile to the Company. The liability is subsequently measured at amortised cost using the cumulative catch-up approach under which the carrying amount of the liability is adjusted to the present value of the future estimated cash flows, discounted at the liability's original effective interest rate. The resulting adjustment is recognised within profit or loss. When there is reasonable assurance that the Company will comply with the conditions attaching to the grant, and that the grant will be received, the benefit is accounted for in deduction of the related research and development expenses that it is intended to compensate.

Repayment of refundable advances may be forgiven in certain circumstances. The liability component of refundable advances is treated as a government grant and taken to income only when there is reasonable assurance that the entity will meet the terms for forgiveness of the advance.

9.2.24. Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share- based payment transactions are set out in note 9.26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity- settled share-based payment reserve.

If the entity cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the entity accounts for the cancellation or settlement as an acceleration of vesting, and shall recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The Group currently does not have cash-settled share-based payment arrangements.

9.2.25. R&D tax credit

Companies that invest in research and development of new environmentally friendly products and advanced technologies can benefit from increased investment incentives or a tax credit following Belgian tax law, according to each company's choice. The tax credit may be calculated either as a one-off credit or spread over the depreciation period. Excess tax credit is carried forward, and the remaining balance after five years is refunded, which may result in a cash benefit. The tax credit applies to tangible and intangible fixed assets used for R&D of new products and technologies that do not have a negative impact on the environment (green investments), including R&D expenses capitalized under Belgian GAAP.

The tax credit should be claimed in the year in which the investment takes place.

Regarding the accounting treatment, the Group follows IAS 20 after assessing its situation carefully because the tax credit can be directly settled in cash and some conditions not related to taxes for receiving the tax credit exist. Tax credit is presented as other operating income in the Consolidated Statement of Income.

9.2.26. Investments in equity securities

The group has elected to recognise changes in the fair value of certain investments in equity securities in Other comprehensive income (for those that are strategic investments, not held for trading). The changes are accumulated through other comprehensive income to Other reserves within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

9.3. Financial Risk Management

9.3.1. Financial risk factors

a) Market risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, but the current interest rate environment in Europe is currently stable, with interest rates even being negative. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain the majority of its long term borrowings in fixed rate instruments. All borrowings are euro denominated.

Based on the simulations performed, the impact on post tax profit and equity of a 1% shift would not be significant.

Foreign exchange risk

The Group is materially exposed to both the USD and the AUD. Any future exchange rate risks that might materially expose the Group will be monitored closely. If appropriate, adequate mitigating actions will be taken.

The main part of the exposure to US dollar at year-end 2019 was related to a significant backlog of license milestones to be collected in the coming years under the US License and Supply contract signed with Mayne Pharma (227.960k USD of regulatory and sales related). Milestone payments of 8.750k USD had already been collected at inception of the contact and immediately converted into Euros, and did no longer carry a US dollar exposure at year-end.

The remaining exposure to the US dollar on this contract was not hedged at year-end, and has been fully hedged post-closing using FX forward contracts for which Mithra expects to apply to the cash-flow hedge accounting treatment.

The US License and Supply contract was also structured with consideration received in the form of Mayne Pharma's ordinary shares. Mayne Pharma issued 4.95% of their outstanding shares to Mithra when signing the contract (a financial asset at fair value through other comprehensive income at year-end) and a further 4.65% will be issued following FDA approval (a contract asset at year-end), both percentages based on the number of shares outstanding at contract closing.

These two equity tranches represent 168.872.626 ordinary shares of Mayne Pharma which at year-end at 0.43 A$/share on the Australian Stock Exchange (ASX) would represent 73,5 million Australian dollars.

This Australian dollar exposure was not hedged at year-end as the share price has been very volatile and the timing for the transfer of the second tranche of shares is not yet determined. It was then complex to determine an underlying Australian dollar amount to be hedged, and to apply in consequence a net investment hedge accounting treatment (using FX forward contracts).This exposure will of course be closely monitored and a net investment strategy (potentially on part of the underlying value) might be considered in the future.

Price risks

The Group is exposed to price risks since 2019. The main part of the exposure to price risks at year-end 2019 was related to a significant backlog of license milestones to be collected in the coming years under the US License and Supply contract signed with Mayne Pharma (up to 227.960k USD of regulatory and sales related).

Mithra will receive down payment and milestone fees in equity & cash of at least USD 295 million. In addition to that, a transfer price comprising fixed and variable components based on a percentage of high double-digit net sales over a 20-year period. Mithra will be issued 9.6% of Mayne's Ordinary Shares across two tranches: the first tranche of equity will represent 4.95% of Mayne's total equity on issue; the second tranche will be awarded on FDA approval of the product. Regarding the deal signed with Mayne Pharma in 2019 for Estelle® in the US, the total deal value is about USD 295 million from which a part has been paid by Mayne, through shares of Mayne.

This result in a price risk because the share's price is conditioned to the stock market price conditions since Mayne Pharma is quoted on the Australian Stock Exchange (ASX).

b) Credit risk

Credit risk relates to the risk that a counterparty will fail to fulfil their contractual obligations with the result that the Group would suffer a loss. The Group's policy focuses on only working with creditworthy counterparties and, where necessary, requiring adequate securities. Information about the creditworthiness of counterparties is provided by independent rating agencies and, if this is not available, the Group uses information that is publicly available as well as its own internal records. Credit risk is managed by the financial department of the parent company by means of individual follow-up of credit per counterparty.

An aging analysis of the debtor is also evaluated on a regular basis for potential doubtful debts. An analysis of trade receivables at 31 December 2019 and 31 December 2018 is shown below.

Thousands of Euro (€)			*Past due but not impaired*			
Year	*Carrying amount*	*Neither impaired nor past due*	*0-60 days*	*61-90 days*	*91-120 days*	*>120 days*
2019	8,011	560	2,296	700	70	542
2018	19,544	17,932	48	930	435	199

IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on trade receivables and contract assets. In particular, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss allowancefor all trade receivables. The Group allows an average debtor's payment period of 30 days after invoice date. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In assessing the credit risk characteristics, the group takes into account any indicators of impairment up until the reporting date, and it apply a definition of default that is consistent with the definition used for internal credit risk management purposes and consider qualitative factors where appropriate. Given the current nature of trade receivables, the loss allowance provision as at year-end is zero.

It is management's opinion that at the above reporting dates no further provision for doubtful debts was required.

The overall collectability risk for the remaining debt can be considered as immaterial as per management's computation following IFRS 9.

The credit risk on cash investments or cash available on banks accounts is limited given that the counterparties are banks with high credit scores attributed by international rating agencies. The financial institutions have credit ratings varying from A to AA- (upper-medium grade) and are thus considered as low credit risk.

c) Liquidity risk

Thanks to the successful IPO, and subsequent capital increases, the Group maintains sufficient cash to conduct its clinical trials. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Even if cash continues to be well-controlled even with the ramp-up of Donesta® Phase 3 clinical trials in Q4 2019, the Company's management team is currently evaluating various options for potential additional financing to be implemented in the near and medium term in order to support the further growth strategy and to strengthen the statement of financial position. These financing options could include, among others, non-dilutive funding, equity-based funding, monetising rights on additional indications based on E4 outside of women's health or a combination of these options.

The liquidity risk mainly relates to non-current borrowings. The non-current debts primarily relate to contingent and deferred consideration payable in relation to historical acquisitions. We refer to section 9.5. on business combinations from the Annual Report 2017 which describes the timing and conditions linked to these liabilities.

The maturity analysis of non-derivative financial liabilities is shown below.

Thousands of Euro (€)	*Less than 3 months*	*Between 3 months and 1 year*	*Between 1 and 2 years*	*Between 2 and 5 years*	*Over 5 years*	*Total*
At 31 December 2019	**33,175**	**29,490**	**36,402**	**119,048**	**188,332**	**406,987**
Subordinated Loans & Bank loans	457	1,366	1,398	3,445	2,080	8,746
Finance lease liabilities	6,144	6291	7668	22,784	36,905	79,792
Contingent consideration payables & Refundable government advances	0	21,833	27,336	92,819	149,347	291,335
Trade and other payables and other current liabilities	27,114	-	-	-	-	27,114
At 31 December 2018	**16,786**	**21,101**	**13,611**	**53,872**	**97,617**	**202,985**
Subordinated Loans & Bank loans	180	10,582	1,816	6,051	13,460	32,089
Finance lease liabilities	586	4,490	7,451	21,866	37,465	71,857
Contingent consideration payables Myring™ and Zoreline® & Refundable government advances	500	6,029	4,344	25,955	46,692	83,519
Trade and other payables and other current liabilities	15,520	-	-	-	-	15,520

In 2019, the EUR 8,671k CDMO Straight Loan (refer to Note 9.16 Financial liabilities) has been reimbursed and its repayment has been offset by the granting of capital grant by Société Publique Wallonne (SPW) so that the cash out has been compensated. For the subordinated loans, an agreement on a reimbursement schedule has been found with the SRIW, end of 2018.

Moreover, we computed the variable part of the refundable government advances and contingent consideration payable based on the existing business plan at 31 December 2019. The fixed part of the refundable government advances is of course independent of these assumptions.

The contingent consideration for Estetra has been included in the table above at year-end 2019 because previously following the old agreement it was impracticable to apportion the payments between the timing buckets. The contingent consideration for Estetra amounted to EUR 84,541k in 2018, it significantly increased in June to EUR 179,452k to finally reach EUR 97,392k in 2019. The renegociation with Uteron sellers resulted in the significant reduction of the fair value of earnout debt on the statement of financial position compared to June 2019, with underlying payments being reduced from EUR 662 million to EUR 250 million (-62%) (nominal value), in addition to reducing the total payment duration by twelve years.

The amounts 2019 are including the remaining cash payments of 210 million knowing that there is still uncertainty about the payment period given the evolution of the group's cash position.

The difference between the above table and the amounts detailed in sections 9.16. Financial liabilities and 9.18. Financial instruments are due to the fact that the amounts above are undiscounted meaning that no discount rate neither probabilities of success of research nor commercialisation have been applied to them.

For more details on borrowings and other financial liabilities, refer to notes 9.16. (Financial liabilities) and 9.18. (Financial instruments).

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to be in a position to provide returns for shareholders in the future and benefits for other stakeholders and to obtain over time an optimal capital structure to reduce the cost of capital.

The Group makes the necessary adjustments in the light of changes in the economic circumstances, risks associated to the different assets and the projected cash needs of the current and projected research activities. The current cash situation and the anticipated cash burn / generation are the most important parameters in assessing the capital structure. The Company objective is to maintain the capital structure at a level to be able to finance its activities for at least twelve months. Cash income from new partnerships is taken into account and, if needed and possible, the Company can issue new shares or enter into financing agreements.

9.4. Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

9.4.1. Going concern

The financial statements have been prepared on a going concern basis and in accordance with the main accounting principles set out above.

End of 2019, Mithra has a total of EUR 127.6 million accumulated deficit on its statement of financial position and made a consolidated net loss of EUR 26.6 million for the year ended 31 December 2019. The Group has analysed the financial statements and accounting policies and based on conservative assumptions, the necessary measures have been taken to maintain minimum for at least 12 months from the date of publication so that the Group could keep up with operating expenses and capital expenditure requirements at least until the end of 2020 thanks to the ongoing negociations..

Based on their assessment, the Management and Board of Directors consider it appropriate to prepare the financial statements on a going concern basis. The assessment is based on expected R&D clinical results and further business deals as well as on the monitoring of our funding activities. We are also considering potential capital increase and additional credit facilities to secure liquidity and to support the continuing development of our products.

The uncertainty raised by the COVID-19 pandemic has no impact on the going concern. Although there are many uncertainties, the Company is able to continue operations until the second quarter of 2021. However, the pandemic had an impact on financing, particularly in terms of timing (the share price has fallen, forcing the company to continue to seek potential additional short- and medium-term financing to support the future growth strategy and strengthen the balance sheet).

9.4.2. Out-licensing contracts with customers

Revenue from license granting contracts should be accounted for based on the substance of the agreements between the entity and its business partners. IFRS 15 requires management to exercise its judgment, notably in the following key areas:

a) Determine if the license is distinct from other performance obligation;

b) Determine the transaction price, including estimates of any agreed variable considerations, taking into account the constraining limit of the "highly probable" criteria;

c) Determine if a performance obligation is satisfied at reporting date.

Management makes its judgments taking into account all information available about the clinical status of the underlying projects at the reporting date and the legal analysis of the contracts performed by its legal counsel.

9.4.3. R&D capitalisation

R&D capitalisation involves a great deal of judgment linked to evaluating whether all conditions to capitalized development costs have been met. The judgment relates mainly to criteria such as the technical feasibility of a project and the economic benefits that results from the project. This analysis is done on a project basis and with the involvement of internal project managers.

9.4.4. Estimated impairment

The Group tests annually whether goodwill and indefinite useful life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 9.2.8. This involves the identification of potential impairment indicators and the use of significant assumptions including future cash flows, discount rate and probabilities of success. These estimates are performed taking into account all information available about the clinical status of the underlying project, some external benchmarks and the relevant market economic conditions at reporting date. Please refer to note 9.7. Other Intangible Assets and 9.9 Goodwill & IP R&D for the impairment testing performed on those assets.

9.4.5. Income taxes

Significant judgment is required in determining the tax income or expense. The Group is subject to income taxes in different jurisdictions and there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Measurement of the deferred tax asset related to the tax loss carry-forward involves significant judgement, notably related to the foreseeable future taxable profits. We refer to section 9.24 Income tax.

9.4.6. Measurement of provisions

Significant judgement is required in the estimation of present obligations that arise from past events including legal claims and other items. These judgments are based on the Group's prior experiences and are the best estimate of the Group's liability for these issues.

9.4.7. Useful life and residual value

An estimation of the residual values and useful life of tangible assets and intangible assets is required to be made at least annually. Judgement is required in estimating the useful life of fixed asset categories. The residual value is the best estimate of the amount that would be obtained from the disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. Both residual value and useful life of tangible assets are determined based upon discussions with local engineers.

9.4.8. Fair value measurement of contingent consideration payable

Valuation methods, usually discounted cash flow analysis, are used to determine the fair value of some of the Company's liabilities that are not traded in an active market. These valuation methods require judgement; the main assumptions and variables used are future cash flows per projects, likelihood of approval (LOA), discount rate and long-term growth rate. These assumptions are based on external benchmarks, management's estimates based on experience of the entity and on internal analysis.

Nevertheless, as from 2019, the fair value measurement of contingent consideration receivable is also considered as a significant estimates. In this respect, the expected value method is applied, based on probability weighted amounts within several possible scenarios. This valuation methodology requires judgments about the different possible scenarios and their respective probability, as well as about the discount rate applied to the expected cash flows.

9.4.9. Measurement of refundable cash advances

The remeasurement of refundable cash advances using the cumulative catch up method requires periodic re-estimation of the contractual cash flows required to repay the liability towards the Walloon Region. Management revise periodically the business plan of each products concerned and the probability of success of related clinical trials.

9.5. Business combinations and asset deals

During 2019, Mithra had no business combinations or asset deals to account for in its year-end financial statements.

9.6. Segment Information

Due to the increasing volume of new out-licensing deals, operating activities are reviewed at three levels since 2019: Product sales for the Belux business and the sales related to Mithra's products, out-licensing business for partnership deals within Mithra and Others for the R&D services rendered to third parties. Hence, a distinction is being made in the information provided regularly to the chief operating decision maker, being the Chief Exectuvie Officer.

Thousands of Euro (€)	*2019*	*2018*
Discontinued operations	-	7,589
Product sales	-	7,589
Out-licensing	-	-
Others	-	-
Continuing operations	96,520	57,876
Product Sales	3,607	1,539
Out-licensing	91,645	55,577
Other	1,268	760
Total Revenues	**96,520**	**65,465**

For more details on the Product sales and out-licensing fees and geographical sales, please refer to section 9.19. Revenue and other operating income.

In 2019, one major customer representing 81% (Mayne Pharma) of total revenue has been identified in the "out-licensing" segment. No other customer represented more than 10% of total revenue.

Non-Current assets

Thousands of Euro (€)	*2019*	*2018*
Belgium	306,107	208,348
Brazil	-	6
Luxembourg	6	6
The Netherlands	-	7,998
Germany	7	8
Total Non-Current assets	**306,121**	**216,366**

The main non-current assets are located in Belgium, because in 2019 we repatriated in Belgium the intellectual property rights (relating to Estetrol, excluding the rights related to Estelle®) located in the Netherlands. Some minor assets are located in Brazil, Luxemburg and Germany.

9.7. Other Intangible Assets

Thousands of Euro (€)	*Operating license*	*Intellectual property rights*	*Software licences*	*R&D Expenses*	*Total*
Cost					
At 31 December 2017	4,901	77,406	645	1,575	84,526
Additions		-	653	1,530	2,182
Disposals	(1,431)	-	-	-	(1,431)
At 31 December 2018	3,471	77,406	1,298	3,105	85,280
Additions	-	1000	536	4,522	6,058
Disposals	-	-	-	-	-
At 31 December 2019	**3,471**	**78,406**	**1,834**	**7,627**	**91,336**
Accumulated amortisation					
At 31 December 2017	3,948	-	195	-	4,413
Amortisation expense	(913)	-	144	-	(770)
At 31 December 2018	3,305	-	339	-	3,373
Amortisation expense	131	-	158	186	474
At 31 December 2019	**3,165**	**-**	**497**	**186**	**3,848**
Net Book Value					
At 31 December 2017	953	77,406	449	1,575	80,383
Cost	3,471	77,406	1,298	3,105	85,280
Accumulated amortisation and impairment	3,305	-	339	-	3,373
At 31 December 2018	436	77,406	959	3,105	81,905
Cost	3,471	78,406	1,834	7,627	91,337
Accumulated amortisation and impairment	3,165	-	497	186	3,847
At 31 December 2019	**305**	**78,406**	**1,337**	**7,441**	**87,490**

The intangible assets consist mainly of a portfolio of acquired product exploitation rights, market access rights and an operating license for the Brazilian market. The rights were acquired from 1999 until present from different pharmaceutical companies. The intangibles also include intellectual property rights for a new formulation of tibolone.

The Donesta® and the Colvir, Vaginate and Alyssa intangible asset were acquired for an initial payment plus agreed additional payments contingent on future performance. The accounting for contingent consideration of these assets was not considered on initial recognition of the asset, but will be added to the cost of the asset initial recorded added when incurred (the cost accumulation model).

Most of IP rights are not yet amortised because they are not yet available for use.

Compared to the published 2018 annual report, the figures as at 31 December 2019 were adjusted in terms of presentation, in order to further improve the readability and comparability of the financial information. More specifically, some items have been transferred from “Intellectual property rights” and “Operating licence” and from “Operating licence” to “Software licence”.

Intellectual property rights

Thousands of Euro (€)	*2019*	*2018*	*Clinical Status*
Intangible Estelle	30,686	30,686	End of Phase III
Donesta asset deal	8,000	8,000	Beginning of Phase III
Intangible Zoreline	24,382	24,382	PK study
Intangible MyRing	11,425	11,425	UE : finalised and US : bioequivalence ongoing
Products purchased GSP	3,450	2,450	In progress
Intangible Brazil Acquisition	463	463	N/A
Other	-	396	Fully depreciated
Total	**78,406**	**77,802**	**-**

No impairments indicators have been identified on Intangible assets.

Additions to internally generated assets primarily relate to the development of the Myring™ and Estetra-E4 synthesis product candidates, for respective amounts of EUR 2,806k and EUR 1,530k. Development expenses in relation to Myring™ are being amortised already, but not those related to the Estetra "E4 synthesis" project which is currently still under development.

9.8. Property, plant and equipment

	Property, Plant and equipment			*Right-of-use assets (9.27)*	
Thousands of Euro (€)	*Land and buildings*	*Fixtures and equipment*	*Motor Vehicles*	*Leasing*	*Total*
Cost					
At 31 December 2017	1,641	8,544	109	52,491	62,785
Additions	534	7,912	8	18,726	27,180
Disposals	-	-	-		-
At 31 December 2018	2,175	16,456	117	71,216	89,965
Additions	558	9,127		4,990	14,669
Disposals	-	-	(6)		(6)
At 31 December 2019	**2,733**	**25,583**	**111**	**76,207**	**104,634**
Accumulated depreciation					
At 31 December 2017	588	1,470	78	1,126	3,262
Amortisation expense	99	671	11	1,156	2,317
At 31 December 2018	687	2,141	89	2,663	5,579
Amortisation expense	142	1,871	(4)	3,009	5,018
At 31 December 2019	**829**	**4,012**	**84**	**5,672**	**10,597**

Net Book Value					
At 31 December 2017	1,053	7,074	31	51,365	59,523
Cost	2,175	16,456	117	71,216	89,965
Accumulated amortisation and impairment	687	2,401	89	2,663	5,579
At 31 December 2018	1,488	14,316	28	68,554	84,396
Cost	2,733	25,583	111	76,206	104,634
Accumulated amortisation and impairment	829	4,012	84	5,672	10,595
At 31 December 2019	**1,904**	**21,571**	**26**	**70,535**	**94,037**

During the 2019, the Group recorded EUR 14,669k of additions to the tangible fixed assets which mainly relate to payments for new production facilities to manufacture pharmaceutical products.

The right-of-use assets as at 31/12/2019 are composed of EUR 27,293k of Fixture and equipment and of EUR 42,752k of Land and Buildings. For more details, please refer to financial note 9.27. Leases.

Increase in depreciation relates to the equipment of the Myring™ unit being depreciated since 2019 because then ready to use in production in 2019 while the machines acquired related to other product units are not yet depreciated because these assets are not yet ready for their intended use.

Comparative figures 2018

Compared to the published 2018 annual report, the figures as at 31 December 2018 were adjusted in terms of presentation, in order to further improve the readability and comparability of the financial information. More specifically, a new category has been created as a consequence of the application of IFRS 16, thus some items have been transferred from previous categories to "Right-of-use assets".

9.9. Goodwill & IP R&D

Goodwill results entirely from the acquisition of Estetra (EUR 3,814k) and Novalon (EUR 1,420k).

Goodwill is tested for impairment[10] at least annually. In the year of acquisition of Estetra and Novalon, management confirmed the validity of the expected cash flow approach used when acquiring the businesses, breaking down the risks and using all expectations about possible cash flows and discounting the expected value at a rate of 12.48% ignoring risks for which the estimates of future cash flows have already been adjusted.

Regarding the recoverable value of Estelle®, no impairment loss was identified due to an increase in probability to reach market authorisation (from 38% to 78%) and obtaining contracts outside of Europe and the USA. The same applies for Donesta® and the Novalon products.

More specifically, the assets related to Estetra and Novalon products are tested for impairment in groups of assets described as three different cash-generating units (CGUs), being Estelle®, Myring™ and Zoreline®.

Thousands of Euro (€)	*2019*
CGU value Estelle	34,500
CGU value Zoreline	25,376
CGU value Myring	11,851
Total	**71,727**

[10] The uncertainly raised by the COVID-19 pandemic is not impacting impairment testing. Although there are lot of uncertainties, it does not impact the Group's assets valuation as of December 31, 2019.

For the reconciliation with the total amount of IP R&D please refer to note 9.7. "Other intangible assets".

The recoverable amounts are based on the fair value less cost to sell methodology which use some risk-adjusted discounted cash flow models for a period of 10 years. If any terminal value is included, further cash flows are extrapolated using a negative long term growth rate. Probabilities of success are also different by CGU and are updated based on latest information about clinical results. The discount rate applied was updated following the specific product covered by the IP rights. Each model/product has its own WACC in 2019 compared to a global Group WACC in 2018. Management's assessment is that the recoverable amounts exceeds their carrying value and that no impairment is required.

Assumptions 2019:

		Probability of sucess in 2019		
Intangible assets tested	***Long term growth rate***	***Phase 2***	***Phase 3***	***WACC***
Estelle®	-1%	100%	78%	11.50%

	Long term growth rate	**R&D**	**Commercial**	**WACC**
Zoreline®	-3%	80%	55%	14.70%
Myring™	0%	90%	75%	12.80%

Assumptions 2018:

		Probability of sucess in 2018		
Intangible assets tested	***Long term growth rate***	***Phase 2***	***Phase 3***	***WACC***
Estelle®	-1%	100%	38%	14.39%

	Long term growth rate	**R&D**	**Commercial**	**WACC**
Zoreline®	-3%	80%	55%	14.39%
Myring™	0%	90%	75%	14.39%

A sensitivity analysis has been performed on the impairment testing. Mithra performed the sensitivity test by increasing the discount rate by 1 percentage point. This did not result in any impairment losses. A reasonable change in the assumptions relating to the probability of success on Estelle® and Myring™ would have no impact. For Zoreline®, with Pos of 80% (R&D) and 55% (commercial), a drop in the cumulative probability (R&D / commercial) from 67,5% to 60% does not change the test conclusions.

9.10. Investments in associates

Thousands of Euro (€)	*Targetome*	*Total*
At 31 December 2017	**-**	**-**
Loss of the period - equity accounting	-	-
At 31 December 2018	-	-
Loss of the period - equity accounting	-	-
At 31 December 2019	**-**	**-**

End of 2017, the Board of Directors of Targetome decided to terminate its activities. Its value was derecognized for 2018 financial year. Further decisions regarding the future of the company are expected in 2020.

9.11. Other non-current assets

	As at 31 December	
Thousands of Euro (€)	*2019*	*2018*
R&D tax credit receivable	3,764	2,402
Advance payments	1,100	800
Other long term receivables	233	233
Contingent consideration receivable	7,999	
Total other non-current assets	**13,096**	**3,435**

In 2019, we can notice an increase of Other non-current assets mainly explained by increase in fair value of contingent consideration receivable related from Ceres, recognised as a gain at 31 December 2019 (Please refer to Note 9.18). It is also explained by the increase of the R&D tax credit which is tax incentives for R&D investments that have no impact or reduce the impact on the environment (Please refer to Note 9.19).

9.12. Inventories

	As at 31 December	
Thousands of Euro (€)	*2019*	*2018*
Raw materials & consumables	15,110	8,338
Finished goods	1,317	2,971
Total at cost	**16,427**	**11,309**
Cumulated amounts written off at the beginning of the period	(367)	(389)
Reversal of write-down of inventories credited to expense in the period	217	22
Cumulated amounts written off at the end of the period	(150)	(367)
Total net carrying amount	**16,277**	**10,945**

The inventory change is booked within the cost of sales area and the write-down charges are booked within the operating expenses area of the income statement.

The increase of inventories related to API/stock being built up for the production of Myring™ and Estelle®.

9.13. Trade Receivables and other current assets

	As at 31 December	
Thousands of Euro (€)	*2019*	*2018*
Trade receivables	9,191	4,194
Recoverable VAT	2,049	2,720
Prepayments	-	1
Prime Invest	-	4,045
Other	998	1,508
Total Trade receivables	**12,238**	**12,468**

The increase in Trade receivables is mainly explained by increase of the out-licensing revenue offset by the payments received regarding the invoices issued for the license upfront fees. The major part of the recoverable VAT stated at December 2019 closing has been collected at the end of Q1 2020.

9.14. Cash and cash equivalents

	As at 31 December	
Thousands of Euro (€)	*2019*	*2018*
Cash at bank and in hand	49,720	118,949
Total cash and cash equivalents	**49.720**	**118,949**

9.15. Share capital and other comprehensive income reserve

9.15.1. General

At 31 December 2019 and 31 December 2018, the Company's share capital was represented by the following number of shares (units), all fully paid up and without nominal value.

	As at 31 December	
	2019	*2018*
Number of shares (issued and fully paid)	**39,133,245**	**37,639,495**

There are no share categories within the company; i.e. all shares have the same voting rights. There were no treasury shares as at end of December 2019.

Some shares reserved for issuance under options,which are warrants to be exercised respectively as from 1st January 2019, as from 6th November 2020 and from the 29th Jaunary 2021. Refer to notes 1.4 Corporate governance statement and 9.26 Share-based payements.

9.15.2. Changes in capital

The change in the number of shares during each of the periods ending on 31 December 2019 and 31 December 2018 is as follows:

Thousands of Euro (€)	*Number of Shares*	*Issued Capital*	*Share premium*	*Total*
Balance at 31 December 2017	**34,967,081**	**25,036**	**148,279**	**173,315**
- Incorporation in capital of private placement	2,672,414	1,956	75,544	77,500
- Transaction costs for equity issue		(67)	(2,236)	(2,304)
Balance at 31 December 2018	**37,639,495**	**26,925**	**220,334**	**248,511**
- Incorporation in capital increase	1,444,250	1,057	37,806	38,863
- Capital increase by subscription rights	**4**9,500	36	134	170
Balance at 31 December 2019	**39,133,245**	**28,018**	**259,529**	**287,547**

The following capital transactions took place between 1 January 2018 and 31 December 2018:

- A capital transaction was initiated on 31 May 2018. The Company offered 2,672,414 new shares to certain qualified and/or institutional investors including Tier 1 investors. On 5 November 2018, Mithra's extraordinary general meeting approved the issuance of a maximum of 1,881,974 warrants under a new warrant plan (the "Warrant Plan 2018"), for the benefit of key employees, members of the management team and certain directors. The warrants have a longevity of five years as of the date of issuance. They are generally not transferable and, in principle, cannot be exercised prior to the date of the grant's second anniversary (*i.e.* 6 November 2020). All of the offered warrants are subject to a service condition of two years. Furthermore, a portion of 30% of these offered warrants were subject to additional market and non-market vesting conditions. The market condition, upon which the vesting is dependent from the share market price, was included in the grant date fair value calculation. This condition was met in 2019. Each warrant gives the right to subscribe to one new Mithra share. Should the warrants be exercised, Mithra will apply for the listing of the resulting new shares on Euronext Brussels.The warrants as such will not be listed on any stock exchange market.

The following capital transactions took place between 1 January 2019 and 31 December 2019:

- A capital increase took place following the exercise of 15 warrants (the "Warrant Plan 2015") representing EUR 84,690. An amount of EUR 18,119.48 was contributed to the Share capital of Mithra in cash, and the 31 remaining amount of EUR 66,570.52 was contributed on the share premium account of the Company. This exercise of 15 warrants led to the issuance of 24,750 shares (1 warrant giving its holder the right to acquire 1,650 shares) that have been admitted to trading on the regulated market of Euronext Brussels with the "MITRA" ticker. As a result, the share capital of Mithra amounts to EUR 27,573,880.18 EUR.
- A capital increase took place following the exercise of 15 warrants (the "Warrant Plan 2015") representing EUR 84,690. An amount of EUR 18,119.40 was contributed to the Share capital of Mithra in cash, and the remaining amount of EUR 66,570.60 was contributed on the share premium account of the Company. This exercise of 15 warrants led to the issuance of 24,750 shares (1 warrant giving its holder the right to acquire 1,650 shares) that have been admitted to trading on the regulated market of Euronext Brussels with the "MITRA" ticker on 9 May 2019. As a result, the share capital of Mithra amounts to EUR 27,591,999.58 EUR.
- By decision of the Ordinary and Extraordinary General Meeting of May 16, 2019, the General Meeting has decided to renew the powers granted to the Board of Directors to increase the share capital of the Company within the framework of the authorized capital even after receipt by the Company of the communication of a Public takeover bid and for an amount of EUR 17,597,657.00. This authorisation has a duration of three years expiring at the Ordinary General Meeting of the year 2022. This authorization was renewed during an Extraordinary General Meeting in November 2019. This new authorization followed the initial proposal which was submitted to the ordinary shareholders' meeting dated 16 May 2019, which was never submitted as a whole to the approval of the ordinary shareholder's meeting due to a mistake, which was completely outside of the Company's control, which was made in the convening notice shared with the concerned people.
- On 20 December 2019, the Company carried out a capital increase within the authorized capital by contribution in kind of earn-out amounts due to the former owners of Uteron, for an amount of EUR 38,863k. The capital was increased by EUR 1,057,311.07 to EUR 28,649,330.65 through the creation of 1,444,250 new

shares, without mention of nominal value and with the same rights and benefits as the existing shares . The share premium was increased by EUR 37,806k to EUR 259,393 k. This capital increase was carried out by cancelling the preferential subscription rights of the existing shareholders in accordance with article 596 of the BCC (7:191 CCA).).

9.15.3. Other reserves

The group has elected to recognise changes in the fair value of certain investments in equity securities in Other comprehensive income, as explained in note 9.18 under Financial instruments. These changes are accumulated through other comprehensive income other reserves within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Other reserves contains also cumulative translaton adjustment created by our Brasilian subsidiary.

As at December 31, 2019, the Other reserves (EUR -5,024k) contains cumulative translation adjustments coming from the foreign subsidiaries (EUR 49k) and the cumulative changes in fair value of financial assets through other comprehensive income other reserves within equity I (EUR -5,073k).

9.16. Financial liabilities

An overview of the borrowings is shown below.

A reclassification occurred in the financial statements of 2018 due to the appearance of the lease liabilities section.

As at 31 December

			2019			**2018**
Thousands of Euro (€)	*Total*	*Current*	*Non-Current*	*Total*	*Current*	*Non-Current*
Subordinated loans	12,770	340	12,430	14,395	173	14,222
Other loans	12,812	6,186	6,626	15,412	10,270	5,142
Bank loans	12,392	6,186	6,206	14,966	10,270	4,696
Capital grants	420	-	420	446	-	446
Lease liabilities	52,474	6,746	45,728	50,141	2,135	48,006
Refundable government advances	13,877	791	13,086	10,921	669	10,252
Sub-total liabilities arising from financing activities	*91,933*	*14,063*	*77,870*	*90,869*	*13,247*	*77,622*
Other financial liabilties	106,490	6,624	99,866	95,627	7,007	88,620
Total financial liabilities	**198,413**	**20,677**	**177,736**	**186,496**	**20,253**	**166,242**

Reconciliation of liabilities arising from financing activities in 2019:

Thousands of Euro (€)	*2018*	*Cash flows*		*Non-cash changes*		*2019*
		Inflow	Outflow	Additions	Amortized costs adjustments	
Unsecured subordinated loans	293		(85)			208
Secured subordinated loans	14,102	108	(1,362)		(287)	12,561
Straight loan	9,754	4,000	(8,671)			5,083
Innodem	2,618		(344)			2,274
Other bank loans	2,595	2,900	(460)			5,035
Lease liabilities	50,141		(2,174)	4,507		52,474
Capital grants	446				(26)	420
Refundable government advances	10,921	3,114	(766)		609	13,877
Total	**90,869**	**10,122**	**(13,862)**	**4,507**	**296**	**91,933**

Reconciliation for 2018:

Thousands of Euro (€)	*2017*	*Cash flows*		*Non-cash changes*		*2018*
		Inflow	Outflow	Additions	Amortized costs adjustments	
Unsecured subordinated loans	395		(102)			293
Secured subordinated loans	10,866			3,236		14,102
Straight loan	8,660			1,094		9,754
Innodem	3,005		(387)			2,618
Other bank loans	1,061	1,700	(166)			2,595
Financial lease	34,059			16,082		50,141
Capital grants	495					446
Refundable government advances	8,278	1,582	(719)		1,779	10,921
Total	**66,819**	**3,282**	**(1,374)**	**20,412**	**1,779**	**90,869**

The difference between the total of both above table is explained by the Other financial liabilities (EUR 106,490 k) which is classified as arising from investing activities because payment are made out of a liability recognized on acquisition.

Below we present the characteristics of the (9.16.1) other loans and subordinated loans, (9.16.2) refundable government advances, and (9.16.3) other financial liabilities.

9.16.1. Subordinated loans, other loans and lease liabilities

The detailed breakdown and the characteristics of the other loans and subordinated loans as follows:

Detail of non-current bank borrowings and subordinated loans:

Thousands of Euro (€)	*Interest rate %*	*Fixed / Variable*	*Maturity*	*2019*	*2018*
NON-CURRENT					
Subordinated loans (non-current)				**12,430**	**14,222**
Unsecured subordinated loans				125	210
Development Brazilian/Dutch subsidiary	4.95%	Fixed	2022	125	210
Secured subordinated loans				12,305	14,012
CDMO Phase 1 property – prefin.	6.50%	Fixed	2032	8,214	9,922
CDMO Phase 2 property – prefin.	5.75%	Fixed	2034	2,397	2,397
CDMO Phase 2 Furnishing – prefin.	5.75%	Fixed	2026	1,694	1,693
Other loans (non-current)				**51,935**	**52,703**
Bank loans				6,206	4,697
Long term bank loans				4,282	2,423
Investment loans	2.00%	Fixed	2023	332	437
Working capital funding	5.24%	Fixed	2023	213	286
Belfius	1.89%	Fixed	2027	3.738	1,700
Other bank loan				1,924	2,274
Innodem	2.57%	Fixed	2026	1,924	2,274
Lease liabilities				**45,728**	**48,006**
Leasing "Intégrale" (Immo Phase I)	5.40%	Fixed	2032	22.772	24,331
Leasing « Intégrale » (Immo Phase II)	5.75%	Fixed	2034	8,389	8,829
Leasing ING Lease (solar panels)	3.00%	Fixed	2026	307	355
Leasing CBC Lease	2.00%	Fixed	2021	818	733
Dettes ING Lease		Fixed	2026	521	-
Leasing ING Lease (Phase 2)	3.00%	Fixed	2026	6,207	6,165
Leasing ING Lease (Phase I)	3.14%	Fixed	2026	6,146	7,593
Other lease liabilities	1,33%-1,44%	Fixed	Variable	569	-
Total non-current				**64,364**	**66,924**

Detail of current bank borrowings and subordinated loans:

Thousands of Euro (€)	*Interest rate %*	*Fixed / Variable*	*Maturity*	*2019*	*2018*
CURRENT					
Subordinated loans (current)				**340**	**173**
Unsecured subordinated loans				83	83
Development Brazilian/Dutch subsidiary	4.95%	Fixed	2022	83	83
Secured subordinated loans				256	90
CDMO Phase 1 Propery	3.14%	Fixed	2026	256	90
Other loans (current)				**12,932**	**12,405**
Bank loans				6,186	10,270
Straight Loans ING - CDMO		Variable	2018	5,083	9,754
Working capital funding	5.24%	Fixed	2023	71	67
Investment loans	2.00%	Fixed	2023	107	99
Belfius	1.89%	Fixed	2027	575	-
Innodem	2,57%	Fixed	2026	350	344
Lease liabilities				**6,746**	**2,135**
Leasing "Intégrale" (Immo Phase I)	5.40%	Fixed	2032	1,390	833
Leasing « Intégrale » (Immo Phase II)	5.75%	Fixed	2034	412	268
Leasing ING Lease (solar panels)	3.00%	Fixed	2026	903	45
Leasing CBC Lease	2.00%	Fixed	2021	494	
Leasing ING Lease (Phase 2)	3.14%	Fixed	2026	1,845	516
Leasing ING Lease (Phase I)	3.14%	Fixed	2026	1,402	473
Other lease liabilities	1,33%-1,44%	Fixed	Variable	299	-
Total current				**13,271**	**12,578**

In 2019, the EUR 8,671k CDMO Straight Loan (refer to Note 9.16 Borrowings) has been reimbursed and its repayment has been offset by the granting of capital grant by Société Publique Wallonne (SPW) so that the cash out has been compensated. For the subordinated loans, an agreement on a reimbursement schedule has been found with the SRIW, end of 2018.

Straight loans are secured with receivable pledges (EUR 7,200k) and pledges on future receivables relating to subsidies from the Walloon Region given as securities for the loans referred in the above table as Straight Loans ING – CDMO; plus receivable pledge mandates (EUR 6,000k) and mortgage mandates in respect of the office building owned by the Company (EUR 1,450k) which were both given as securities for mixed credit facilities (straight loans, bank guarantees and documentary credits) under which there was no straight loan drawdowns at year-end.

9.16.2. Refundable government advances

The Group has also been awarded refundable advances support from the Walloon Region. Payment of awarded amounts that have not yet been received is subject to the achievement of certain milestones. Grants are subject to certain obligations. In case such obligations are not complied with, the grants could be suspended, reviewed or reclaimed. The Group has the obligation to continue the development of the project subject to the grant. In case such project is abandoned, the Group should return rights to the results and the data generated in the project to the Société Publique Wallonne (SPW), in which case the repayment obligation also lapses. The Company's ongoing grant programs are mainly refundable advances.

The refundable advances have a fixed repayment part and variable repayment scheme. The variable part is dependent on the success of the project (*i.e.* based on a percentage of turnover). It should be noted that, while the variable parts of these advances are only due upon commercialisation, the fixed parts are due in any event. The fixed

and variable part can never exceed the double of the initial received amount. The final variable part to be repaid will depend on the performance of the product candidate.

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Refundable government advances Estetra	7,739	6,007
Other refundable government advances	6,138	4,913
Total refundable government advances	**13,877**	**10,920**

The below table gives the details of refundable governments advances granted to the group and repayments done in 2019:

In Euro (€)	*Amount of grant*	*Decision year on fixed repayments part*	*% of fixed repay-ment part*	*% applied on turnover for variable repayment part*	*Maximum repayment amount*	*Amount reimbursed 2019*
AR 7410 - Zoreline 2	5,265,000	01-12-2015	30%	3,57%	200%	-
AR 7585 - Development EVA	1,188,000	01-11-2016	30%	0,21%	200%	10,034
AR 6137 – Zoreline	1,825,884	01-12-2009	30%	3,30%	200%	80,326
AR 6138 - Drosperinone Novalon	625,800	01-12-2009	30%	0,50%	200%	26,344
AR 7492 – Donesta	2,898,000	01-12-2015	30%	0,10%	200%	71,622
AR 7551 - Bio Synthesis	747,000	01-12-2015	30%	0,26%	200%	-
AR 6139 - Estelle	2,820,000	01-12-2012	30%	0,50%	200%	-
AR 6926 – Estelle	2,009,000	01-12-2012	30%	0,20%	200%	93,434
AR 6875 – Estelle	5,400,000	01-12-2012	30%	0,60%	200%	471,663
AR 7411 - Co-extrusion CDMO	441,000	01-12-2015	30%	0,40%	200%	12,848
AR 1510597 – Septime	206,466	01-07-2016	30%	0,01%	200%	-
AR 1710127 Estepig	207,584	01-12-2017	30%	0.0145%	200%	-
AR 8792 Zoreline	2,925,000	23-12-2019	30%	1,46%	200%	-
Total	**26,558,734**					**766,271**

A catch-up adjustment of EUR 3,723k has been recorded to the amounts of refundable government advances since we updated our forecasts of sales from the related projects. In 2019, an important part of the related charge has been reported in the Financial income and expenses line and the remaining part in the R&D expenses line of the Consolidated Statement of Income The determination of the amount to be paid to the Walloon Region under the signed agreement is subject to a high degree of uncertainty as it depends on the amount of the future sales that Mithra will generate in the future.

In addition, Mithra has been granted EUR 2.9 million in non-dilutive funding from the Walloon Region end of 2019. This funding allows Mithra to advance its research program on the subcutaneous implant Zoreline®, which is used in treating prostate and breast cancer, as well as other benign gynecological conditions, such as endometriosis and uterine fibroids.

Probability of success

Product/projects related to the refundable advances	*Phase 2*	*Phase 3*	*WACC*	*Discount rate used for the fix part*
Estelle®	100%	78%	13.88%	2.27%
Donesta®	100%	38%	13.88%	2.27%

	R&D	*Commercial*	*WACC*	*Discount rate used for the fix part*
Zoreline®	80%	55%	13.88%	2.27%
Others	90%	75%	13.88% /12.48%	2.27%

A sensitivity analysis of the carrying amount of refundable advances has been done in case of adverse changes in assumptions. Mithra tested reasonable sensitivity to changes in the business plan and a simulated increase of up to 3 percentage point in the discount rate used would not change the findings of the Group's analysis. A sensitivity to changes in the business plan and a simulated increase of up to 22 percentage point in the probability of success of Phase III would not change the findings of the Group's analysis neither.

Sensitivity analysis for Estelle® in thousands of Euro (€):

	Probability of success of PHASE III				
Increase of BP in %	38%	50%	65%	78%	100%
-5%	4,700	5,527	6,560	7,456	8,972
-3%	4,769	5,617	6,678	7,598	9,154
0%	4,838	5,708	6,796	7,739	9,335
3%	4,906	5,799	6,914	7,881	9,516
5%	4,975	5,889	7,032	8,022	9,698

9.16.3. Other financial liabilities

Other non-current financial liabilities primarily include the fair value of the contingent consideration for Estetra (EUR 91,392k) as well as the fair value of contingent payments relating to certain contractual obligations with respect to the acquired Zoreline® and Myring™ products (EUR 9,098k). The increase in the fair value of Estetra contingent consideration payable (EUR 97,392k in 2019 compared to EUR 84,541k in 2018 and to 179,452 in June 2019) is the result of the increase of probability of success of obtaining a marketing authorization for Estelle® to 78% and of the renegotiatation of the terms of the earnout contract in October 2019 with the former owners of Uteron. For a reconciliation of the variance of the statement of income, please refer to the Note 9.18 Financial instruments.

Year ended 31 December

	2019			*2018*		
	Total	*Current*	*Non-Current*	*Total*	*Current*	*Non-current*
Fair value Earn-out Estetra	**97,392**	6,000	91,392	**84,541**	4,074	80,468
Fair value Earn-out Myring™	**2,983**	271	2,712	**3,093**	500	2,593
Fair value Earn-out Zoreline	**6,115**	352	5,763	**7,992**	2,433	5,559
Total Other financial liabilities	**106,491**	**6,624**	**99,866**	**95,627**	**7,007**	**88,620**

A sensitivity analysis has been performed on the fair value of the contingent considerations, see note 9.18 Financial instruments.

9.17. Trade payables and other current liabilities

	As at 31 December	
Thousands of Euro (€)	*2019*	*2018*
Trade accounts payable	19,449	13,071
Invoices to receive	5,675	1,071
VAT payable	93	36
Salaries and social security payable	857	446
Accrued charges	375	885
Other debts	665	0
Trade payables and other current liabilities	**27,114**	**15,520**

The increase in trade accounts payable is explained by the beginning of the Phase III clinical study for Donesta® and thus related to the increase of R&D expenses.

9.18. Financial instruments

9.18.1. Classes and fair value of financial instruments

Trade receivables, some contract assets, some other non-current assets, trade and some other payables, refundable government advances, borrowings and lease liabilities are financial assets or liabilities carried at amortized cost. The other financial instruments are carried at fair value.

9.18.2. Fair value hierarchy and measurements

Fair values are measured according to the following hierarchies:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Presentation of financial assets and liabilities

Financial assets and liabilities in 2019

Thousands of Euro (€)	*Balance at 31 December 2019*	*Recognised fair value measurements*	*Fair value measurement hierarchy*	*Unrecognised fair value measurements*
Financial assets				
Financial assets at fair value through profit and loss				
Other non-current assets – contingent consideration receivable	7,999	7,999	Level 3	-
Contract assets – Mayne shares receivable	23,595	23,595	Level 1	-
Financial assets at fair value through other comprehensive income				
Investments in equity securities	22,860	22,860	Level 1	-
Financial assets at amortised cost				
Other non-current assets - others	5,097	-	-	5,097
Contract assets - others	38,622	-	-	38,622
Trade and other receivables	12,238	-	-	12,238
Other short term deposits	46	-	-	46
Cash and cash equivalents	49,720	-	-	49,720
Financial liabilities				
Liabilities at amortised cost				
Subordinated loans	12,770	-	-	12,770
Others loans	12,812	-	-	12,812
Refundable government advances	13,877	-	-	13,877
Trade payables	27,114	-	-	27,114
Lease liabilities	52,474	-	-	52,474
Financial liabilities at fair value through profit and loss				
Other financial liabilities	106,490	106,490	Level 3	-

Financial assets and liabilities in 2018

Thousands of Euro (€)	*Balance at 31 December 2019*	*Recognised fair value measurements*	*Fair value measurement hierarchy*	*Unrecognised fair value measurements*
Financial assets				
Financial assets at fair value through profit and loss				
Other non-current assets – contingent consideration receivable	-	-	-	-
Contract assets - Shares	-	-	-	-
Financial assets at fair value through other comprehensive income				
Investments in equity securities	-	-	-	-
Financial assets at amortised cost				
Other non-current assets - other	3,435	-	-	3,435
Contract assets - other	15,350	-	-	15,350
Trade and other receivables	12,468	-	-	12,468
Other short term deposits	-	-	-	-
Cash and cash equivalents	118,949	-	-	118,949
Financial liabilities				
Liabilities at amortised cost				
Subordinated loans	14,395	-	-	14,395
Others loans	65,553	-	-	65,553
Refundable government advances	10,920	-	-	10,920
Trade payables	15,520	-	-	15,520
Lease liabilities	-	-	-	-
Financial liabilities at fair value through profit and loss				
Other financial liabilities	95,627	95,627	Level 3	-

9.18.3. Unrecognised fair value measurements

Financial Assets:

The Fair value of trade and other receivables, other short-term deposits and cash and cash equivalents does not materially differ from carrying amounts. Fair value would typically be measured as Level 2. The fact that their carrying value approximates their fair value is due to the short maturity of these assets.

Financial liabilities:

For a significant part of the loans, the fair values are not materially different to their carrying amounts, since the interest payable on those loans is close to current market rates because they are recent or the loans have short maturities. For Lease liabilities the incremental borrowing rate has been determined at transition on 1 January 2019.

9.18.4. Recognised fair value measurements

a) Financial Assets

There are three categories of financial assets, the contingent consideration, contract assets and investiments in equity securities:

Thousands of Euro (€)

Assets recognized or disclosed at fair value	Fair value measurement hierarchy	Balance at 31 December 2019
Other non-current assets – contingent consideration	Level 3	7,999
Contract assets – Mayne shares receivable	Level 1	23,595
Investments in equity securities	Level 1	22,860
Balance at 31 December 2019		**54,454**

Contingent consideration receivable

On 30 July 2018, Mithra announced the signature of a deal with Ceres in order to sell the Belux generic activities. The divestment of the Belux portfolio is in line with Mithra's strategy to realize the value of its non-core assets and fully focus on its key value-driving pipeline.

Knowing that several earn out payments will be due to Mithra depending on the financial performance of the assets sold, the fair value of the contingent consideration receivable has been estimated based on a most likely amount where the Group expects to receive two milestones for a total of EUR 10 million by 2023. A discount rate is finally applied to the expected cash flows. The WACC used end of 2019 is about 11.9%, which is the pivot WACC of Mithra Group.

An analysis of the sensitivity to reasonably possible changes in these inputs has been conducted. If the WACC increased by 1.20%, the fair value of the receivable would decrease by EUR 167k, if it decreases by 1.20%, the amount would increase by EUR 172k. If the scenario with three milestones reached by 2023 is weighted at 100%, the fair value would increase to EUR 11,372k while if the scenario with only one milestone reached by 2023 is weighted at 100%, the fair value would decrease to EUR 4,224k.

Contract assets – Mayne shares receivable

Regarding the contract assets, the variability associated with the Mayne share price gives rise to an embedded derivative so that in accordance with IFRS 9, the receivable should be classified as fair value through profit or loss.

Roll forward of contract assets related to Mayne shares at fair value through income statement after shares re-evaluation at 31 December 2019:

Thousands of Euro (€)	*Contract assets*
Balance at 1 January 2019	-
Additions	28,831
Variation through income statement	(5,236)
Balance at 31 December 2019	**23,595**

Investments in equity securities

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

Roll-forward of equity investments at fair value through other comprehensive income after equity securities reevaluation at 31 December 2019:

Thousands of Euro (€)	*Equity securities*
Balance at 1 January 2019	-
Additions	27,933
Fair value through OCI	(5,073)
Balance at 31 December 2019	**22,860**

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. Please refer to 9.15 Share Capital for more details.

b) Financial liabilities

For the measurement of the fair value under IFRS, please refer to the table below where the group Other financial liabilities are reported. We considered a level 3 under the fair value measurement hierarchy.

The following table presents the Group's liabilities that are measured at fair value at 31 December 2019 and 31 December 2018:

Thousands of Euro (€)	*31 December 2019*	*31 December 2018*	*Fair value measurement hierarchy*
Non-Current Other financial liabilities	99,866	88,620	Level 3
Current Other financial liabilities	6,624	7,007	Level 3

The following table shows the roll forward of the Level 3 financial liability instruments:

Thousands of Euro (€)	*Other financial liabilities*
Balance at 1 January 2019	95,627
Fair value change through profit or loss	84,178
Impact of the renegotiation of the Estelle contract on the income statement	(29,452)
Settlements	(43,863)
Balance at 31 December 2019	**106,490**

The fair value of the contingent payments has been determined using a probability weighting approach applied to discounted cash flows. When relevant, a risk-adjusted discounted cash flow model was used, where all future cash flow are probabilized and then discounted using a specific updated WACC[11] applicable to each concerned products.

2019 assumptions for Estelle:

Contingent considerations relating to Estelle®	*Total cash-out until 2028*	*Partial cash-out until 2028*	*Net Present Value*
Alternative 1	50%	50%	88,541
Alternative 2	**60%**	**40%**	**97,392**
Alternative 3	70%	30%	106,240

Alternative 1 and Alternative 3 are not used for the measurement of the liability, but are to be used for disclosing sensitivity of the value to the probability factors used (a level 3 input).

The increase of fair value for the contingent consideration for Estelle® (EUR 97,392k in 2019 compared to EUR 84,541k in 2018) is the result of the renegotiation of the earnout contract and the revision of the computation. The fair value of the earn out has been computed based on several different scenarios materialising possible outcomes of the contractual payments. There are two types of scenarios on which we based our computation, in the first one the Group expects to pay the total cash-out of EUR 210 million by 2028 (60% of probability of occurence), while in the second one the Group expects to pay cash-outs partially by 2028 (40% of probability of occurence). The expected value is then based on the probability weighted amounts within the possible scenarios (either 60% or 40%) and a discount rate is finally applied to the expected cash flows.

Following sensitivity analysis performed on Estelle® earn out, the WACC used end of 2019 is about 11,9%, if the WACC of increased to 13,10%, the fair value amount of the earn out would have decreased by EUR 4,009k while if the actual WACC decreased to 10.7%, the fair value amount of the earn out would have increased by EUR 4,263k.

[11] Weighted average cost of capital

To be noted that the contingent consideration relating to Estelle® amounted to EUR 179,452k at 30 June 2019. The renegotiation with Uteron sellers had not occurred at 30 June 2019.

The rise of the contingent consideration between 31 December 2018 (EUR 84,541k) and 30 June 2019 (EUR 179,452k) was also the result of the increase of probability of success of obtaining a marketing authorisation for Estelle® from 38% to 78% and, to a lesser extent, to the revision of the discount rate applied as presented in June 2019. For the sake of comparability, the table below presents a simulation of the contingent consideration liability fair value using the prior valuation model (before renegotiation), with different probabilities of success:

	Probability of success			*WACC*
Thousands of Euro (€)	*38%*	*78%*	*100%*	
Fair value Earn-out Estetra at June 2019	89,546	179,452	228,901	13.1%
Fair value Earn-out Estetra at December 2019 without renegotiation	96,599	193,882	247,388	11.9%

At 31 December 2019, the contingent consideration payable related to Estelle® has been computed based on the new amendment applicable agreement after negotiations with the former IP owners, with significant changes compared to prior periods. Under the new terms, Mithra will make a lump sum payment of EUR 250 million in total over an expected period of 9 years, while the disbursement timing is fully dependent on the cash position reached at group level. A minimum amount of EUR 40 million will be paid through 8 instalments of EUR 5 million starting in 2021. Some installments may also be converted into equity under certain conditions.

2019 assumptions for the others (Myring® and Zoreline®):

	Amount fair valued	*R&D*	*Commercial*	*WACC*
Zoreline®	6,115	80%	55%	14.70%
Others	2,983	90%	75%	12.80%
Total contigent considerations for others	**9,098**			

The decrease in fair value for the contingent consideration for the others earn outs (EUR 9,098k in 2019 compared to EUR 11,085k in 2018) is the result of a change of WACC. As of 2019, a WACC by product has been computed compared to a global Group WACC in 2018.

2018 assumptions:

		Probability of success at 31 December 2018		
Contingent considerations relating to intangible assets	*Amount fair value*	*Phase 2*	*Phase 3*	*WACC*
Estelle®	84,541	100%	38%	14.39%

	Amount fair valued	*R&D*	*Commercial*	*WACC*
Zoreline®	7,992	80%	55%	14.39%
Others	3,093	90%	75%	14.39%
Total contigent considerations	**95,627**			

9.19. Revenue and other operating income

9.19.1. Revenue

The Group's revenue consists of product sales and license revenues as follows:

Thousands of Euro (€)	*2019*	*2018*
Discontinued operations	-	7,589
Product sales	-	7,589
Out-licensing	-	-
Others	-	-
Continuing operations	96,520	57,876
Product Sales	3,607	1,539
Out-licensing	91,645	55,577
Other	1,268	760
Total Revenues	**96,520**	**65,465**

For more details about the discontinued operations, please refer to Note 9.32 Discontinued operations.

Mithra's revenues increased 47% from EUR 65.5 million to EUR 96.5 million, mainly due to out-licensing revenues recognised for partnership agreements with leaders in Women's Health such as Mayne Pharma for EUR 74 million.

The revenue recognized from the injectables activities has been reported in the line "Others".

9.19.2. Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- Detail the nature, amount, timing and uncertainty of the revenue; and
- Enable users to understand the relationship with revenue segment information provided in note 9.6

Disaggregation of revenue 2019 from continuing operations :

			Year ended 31 December 2019
Thousands of Euro (€)	*Product sales*	*Out-licensing*	*Others*
Primary Geographic Markets			
Europe	2,678	15,701	1,268
Outside Europe	929	75,944	-
Total	**3,607**	**91,645**	**1,268**
Product type			
Generics	3,607	1,001	-
E4 contraception	-	90,644	-
E4 Menopause	-	-	-
Others	-	-	1,268
Total	**3,607**	**91,645**	**1,268**
Timing of transfer of goods and services			
At a point in time	3,607	91,645	114
Over time	-	-	1,154
Total	**3,607**	**91,645**	**1,268**

Disaggregation of revenue 2018 from continuing operations:

			Year ended 31 December 2018
Thousands of Euro (€)	*Product sales*	*Out-licensing*	*Others*
Primary Geographic Markets			
Europe	926	41,619	760
Outside Europe	612	13,958	-
Total	**1,539**	**55,577**	**760**
Product type			
Generics	1,539	427	-
E4 contraception	-	55,150	-
E4 Menopause	-	-	-
Others	-	-	760
Total	**1,539**	**55,577**	**760**
Timing of transfer of goods and services			
At a point in time	1,539	55,577	-
Over time	-	-	760
Total	**1,539**	**55,577**	**760**

Group revenues increased to EUR 96,520k in 2019 (EUR 65,465k in 2018) mainly driven by license revenues related to our partnership agreements, which increased to EUR 91,645k mainly thanks to Estelle® with Mayne Pharma for EUR 74,368k, Gedeon Richter for EUR 15,000k and with Searchlight for EUR 500k.

Detail of the Mayne Pharma deal:

- Cash consideration: EUR 17,605k
- Non-cash consideration: EUR 56,764k
- Total recognised: EUR 74,572k (*Including contract assets for EUR 38,270k)*

The total revenue from licensing agreements in 2019 includes additional smaller deals and amounts to EUR 91,645k compared to EUR 55,577k in 2018. Some payments were received that related to licensing agreements for which revenue recognition was deferred to future periods (see Contracts liabilities here below).

9.19.3. Revenue from out-licensing contracts

Revenue was recognized for payments received and for milestone payments receivable for which the related performance obligation is satisfied and Mithra has determined that it is highly probable that there will not be a significant reversal of cumulative revenue recognized in future periods

Most of the out-licensing contracts have a single performance obligation which is the grant of the license. Some contracts also contain other performances such as manufacture and supply obligations, which are distinct to the license grant.

An analysis has been conducted in order to determine whether the single performance obligation was satisfied as at 31 December 2019.

Contract assets

Please refer to note 9.2.1. Basis of presentation – Comparative figures 2018 to understand the reclassification done regarding the contract assets on the face of the consolidated statement of financial position.

The tables below presents the roll forward of the related contract assets:

Contract assets	*Thousands of Euro (€)*
Balance at 1 January 2019	15,350
Change in an estimate of the transaction price of contracts agreed before 2019	16,000
Contracts agreed during the period 2019	9,676
Contract agreed during the period 2019 – Revenue from Mayne shares to be received (9.18)	28,831
Fair value loss through income statement	(5,236)
Revenue billed in 2019 already recognized in previous years	(2,404)
Balance at 31 December 2019	**62,217**

As at 31 December 2019, the balance takes into account unbilled revenue for EUR 62.2 million (EUR 15.3 million end of 2018), among which EUR 20 million related to Gedeon Richter (increased by EUR 15 million compared to 2018), EUR 7.6 million related to Mayne Pharma for Myring™ and EUR 33.2 million for Estelle, and EUR 0.5 million related to Searchlight Pharma.

Within the deal signed with Mayne Pharma in 2019 (for Estelle® in the US), it was agreed that a portion of the licence fee had to be paid by Mayne, through shares of Mayne. A part of those non-cash consideration is measured at fair value and it has been computed through profit and loss. We considered here the fair value of the Mayne's shares still to be received booked as contract assets.

Amount at fair value of the Mayne shares receivable part

Regarding the contract assets, the variability associated with the Mayne share price gives rise to an embedded derivative so that in accordance with IFRS 9, the receivable should be classified as fair value through profit or loss.

Roll forward of contract assets related to Mayne shares at fair value through income statement after shares re-evaluation at 31 December 2019:

Thousands of Euro (€)	*Contract assets*
Balance at 1 January 2019	-
Additions	28,831
Fair value change through income statement	(5,236)
Balance at 31 December 2019	**23,595**

Contract liabilities

The contract liabilities is the result of some amounts already invoiced to customers but not recognized in revenue as the related performance obligations were not yet satisfied as at 31 December 2019. The details are as follows:

- Down-payments related to R&D services still to be performed for EUR 350k EUR. EUR 760k have been recognized in 2018 so that EUR 350k are still booked in contract liabilities.
- Milestones received in the context of the Zoreline license agreement (EUR 3.6 million), whose recognition is contingent upon obtaining regulatory approval in the different countries of the partner territory.

As at 31 December 2019, no significant financing component was identified on any of the existing customer contracts.

Contract liabilities	*Thousands of Euro (€)*
Balance at 1 January 2019	4,017
Change in an estimate of the transaction price	39
Reclassification to revenue	-
Balance at 31 December 2019	**4,056**

9.19.4. Other operating income

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
R&D Tax credit	1,360	739
Other revenues	4,041	3,812
Other operating income	**5,401**	**4,552**

In 2019, "Other revenues" mainly refers to refundable government advances recognition (EUR 2,555k), to exemption from the withholding tax on professional income (EUR 658k) and to third party R&D services rendered (EUR 335k).

For explanation on the item "R&D tax credit", refer to note 9.2.25. R&D tax credit as we applied for an investment deduction mechanism for energy efficient investments and R&D investments which have no impact or reduce the impact on the environment.
The increase is mainly explained by the increase of R&D expenses in 2019 regarding 2018.

9.20. Expenses by nature

A breakdown of the expenses by nature of the costs of goods sold, research and development costs, general and administrative and selling costs are summarised below. A breakdown of the employee benefit expenses is given in note 9.21.

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Costs by nature		
Trade goods, raw materials and consumables	4,426	5,254
Employee benefit expenses	15,987	12,324
External service providers	40,229	29,119
Other expenses	6,951	2,593
Corporate branding expenses	1,923	1,096
Depreciation, amortisation and impairment charges	5,777	2,851
Commissions	666	285
Operating lease payments	(86)	391
Total costs by nature	**75,873**	**53,913**
Costs by type		
Cost of sales	2,487	5,254
Research and development expenses	57,073	35,713
General and administrative expenses	14,774	8,979
Selling expenses	1,539	3,967
Total costs by type	**75,873**	**53,913**

Investments in Mithra's innovative product portfolio, beginning of Phase III studies for Donesta®, together with Myring™ and Zoreline® development, has driven the increase in R&D expenses to EUR 57,073k in 2019.

9.21. Employee benefit expenses

The costs related to personnel and mandated contractors can be summarised as follows:

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Wages, salaries, fees & bonuses	10,840	10,819
Pension costs: defined contribution plan	249	196
Pension costs: defined benefit plan	0	0
Share-based payments	4,898	1,181
Other	0	130
Total	**15,987**	**12,324**

In 2019, the Group employed 172 full time employee's at year-end (129 full time employee's in 2018) which can be allocated to the following departments:

	As at 31 December	
Number of employees	*2019*	*2018*
Research and development staff	50	41
General and administrative staff	122	88
Sales staff	-	-
Total	**172**	**129**

9.22. Retirement benefit schemes

The Group offers several post-employment, death, disability and healthcare benefit schemes. All employees have access to these schemes. The death, disability and healthcare benefits granted to employees of the Group are covered by external insurance companies, where premiums are paid annually and charged to the income statement as they become payable.

The post-employment pension plans granted to employees of the Group are defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity. The contribution obligations to the defined contribution plans are expensed by the Group in the income statement as they were incurred. Although defined contribution plans in Belgium are legally subject to a minimum guaranteed return of 1,75% on employer contributions and employee contributions, the post employment pension plans are accounted for as defined contribution plans, since the legally required return is guaranteed by the external insurance company. Any liability that may currently result is immaterial.

9.23. Financial income and expense

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Interest income	-	-
Other financial income	271	237
Total financial income	**271**	**237**

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Other financial expenses	(166)	(5,375)
Interest payments	(3,321)	(3,460)
Remeasurement of refundable government advances	(3,218)	(1,915)
Total financial expense	**(6,705)**	**(5,375)**

Financial expenses primarily include interest accruing on the bank borrowings (see note 9.16) for the CDMO plateform (EUR 3,321k in 2019 and 3,460k in 2018) and the remeasurment of refundable government advances for EUR 3,218 k .

9.24. Income tax

The tax expenses consist of:

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Current tax income / (expense)	(351)	(352)
Deferred tax income/(expense) related to temporary differences and tax losses	5,440	4,224
Withholding tax income / (expense)	(230)	(3)
Total	**4,859**	**3,869**

The income taxes in 2018 and 2019 are still the result of temporary differences and tax losses carried forward, and is thus a non-cash item.

Withholding taxes of EUR 230 k of 2019 relates to the Fuji Pharma downpayments.

The Group recorded a total deferred tax asset of EUR 5,440 k for the year. This deferred tax is to be set off against future taxable income.

The consolidated unused tax losses carried forward at 31 December 2019 amounted to 142 million euros, with expiry date between 2024 and 2026.

9.24.1. Reconciliation effective versus theoretical taxes

The tax result for the year can be reconciled as follows:

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Income / Loss (-) before tax	(31,424)	(16.232)
Country's statutory tax rate	29.58%	29.58%
Tax expenses / income (-) (theoretical)	(9,295)	(4.801)
Tax expenses / income (-) in income statement (effective)	(4,859)	(3.869)
Difference in tax expenses / income (-) to explain	4,436	932
- Tax credit for R&D investments	1,398	(218)
- Non-taxable revenues	(10,141)	
- Temporary differences with different tax rates	(2,560)	4,284
- Tax losses for which no deferred tax income was recognised	14,652	(2,955)
- Share-based payment expenses	1,449	-
- Permanent difference for which no deferred tax was recognized	-	(297)
- Withholding taxes	230	-
- Other	(1,368)	119
- Tax losses recognized with different tax rates	776	-
Total	**4,436**	**932**

9.24.2. Deferred tax assets

A detailed overview of the deferred tax asset is shown below:

	As at 31 December	
Thousands of Euro (€)	2019	2018
Deferred tax asset to be recovered after more than 12 months	34,431	27,045
Deferred tax assets	**34,431**	**27,045**

The increase of EUR 7,386 k is mainly explained by the temporary difference arising from the recognition of a deferred tax asset on the fair values of the Estetra earn-out in 2019. We compute DTA on the amount of the fair value of the Estetra earn out. The increase of tax assets is also explained by the increase of tax losses in 2019.

The deferred tax asset relates also to fiscal losses carried forward at the level of Mithra, Estetra and Novalon and to the temproray difference arising from the differences in accounting principles at the level of Mithra, Estetra and Novalon. Management is convinced that such companies will generate sufficient profits in the future in order to be able to recover the fiscal losses carried forward and justify the recognition of the deferred tax asset particularily for Estetra thanks to ongoing contract negotiations related to Estelle® that will generate much profits in the coming years.

In February 2020, the Company announced that it had received a positive ruling from the Belgian tax authorities enabling it to benefit from the Belgian Patent Income Deduction (PID) on patent related income arising from Estetrol (E4) based products, namely Estelle® and Donesta®. Through the utilization of the tax losses carried forward and these PID/IID deductions, Mithra expects to significantly reduce its effective tax rate to less than 5% for its E4 product pipeline, compared to 30% for the standard Belgian commercial tax rate. This low rate is expected to apply to the majority of future income related to E4-based products, including PeriNesta®.

The movement in the deferred tax asset is as follows:

	Temporary Differences			
Thousands of Euro (€)	*Contingent consideration*	*Other*	*Tax Losses*	*Total*
At 1 January 2018	8,527	(465)	14,657	22,718
(Charged) / credited to income statement	8,379	(3,433)	(619)	4,327
At 31 December 2018	16,906	(3,898)	14,038	27,045
(Charged) / credited to income statement	1,007	2,144	4,234	7,385
At 31 December 2019	17,913	(1,754)	18,272	34,431

9.24.3. Deferred tax Liabilities

The deferred tax liabilities (EUR 4,148k in 2019 and EUR 2,202k in 2018) result from temporary differences arising from the difference between the fair values of assets acquired at the acquisition date and their tax bases. DTA and DTL are offset by legal entity.

9.25. Result per share

Basic loss per share is calculated by dividing the net result attributable to shareholders by the weighted average number of shares.

The basic and diluted earnings per share are identical due to inclusion of potential ordinary share will result in an anti-dilutive effect:

FOR CONTINUING OPERATIONS:

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Net loss from continued operations	(27,223)	(27,606)
Weighted average number of shares for the purpose of basic loss per share	37,751,788	36,564,683
Basic loss per share (in Euro)	(0.72)	(0.75)
Diluted loss per share (in Euro)	(0.72)	(0.75)

FOR DISCONTINUED OPERATIONS:

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Net loss from continued operations	658	15,242
Weighted average number of shares for the purpose of basic loss per share	37,751,788	37,639,495
Basic profit per share (in Euro)	0.02	0.42
Diluted profit per share (in Euro)	0.02	0.42

9.26. Share-based payments

By a decision of the extraordinary shareholders' meeting of 2 March 2015 the Company issued 1089 warrants primarily to key management with an exercise price of EUR 5,646 per warrant. Warrants are conditional on the person completing 4 years of service (vesting period). These warrants are exercisable as of 2019. The fair value of the 1.089 warrants at grant date is estimated at EUR 2,789k.

Since the last annual report, two capital increases have taken place due to the exercise of warrants (15 warrants on January 30, 2019 and 15 warrants on April 24, 2019).

On January 30, 2019, a capital increase took place following the exercise of 15 warrants within the 2015 Warrant Plan ("2015 Warrant Plan") corresponding to a contribution of EUR 84,690. In accordance with the 2015 Warrant Plan, the exercise period started on January 1, 2019. An amount of EUR 18,119.48 was therefore contributed in cash to the share capital of Mithra and the balance of EUR 66,570.52 was allocated to the Company's "share premium" account. This exercise of 15 warrants resulted in the issue of 24,750 shares (1 warrant being equivalent to 1,650 shares) which on February 13, 2019 were admitted to listing on the regulated market. As a result, Mithra's share capital on January 30, 2019 amounted to EUR 27,573,880.18 corresponding to 37,664,245 ordinary shares.

A second capital increase took place on April 24, 2019, following the exercise of 15 warrants from the 2015 Warrant Plan ("2015 Warrant Plan") corresponding to a contribution of EUR 84,690. An amount of EUR 18,119.40 was therefore contributed in cash to the share capital of Mithra and the balance of EUR 66,570.52 was allocated to the Company's "share premium" account. This exercise of 15 warrants resulted in the issue of 24,750 shares (1 warrant being equivalent to 1,650 shares) which, on May 9, 2019, were admitted to listing on the regulated market. As a result, Mithra's share capital at April 24, 2019 amounted to EUR 27,591,999.58 corresponding to 37,688,995 fully paid-up ordinary shares. The shares have no par value, but represent the same fraction of the Company's share capital, which is denominated in euros. Each share entitles its holder to one voting right. The number of voting rights held by the holders of shares was 37,688,995 at 30 June 2019.

On 5 November 2018, Mithra's extraordinary general meeting approved the issuance of a maximum of 1,881,974 warrants under the "Warrant Plan 2018", for the benefit of key employees, members of the management team and certain directors with an exercise price of EUR 24.05 or EUR 24.09 depending on the status (employee or not) of the beneficiary. The warrants have a term of five years as from the date of issuance. They are generally not transferable and, in principle, cannot be exercised prior to the date of the grant's second anniversary (i.e. at the earliest 6 November 2020 subject to exercise conditions). All of the offered warrants are subject to a service condition of two years. Furthermore, a portion of 30% of these offered warrants were subject to additional market and non-market vesting conditions. The market condition, upon which the vesting is dependent from the share market price, was included in the grant date fair value calculation (see the discount applied in the table below). This condition was met during this financial year 2019. Out of the maximum of 1,881,974 warrants which have been issued, a number of 1,307,205 warrants (corresponding to 1,307,205 new shares) were offered and accepted by the beneficiaries (a number of 1,238,339 warrants in fiscal year 2018 and a number of 68,866 warrants in fiscal year 2019). At the earliest, they will be exercisable as of November 6, 2020, in accordance with the terms and conditions of the Warrants Plan 2018.

Roll forward of the number of warrants :

	Year ended 31 December	
Number of warrants	*2019*	*2018*
Outstanding as of 1st January	1,238,989	650
Granted	165,223	1,238,339
Forfeited	(96,357)	-
Exercised	(30)	-
Expired	-	-
As of 31 December	**1,307,825**	**1,238,989**

Regarding warrant Plan 2018, out of the maximum of 1,881,974 warants, a total of 1,307,205 warrants have been offered and accepted. As the exercise price is different for management companies and for employees, we've determined two different fair value amounts. The fair value of the warrants at grant date is estimated at EUR 9,624k. The fair value of each option is estimated using the Black & Scholes model based on the following assumptions: (i) first we valued separately the warrants granted to the management co's and those granted to the employees, (ii) secondly, we also valued separately the warrants that are subject to vesting conditions from those who were already definitely acquired by the beneficiaries upon grant.

The fair value of the warrants at grant date was estimated at EUR 6,705k for the warrants definitely acquired and EUR 2,918k for the remaining 30% subject to vesting conditions and at EUR 1,339k for warrants acquired at 100%.

The fair value of each option is estimated using the Black & Scholes model based on the following assumptions:

	Plan 2015	***Plan 2018 (Grant 1 - 70%)***	***Plan 2018 (Grant 1 - 30%)***	***Plan 2018 (Grant 2 - 100%)***	***Plan 2018 (Grant 3 - 100%)***
Number of warrants granted	1,089 * (1,650 shares)	866,837	371,502	97,695	67,528
Exercise price per warrant	EUR 5,646	EUR 24.05-24.09	EUR 24.05-24.09	EUR 24.09-25.72	EUR 25.5-27.5
Expected dividend yield	-	-	-	-	-
Expected stock price volatility	45.30%	37.50%	37.50%	37.50%	37.50%
Risk-free interest rate	0.53%	0.36%	0.36%	0.36%	0.36%
Expected duration	8 years	5 years	5 years	5 years	5 years
Fair value at grant date	EUR 2,789k	EUR 6,705k	EUR 2,918k	EUR 753k	EUR 586k
Discount related to market condition	-	-	14.37%	-	

The annualized standard deviation in the stock price has been determined based on historical estimate while the risk-free interest rate has been determined based on a government bond with maturity closest to option expiration.

During the period, a charge of EUR 4,898k has been recognized in the consolidated statement of income.

The warrant Plan 2018 expires in November 2023 and the warrant plan 2015 expires in March 2023.

9.27. Leases

Amounts recognised in the statement of financial position

Thousands of Euro (€)

Assets	Land and Buildings	Fixtures and equipment	Vehicles	TOTAL
Balance at 31 December 2018	-	-	-	-
Adjustment on adoption of IFRS 16 - right-of-use assets at 01 January 2019	495	-	358	853
Assets subject to finance lease under IAS 17, previously reported as property, plant and equipment	44,253	24,197		68,450
Additions	635	3,475	545	4,654
Subsidies booked	(414)			(414)
Depreciation right-of-use assets	(2,217)	(379)	(413)	(3,009)
Net carrying amount of right-of-uses assets at 31 December 2019	42,752	27,293	490	70,535

Thousands of Euro (€)	
Liabilities	
Balance at 31 December 2018	-
Adjustment on adoption of IFRS 16 - lease liabilities (current and non-current)	853
Finance lease liabilities under IAS 17, previously reported as other loans	50,165
Additions	4,507
Capital payments	(2,174)
Net carrying amount of lease liabilities at 31 December 2019	52,474
Lease service part	(49)
Total of lease Liabilities at 31 December 2019	(52,474)
Current Lease liabilities	(6,746)
Non-current Lease liabilities	(45,728)

The difference as of January 1st, 2019 between "Assets subject to finance lease under IAS 17, previously reported as property, plant and equipment (EUR 68.4 million)" and "Finance lease liabilities under IAS 17, previously reported as other loans (EUR 50.1 million)" are explained by the fact that for leases that were classified as financial leases applying IAS 17, the carrying amount of the ROUA[12] and the lease liability at the date of initial application are the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17, with the amount of the ROUA then including payments relating to that leased asset made by Mithra.

Amounts recognised in the statement of income

The statement of profit or loss shows the following amounts relating to leases:

Thousands of Euro (€)	*As at 31 December*	
	2019	2018
Depreciation charge of right-of-use assets		
Land and Buildings	(2,217)	-
Fixture and Equipment	(379)	-
Vehicles	(413)	-
Others	-	-
Total	(3,009)	-
Interest expense (included in finance cost)	(3,060)	-
Expense relating to short-term leases	49	-
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Expense relating to variable lease payments not included in lease liabilities	-	-

[12] Right-of-use assets

9.28. Contingencies and arbitrations

Organon/Merck patent dispute

Since 2008, Mithra is involved in a legal proceeding against Organon NV (now Merck Sharp and Dohme BV). The proceeding concerns the alleged patent infringement caused by the commercialisation by Mithra and its partner DocPharma BVBA (now Mylan) of a generic drug named Heria. Currently, Organon is claiming for provisional damages of EUR 2,770k including actual loss of profit as well as the reimbursement of cost for establishing the infringement attorney's fees and expert's expenses. A first instance judgement, was rendered on 11 December 2015 that concluded in a partial infringement of Organon's patent. An expert was appointed by Commercial Court to advise on the damages suffered by Organon and Merck because of the partial infringement. A final report of the judicial expert dated November 22, 2019 assessed that damage at EUR 551k. That amount is, however, questionable in the light of several objective factors. The case is pending at the appeal level and the hearing has not yet been fixed.

A provision of EUR 341k has been recorded in the accounts in accordance with management's assessment of the liability that can result.

Conditional payments

For more details on contingent consideration payments, reference is made to section 9.18.3.

The contingent considerations relating to the asset deal Donesta® are not accounted for based on accounting policy 9.2.6(b).

As the acquisition of Donesta® qualified for an asset deal – because the definition of a business as defined in IFRS 3 is not met – the transaction was measured initially at cost. Subsequently the intangible assets will be measured at their cost less any accumulated amortisation and any accumulated impairment losses. The transaction price further contains several instalments which, since the date of acquisition, are considered as a contingent price based on future performance, hence this measurement is more an attribute of fair value measurement throughout the life of the asset than being representative of the cost model upon initial recognition of the asset. Hence, the contingent payments are disclosed as a contingent liability for an amount of EUR 12,000k, with any liability being re-measured at the end of each reporting period as an adjustment to the cost of intangible assets to the extent that it relates to future reporting periods.

9.29. Commitments

Collaborative research and development arrangements

In September 2019, Mithra contracted with ICON Plc to manage the pivotal Phase III trial of Donesta® to demonstrate the long-term efficacy and safety of Estetrol in the relief of vasomotor symptoms in postmenopausal and hysterectomized women in the US. The total study budget is approximately USD 47 million.

On November 6, 2019, the Company also entered into a contract with ICON Plc for a similar study in Europe and the rest of the world. The total budget for the study is approximately EUR 32 million.

9.30. Related party transactions

For fiscal year 2019, the related parties with which other transactions have occurred are as follows:

- YIMA SPRL (an entity controlled by François Fornieri, a Director and member of the key management of the Company);
- Le Bocholtz SA (an entity controlled by François Fornieri, a Director and member of the key management of the Company);
- Eva Consulting SPRL (an entity controlled by M. Jean-Michel Foidart), a Director and member of the key management of the Company;
- JAZZ A LIEGE ASBL, (an entity in which Mr Gaëtan Servais (permanent representative of NOSHAQ SA, director of the Company) acted as Director);
- C.I.D.E. – SOCRAN ASBL, an entity in which Mr Gaëtan Servais (permanent representative of NOSHAQ SA, director of the Company) indirectly acts as Director);

- CERES PHARMA NV (an entity in which Aubisque BVBA (Member of the Board of the Company) is member of the Board and in which Mr. M. Coucke is shareholders) ;
- Le SANGLIER DES ARDENNES S.A.(an entity in which Aubisque BVBA (Member of the Board of the Company) is member of the Board and in which Mr. M. Coucke is shareholders) ;
- Royal Castors Braine ASBL (an entity in which Mr Jacques Platieau, permanent representative of Castors Development ASBL (director of the Company and Chairman of the Nomination and Remuneration Committee) is Chairman of the Board of Directors);
- François Fornieri (permanent representative of YIMA SPRL, director of the Company);
- Jean-Michel Foidart (permanent representative of Eva consulting SPRL, administrateur de la Société).

Transactions between the Company and its subsidiaries, which are related parties, are eliminated in the consolidated accounts and no further information is provided here in this Section. However, the associate Targetome has been included as a related party.

Assets acquired from related parties

In 2019, Mithra did not acquire assets from related parties.

Key management compensation

Refer to the table below for the compensations paid to key management:

Thousands of Euro (€)	*Dec 2019*	*Dec 2018*
Base Salary	2,537	2,321
Variable Remuneration	-	-
Group Insurance (pension, invalidity, life)	1	1
Other (car, cell phone, hospitalization) insurance	31	31
Share based compensations	0	1,126
Total	**2,569**	**3,479**

Sales/Purchase of other services and goods

Thousands of Euro	*Type of services*	*2019*	*2018*
Total services rendered to entities controlled by or with significant influence from key management / directors		607	447
Ceres	Reinvoicing diverse expense	607	447
Total services purchased from entities controlled by or with significant influence from key management / directors		164	163
Yima sprl	Rental services builiding Foulons	156	157
Bocholtz	Event organisation - rent meeting rooms	8	6

Aggregated trade receivable / payable balance due from / to related parties

Thousands of Euro (€)	*2019*	*2018*
Receivables from entities controlled by or with significant influence from key management / directors	784	0
Payables to entities controlled by or with significant influence from key management / directors	283	167
Payables to other related parties	0	0

Loans to or from related parties and other debts from related parties

Thousands of Euro (€)	*2019*	*2018*
Loan from / to entities controlled by key management / directors	0	0

Transactions with non-executive Directors

The total amount of the remunerations and the benefits paid in 2019 to the non-executive Directors (in such capacity) was EUR 240,000 (gross, excluding VAT), split as follows:

Name	*Nature*	*Remuneration as Director*	*as Member of a committee*	*As Chair of the Board*
Marc Beyens	Non-exec	0		
CG Cube	Non-exec	20,000		
NOSHAQ	Non-exec	20,000	10,000	
Alychlo	Non-exec - Chair	20,000		20,000
P. Suinen	Independent	20,000	5,000	
Castors Development SA[2]	Independent	20,000	5,000	
Ahok	Independent	20,000	5,000	
Aubisque	Non-exec	20,000		
P4Management	Non-exec	20,000	5,000	
NOSHAQ Partner	Non-exec	10,000		
P. van Dijck	Non-exec	10,000		
Selva Luxembourg	Non-exec	10,000		

In addition to those elements, one needs to include the amount of shares received by Mr Fornieri and Mr J-M Foidart in their capacity of former shareholders of Uteron, former shareholders which received in total an aggregate amount of shares following a capital increase of 38,863 kEUR which corresponds to the equity tranche due in the course of the review period 2019.

9.31. Events after the balance sheet

Post period, in January 2020, Mithra announced the granting of an exclusive license to Alvogen to market its Estelle® contraceptive pill in Hong Kong and Taiwan. Under the terms of this 20-year agreement, Alvogen will distribute

Estelle® in Hong Kong and Taiwan, where the hormonal contraceptive market is worth approximately €20 million per year.

Also, in January 2020, Mithra announced the granting of a licence to Farmitalia for the commercialization of its hormone treatment Tibelia® in Italy, where the tibolone market represents approximately EUR 4.5 million per year, as well as for the commercialisation of its vaginal ring. Italy represents the third largest vaginal ring market in the world, with almost 2 million rings sold each year.

Mithra also announced that the results of an environmental assessment study showed that Estetrol (E4) is significantly more environmentally friendly than the alternatives currently on the market. The product candidate Estelle® (E4 15mg/ DRSP 3mg) is expected to be the first E4-based COC to show an environmentally friendly estrogenic profile, while more than 97% of COCs are based on EE2, a potent synthetic estrogen and endocrine disruptor that accumulates in the environment.

In February 2020, the Company announced that it had received a positive ruling from the Belgian tax authorities enabling it to benefit from the Belgian Patent Income Deduction (PID) on patent related income arising from Estetrol (E4) based products, namely Estelle® and Donesta®. Through the utilization of the tax losses carried forward and these PID/IID deductions, Mithra expects to significantly reduce its effective tax rate to less than 5% for its E4 product pipeline, compared to 25% for the standard Belgian commercial tax rate[13]. This low rate is expected to apply to the majority of future income related to E4-based products, including PeriNesta®.

Also in February 2020, the Company announced the commercial launch of Myring™ in Belgium. The Belgian market for contraceptive rings is estimated at approximately 5.1 million euros, with more than 600,000 rings sold each year. Mithra's vaginal contraceptive ring is marketed in Belgium by Ceres Pharma under the brand name Myloop®. The Belgian contraceptive ring market is valued at around EUR 5.1 million, with more than 600,000 rings sold each year[14].

In April 2020, the Company announced the commercial launch of Myring™ in Germany, which is the largest European market and the second worldwide in terms of sales volume. Mithra's vaginal ring contraceptive is marketed by Hormosan in Germany under the trademark name MYCIRQ®. Mithra is also in charge of the manufacturing of the product for the German market in its Mithra CDMO, still operational despite the Covid-19 crisis, in compliance with all the measures required by the Belgian authorities. Globally, this agreement could generate revenues of at least EUR 2.5 million for Mithra.

Also in April, Mayne Pharma and Mithra also announced that Mayne Pharma has submitted a New Drug Application (NDA) to the US Food and Drug Administration (FDA), seeking marketing authorisation for E4/DRSP, a combined oral contraceptive indicated for the prevention of pregnancy in women.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this Annual Report, Belgium, where the Company operates, has been impacted by temporary closures. The length or severity of this pandemic cannot be predicted, but the Company anticipates that there may be a potential impact from COVID-19 on the planned development activities of the Company.

With COVID-19 continuing to spread in the United States and Europe, the business operations of the Company could be delayed, particularly if a large portion of its employees become ill. COVID-19 may also affect employees of third-party organizations located in affected geographies that the Company relies upon to carry out its clinical trials. The spread of COVID-19, or another infectious disease, could also negatively affect the operations at its third-party suppliers, which could result in delays or disruptions in the supply of drug product used in its clinical trials. In addition, the Company is taking temporary precautionary measures intended to help minimize the risk of the virus to its employees, including temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for its employees and discouraging employee attendance at industry events and in-person work-related meetings, which could negatively affect the Company's business.

Furthermore, timely enrolment in clinical trials is reliant on clinical trial sites which may be adversely affected by global health matters, including, among other things, pandemics such as COVID-19. For example, many of the Group's clinical trial sites are located in regions currently being afflicted by COVID-19.

The impact of COVID-19 on its business is uncertain at this time and will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among other things, but prolonged

[13] In Belgium, the corporate tax rate is 29.58% as from 2018 (tax year 2019) and 25% from 2020 (tax year 2021).

[14] IQVIA 2019

closures or other business disruptions may negatively affect its operations and the operations of its agents, contractors, consultants or collaborators, which could have a material adverse impact its business, results of operations and financial condition, please refer to going concern disclosure in 9.4.a).

There were no other subsequent events that occur between 2019 year-end and the date when the financial statements have been authorised by the Board for issue.

9.32. Discontinued operations

On 30 July 2018, Mithra announced the signature of a deal with Ceres in order to sell the Belux activities. The divestment of the Belux portfolio is in line with Mithra's strategy to realise the value of its non-core assets and fully focus on its key value-driving pipeline.

The agreement covers the sale of Mithra's portfolio of in-licensed branded generics in Women's Health. Also included are License and Supply Agreements (LSAs) for a number of Mithra's products and product candidates developed in-house, such as licenses for the commercialization in the Belux territories of Tibelia®, Myring™ and Estelle®.

Income statement for discontinued operations

	Year ended 31 December	
Thousands of Euro	*2019*	*2018*
Revenues	-	7,589
Cost of sales	-	(3,684)
Gross profit	-	3,905
Selling expenses	-	(1,989)
Other operating income	928	876
Gain on sale of disposal	-	18,477
Total operating income	**928**	**17,363**
Operating Profit	928	21,269
Financial result	(1)	(10)
Profit before taxes	927	21,258
Income taxes	(269)	(6,016)
Net Profit for the period	**658**	**15,242**
Attributable to		
Owners of the parent	658	15,242
Non-controlling interest	-	-

Since the disposal of the business to Ceres on 31 July 2018 and pending all market authorisations that are formally transferred to Ceres, Mithra is acting as an agent of Ceres, so that revenue is reported net of the related cost of goods sold.

Cash flow statement from discontinued operations

	Year ended 31 December	
Thousands of Euro	*2019*	*2018*
Cash flow from operating activities	928	2,791
Cash flow from investing activities	-	18,477
Cash flow from financing activities	-	-
Cash flow from discontinued operations (net increase/decrease)	**928**	**21,269**

9.33. Mithra Pharmaceuticals companies consolidation scope

9.33.1. Subsidiaries

The Group's financial statements consolidate those of the following undertakings[15]:

The Company has the following subsidiaries		*2019 Ownership %*	*2018 Ownership %*
Mithra Recherche et Développement SA		**100%**	**100%**
Registered office	Rue Saint-Georges 5 4000 Liège		
Incorporation Date	13/06/2013		
Company registration n°	534.909.666		
Fund SA		**100%**	**100%**
Registered office	Rue Saint-Georges 5 4000 Liège		
Incorporation Date	1/07/2013		
Company registration n°	0535.840.470		
Mithra Lëtzebuerg SA		**100%**	**100%**
Registered office	Boulevarddela Petrusse 124, 2330 Luxembourg		
Incorporation Date	27/12/2012		
Company registration n°	LU25909011		
Mithra Pharmaceuticals CDMO SA		**100%**	**100%**
Registered office	Rue Saint-Georges 5 4000 Liège		
Incorporation Date	13/06/2013		
Company registration n°	534.912.933		
Mithra Pharmaceuticals GmbH		**100%**	**100%**
Registered office	Promenade 3-9 Raumm 22 DE - 52076 Aachen Germany		
Incorporation Date	27/12/2013		
Company registration n°	DE 295257855		
Mithra Farmacêutica do Brasil Ltda		**100%**	**100%**
Registered office	Rua Ibituruna N° 764 Saúde, São Paulo Brésil		
Incorporation Date	28/02/2014		
Company registration n°	NIRE N°35.220.476.861		
WeCare Pharmaceuticals BV		**100%**	**100%**
Registered office	Lagedijk 1-3, NL -1541 KA Koog aan de Zaan		
Incorporation Date	23/09/2013		

[15] Please note that the shareholding percentage is considered at a consolidated level. Therefore, the 100% are held by the Company or one of its subsidiaries.

The Company has the following subsidiaries		*2019 Ownership %*	*2018 Ownership %*
Company registration n°	NL08165405B01		
Novalon SA		**100%**	**100%**
Registered office	Rue Saint-Georges 5 4000 Liège		
Incorporation Date	17/11/2005		
Company registration n°	877.126.557		
Estetra SPRL		**100%**	**100%**
Registered office	Rue Saint Georges, 5 4000 Liège		
Incorporation Date	01/09/2009		
Company registration n°	818.257.356		
Donesta Bioscience BV		**100%**	**100%**
Registered office	Boslaan 11 3701 CH Zeist The Netherlands		
Incorporation Date	23/12/2011		
Company registration n°	Commercial Register No. 54167116		

9.33.2. Associates

The following associates are accounted for using the equity method in the Group's financial statements:

The Company has the following associates		*2019 Ownership %*	*2018 Ownership %*
Targetome SA			
Registered office	Avenue Pré-Aily 4, 4031 Angleur		
		25.13%	25.13%
Incorporation Date	15/07/2010		
Company registration n°	827,564,705		

As indicated, previously, the Company has decided to terminate the companies' activities and to initiate the legal proceedings related to the liquidation of the company so that its value was derecognized for the current financial year. Measures are being taken in this direction.

9.34. Disclosure audit fees

In Euro (€)	
Auditor's fees	121,649
Fees for exceptional services or special missions (audit related)	68,555
Tax consultancy (audit related)	-
Fees for exceptional services or special missions (external to audit)	-
Tax consultancy (external to audit)	18,412
Total	**208,616**

9.35. Condensed statutory financial statements of Mithra SA

In accordance with Art. 105 of the Belgian Companies' Code(3:17 of the CCA), the condensed statutory standalone financial statements of Mithra Pharmaceuticals SA are presented. These condensed statements have been drawn up using the same accounting principles for preparing the complete set of statutory financial statements of Mithra Pharmaceuticals SA at and for the year ending 31 December 2019 in Belgian GAAP.

The statutory auditor, BDO Réviseurs d'entreprises, has issued a clean audit opinion on the statutory financial statements as at 20 April 2020.

The management report, the statutory financial statements of Mithra Pharmaceuticals SA and the report of the statutory auditor will be filed with the appropriate authorities and are available at the Company's registered offices.

Thousands of Euro (€)

Assets as at	*2019*	*2018*
Fixed assets	**138,561**	**90,319**
Intangible fixed assets	1,058	2,322
Tangible fixed assets	2,106	1,547
Financial fixed assets	135,397	86,450
Current assets	**114,053**	**169,719**
Receivables	**66**	973
Amounts receivable	67,034	40,356
Inventory	441	11,067
Cash at bank and in hand	41,249	117,202
Deferred charges and accrued income	5,308	121
Total assets	**252,659**	**260,039**

Thousands of Euro (€)

Liabilities as at	*2019*	*2018*
Equity	**194,730**	**190,423**
Capital	28,649	27,556
Share premium account	264,862	226,922
Reserves	598	598
Accumulated losses	(99,378)	(64,653)
Provisions	**266**	**266**
Amounts payable after more than one year	**46,331**	**4.905**
Current liabilities	**11,237**	**64,445**
Short term portion of LT debts	1,187	600
Amounts payable within one year	10,125	63,825
Deferred charges and accrued income	21	20
Total Liabilities	**252,659**	**260,039**

Thousands of Euro (€)

Summary income statement	*2019*	*2018*
Operating income	**17,642**	**72,124**
Turnover	12,835	49,793
Capitalised production	-	2,294
Other operating income	4,806	20,038
Operating charges	**17,192**	**87,135**
Cost of goods sold	4,325	8,229
Services and other goods	9,225	71,069
Remuneration, social security costs and pensios	3,221	3,838
Depreciations of and amounts written off formation expenses, intangible and tangible fixed assets	219	3,924
Other operating charges	202	88
Operating profit	(450)	(15,011)
Financial result	**498**	**455**
Financial income	815	748
Financial charges	317	293
Non recurrent financial charges	**(35,673)**	
(Profit) loss for the year before taxes	**(34,725)**	**(14,556)**
Taxes	-	171
Profit (loss) for the period available for appropriation	**(34,725)**	**(14,384)**

Thousands of Euro (€)

Capital statement	*2019*	*2018*
A. Capital		
1. Issued capital		
- At the end of the previous year	27,556	25,599
- Changes during het year	1,093	1,956
- At the end of this year	28,649	27,556
2. Capital representation		
2.1 Shares without par value		
- Bearer and dematerialised	39,133,245	37,639,495
B. Own shares held by	**N/A**	**N/A**
C. Commitmentes to issue shares		
D. Autorised capital not issued		

9.36. Alternative performance measure

Mithra decided to use some alternative performance measures (APMs) that are not defined in IFRS but that provide helpful additional information to better assess how the business has performed over the period. Mithra decided to use REBITDA[16] and EBITDA in order to provide information on recurring items, but those measures should not be viewed in isolation or as an alternative to the measures presented in accordance with IFRS.

REBITDA is an alternative performance measure calculated by excluding the non-recurring items and the depreciation & amortization from EBIT (operating loss) from the consolidated statement of income prepared in accordance with IFRS. The Group considers one-off items, share-based payments and all discontinued operations results as non-recurring items.

EBITDA is an alternative performance measure calculated by excluding the depreciation & amortization from EBIT (operating loss) from the consolidated statement of income prepared in accordance with IFRS.

Refer to note on Financial Highlights and table below for the reconciliation to operating loss:

	Year ended 31 December	
Thousands of Euro (€)	*2019*	*2018*
Operational profit (from continuing activities)	**26,047**	**14,188**
Depreciation	5,777	2,851
Share-based payments	4,898	1,181
REBITDA	**36,722**	**18,221**
Discontinued EBITDA	928	21,269
Share-based payments	(4,898)	(1,181)
EBITDA	**32,752**	**38,308**

[16] Recurring earnings before interest, taxes, depreciation and amortisation

mithra
Women's Health

Rue Saint-Georges 5
4000 Liège
Belgium
+32 4 349 28 22
info@mithra.com

www.mithra.com