



ANNUAL REPORT

2018

Transforming women's health through innovation

mithra
Women's Health
www.mithra.com

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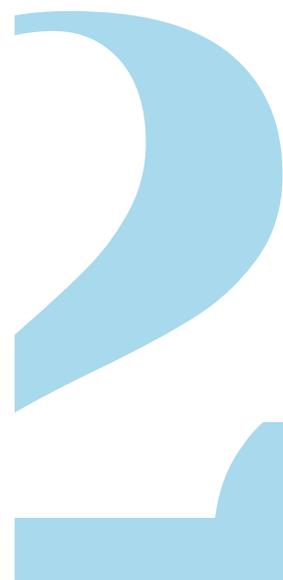


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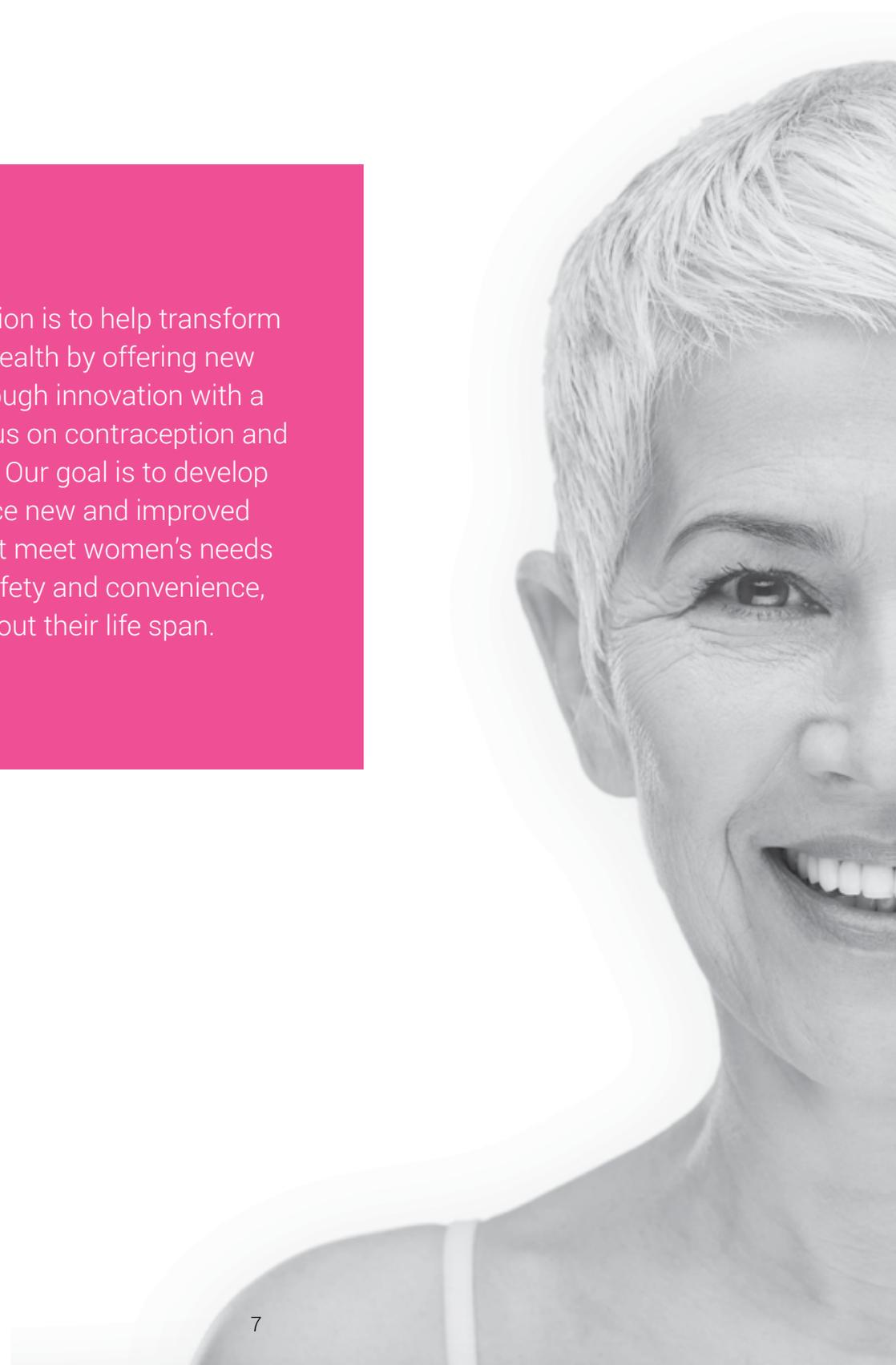
ACTIVITY
REPORT

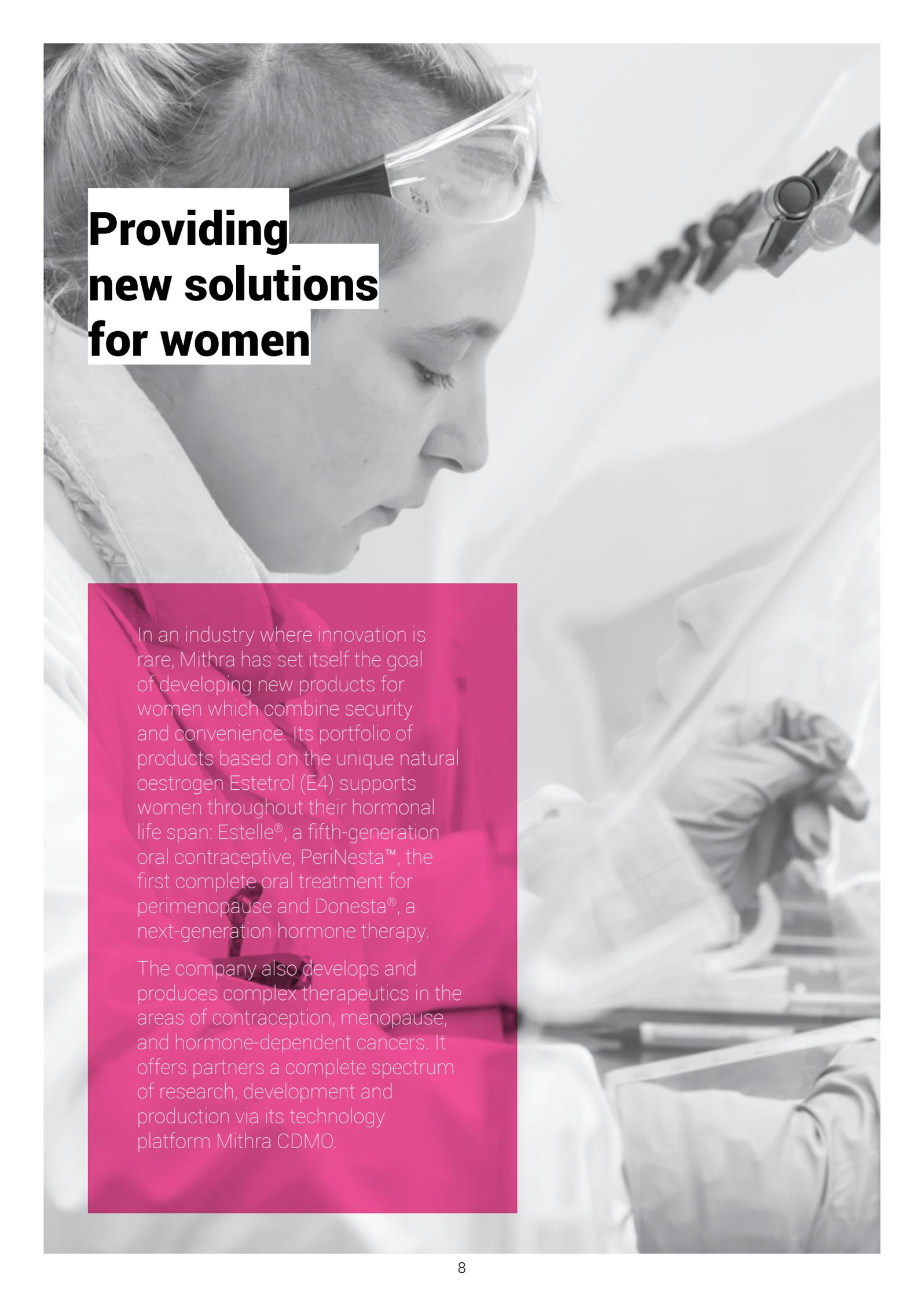
Our Mission



Inspired
by **Women**

Mithra's mission is to help transform Women's Health by offering new choices through innovation with a particular focus on contraception and menopause. Our goal is to develop and produce new and improved products that meet women's needs for better safety and convenience, throughout their life span.

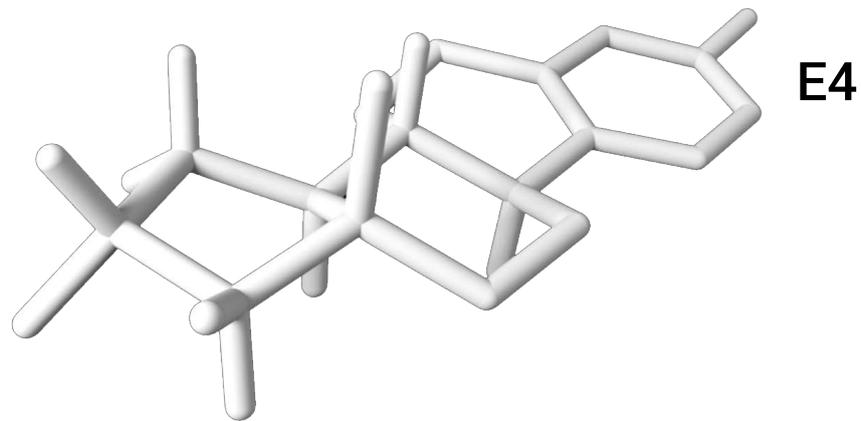




Providing new solutions for women

In an industry where innovation is rare, Mithra has set itself the goal of developing new products for women which combine security and convenience. Its portfolio of products based on the unique natural oestrogen Estetrol (E4) supports women throughout their hormonal life span: Estelle[®], a fifth-generation oral contraceptive, PeriNesta[™], the first complete oral treatment for perimenopause and Donesta[®], a next-generation hormone therapy.

The company also develops and produces complex therapeutics in the areas of contraception, menopause, and hormone-dependent cancers. It offers partners a complete spectrum of research, development and production via its technology platform Mithra CDMO.



E4: Mithra's Native Estrogen with Selective actions in Tissues (NEST™) Platform

E4 is a natural estrogen produced by the human fetus, which passes into maternal blood during pregnancy. Thanks to its favorable pharmacodynamic and pharmacokinetic profile, E4 potentially represents a major breakthrough in various therapeutic fields like contraception and menopause.

Its safety margin and tolerability also present an opportunity to investigate its use in other areas of Women's Health such as oncology (hormonal cancers), emergency contraception and osteoporosis, as well as in indications that go beyond the sector of Women's Health such as neuroprotection and wound healing.

Today, Mithra is focused on the development of three late-stage E4-based potential blockbusters, **Estelle**®, a 5th generation oral contraceptive, **PeriNesta**™, the first complete oral treatment for perimenopause and **Donesta**®, a next-generation hormone therapy.

The potential benefits of E4

- Favorable VTE risk profile¹
- Lower breast pain and lower carcinogenic potential in the presence of E2^{2,3}
- Favorable drug-drug interaction profile⁴
- Minimal increase of triglycerides⁵
- Good user acceptability, body weight control, excellent cycle control, improved spotting and general well-being^{6,7}

1- Klufft C et al., Contraception. 2016; 2- Gerard C et al., Oncotarget. 2015;6(19):17621-36; 3- Visser M et al., Horm Mol Biol Clin Invest. 2012;9:95-103; 4- Visser M et al., Climacteric. 2008;11 Suppl 1:64-8; 5- Mawet M et al., Eur. J. Contracept. Reprod. Healthcare 2015;1-13; 6- Apter D. et al., Eur. J. Contracept. Reprod. Healthcare 2017;22:4; 7- Apter D. et al., Contraception. 2016;94(4):366-73

Project	Therapeutical area	Phase 1	Phase 2	Phase 3	Market approval
Estelle ®	<i>Contraception</i>				
PeriNesta ™	<i>Perimenopause</i>				
Donesta ®	<i>Menopause</i>				

Complex therapeutics

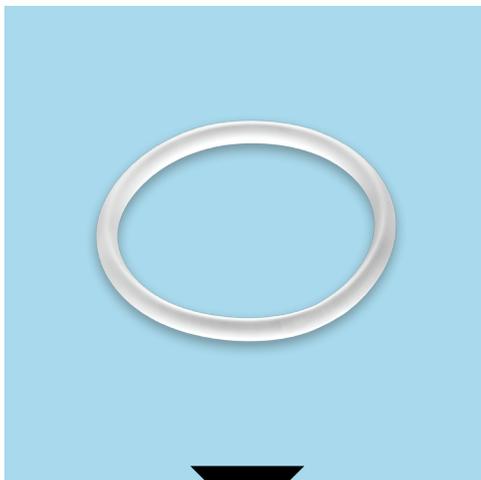
Mithra has extensive expertise in the development of complex and innovative products using medical polymer technology. The company is leveraging this expertise to target improved, long-lasting delivery of trusted, established approaches to contraception, menopause and hormonal cancers.

Polymer technology allows prolonged drug delivery based on the use of polymer matrices. These enable a drug's active pharmaceutical ingredient (API) to be distributed at a predetermined rate over a period of time, maintaining controlled drug delivery with minimal side effects.

This technology platform enables Mithra to optimize drug treatment regimens and provides a unique combination of predetermined, safer release rates and durations. It also opens the way for Mithra to develop highly specialized drug

delivery approaches for new indications using the hormone formulation expertise as well as the development and manufacturing capabilities at its dedicated Mithra CDMO.

Project	Therapeutical area	Formulation	Clinical/BioEq.	Filing	Market approval
Myring™	<i>Contraception</i>				
Tibelia®	<i>Menopause</i>		EU/RoW		
			North America		
Zoreline®	<i>Oncology</i>				

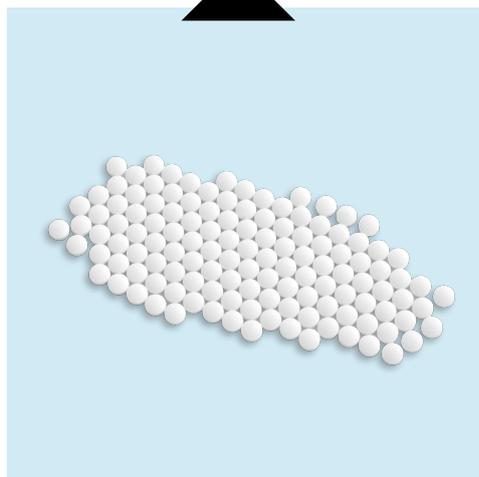


Myring™

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

Tibelia®

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



Zoreline®

A biodegradable subcutaneous implant for prostate and breast cancer and benign gynecological indications.

Mithra CDMO

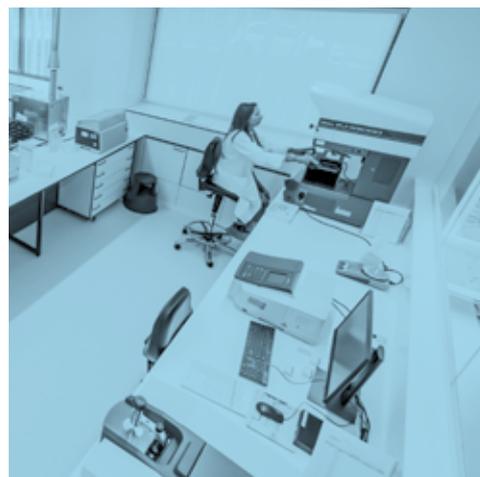
An industry partner with expert research, development and manufacturing capabilities

Mithra's Contract Development and Manufacturing Organization (CDMO) forms an integral part of Mithra's innovation and development strategy.

This 15 000 m² technology facility allows Mithra to develop and produce its product portfolio in-house, including Complex Therapeutics based on polymer technology, such as Myring™ and Zoreline®, but also Estelle®, PeriNesta™ and Donesta® tablets. This state-of-the-art platform enables Mithra to maintain a strong competitive position by reducing

reliance on external providers, retaining intellectual property and expertise in-house.

The CDMO also provides its partners with a high quality service covering most aspects of research, development and manufacturing of polymeric forms, implants, sterile injectables and hormonal tablets.



Full range of services

Drug delivery services

- Pharmaceutical development
- ▼
- Clinical supply manufacturing
- ▼
- Stability studies
- ▼
- Contract manufacturing
- ▼
- Logistics and supply chain

Supporting services

- Quality assurance
- ▼
- Regulatory services



A net increase in our turnover,
a record level for cash reserves,
and objectives successfully achieved
for all of our innovative products:
all the indicators are green as we head
into 2019, a year which could be
the most exciting ever.
Mithra has moved
up a gear and is on
the home stretch
of its research program
aiming to deliver
truly innovative
solutions for women all
around the world.

Marc Coucke,
Chairman of the Board



“

2018 has been a successful year from every point of view. Our flagship clinical programs have successfully reached and passed important milestones and are bringing our three blockbuster products closer to market. At the same time, our business development strategy has enabled us to conclude some first-rate marketing contracts, in particular with Gedeon Richter for Estelle® in Europe and in Russia. This strengthening of our presence on the world stage is evidence of Mithra's growing reputation and its status as a leading company for innovation in healthcare for women.

François Fornieri,
Chief Executive Officer





Letter to shareholders

Dear Shareholders,
colleagues and partners,

2018 has been another record year for Mithra.

As a leading R&D-focused women's health company, our mission is to develop innovative products offering better efficacy, safety and quality of life, in order to meet women's needs throughout their lifespan. Our business model continues to be built on three pillars: our innovative E4 asset platform, which has produced three potential blockbusters in late-stage development; our complex therapeutics business that continues to generate revenues; and, our fully complementary CDMO facility.

Strengthening our E4 portfolio

It was a landmark year in terms of study readouts for Mithra's E4 portfolio. During the first half of the year we announced positive Phase II top-line results for Donesta® for the treatment of Vasomotor Symptoms in post-menopausal women. While in the second half of the year, the Estelle® Phase III study conducted in Europe and Russia successfully met its primary efficacy endpoint. Post-period we announced that the Phase III study conducted in the United States (U.S.) and Canada equally met its primary efficacy endpoint. This data further supports Estelle® as a novel, next-generation combined oral contraceptive for women, and brings us one step closer to commercialization.

In other post-period news, Mithra announced the addition of a new E4 candidate, PeriNesta™, also with blockbuster potential. PeriNesta™ is targeted at woman in their 40's that are still fertile, but are confronted with the first signs of menopause. This third blockbuster candidate has the potential to be the first product to offer perimenopausal woman an improved contraceptive solution, addressing the challenge of hot flushes and other perimenopausal symptoms, with a superior benefit/risk profile.

Mithra also continued to strengthen its intellectual property portfolio for E4 in contraception and menopause with additional formulation patents filed, bringing the total number of patent families to thirty.

Executing on commercial partnership strategy

2018 was a very active year in terms of commercial partnerships. Mithra signed ten additional Licensing and Supply Agreements (LSA's) for both our E4 asset portfolio, as well as our Complex Therapeutics, in addition to two Heads of Terms agreements for the commercialization of Estelle®.

In September we announced a LSA with Gedeon Richter, to commercialize Estelle® in Europe and in Russia. Worth up to EUR 55 million in upfront payments and milestone payments, this deal represented the largest in the history of Mithra.

With regards to Myring™, we obtained our first marketing authorization for the United Kingdom, followed by another seven marketing authorizations for various Eastern European countries. In the U.S., commercial launch has been delayed by one year; however, together with our partner Mayne Pharma, we are still confident to be amongst the first generic players to launch commercial production.

Post-period we also reported the expansion of Mithra CDMO's polymer technology expertise to include its first veterinary R&D project together with CEVA, world leader in animal health, further demonstrating our capability in polymer based drug development.



2018

Another record
year for Mithra

Strong cash position

Financially we're stronger than ever, having achieved solid revenue growth with a record level of EBITDA .

Earlier in the year, Mithra successfully raised EUR 77.5 million via a private placement. The oversubscribed order book underlined the increasing interest of Tier 1 and specialist healthcare investors.

Reinforced by significant partnership deals, as well as the divestiture of our BeLux business that raised an additional EUR 20 million, Mithra is today in a comfortable cash position, and looking forward to moving our key assets towards commercialization.

The year ahead

2019 marks the 20th anniversary of Mithra – no small feat! The company has undergone a number of transformations over the years, evolving into the specialty women's health company we are today.

Following the momentum of 2018, the year ahead will have some significant news flow relating to our key assets. First and foremost, we expect to announce a commercial partner for Estelle® in the United States, our biggest market. Filing in both the U.S. and in Europe will take place towards the end of this year, facilitated by our international partners.

Donesta® will begin its Phase III study in the second half of 2019. At the same time, we plan to begin the Phase III study of PeriNesta™, requiring limited extra investment. Additional indications for Estetrol (E4) for neuroprotection and wound healing are also under development in the pre-clinical phase.

In 2019, we will continue to advance our business development efforts across our blockbuster E4 candidates, as well as our complex therapeutics, boosting revenues and underscoring the Group's financial strength in both the short- and medium term. Our Mithra CDMO, with its state-of-the-art equipment and proven expertise, will strengthen its R&D and commercial production activities, tripling capacity to deliver the next commercial batches of Myring™ in the second half of 2019.

Last but not least, we had the great honour to receive the prestigious essenscia Innovation Award 2019 during an official ceremony held in early April in presence of Her Royal Highness Princess Astrid. This award tops off the hard work, perseverance and passion of an entire team for nearly 20 years.

We eagerly await the exciting year ahead, and in the meantime, thank all of our stakeholders, patients, business partners and employees, for their continued trust in Mithra.

Marc Coucke,
Chairman of the Board



François Fornieri
Chief Executive Officer



Highlights 2018

01
January

- > **Nominated for the Euronext Price** in the category "Best Small Company of the year 2017"

02
February

- > **Positive results** from the Phase II **hemostasis study of Estelle®**, confirming its unique safety profile

03
March

- > Abbreviated New Drug Application (ANDA) accepted for filing by FDA by partner, **Mayne Pharma**, for U.S. commercialization of **Myring™**
- > Agreement with Alvogen for commercialization of **Myring™** in **Russia**
- > New patent application based on the favorable **hemostatic profile** of **Estelle®**

- > Strategic divestment of Belgian and Luxembourg activities to **Ceres Pharma** worth up to **EUR 40 million**
- > First marketing authorization for **Myring™** in Europe (United Kingdom)
- > Contract with Mediner for commercialization of **Tibelia®** in **Hungary**

- > **Positive top-line results** for the Phase III **Estelle®** study in **Europe** and **Russia**

- > **Landmark** agreement with Gedeon Richter for commercialization of **Estelle®** in **Europe** and **Russia**
- > Agreement with Pei Li Pharm for commercialization of **Tibelia®** in **Taiwan**
- > Agreement with Laboratorio Pasteur for commercialization of **Myring™** in **Chile**

07
July

08
August

09
September

04
April

- > Agreement with Searchlight for commercialization of **Estelle®** in **Canada**
- > **Positive top-line results** for the **Phase II Donesta®** study and identification of the optimal minimum dose (15 mg) for the treatment of hot flushes

05
May

- > Stock market valuation of **EUR 1 billion**; share price reaches a historical level (EUR 37.45)
- > Successfully **raised EUR 77.5 million** in gross proceeds by means of a private placement
- > Contract with **Midas Pharma** for development of a sterile injectable product at the **Mithra CDMO**

06
June

- > Agreement with Hyundai Pharm for commercialization of **Estelle®** in **South Korea**
- > Agreement with Orifarm for commercialization of **Myring™** in **Denmark**
- > Presentation of positive results of the **Phase IIb Donesta®** study at the **International Menopause Society World Congress in Vancouver**

- > Agreement with Adcock Ingram for commercialization of **Estelle®** in **South Africa**.
- > Presentation of the **positive results of the Phase IIb Donesta®** study at the North American Menopause Society Congress in **San Diego**
- > Participation at the **CPHI World Conference in Madrid**, which brings together all key players in the pharmaceutical sector

- > **Completion of Phase III Estelle®** study in **U.S.** and **Canada**
- > Agreement with Neo Health for commercialization of **Myring™** in **Australia** and **New Zealand**
- > Installed **1800 solar panels** and established an environmental committee to reduce ecological impact of **CDMO**

- > **Positive study results** from three-month injectable formulation of **Zoreline®**, allowing progression to final clinical studies
- > **Positive results** from **ovarian sub-study** for **Estelle®**
- > Agreement with ITROM for **commercialization** of **Tibelia®** and **Daphne Continu®** in **Middle East** and **North Africa**

10
October

11
November

12
December



EUR 65.5 million
revenue

+42%



Cash position :
Record level of EUR

119
million



+ 308%

for EBITDA

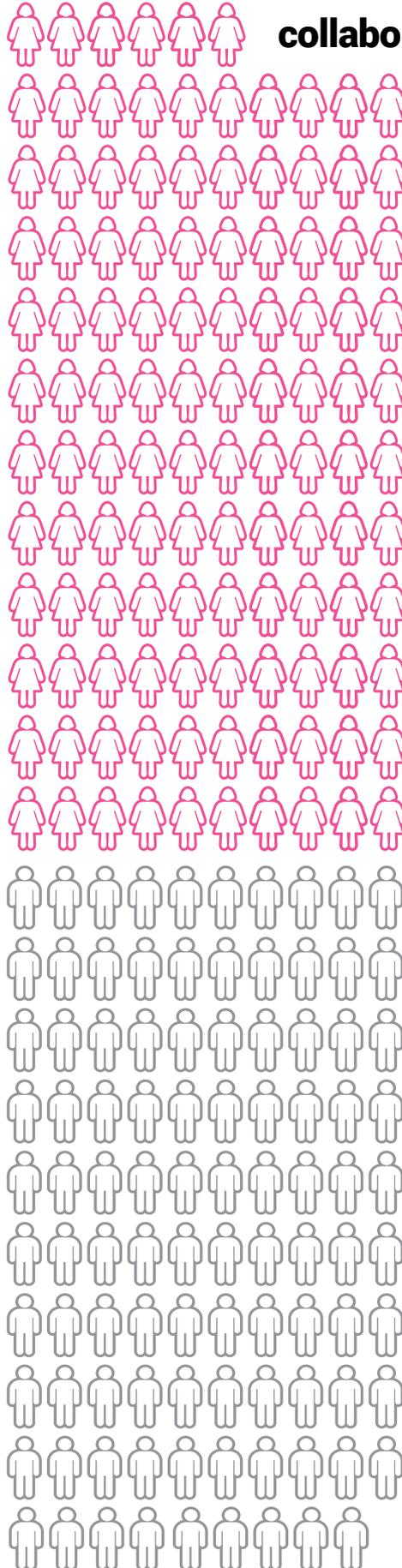
EUR 38.3 million in 2018
EUR -18.4 million in 2017





215

collaborators



Young and highly qualified staff

56%
women

44%
men

Creation of a **Happy team** to ensure the well-being of employees

84%
higher education level

Average age:

34
years

Achievements in 2018

Estetrol Program (E4)

In 2018, Mithra has successfully completed crucial clinical milestones in its innovative programs based on Estetrol (E4). The positive top-line results of the Estelle® Phase III study ("E4 Freedom") in both Europe/Russia and the U.S./Canada confirmed the novel efficacy and safety profile and great potential of Estelle®, a true 5th generation oral contraceptive, which will offer women a unique innovative therapeutic solution. Mithra intends to file for approval with European and American regulatory agencies by the end of 2019.

For its novel hormonal treatment candidate Donesta®, Mithra has also achieved positive results in the Phase II ("E4 Relief") study for the treatment of vasomotor symptoms in postmenopausal women, confirming its unique potential with an improved benefit/risk profile. Following these positive results, we are accelerating Phase III study plans and intend to start in the second half of 2019, pending approvals.

Mithra has also entered a major new and untapped commercial market, perimenopause. Our third potential blockbuster, PeriNesta™, has the potential to become the first product on the market for perimenopausal women, offering an improved benefit/risk contraceptive solution while addressing the first menopausal symptoms. Pending approvals, Mithra is targeting a marketing authorization for both Donesta® and PeriNesta™ product candidates in 2023. With our three innovative products, Mithra has the potential to provide the right therapeutic option for women at each stage of their entire hormonal life span.

Complex therapeutics

Mithra made significant progress with its contraceptive vaginal ring Myring™, which received its first European marketing authorization (United Kingdom), followed by other authorizations in seven other Eastern European countries (Hungary, Latvia, Croatia, Czech Republic, Poland, Slovakia and Slovenia). In the United States, the FDA has accepted the abbreviated new drug application filed by Mayne Pharma Mithra's commercial partner Myring™ in the U.S. Mayne Pharma, is still one of the best positioned players to launch the first generic version of NuvaRing® in the U.S. market, which accounts for more than 75% of its worldwide revenues.





Mithra CDMO platform

In addition to commercial progress in promising markets such as Russia, Mithra has also completed the pre-production phase of its vaginal contraceptive ring. In early 2019, the Mithra CDMO successfully produced the first commercial batches of Myring™ for the European market (Czech Republic).

In order to meet the expected international market demands, the Mithra CDMO will strengthen its activities in both the R&D and production. Thanks to its new state-of-the-art equipment and proven expertise, Mithra has tripled its production capacity to deliver the next commercial batches of the vaginal ring Myring™ in the second half of 2019.

Strategic divestment of activities

In 2018, Mithra sold its activities in Belgium and Luxembourg to the Belgian company Ceres Pharma worth up to EUR 40 million. The agreement covers the sale of the women's health branded generics business in Belgium and Luxembourg as well as non-exclusive license and supply agreements for a number of Mithra's products.

For Mithra, the sale of the branded generics business realized the value of the divestment of a non-core asset, as the Company continues to become an innovative biopharma company fully-focused on its E4 based asset portfolio and its Complex Therapeutics development know-how. Following the successful private placement in May 2018, the cash inflow realized through the agreement with Ceres Pharma will further strengthen Mithra's financial position and investments in its potential blockbusters.

Active in more than 85 countries around the world

New business deals in 2018 :

Estelle®



- ✓ Europe and Russia (Gedeon Richter)
- ✓ Canada (Searchlight Pharma)
- ✓ South Africa (Adcock Ingram)
- ✓ South Korea (Hyundai Pharm)
- ✓ Middle East/North Africa (ITROM-Q1 2019)

Myring™

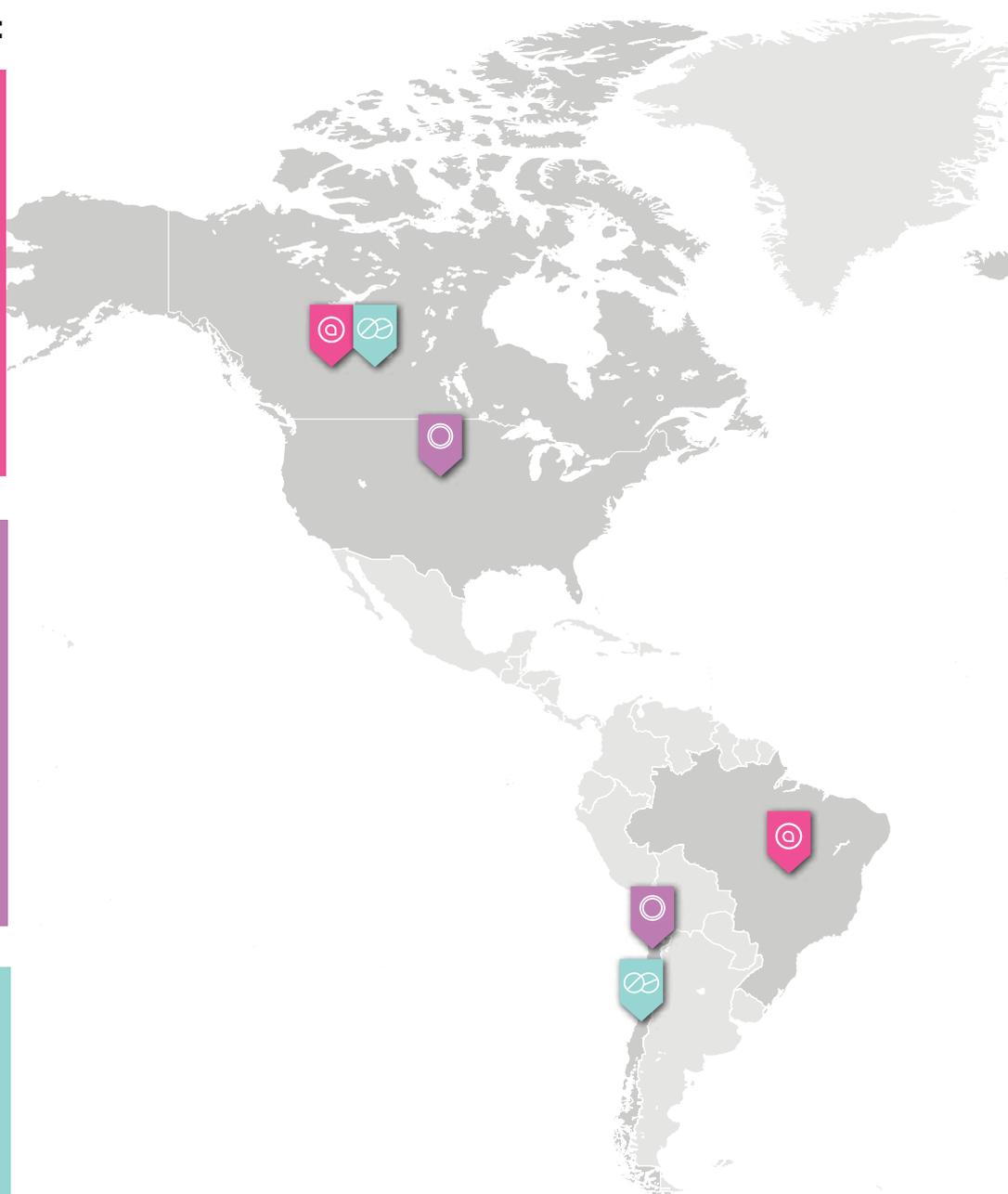


- ✓ Russia (Alvogen)
- ✓ Denmark (Orifarm)
- ✓ Chile (Laboratorio Pasteur)
- ✓ Australia/New Zealand (Neo Health)
- ✓ Middle East/North Africa (ITROM - Q1 2019)

Tibelia®

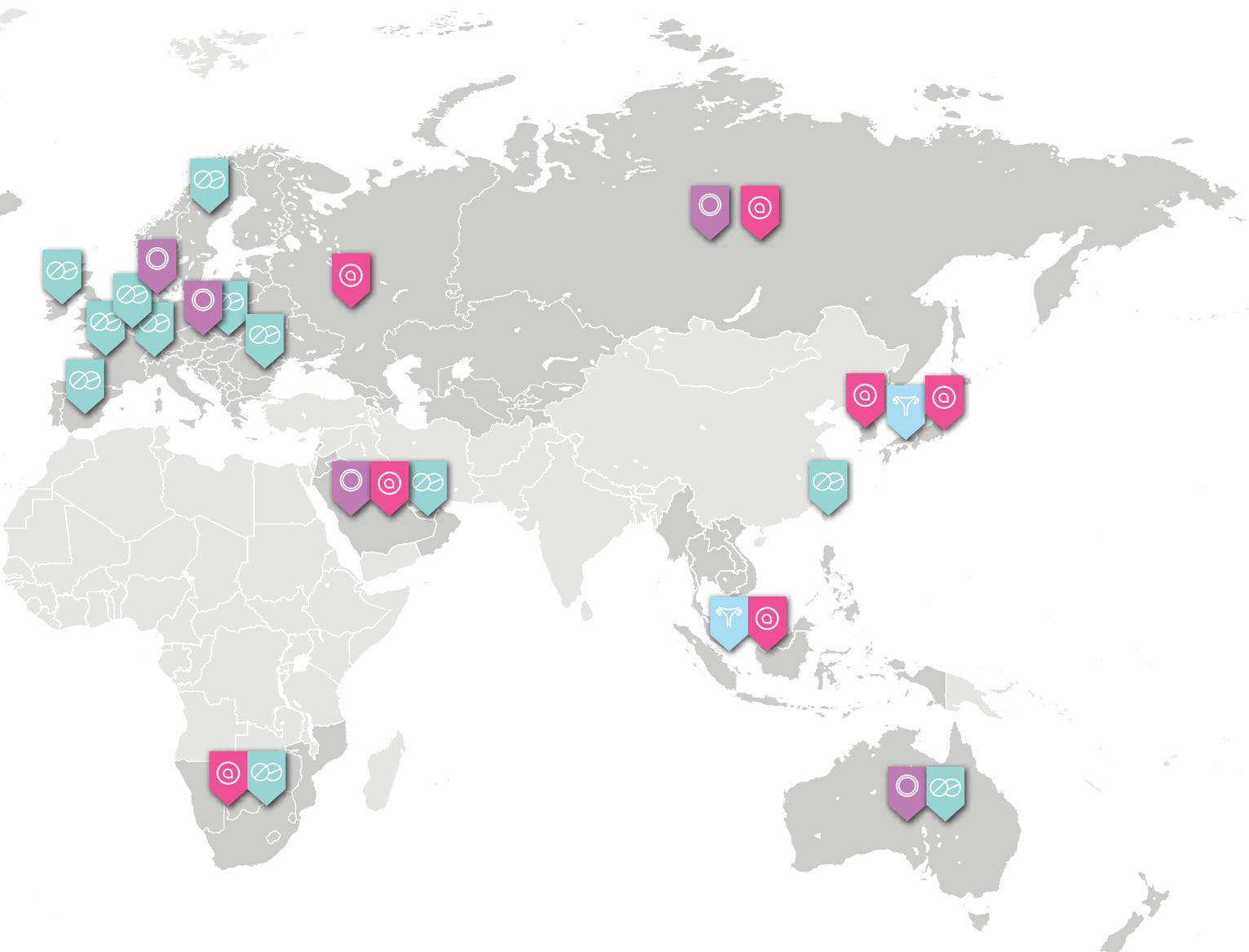


- ✓ Hungary (Mediner)
- ✓ Taiwan (Pei Li Pharm)
- ✓ Middle East/North Africa (ITROM)
- ✓ Chili (Saval-Q1 2019)



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In 2018, Mithra strengthened its global deployment through key partnerships with women's health leaders, including Gedeon Richter for Estelle® in Europe and Russia.



Myring™
Estelle®
Tibelia®
Donesta®
Mithra's presence

A legend for the map showing five colored pins with their respective logos: Myring™ (purple circle), Estelle® (pink circle), Tibelia® (teal infinity symbol), Donesta® (blue trident), and Mithra's presence (grey square).

Strategy and outlook

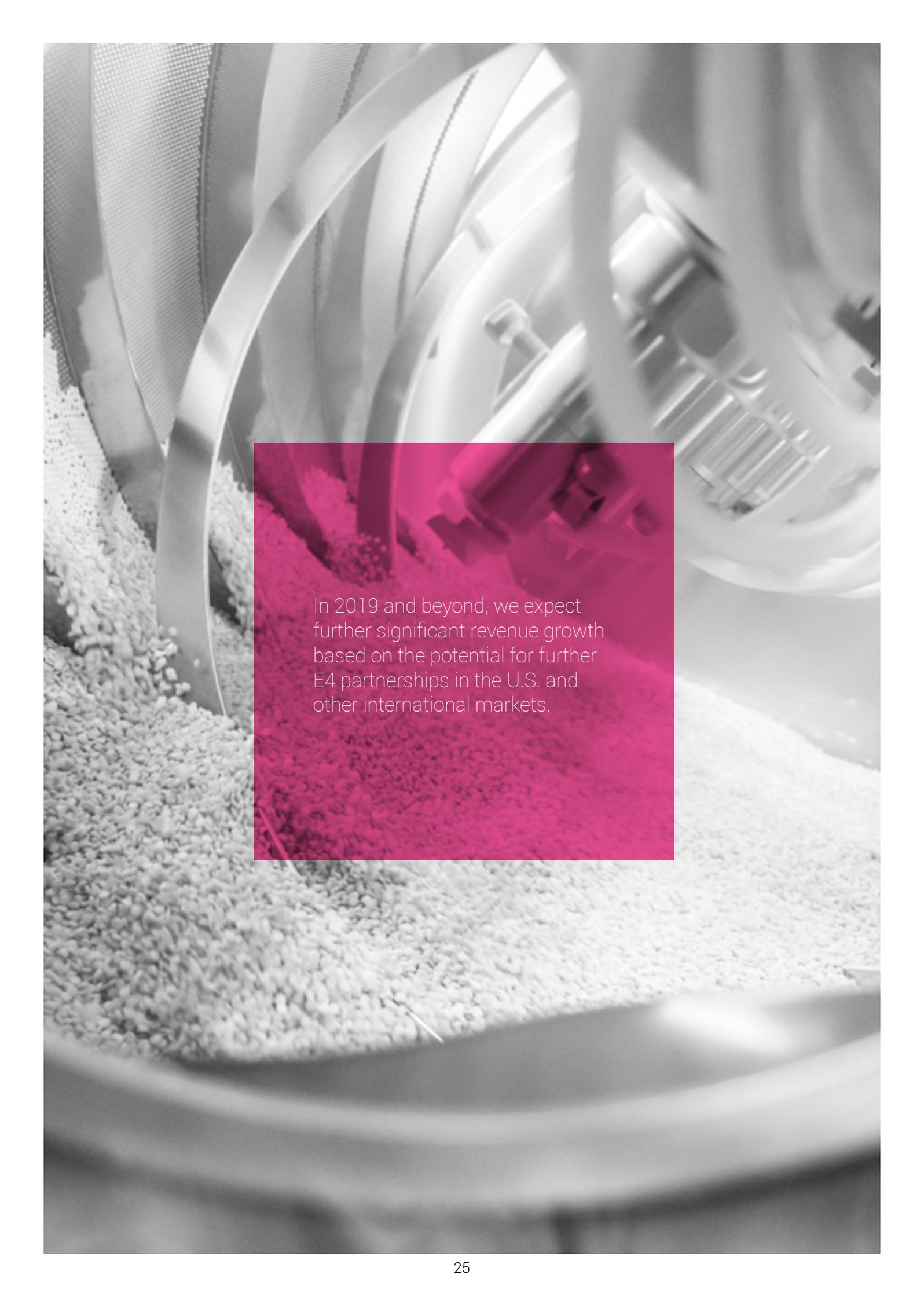
Building on the progress made in 2018, Mithra is looking forward to continued progress in 2019, which will further strengthen its position as a leading innovative international Women's Health company.

Following the positive top-line Phase III results for Estelle® in Europe/Russia and U.S./Canada, Mithra is entering the final stages of clinical development for its oral combined contraceptive candidate and intends to file for market authorization in Europe and the U.S. by the end of 2019. Mithra will also continue its partnering discussions for the exclusive license and commercialization rights in the U.S., as well as in other key international markets.

Mithra will prepare for Phase III studies of Donesta® and PeriNesta™, its second and third potential blockbuster candidates, which could begin in H2 2019. With a strong cash position, a backlog of contracts with regulatory milestones to be collected in the near term, and a very promising out-licensing activity, Mithra is able to fund both clinical trials and complete the development of both the perimenopause and menopause programs itself. Depending on regulatory approvals, Mithra believes it could achieve marketing authorization for both candidates in 2023. Ongoing patent applications would protect Donesta® and PeriNesta™ intellectual property rights until 2039. Furthermore, Mithra remains focused on establishing the best commercial partnerships for these product candidates and to further accelerate commercial licensing agreements in menopause and in perimenopause in the U.S. and in the main European markets.

Strategically, Mithra also intends to explore further additional indications for E4, including pediatric neuroprotection where orphan drug designation has been obtained for the treatment of neonatal encephalopathy. Other indications, such as wound healing, are also being studied.

The Mithra CDMO will reinforce the Company's R&D and commercial production activities. With state-of-the-art equipment and know-how, the company has tripled its production capacity to deliver the next commercial batches of Mithra's vaginal ring Myring™ during H2 2019. Mithra also anticipates that its U.S. partner, Mayne Pharma, should receive FDA approval for the commercialization of Myring™ in the U.S. from 2020. In terms of R&D, Mithra will launch pivotal studies for Zoreline® in 2019 as well as undertake additional research projects.

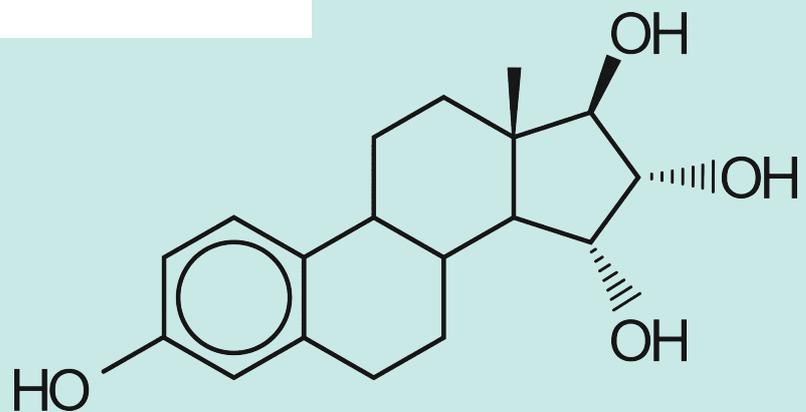


In 2019 and beyond, we expect further significant revenue growth based on the potential for further E4 partnerships in the U.S. and other international markets.

Estetrol (E4)

The first Native Estrogen with Selective actions in Tissues (NEST™)

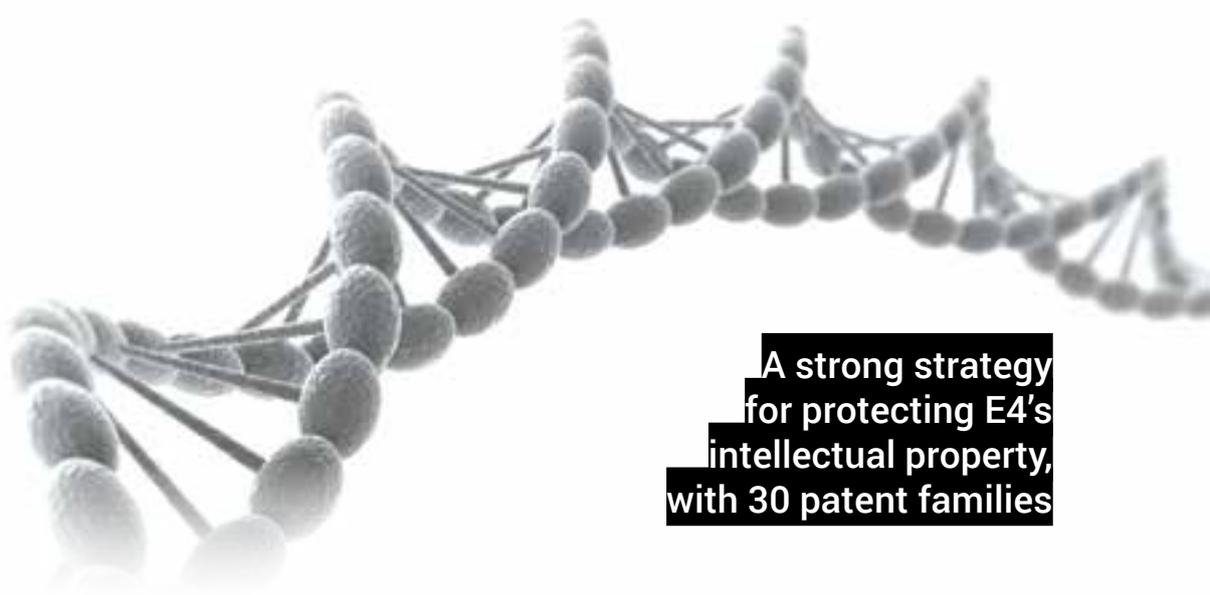
Even today, the unmet medical need for an estrogen with an improved benefit/risk profile remains strong. The promising results of Mithra's clinical programs indicate that Estetrol (E4) may offer new alternatives to meet women's needs at different stages of their hormonal cycle.



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E4 is a revolution in healthcare. It has been carefully selected by Mother Nature over millions of years, and it has a very important role and greater therapeutic potential in comparison to many synthetic molecules that are developed by the industry.

Pr Jean-Michel Foidart, Perpetual Secretary of the Royal Academy of Medicine of Belgium



A strong strategy for protecting E4's intellectual property, with 30 patent families

This native estrogen (E4) is produced by the human fetus, passing in the maternal blood at relatively high levels during pregnancy. Thanks to its favorable pharmacodynamic and pharmacokinetic profile, its tolerability and its safety margin, Estetrol potentially represents a major breakthrough in various therapeutic fields like contraception, perimenopause and menopause.

To support throughout the development of its E4 program, Mithra has set up scientific committees composed of European and North American experts in gynaecology. These committees are regularly consulted during the various stages of development of E4-based product candidates.

Further strengthening E4's IP

In 2018, Mithra strengthened its intellectual property portfolio with the addition of several patents and patent applications to its portfolio relating to E4. This now contains 30 patent families registered worldwide, ranging from the synthesis of Estetrol to its use in a wide range of conditions including cancer treatment, neuroprotection, dermatology and musculoskeletal pain.

In early 2018, Mithra achieved promising results following the Estelle® Phase II study on hemostasis. Minimal changes in markers of coagulation and fibrinolysis were observed, key parameters that will contribute to a more precise definition of the unique safety potential of Estelle®. In view of this favourable profile on hemostasis, Mithra filed a patent application relating to the use of E4 as a contraceptive and the unique safety profile of the E4/DRSP combination.

In February, the Intellectual Property Office of Hong Kong issued a patent covering the use of E4 as a morning-after pill. The patent specifically covers the use of E4 as a new emergency contraceptive solution. This new method differs from currently approved emergency contraceptives, which include progestogen-only pills and combined oestrogen-progestogen pills. The patent has already been granted in several parts of the world, namely Australia, Europe, Russia and the U.S.

Following the positive results of the Donesta® Phase II study on the optimal minimum oral dosage (15 mg of E4) for the effective treatment of VMS, Mithra has filed a patent application in order to consolidate and expand its existing E4 patent portfolio.

Mithra has also strengthened its intellectual property position in Canada, Chile, Japan and South Africa with the issuing of patents protecting the synthesis of E4 until 2032 in these different parts of the world.

Orphan Drug in pediatrics

Post-period end, the FDA granted E4 an Orphan Drug Designation (ODD) for the treatment of life-threatening hypoxic ischemic encephalopathy (HIE), based on the promising preclinical results obtained^{1,2}. This syndrome affects about 30,000 newborns each year in the European Union and the U.S.³, and is a consequence of the reduction in the supply of blood or oxygen to the baby's brain before, during or shortly after birth. As a result, one in four infants die prior to discharge from the neonatal intensive care unit. Mithra has already obtained this ODD from the European Medicines Agency (EMA) for E4 in neonatal encephalopathy in June 2017.

¹ Tskitishvili et al. 2014, *Exp Neurol*, 261 : 298-307
² Tskitishvili et al. (2016) *Oncotarget*, 7 : 33722-43.
³ Kurinczuk et al. *Early Hum Dev* 2010 ; 86: 329-338, 2010

Estelle®

The 5th generation oral contraceptive

The combined oral contraceptive Estelle®, composed of 15 mg Estetrol (E4) and 3 mg Drospirenone (DRSP), has successfully passed the milestone of Phase III studies and is entering its final stage before being launched worldwide. The results of the studies in Europe/Russia and USA/Canada including 3725 women, confirmed Estelle®'s outstanding safety and efficacy profile and its potential to become a 5th generation oral contraceptive.



The results of the Phase III studies demonstrate the outstanding profile of Estelle as a new generation combined oral contraceptive



Phase III Estelle® study

3.725

women

146

centers

35.077

cycles

Hemostasis study: Positive results

In March 2018, Mithra announced positive results from its Phase II hemostasis study of Estelle® at the International Society of Gynecological Endocrinology Conference (ISGE) in Florence. The aim of the study was to determine the risk profile of Estelle® for deep venous thrombosis (DVT) and pulmonary embolism.

In addition to EE/LNG (levonogestrel - 2nd generation COC), which is required by the regulatory agencies, Mithra elected to include Yaz® (EE/DRSP Combined Oral Contraceptives (COC), benchmark for Estelle®) as an additional comparative arm, given the well-documented elevated DVT risk for current DRSP-based COCs relative to LNG-based products. These results corroborate earlier findings, delineate the unique safety profile and contribute to the potential of Estelle® as a 'fifth generation pill', combining the quality of life offered by DRSP with a safer hemostatic profile compared to other DRSP COC's.

Based on these positive data, Mithra applied for an additional patent relating to the E4 synthesis process and E4 as a potential new emergency option to further strengthen and extend the existing Estelle® and E4 intellectual property estate.

Phase III: Goals exceeded

In August, Mithra announced positive top-line results for the Phase III Estelle® study in Europe and Russia. The study successfully met its primary endpoint and achieved key secondary endpoints including outstanding bleeding profile, cycle control, quality of life and safety and tolerability. The primary endpoint was contraceptive efficacy measured by the number of pregnancies per 100 women per 12 months of exposure (Pearl Index; PI⁴). The resulting PI of 0.47, corresponding to a 99.5% efficacy rate over one year of use, has exceeded the efficacy goals of the study.

Post-period end, in January 2019, Mithra communicated positive topline results of Estelle® Phase III study in U.S./Canada aligned with the European arm. The primary efficacy endpoint indicates excellent contraceptive efficacy, with a PI of 2.41⁵ per 100 women (98% efficacy rate). The PI of the North American arm is logically higher than the European PI due to calculation difference on both continents⁶.

The results of Estelle® are similar to a recently FDA approved combined hormonal contraceptive (Annovera™⁷) and one of the best-selling Combined Oral Contraceptives (COC) in the U.S. (Lo-loestrin®⁸) with USD 527.7 million sales (15% yoy growth⁹).

⁴ Pearl Index (PI) is a standardised measurement of contraceptive methods calculated as the number of contraceptive failures per 100 women divided by the years of exposure

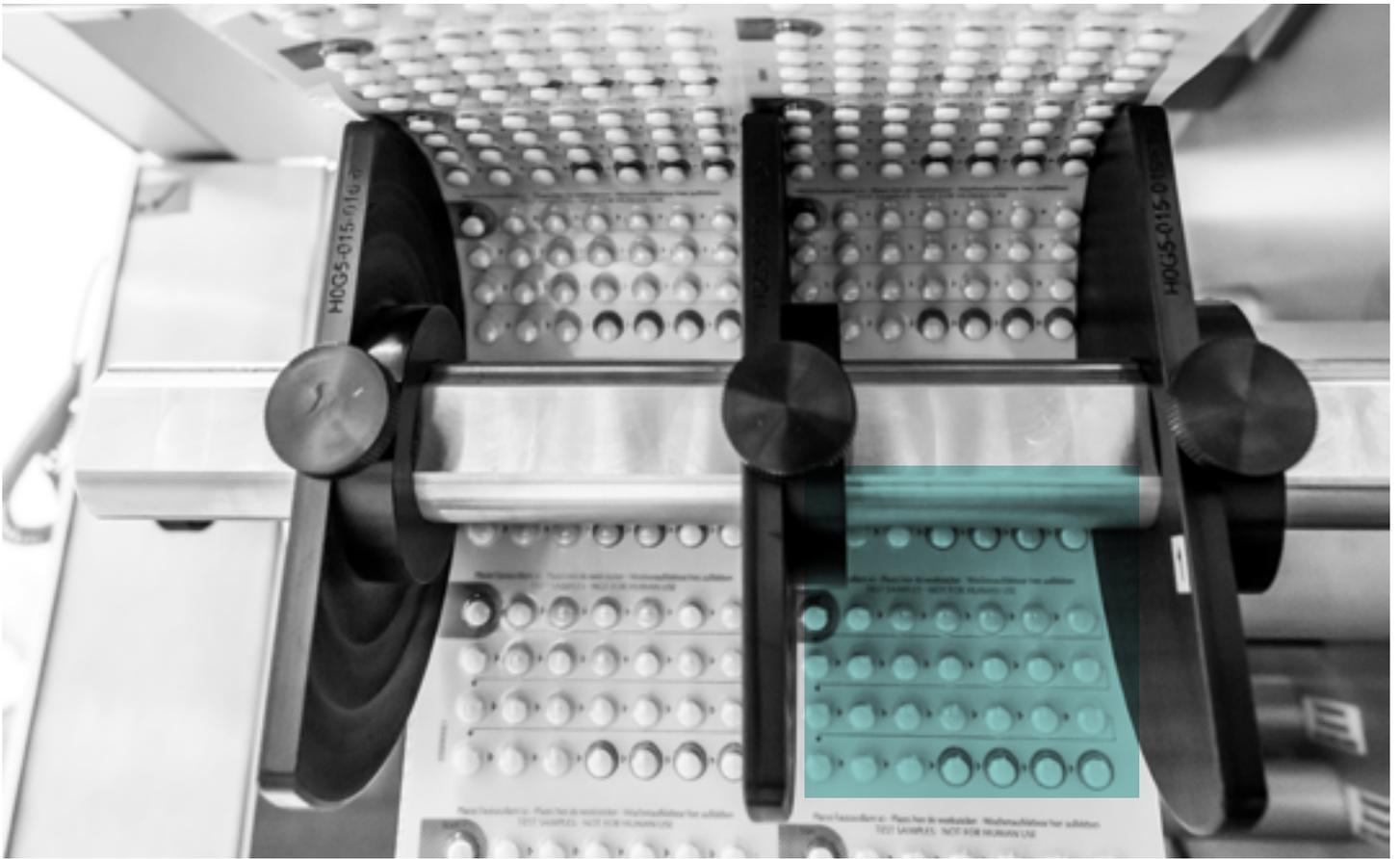
⁵ European definition

⁶ There are three main reasons that the PI's differ between the U.S. and EU: (1) Number of cycles used to calculate PI is different. In the U.S. you must report sexual activity, in addition to not using any other contraception vs. in the EU, where reporting of sexual activity is not a requirement. (2) On-treatment pregnancy calculation is different; in the U.S., pregnancies declared within 7 days of the last pill taken are counted vs EU: 2 days rule. (3) There are major compliance differences between EU and U.S. population due to socio-economic and sociologic differences in the U.S.

⁷ Registered trademark of Therapeutics MD

⁸ Registered trademark of Allergan Plc

⁹ Allergan plc 2018 full year earnings release



Strategic partnerships concluded in 2018

In April, Mithra has signed a binding Heads of Terms agreement with Searchlight Pharma, for an exclusive license to commercialize Estelle® in Canada. Under the terms of the agreement, Mithra is eligible to receive up to EUR 15 million in upfront payments and sales-related income. Mithra will also manufacture Estelle® for Searchlight at its CDMO facility and will receive guaranteed annual recurring revenues based on Minimum Annual Quantities (MAQ). Mithra forecasts the agreement could achieve sales-related revenues of at least EUR 50 million for Mithra over the period, based on market assumptions. The license and supply agreement was finalized with Searchlight Pharma in May 2018.

In June, Mithra signed a binding Heads of Terms agreement with Hyundai Pharm, for an exclusive license to commercialize Estelle® in South Korea. Under the terms of the agreement, finalized in September, Mithra is eligible to receive milestone payments, MAQ and further sales-related royalties. Mithra will also produce Estelle® for the South Korean market at its CDMO facility for the South Korean contraceptive market, which is worth approximately EUR 36 million a year, with Combined Oral Contraceptives (COCs)¹⁰ accounting for EUR 27 million.

In September, Mithra has concluded an historical exclusive license and supply agreement with Gedeon Richter to commercialize Estelle® in Europe/Russia, a key market that

is valued at more than a fifth of the global contraception market (EUR 5.2 billion a year)¹¹. Upon signature of the contract, Richter made an upfront payment of EUR 35 million. Additional milestone payments amounting to EUR 20 million will be made depending on the progress of the regulatory process of the product. Further sales-related milestones and royalties will be payable to Mithra subsequent to the launch of the product. Moreover, Mithra will receive guaranteed annual recurring revenues based on MAQ in addition to tiered royalties on net sales.

In October, an exclusive licence and supply agreement was signed with Adcock Ingram for the commercialization of Estelle® in South Africa. Mithra will receive a downpayment of EUR 1.5 million. Mithra will also be eligible to receive additional commercialization milestone payments, further sales-related royalties, guaranteed annual recurring revenues based on MAQ, single digit tiered royalties on net sales and additional high double digit royalties on sales exceeding forecasts. Moreover, Mithra will produce Estelle® for Southern Africa at its CDMO facility in Belgium.

Post-period end, Mithra signed a partnership agreement with ITROM for the commercialization of Estelle® in the Middle East. Under the terms of the agreement, ITROM will distribute Estelle® in MENA territories where the COC market is estimated at EUR 30 million a year¹². This agreement represents a deal worth up to EUR 55 million over the period.



Mithra intends to file for approval with regulatory agencies by the end of 2019 and will continue negotiations for commercial partners in the United States as well as in other leading markets.

A blockbuster potential in the contraceptive market

The contraceptive market is worth about USD 22 billion a year, with a compounded annual growth rate of about 6%¹⁰. The worldwide Combined Oral Contraceptive (COC) market represents approximately USD 6.5 billion¹¹.

In this market, brands still account for 59% of the revenue¹⁴. Today, the best-selling pill is still the (non-reimbursed) Yaz family, with EUR 1.3 billion in sales¹⁵. For Estelle®, Yaz, based on ethinylestradiol (EE) and drospirenone (DRSP), is the benchmark, as Mithra's product candidate also contains the progestin DRSP. 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 has a well-documented elevated VTE risk¹⁶. Estelle®, the future 5th generation candidate pill, has a better haemostatic profile, and therefore a unique safety profile, while offering the advantages of DRSP in terms of a woman's quality of life.

	1 st & 2 nd generation	3 rd & 4 th generation (e.a. Yaz family)	Estelle® (E4 + DRSP)
VTE safety profile	✓	✗	✓
Lipid profile	✗	✓	✓
Bleeding pattern	✓	✓	✓
Well Being/ QOL	✗	✓	✓
Breast profile	✓	✗	✓



10 IQVIA Q3 2017; CAGR + 9 % (2013-2017)
 11 IQVIA Analytics Link Q3/2017
 12 IQVIA Q3 2017: KSA, EAU, Lebanon, Jordan, Kuwait
 13 Transparency Market Research 2017
 14 Kempen Initiating coverage report, September 2016
 15 IQVIA Q3 2017
 16 Klufft C et al., Contraception, 2016

Donesta®

The next-generation hormone therapy

The results of the Phase II study of Donesta® for the treatment of vasomotor symptoms (VMS) in postmenopausal women confirmed the potential of Donesta® as a new generation hormonal therapy with a better benefit/risk profile. The Phase II study will be launched in the second half of 2019, pending approvals.

Initiated in 2016, the European Phase IIb Donesta® study ("E4 Relief") aimed to determine the minimum effective dose in the treatment of vasomotor symptoms (hot flushes) by menopausal women. In total, four E4 doses (2.5 - 5 - 10 - 15 mg) are tested in this blinded study, plus placebo.

In April 2018, Mithra announced the first positive results of this Phase II study. The results showed that 15 mg of E4 significantly reduces the frequency and severity of hot flushes, as well as secondary menopausal symptoms such as vulvo-vaginal atrophy (VVA), while confirming a promising safety profile.

Based on these positive results, Mithra applied for an additional patent to further strengthen and extend the existing Donesta® intellectual property estate.

In June, Mithra presented the Phase IIb study results for Donesta® at the 16th World Congress on Menopause in Vancouver, Canada. These results were also presented at the North American Menopause Society in October 2018. These data reinforced the previously announced positive Phase IIb study results and also demonstrated an encouraging cardiovascular safety profile and lower bone turnover versus placebo¹⁷. The promising safety profile at both haemostatic and metabolic levels is consistent with the findings obtained during Phase II of Estelle®.

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).



A dose of 15mg of E4 significantly reduces the frequency and severity of hot flashes, as well as secondary menopausal symptoms, while confirming a promising safety profile

Next step : The Phase III study

These promising results move Mithra's blockbuster potential to the next stage of clinical development: the Donesta® Phase III study, a worldwide randomized, multicenter, double-blind, partial, placebo-controlled, multicenter Phase III clinical trial. This study will evaluate the efficacy and safety of E4 for the treatment of moderate to severe vasomotor symptoms in postmenopausal women. The start of patient recruitment for this phase III with E4 monotherapy is planned for the second half of 2019 pending approvals, with a marketing authorization expected as early as 2023.

The study's primary objective is to measure the effect of treatment with different E4 doses compared to placebo on the frequency and severity of moderate to severe VMS in post-menopausal women at 4 and 12 weeks. Secondary objectives include the evaluation of the effect of the treatment on a series of additional key efficacy and safety parameters.

With a strong cash position, Mithra is able to fund the trial and remains committed to collaborate with commercial partners for its menopause program worldwide. Mithra has appointed Rothschild & Co Global Advisory Services to organize a structured partner search process with a view to accelerate the commercial licensing in menopause and perimenopause for U.S. and major E.U. markets.

A real need for alternatives that combine efficiency and safety

The global menopause market currently stands at USD 12.6 billion and is expected to grow to approximately USD 16 billion by 2025¹⁸. 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 and an important unmet need for novel hormone therapy (HT) approaches that offer an improved risk/benefit ratio while addressing women's needs in terms of quality of life.

In 2001, the Women's Health Initiative (WHI) has linked current HT to an increased risk of breast cancer, coronary artery disease, stroke, and VTE¹⁹. However, analyses present a more subtle picture, indicating that there is a 'window of opportunity' when treating menopausal symptoms at the beginning of menopause and that in that case, HT does not increase mortality due to cancer or cardiovascular (CV) events²⁰. Also note that the WHI study has several limitations warranting caution, including the assessment of one dose, formulation, and route of administration in each trial²¹.

Currently, while non-hormonal product candidates may prove to be efficacious to suppress hot flashes, because of their mode of action, they do not attempt to address the host of symptoms associated with estrogen deficiency during menopause, including night sweats, sleep disorders, VVA (vulvo-vaginal atrophy), atherosclerosis, osteoporosis and bone density levels, and cardiovascular disease. Helping with the relief of these symptoms is essential to maintain a high level of quality of life for menopausal women.

Donesta®, given its unique mode of action as a natural estrogen, could address the unmet market need, offering a safer alternative to current VMS treatments, while offering the advantages of estrogens and HT on symptoms associated with menopause. If approved, Donesta could hence capture a substantial part of the growing menopause market.



The global menopause market is expected to grow to approximately USD 16 billion by 2025

¹⁸ Transparency Market Research 2017

¹⁹ Manson JE, Aragaki AK, Rossouw JE, et al. Menopausal Hormone Therapy and Long-term All-Cause and Cause-Specific Mortality: The Women's Health Initiative Randomized Trials. *JAMA* 2017 ; 318(10) : 927-38

²⁰ Baber RJ, Panay N, Fenton ATIWG. 2016 IMS Recommendations on women's midlife health and menopause hormone therapy. *Climacteric* 2016 ; 19(2) : 109-50.

²¹ The WHI studies were conducted with Premarin®.



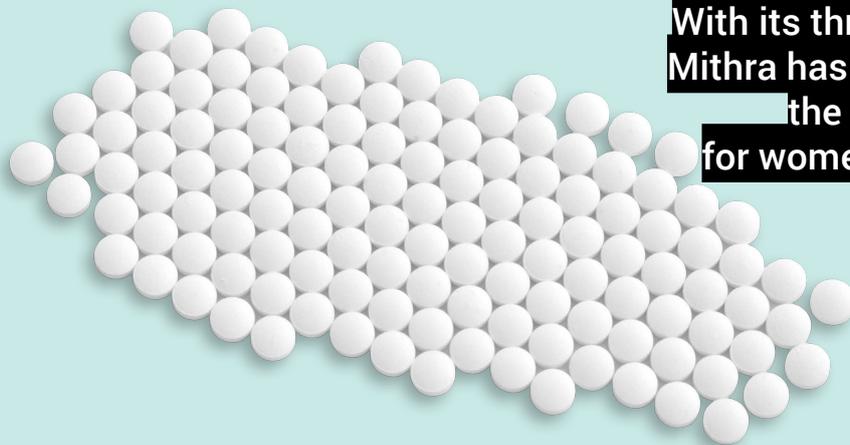
PeriNesta™

The first complete oral treatment for perimenopause

In 2018, Mithra has also entered a major new and untapped commercial market, perimenopause. This third potential blockbuster, PeriNesta™, could become the first product on the market for perimenopausal women, offering an improved benefit/risk contraceptive solution while addressing the first menopausal symptoms.



With its three innovative products, Mithra has the potential to provide the right therapeutic option for women at each stage of their entire hormonal span





The risk of venous thrombo embolism increases with age among users of combined oral contraceptives so 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.

Pr Jean-Michel Foidart,

Perpetual Secretary of the Royal Academy of Medicine of Belgium

The PeriNesta™ product candidate will specifically target relief of hot flushes, or vasomotor symptoms (VMS), while providing effective contraception for women who are starting to exit reproductive stage and are transitioning into postmenopause. Part of reproductive aging, this intermediate phase between reproductive age and postmenopausal age is known as perimenopause²².

Perimenopause begins approximately three years prior to menopause and ends one year after the final menstrual period. This period is characterized by persistent irregular menstrual cycles, extreme fluctuations in hormonal levels, frequent anovulation and the appearance of VMS²². A significant number of women also experience sleep disorders, depressive symptoms, such as mood swings, irritability, and poor concentration²³.

To date there is currently no approved product that provides both contraceptive efficacy and VMS relief. PeriNesta™ has the potential to be the first officially approved product brought to market that addresses this unmet need of women in perimenopause.

A new blockbuster candidate

This new blockbuster potential represents a significant new business opportunity while requiring limited additional investment. This addressable and underserved market is estimated up to 35 million patients each year in the U.S. and three major European markets²⁴. This represents a multi billion EUR market value with no existing approved product on the market addressing the dual need of contraception and hot flushes relief and other menopausal symptoms during perimenopause.

This third E4-based 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. Pending regulatory agency approval, Mithra should be in a position to target market authorization in 2023.

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

²² *Climacteric*. avr.2012;15(2):105-14. doi: 10.3109/13697137.2011.650656. Epub 2012 fév. 2016
²³ Bosworth et al., 2001
²⁴ IQVIA 2019 market analysis (US, France, UK, Germany)

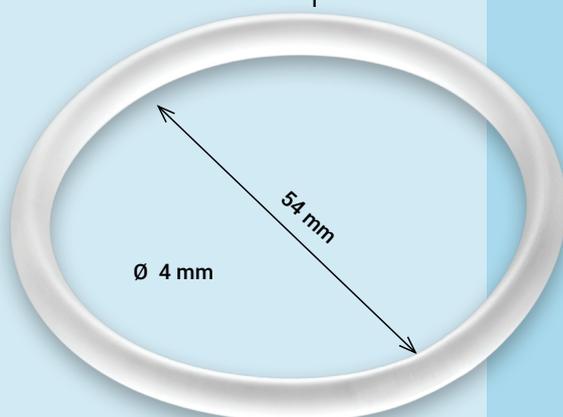


Myring[®]

The hormonal contraceptive vaginal ring developed and produced at Mithra CDMO

In 2018, Mithra continued its business development strategy for Myring[™] and entered into a series of licensing and supply agreements in promising markets such as Russia and Australia. The vaginal contraceptive ring has also obtained its first marketing authorizations in Europe. On the production side, the Mithra CDMO has launched the first phase of commercial batches for the European market, as well as test batches for the authorization procedure in the United States.

Combination of 11.7 mg etonogestrel
and 2.7 mg ethinylestradiol



Myring[™] is a flexible contraceptive vaginal ring product made of ethylene vinylacetate copolymers, and contains a combination of 11.7 mg etonogestrel and 2.7 mg ethinyl estradiol. When placed in the vagina, each ring releases on average 0.120 mg/day of etonogestrel and 0.015 mg/day of ethinyl estradiol over a three-week period of use, in line with the original vaginal ring, NuvaRing[®].

The ring remains in place for three weeks, after which it is removed for a one-week break. Then, there usually is withdrawal bleeding, and a new ring is inserted one week after the last ring was removed. Myring[™] has been shown to be bioequivalent to the NuvaRing[®] vaginal ring.



Mithra has licensed Myring™ to industry leaders in eight international key markets

To date, Mithra has licensed Myring™ to industry leaders in eight international markets, including the United States, Austria, the Czech Republic, Russia, Denmark, Chile, MENA region, Australia and New Zealand. All contracts provide for the production of vaginal contraceptives at the Mithra CDMO facility in Belgium, which has tripled its production capacity to meet orders placed and the expected market increase.

Highlights 2018

In March 2018, Mithra has granted an exclusive license and supply agreement to Alvogen for the commercialization of Myring™ in Russia, a market worth approximately EUR 13 million a year²⁵. At the same time, the FDA accepted the Abbreviated New Drug Application (ANDA) for Myring™ in the U.S. The ANDA was submitted by Mithra’s partner for the U.S. commercialization of the vaginal ring, Mayne Pharma. For this contract, Mithra received a EUR 2.4 million down-payment and is eligible to receive further milestones of at least EUR 7.6 million from approval by the FDA through to commercial launch of the product. Following the FDA’s request in December 2018, new test batches will be produced at the Mithra CDMO facility in Belgium during the first half of 2019. According to the latest commercial information, Mayne Pharma is still one of the best positioned players to launch the first generic version of Merck’s NuvaRing® in the U.S. market, which represents over 75% of NuvaRing®’s annual global revenues²⁶.

In June, Mithra announced an exclusive license and supply agreement with Orifarm for the commercialization of Myring™ in Denmark, a market worth approximately EUR 0.75 million a year²⁷. One month later, Mithra received its first Marketing Authorization (MA) for Myring™ in the United Kingdom, following approval by the MHRA (Medicines and Healthcare Products Regulatory Agency). The UK market is worth approximately EUR 1.2 million a year²⁸ with no generic competition on the market yet. Under the same decentralized procedure, MAs for seven other countries (Latvia, Hungary, Croatia, the Czech Republic, Poland, Slovakia and Slovenia) were also granted.

In September, an exclusive license and supply agreement for the commercialization of Myring™ in Chile was signed with Laboratorio Pasteur. The Chilean market for contraceptive rings accounts for EUR 5.8 million a year and is fast-growing, with an 18% increase between 2016 and 2017²⁹.

In November, Mithra signed an exclusive license and supply agreement with Neo Health for Myring™ in Australia and New Zealand. An important area where the contraceptive market represents about EUR 107 million with a growing demand for products such as the vaginal contraceptive ring³⁰.

Post-period end, Mithra signed an exclusive license and supply agreement with ITROM for Myring™ in MENA region, where the hormonal contraceptive market is estimated at EUR 37.5 million a year³¹.



²⁵ Nuvaring® (Merck) sales IQVIA Q3 2017
²⁶ IQVIA as provided by Mayne Pharma
²⁷ Estimation provided by Orifarm
²⁸ CAGR (2013-2017) : +6,6 %
²⁹ IQVIA Q3 2017 ; CAGR + 4 % (2013-2017)
³⁰ IQVIA Q3 2017 – CAGR 3% (2016-2017)
³¹ IQVIA Q3 2017: KSA, EAU, Lebanon, Jordan, Kuwait

Tibelia®

Menopause & osteoporosis

Tibelia® is a complex oral formulation composed of tibolone, a synthetic steroid for use in hormone therapy. In a global market estimated at EUR 115 million, the product developed by Mithra could capture a significant share, particularly via the North American continent.

Tibelia® could be the first tibolone product on the North American market





Tibelia® is a therapeutic solution developed by Mithra and composed of tibolone, a synthetic steroid for use in hormone therapy.

Tibelia® targets two indications of the original product, Livial®:

- Treatment of estrogen deficiency symptoms in postmenopausal women
- Prevention of osteoporosis in postmenopausal women at high risk of fractures who are intolerant of, or contraindicated for, other medicinal products approved for the prevention of osteoporosis.

To date, Mithra has granted about ten Tibelia® licenses, the generic version of Livial®, the world's best-selling product with a global market share of 52%, or nearly EUR 60 million³². Given the strong file, including the extended shelf-life, Mithra estimates that Tibelia® could take up a sizeable part of the global market in volume over the first ten years of commercialization. The introduction on the North American continent would play a crucial role because no tibolone-based hormone treatment product is currently marketed there. Mithra has already signed a contract for the commercialization of Tibelia® in Canada. If the Canadian authorities give the go-ahead, Tibelia® could be the first tibolone product on this North American market, a promising market that could serve as a launch platform for commercialization in the United States.

Agreements concluded in 2018

In July, Mithra signed an exclusive license and supply agreement with Mediner for the commercialization of Tibelia® in Hungary, a market worth approximately EUR 0.6 million a year³³.

In September, Mithra and Pei Li Pharm entered into an exclusive licensing and supply agreement for the commercialization of Tibelia® in Taiwan, which has a menopause market worth approximately EUR 4.1 million a year³⁴.

In December, Mithra signed a licensing agreement with UAE-based company ITROM for Tibelia® and the contraceptive pill Daphne Continu. Combined, the products will generate at least EUR 8 million of value for Mithra over the period of the ten-year agreement.

Post-period end, Mithra strengthens its presence in the fast-growing Chilean market with an agreement for commercialization of Tibelia® with Saval Pharmaceuticals. Under the terms of the seven-year agreement, Saval will distribute Tibelia® in Chile, which has a tibolone market worth approximately EUR 3.2 million per year³⁵.



³² IMS, Q3 2017. TCCA (in volume ; 2013-2017) : +0,5 %

³³ IQVIA 2017. CAGR in volume (2013-2017) : +5%

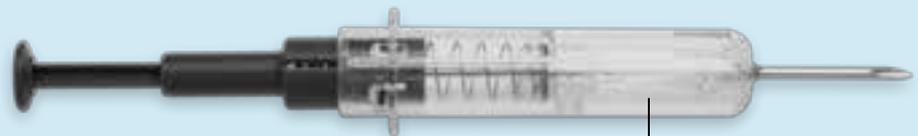
³⁴ IQVIA 2017

³⁵ IQVIA Q3 2017

Zoreline®

Hormone Dependant cancers

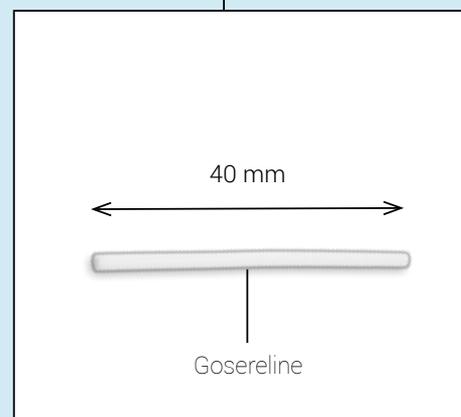
Zoreline® is a subcutaneous implant developed by Mithra in two formulation (1 and 3 months). As a generic version of Zoladex®, this polymer technology-based device will start its final clinical studies in 2019.



Implant

Zoreline® is a biodegradable, subcutaneous implant for prostate and breast cancer and for benign gynecological conditions (endometriosis, uterine fibroids).

Mithra is developing both a one-month implant, containing 3.6 mg of goserelin, mainly for combined therapies in breast cancer, and a three-month implant with 10.8 mg of goserelin, to be used primarily in the field of prostate cancer.





Early 2018, Mithra received positive results of its one-month pilot pharmacokinetic (PK) and pharmacodynamic (PD) study for Zoreline[®]. The safety profile of the one-month implant (3.6 mg) is similar to the branded Zoladex[®] implant (AstraZeneca) and therefore meets regulatory requirements. At the end of the year, Mithra announced positive results for the three-month formulation of Zoreline[®], enabling it to initiate the final clinical studies. The pivotal studies on three-month and one-month formulations are intended to take place in the first and second half of 2019, respectively.

Following the results of these studies, Mithra has launched its business development strategy to find worldwide partners for the authorization filling and the commercialization of the product.

Zoreline[®] represents a significant business opportunity in a market dominated by Zoladex[®] with worldwide revenue of USD 693 million³⁶. No generic version of Zoladex[®] has been approved to date, except for a few Eastern European countries.





Mithra CDMO an integrated R&D and manufacturing platform

Busy new years for the Mithra CDMO, the R&D and manufacturing platform specialized in polymeric forms, sterile injectables and hormonal tablets. New equipment, tripled production capacity, strengthened environmental policy. The Mithra CDMO has largely confirmed its ambitions and developed its services to meet growing demand in an optimal way.

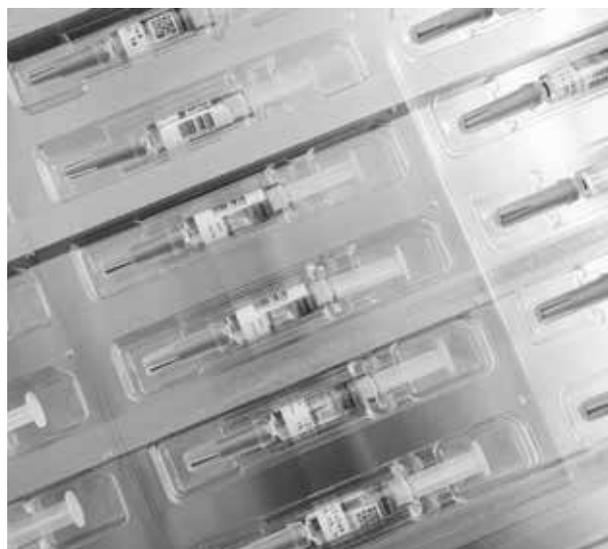
Mithra CDMO, Mithra's Research, Development and Manufacturing Platform, strengthened its environmental policy in 2018 with the creation of an internal committee aiming to implement various measures to reduce its environmental footprint. With the installation of 1800 solar panels, the Mithra CDMO is aiming to secure approximately 50% of its electricity consumption through a renewable energy source. This green source allows Mithra to reduce its carbon footprint and reduce a major cost driver.

Opened in 2016, Mithra's technological platform incorporates strict environmental considerations in terms of air treatment, containment measures, modern solutions for energy monitoring and choice of reusable consumables. Additional environmental measures undertaken by Mithra's CDMO include energy monitoring on all electricity, water, heat and chillers to optimize consumption, implementation of a day/night mode for air flow management, and a water retention system for water recycling. The Environmental Committee will ensure the implementation of other green initiatives in 2019.

Expertise for different markets

In 2018, Mithra has expanded the portfolio of its Injectables division with the development of a new product for Midas Pharma. Its expertise in this complex field had already been called upon by Generic Specialty Pharma at the end of 2017 for the development and production of four injectable products.

Post-period end, Mithra took its first steps into the veterinary market signing a contract with CEVA Animal Health, the leading global veterinary pharmaceutical group. Mithra will develop a hormonal device for the fertility market. This new polymer-based device would be a real innovation and bring an additional competitive edge to our partner while expanding Mithra's polymer based technology expertise. Feasibility studies will be carried out during the first half of 2019.





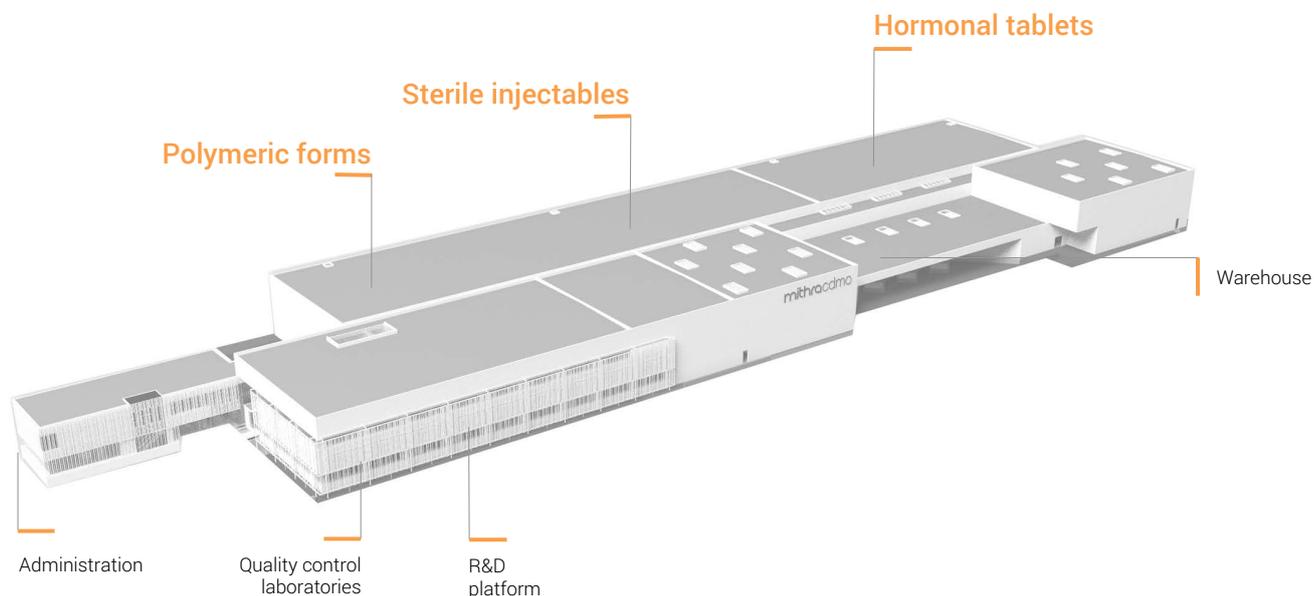
Mithra has made respect for the environment one of its priorities and intends to reduce its ecological footprint as much as possible.

Tripled production capacity

End 2018, Mithra CDMO acquired new manufacturing equipment to triple its production capacity. The upgraded equipment will be used to sustain commercial demand thanks to commercial agreements and expected market increase.

Post-period end, Mithra started the commercial manufacturing process of the vaginal contraceptive ring Myring™ with a first batch for the European market (Czech Republic). The Mithra CDMO development and production center plans to start manufacturing further commercial batches for the European market (Austria, Denmark, Belgium, Luxembourg and the Netherlands) in the second half of 2019, as scheduled.

- 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 (EMA)



Financial highlights

Figures presented below are management figures

Year ended 31 December

Thousands of Euro (€)	2018	2017
Revenues	65,465	46,252
Cost of sales	(5,254)	(9,095)
Gross profit	60,211	37,158
Research and development expenses	(33,407)	(46,653)
General and administrative expenses	(7,562)	(6,373)
Selling expenses	(3,658)	(4,503)
Other operating income	5,427	3,338
Total operating expenses	(39,199)	(54,191)
REBITDA	21,012	(17,033)
Discontinued EBITDA	21,269	-
Share-based payments	(1,181)	(1,020)
Exceptional results		(373)
EBITDA	38,308	(18,426)
Depreciation	(2,851)	(2,655)
Operating profit/(loss)	35,457	(21,081)
Financial income	237	377
Change in fair value ³⁷	(46,550)	(25,455)
Cost of debt	(5,365)	(267)
Loss before taxes	(16,232)	(46,426)
Income taxes	3,869	11,421
Net loss for the period	(12,363)	(35,006)

+308%
for EBITDA

Cash position :
record level of EUR
119
million

Strong
revenue growth
+42%

Strong revenue growth (+42%) with significantly improved EBITDA (record level of EUR 38.3 million versus EUR -18.4 million in 2017) and cash position (EUR 119 million versus EUR 36.2 million in 2017) thanks to increased business development activities.

- Revenues increased by over 42% to EUR 65.5 million (from EUR 46.3 million in 2017), mainly due to licensing revenues recognized for partnership agreements with leaders in Women's Health such as Gedeon Richter for EUR 40 million.
- EBITDA³⁸ significantly improved to EUR 38.3 million in 2018 compared to EUR -18.4 million in 2017 – increase by 308 %.
- The company raised EUR 77.5 million in gross proceeds in May 2018 with a capital increase by means of a private placement of 2,672,414 new shares to fund clinical development of its key assets.
- Increase of EUR 18.5 million of non-recurring income in 2018 due to the gain on sale of disposal of Ceres Pharma realized in July 2018.
- Cash at December 31 2018 was EUR 119 million (EUR 36.2 million in 2017); with the cash generated from operating and investment activities strengthened by the private placement in May 2018.
- R&D spend decrease to EUR 35.7 million (from EUR 48.2 million in 2017), reflecting the completion of the Phase III Estelle[®] and Phase II Donesta[®] programs.

³⁷ Fair values are computed on the contingent considerations payables which are reported under Other financial loans

³⁸ EBITDA is an alternative performance measure calculated by excluding the depreciations & amortizations from EBIT (operating loss) from the consolidated statement of income prepared in accordance with IFRS.



Shareholder structure



Financial calendar 2019

1 March 2019 :
Annual Results
2018

8 April 2019 :
Annual
Report 2018

16 May 2019 :
Annual General
Shareholders' Meeting

19 September 2019 :
Interim Report 2019

³⁹ François Fornieri holds warrants entitling him to subscribe 1,023,000 additional shares of Mithra.

⁴⁰ Marc Coucke holds his shareholdings partially through Alyclo NV which he controls.

⁴¹ Bart Versluys holds his shareholdings through Scorpioux BVBA, controlled by him.

2018, a record year with a 100% gain

21th May 2018 :
Market value of
EUR 1.050 billion.
The share reaches a historic
high on the stock market
(EUR 37.45)



Stock exchange price evolution in 2018 from 1st January 2018 to 31 December 2018

Board of Directors

**Marc
Coucke**

*Chairman,
Non-executive Director*

**François
Fornieri**

*Executive
Director*

**Jean-Michel
Foidart**

*Executive
Director*

**Koen
Hoffman**

*Independent
Director*

**Christiane
Malcorps**

*Independent
Director*

**Jacques
Platieu**

*Independent
Director*



**Philippe
Suinen**

*Independent
Director*

**Marc
Beyens**

*Non-executive
Director*

**Guy
Debruyne**

*Non-executive
Director*

**Freya
Loncin**

*Non-executive
Director*

**Gaëtan
Servais**

*Non-executive
Director*

**Michaël
Dillen**

*Company
Secretary*

Our executive management team



mithra
Women's Health



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.



Jean-Michel Foidart

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.



Christophe Maréchal

Chief Financial Officer (CFO)

Christophe Maréchal was Director, Group Treasury and Credit Risk Manager, 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 Master in Business Administration from the University of Liège, Belgium, and studied econometrics at the Katholieke Universiteit Brabant, Tilburg, Netherlands.



Michaël Dillen

Chief Legal Officer (CLO) & 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 master 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).



Valérie Gordenne

Chief Scientific Officer (CSO)

Valérie Gordenne has over 20 years of experience in the pharma industry with a strong focus on R&D, (non)clinical trials, regulatory affairs and manufacturing. She holds a Master Degree in Pharmaceutical Sciences (Industrial Pharmacist) from the University of Liège.

She started her career in Research and Development for a medium size pharmaceutical company called SMB Technology as Project Manager and later, she became Qualified Person for a manufacturing site dedicated to investigational medicinal products.

In 2004 she joined Mithra as Qualified Person where her responsibilities also included Regulatory Affairs for the pre- and post-marketing portfolio. Between 2008 and 2012 she acted as General Manager of Odyssea Pharma SA, the site dedicated to hormonal intra-uterine system Levosert®, which is now a subsidiary of Actavis. Following the acquisition of Uteron Pharma by Watson/Actavis, she returned to Mithra as Chief Scientific Officer. Responsibilities at Mithra include R&D for the Company's portfolio.

Geoffroy Dieu

Chief Production Officer (CPO)

Geoffroy Dieu has over 15 years of experience in the operational and strategic management of industrial sites, mainly in the food industry. Geoffroy obtained a Master in Management at the UCL (Belgium), and started his career in 1999 at PriceWaterhouseCoopers.

Before joining Mithra, Geoffroy was the General Manager of the Belgian subsidiary of the Firmenich Group. Previously, he was the subsidiary's Plant Manager, in charge of the European projects of Lean Manufacturing and Master Plan aimed at optimizing the Supply Chain. As Product Manager, he also gained significant commercial experience. His career positions him very well for a key role in the further operational and commercial development of the Mithra CDMO.

Jean-Manuel Fontaine

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.



Alexandra Deschner

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.



Benjamin Brands

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.



Patrick Kellens

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.



CORPORATE
GOVERNANCE
AND
FINANCIAL
STATEMENTS

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1. Report of the Board of Directors

1.1. Analysis of results / operations

Total income

Mithra's revenues increased by 42% from EUR 46.3 million to EUR 65.5 million, mainly due to the out-licensing revenue recognized for partnership agreements with leaders in Women's Health. In total, and including additional smaller deals, Mithra recognized EUR 56.3 million in out-licensing agreements revenue in 2018, compared to EUR 29.4 million in 2017.

With regard to the Belux business, Mithra's revenues were EUR 7.6 million in 2018, compared to 14 million in 2017. These revenues have been recognized over 7 months. Since August 2018, Mithra is acting as an Agent for Ceres, so that revenue is reported net of the related COGS. Indeed, Mithra is still selling some products on behalf of Ceres during a transition period, until all market authorizations will be formally transferred.

Gross margin for 2018 increased by EUR 23 million from EUR 37.2 million in 2017 to EUR 60.2 million in 2018. The increase of 62% is due to the increase of license granting deals referred to above. The gross margin on the Belux business was EUR 3.9 million in 2018 (7 months as principal and 5 months as agent without gross margin), compared to EUR 7.7 million in 2017 (12 months as principal).

R&D expenses

R&D expenses decreased by EUR 12.5 million from EUR 48.2 million in 2017 to EUR 35.7 million in 2018. This is mainly related to the end of Phase III of Estelle[®] (EUR 12.7 million in 2018 compared to EUR 23.7 million in 2017) and Phase II of Donesta[®] (EUR 2.8 million in 2018 compared to EUR 5.5 million in 2017). R&D expenses for Myring[™], Zoreline[®] and Tibelia[®] amounted to EUR 1.7 million. The remainder of the R&D expenses relate to payroll and consultancy expenses, and more specifically to the CDMO facility in Belgium.

G&A expenses

G&A expenses are well controlled and have slightly increased to EUR 9 million in 2018 from EUR 8.7 million in 2017, on a consolidated basis.

Selling expenses

Selling expenses have decreased in 2018, mainly due to the disposal of the Belux operations to Ceres. As a result, selling expenses came to EUR 3.9 million at 31 December 2018, down from EUR 4.7 million, on a consolidated basis.

Operating income

In the discontinued income statement at operating income level, a realized gain on the sale of the Belux business to Ceres of EUR 18.5 million is reported, since the Belux Business is no longer part of the operational business of Mithra.

EBITDA¹ amounts EUR 38.3 million in 2018 compared to EUR -18.4 million in 2017 (refer to section Alternative performance measure).

Change in fair value of contingent consideration payable, financial income and financial expenses

The result of change in fair value for 2018 amounts to EUR -46.6 million and is driven by changes in the fair value of contingent liabilities (earn outs) which are non-cash elements. Regarding the contingent liabilities, this reflects management's higher estimate for future sales revenues, including the new estimate about the generic market development.

¹ EBITDA is an alternative performance measure, it represents Earnings before financial income and expense, tax, amortization, depreciation and impairment, share-based payment expense and changes in fair value of contingent consideration payable.

The remaining part of the Financial income and expenses is related to the interests paid for EUR -3.2 million and by changes in amortized costs of refundable government advances for EUR -2.2 million (reported in the consolidated income statement under Financial expenses as non-cash elements).

With the fair value impact over 2018 of EUR 46.6 million, the Group ends with a loss before taxes for the period amounting to EUR 16.2 million, which thanks to the strong increase of EBITDA is a significant improvement of EUR 30.2 million compared to a loss before taxes of EUR 46.4 million in 2017, on a consolidated basis.

The Group recorded a tax credit of EUR 3.9 million for the year that results from an increase of the deferred tax asset from the prior year-end, which is to be offset against taxable income in the future. Taking this tax income into consideration, the net loss for 2018 was EUR 12.4 million (loss of EUR 35 million for 2017), on a consolidated basis.

Branches

The Company has no branches. Refer to detailed table about the group structure in note 9.32.

1.2. Statement of financial position analysis

As of 31 December 2018, the Statement of financial position shows a total of EUR 202 million in non-current assets, the majority of which are Other intangible assets (EUR 81.9 million) and Property, plant and equipment (EUR 84.4 million).

These Other intangible assets are the result of acquired assets as part of former business combinations. Note that Donesta[®] qualified as an asset deal, for EUR 8 million. The book value mainly relates to Estelle[®] for an amount of EUR 30.6 million, to Zoreline[®] for an amount of EUR 24.4 million, and to Myring[™] for an amount of EUR 11.4 million. Other intangible assets consist mainly of a portfolio of acquired product rights and market access rights. In 2018, EUR 1.5 million 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.

In the non-current assets, the Group recorded EUR 24.9 million additional net book value of tangible fixed assets (EUR 84.4 million at the end of 2018 vs. EUR 59.5 million in 2017). The increase relates mainly to the construction of the second phase of the new production facility for the manufacturing of pharmaceutical products (Mithra CDMO), where Mithra is preparing the production of Myring[™]. Over 2018, EUR 6.6 million have also been added to the Property, plant and equipment as a result of a capitalization of development costs related to intangible assets incurred for the development of the production zone of Myring[™].

Current assets at the end of 2018 represent a value of EUR 153.7 million. The cash position accounts for EUR 119 million of cash and cash equivalents on 31 December 2018 and Trade & other receivables for EUR 23.7 million.

The Trade & other receivables balance takes into account unbilled revenue for EUR 15.3 million related to out-licensing revenue, among which EUR 5 million milestones related to Gedeon Richter, EUR 7.6 million related to Mayne Pharma and EUR 2.3 million milestones related to Fuji Pharma. Finally, Trade & other receivables consists of EUR 1.6 million of recoverable VAT that relates to the recognition of tangible fixed assets by Mithra CDMO.

Inventories have significantly increased from EUR 4.1 million in 2017 to EUR 10.9 million in 2018. It is mainly explained by the increase of API² stock from EUR 1 million in 2017 to EUR 7.4 million in 2018 in order to be ready for the production of Myring[™].

The cash & cash equivalents balance mainly increased thanks to EUR 77.5 million gross proceeds from the capital increase by means of private placement and to the many out-licensing contracts signed during 2018.

The equity position at the end of the year has increased to EUR 150.9 million in 2018 from EUR 86.9 million in 2017. The increase is the net result of EUR 77.5 million in gross proceeds by means of a private placement as well as the net result of the period.

Non-current liabilities increased to EUR 168.7 million at the end of 2018, compared to EUR 105.6 million in 2017, primarily due to the leases (EUR +14 million) and Subordinated financing (EUR + 3 million) for the CDMO facility, as well as due to an increase of the fair values of the contingent considerations payables (EUR + 42.4 million) which are reported under Other financial liabilities.

² Active Pharmaceutical Ingredient

The current liabilities decreased to EUR 36 million at the end of 2018, compared to EUR 52.2 million in 2017. The decrease of the current liabilities is the net result of a decrease in the Trade payables and other current liabilities (EUR -9.5 million), in the Accrued charges & deferred income (EUR -10.9 million) and an increase of the short term financial debts which includes the contingent considerations expected to be payable within 12 months.

The decrease of the Trade payables is closely related to the reduction of R&D expenses.

The decrease in Deferred income is the result of the recognition of the revenues : from the Estelle® deal with Libbs for EUR 5 million and the Estelle® deal with FUJI for EUR 5.5 million. For more details about Deferred income, please refer to Note 9.19 Revenues and other operating income.

1.3. Cash flow analysis

Full year cash flow of the group amounted to EUR +82.8 million including cash flows from discontinued operations for EUR +21.3 million, comprised of:

- *Operating cash flow:* The cash provided by operating activities amounts to EUR +3.5 million for the full year 2018, including cash flows from discontinued operations (EUR + 2.8 million). The result from operations of EUR +35.5 million has been adjusted for the non-cash items such as Depreciation and amortization, Tax credit and Share based payments, amounting in net to EUR +3.3 million.

Proceeds from the disposal of Belux operations for EUR 18.5 million are reported as *cash flows from investing activities*.

Working capital is also impacting the cash used for operating activities as a result of a decrease in Trade & other receivables (EUR -10.1 million), in Trade & other Payables (EUR -9 million) and in Deferred revenue (EUR -10.2 million). The global decrease is partially offset by an increase of inventories (EUR +7.6 million).

- *Investing cash flows:* EUR +5.6 million. Disposal of assets for EUR 19.4 million relates mainly to the gain on sale of disposal reported in the cash flows from discontinued operations for EUR 18.5 million (see above). The purchase of tangible assets relates predominately to property, plant & equipment acquired at the Mithra CDMO facility (EUR 1.9 million) self- financed with the Group treasury (excluding lease financed assets) and to the capitalization of development costs (EUR 8 million). Assets financed by a leasing are netted together. Contingent liabilities payments (EUR 3.7 million) are also reported.
- *Financing cash flows:* EUR +73.7 million relates entirely to cash flows from continuing operations. Proceeds from financing refer to subordinated loans granted to Mithra CDMO to launch phase 2 of the construction. Proceeds from issuance of shares refer to the net amount (gross amount less transaction costs) of a capital increase by means of a private placement of EUR 75.2 million closed on 31 May 2018, which strengthened Mithra's financial profile.

1.4. Corporate governance statement

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).

The CGC is anticipated to be updated in the near future and in any case, if changes are made to the Company's corporate governance policy. No update took place during the last financial year.

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, and the revised organization of the Company was gradually implemented over 2015. The Company has not amended its CGC since then. The Company's Board of Directors complies with the BCGC, and believes that certain deviations from its provisions were justified as follows:

- Provision 2.1 BCGC: gender diversity. The Board of Directors currently includes two female Directors. Nevertheless, in line with article 518bis of the BCC, the Company is fully committed to further pursue gender diversity in its Board of Directors, and when considering candidates for new position.
- 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.

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 2018 was 37,639,495.

Since the publication of last year's report, an increase of capital through authorized capital by means of private placement took place on the 4th of June 2018 by which an amount of EUR 1,956,474.29 was contributed to the share capital of Mithra in cash. An additional amount of EUR 75,543,531.71 was contributed on the share premium account of Mithra. This share capital increase led to the issuance of 2,672,414 new shares ("MITRA").

On 31 December 2018, the share capital of Mithra amounted to EUR 27,555,760.70 as per Belgian GAAP and consisted of 37,639,495 ordinary shares. All shares are equal and common (each having the same rights), and are fully paid up. The shares do not have a nominal value, but reflect the same fraction of the Company's share capital, which is denominated in euro. Each share entitles its holder to one vote.

Post period (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.

As a result, the share capital of Mithra amounts to EUR 27,573,880.18 corresponding to 37,664,245 existing shares on the date of the present report.

Furthermore, 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 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 post year-end. 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 1,336,034 have been accepted by the beneficiaries (a number of 1,238,339 warrants as from 31/12/2018 and a number of 97,695 warrants post-period).

Therefore, in accordance with the Warrant Plan 2015, a remaining amount of 635 warrants, representing 1,047,750 new shares, can be exercised as from 1 January 2019. Additionally, a number of 1,336,034 of new warrants

(representing 1,336,034 new shares) shall be exercisable as from 6 November 2020 pursuant to the 2018 Warrant Plan.

The Company's shares are admitted to trading on the regulated market of Euronext Brussels, under the ticker "MITRA".

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 2018 are:

Shareholder	Address	Number of voting rights	% of voting rights
Mr François Fornieri ¹		10,618,757	28.22%
Mr Marc Coucke ²		6,201,573	16.48%
Meusinvest SA	Rue Lambert-Lombard, 3, B-4000 Liège, Belgium	5,410,551	14.37%
Ogesip Invest SA	Boulevard du Roi Albert II, 37, B-1030 Bruxelles, Belgium	1,181,700	3.14%
Mr Bart Versluys ³		1,699,496	4.52%
Free float		12,527,418	33.27%

1. François Fornieri holds through himself and through Yima SPRL warrants entitling him to subscribe 1,775,790 additional shares of Mithra.
2. Marc Coucke holds his shareholding partially through Alychlo NV and Mylecke Management Art & Invest NV, which he both controls.
3. Bart Versluys holds his shareholding through Scorpiaux BVBA and Versluys Bouwgroep BVBA, both controlled by him. All percentages are calculated on the basis of the current total number of voting rights.

Post-period, the Company proceeded to a capital increase due to the exercise of 15 warrants of the Warrant Plan 2015 which led to the following shareholding's spread:

Shareholder	Address	Number of voting rights	% of voting rights
Mr François Fornieri ¹		10,618,757	28.19%
Mr Marc Coucke ²		6,201,573	16.47%
Meusinvest SA	Rue Lambert-Lombard, 3, B-4000 Liège, Belgium	5,410,551	14.37%
Ogesip Invest SA	Boulevard du Roi Albert II, 37, B-1030 Bruxelles, Belgium	1,181,700	3.13%
Mr Bart Versluys ³		1,699,496	4.51%
Free float		12,552,168	33.33%

1. François Fornieri holds warrants, through himself and through Yima SPRL, entitling him to subscribe 1,775,790 additional shares of Mithra.
2. Marc Coucke holds his shareholding partially through Alychlo NV which he controls.
3. Bart Versluys holds his shareholding through himself and 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.

Board of Directors

Composition of the board

The Board of Directors currently consists of 12 members (with a minimum of three (3) set out in the Articles of Association), of which three (3) are Executive Directors (as members of the Executive Management Team) and nine (9) of which are non-executive Directors, including four (4) Independent Directors. The Board of Directors also

appointed Selva Luxembourg SA (Mr Christian Moretti) as an observer to the Board with effect as from September 2018 due to its long experience in the molecule synthesis industry.

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

The Board is composed of ten (10) men and of two (2) women. Although the Company did not have an explicit diversity policy during the 2018 financial year, it will endeavor to implement one as soon as possible (and in accordance with the time-line set by provision 518bis of the BCC), in order to obtain gender diversity amongst its Board members.

Directors are appointed for a maximum term of four years, which is renewable.

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

<i>Name</i>	<i>Position</i>	<i>Term 1</i>	<i>Nature of Mandate</i>	<i>Board of Directors Committee Membership</i>	<i>Attendance² to 2018 Board meetings</i>
YIMA SPRL (permanent representative: Mr. François Fornieri)	Managing director	2019	Executive	-	11/11
Mr François Fornieri	Director	2019	Executive	-	11/11
Mr. Marc Beyens	Director	2019	Non-executive	-	10/11
CG CUBE S.A. (permanent representative: Mr. Guy Debruyne)	Director	2019	Non-executive	-	10/11
Meusinvest SA (permanent representative: Mr. Gaëtan Servais)	Director	2019	Non-executive	Audit Committee and Nomination and Remuneration Committee	11/11
EVA CONSULTING SPRL (permanent representative Mr. Jean-Michel Foidart)	Director	2019 ³	Executive	-	9/11
P4MANAGEMENT SPRL (permanent representative: Ms. Christiane Malcorps)	Director	2019 ³	Independent	Nomination and Remuneration Committee	11/11
Alychlo NV (permanent representative: Mr. Marc Coucke)	Director	2019	President Non-executive		9/11
Aubisque BVBA (permanent representative Ms. Freya Loncin)	Director	2019 ¹	Non-executive	-	9/11
Ahok BVBA (permanent representative Mr. Koen Hoffman)	Director	2019 ³	Independent	Audit Committee (Chair)	11/11
P.SUINEN SPRL-S (permanent representative: Mr. Philippe Suinen)	Director	2019	Independent	Audit Committee	10/11
Castor Development SA (permanent representative Mr. Jacques Platieau)	Director	2019	Independent	Nomination and Remuneration Committee (Chair)	11/11

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 appointed at the Extraordinary Shareholders Meeting held on 8 June 2015, unless specified otherwise above.
2. The number of meetings that could be attended by each Director is due to the nomination of new Directors during the financial year.
3. Mr Jacques Platieau fulfilled a mandate of Director from 8 June 2015 until 30 June 2018, date as from which he has been replaced by his management company Castor Development SA. He thus attended 6 Board meetings as a physical person and 5 as permanent representative of Castor Development SA.

Mr. Fornieri acts both as Director and as permanent representative of YIMA SPRL and thereby effectively controls two votes the Board of Directors meetings.

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

Activity report

In 2018, eleven 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.

Moreover, one specific Board meeting was dedicated to discussions related to a potential increase of capital through authorized capital which ultimately took place on the 4th of June 2018. Another Board took place on the 5 July 2018 to formally propose to the Extraordinary General Meeting to approve a new warrant plan for the benefit of key employees and members of the executive management as well as for certain directors. On the 5th of July 2018, the Board also discussed and approved (i) the divestment of its in-licensed branded generic portfolio on the Belgian and Luxembourg territory and (ii) license grant for a number of complex therapeutics developed products in-house.

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 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).

The Board acts on the results of the performance evaluation by recognizing its strengths and addressing its weaknesses. Where appropriate, this will 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.

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.

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, 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 and, if possible, a majority of its members are independent Directors. 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 MEUSINVEST 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. However, the Company shall endeavor to implement a diversity policy as soon as possible (and in line with the time-line set by provision 518bis of the BCC), to obtain gender diversity amongst its Committee members.

Activity report

The Audit Committee met six times in 2018. The statutory auditor was present at two of these six 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 Audit Committee also debriefed the capital increase which occurred with respect to the cash perspectives and their advice has been requested on transactions where there was a conflict of interest.

Attendance was as follows: AHOK BVBA (permanent representative: Mr. Koen Hoffman): 6/6, P.SUINEN SPRL-S (permanent representative Mr. Philippe Suinen): 4/6, MEUSINVEST SA (permanent representative: Mr. Gaëtan Servais): 6/6.

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 526 *quater* of the Companies Code. 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.

Until 17 May 2018, the following Directors were members of the Nomination and Remuneration Committee: ALYCHLO NV (permanent representative: Mr Marc Coucke) (Chair), Mr Jacques Platieu, and P4Management SPRL (permanent representative: Mrs Christiane Malcorps). P4Management (permanent representative: Mrs Christiane Malcorps) and Mr Jacques Platieu are independent Directors.

Although the Company is not bound by gender diversity regulations at the moment (cfr. article 518bis of the BCC), 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.

Starting from May 2018, ALYCHLO NV (permanent representative Mr Marc Coucke) formally resigned from its position of member and chair of the Nomination and Remuneration Committee. As a replacement, Mr Jacques Platieu was candidate to assume the chairman mandate of the Committee, and Meusinvest SA (permanent representative: Mr Gaëtan Servais) was appointed to take up the vacant seat.

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 2018.

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 a new warrant plan), 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: ALYCHLO NV (permanent representative: Mr. Marc Coucke): 1/4, Mr. Jacques Plateau personally, and on behalf of its management company CASTOR DEVELOPMENT SA (permanent representative: Mr Jacques Plateau) 4/4, P4MANAGEMENT SPRL (permanent representative: Mrs Christiane Malcorps) 4/4 and Meusinvest SA (permanent representative Mr Gaëtan Servais), 3/4.

Executive Committee

The Board of Directors of Mithra 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 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), 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 2018 are listed in the table below.

<i>Name</i>	<i>Function</i>
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 ³
CMM&C SPRL (Mr. Christophe Maréchal)	Chief Financial Officer (CFO)
MIDICO BVBA (Mr. Michaël Dillen)	Chief Legal Officer (CLO)
BGL Consulting SPRL (Mr. Benjamin Brands)	Chief Supply Chain Officer (CSO)
Novafontis SPRL (Mr. Jean-Manuel Fontaine)	Public Relations Officer (PRO)
RLD CONSULT SPRL (Mr. Geoffroy Dieu)	Chief Production Officer (CPO)
Alius Modi SPRL (Mrs. Valérie Gordenne)	Chief Scientific Officer (CSO)
Mr Patrick Kellens	Chief Information Officer (CIO)
Ms Sofie Van Gijssel	Investor Relations Officer (IRO)

Post period, the Investor Relations Officer position has been taken up by Viribus Valorem SPRL (Ms Alexandra Deschner) in replacement of Ms Sofie Van Gijssel.

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.

Remuneration report

Directors

Procedure applied in 2018 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.

³ The scientific structure having been modified in an important manner, the Board replaced on 22/11/2016 the Scientific Committee by a Scientific Advisory Board not governed by the CGC.

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.

Independent directors will not receive, in principle, any performance-related remuneration.

The Board may upon recommendation of the Nomination and Remuneration Committee propose to the Shareholders Meeting a deviation from the latter principle and grant warrants in order to attract and retain highly qualified independent Directors.

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

Remuneration policy applied during 2018

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 2018 to the non-executive Directors (in such capacity) was EUR 230,831.61 (gross, excluding VAT), split as follows:

<i>Name</i>	<i>Nature</i>	<i>Remunerations</i>	<i>As member of a committee</i>	<i>As chairman of the board</i>
Marc Beyens	Non-exec	20,000		
CG Cube	Non-exec	20,000		
Meusinvest	Non-exec	20,000	8,750	
Alychlo	Non-exec - Chair	20,000	1,250	20,000
P. Suinen	Independent	20,000	5,000	
Jacques Platieu	Independent	20,000	5,000	
Ahok	Independent	20,000	5,000	
Aubisque	Non-exec	20,000		
P4Management	Independent	20,000	5,000	

The table below provides an overview of the shares and warrants held by the current members of the Board on the 31st of December 2018.

Share- Warrantholder	Shares	%	Warrants*	%	Shares and Warrants	%
YIMA SPRL (permanent representative: Mr François Fornieri) (CEO)	0	0.00%	752,790	33%	752,790	1.89%
Mr François Fornieri (permanent representative of YIMA SPRL) (together with YIMA SPRL)	10,618,757	28.22%	1,023,000	44.68%	11,641,757	29.16%
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	0.21%	0	0.00%	80,800	0.20%
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 SA (permanent representative: Gaëtan Servais)	5,410,551	14.37%	0	0.00%	5,410,551	13.56%
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)	6,201,573	16.48%	0	0.00%	6,201,573	15.53%
Eva Consulting SPRL (permanent representative : Jean-Michel Foidart)	0	0.00%	0	0.00%	0	0.00%
Mr Jean-Michel Foidart (permanent representative of Eva Consulting SPRL) (together with Eva Consulting SPRL)**	0	0.00%	0	0.00%	0	0.00%
P4MANAGEMENT SPRL (permanent representative of Christiane Malcorps)	0	0.00%	0	0.00%	0	0.00%
Christiane Malcorps (permanent representative of P4MANAGEMENT SPRL)(together with P4Management)	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%
Castor Development SA (permanent representative of Jacques Platieu)	0	0.00%	0	0.00%	0	0.00%
Jacques Platieu (permanent representative of Castor Development SA)(together with Castor Development SA)	0	0.00%	0	0.00%	0	0.00%
Subtotal	22,311,681	59,28%	1,775,790	77.68%	24,006,671	60.14%

* corresponds to the amount of shares following warrant conversion.

**Post Period, an amount of 52,695 warrants were granted and accepted by Eva Consulting SPRL.

Executive Management team

Procedure applied in 2018 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). Mithra Pharmaceuticals strives to be competitive in the European market.

Remuneration policy applied during 2018

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 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 520bis of the BCC, 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 2018 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	2,321	1.012
Variable Remuneration (*)	0	0
Group Insurance (pension, invalidity, life)	1	0
Other insurance (car, cell phone, hospitalization)	31	0
Total	2.353	1.225

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 2018 (i.e. the CEO).

Share- / Warrantholder	Shares	%	Warrants	%	Shares and Warrants	%
YIMA SPRL (permanent representative: Mr. François Fornieri) (CEO) (together with François Fornieri)	0	0.00%	752,790	33.00%	752,790	1.89%
Mr. François Fornieri (permanent representative of YIMA SPRL) (together with YIMA SPRL)	10,618,757	28,22%	1,023,000	44.68%	11,641,757	29.16%
Mr. Christophe Maréchal (representative of and together with CMM&C SPRL BVBA)	0	0.00%	135,502	5.93%	135,502	0.34%
Mr. Jean-Michel Foidart (representative of and together with Eva Consulting SPRL) *	0	0.00%	0	0.00%	0	0.00%
Mr. Benjamin Brands (representative of and together with BGL Consulting SPRL)	0	0.00%	52,695	2.31%	52,695	0.13%
Mr. Jean-Manuel Fontaine (representative of and together with Novafontis SA)**	0	0.00%	77,445	3.39%	77,445	0.19%
Mr. Geoffroy Dieu (representative of and together with RLD Consult SPRL)	0	0.00%	0	0.00%	0,00	0.00%
Ms Valérie Gordenne (representative of and together with Alius Modi SPRL)	54,000	0.14%	0	0.00%	54,000	0.14%
Mr. Patrick Kellens	0	0.00%	0	0.00%	0	0.00%
Mr. Michaël Dillen (representative of and together with Midico BVBA)	0	0.00%	120,446	5.21%	120,446	0.30%
Ms. Sofie Van Gijssel***	0	0,00%	0	0,00%	0	0,00%
Subtotal	10,672,757	28,36%	2.161.878	94,52%	12,834,635	32,16%
Total	37,639,495	100.00%	2,310,839	100.00%	39,950,334	100.00%

*Post period, 52,695 warrants were offered to Eva Consulting and accepted by him.

**Post period (30 January 2019) a capital increase took place by means of which Jean-Manuel Fontaine converted 15 warrants into 24,750 new shares.

***Sofie Van Gijssel left the Company on 31 August 2018.

The Executive Management Team was strengthened post period with the arrival of (i) Viribus Valorem SPRL (represented by Mrs. Alexandra Deschner) as Investor Relation Officer.

The Company has put into place two stock option 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 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 entitles 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. On 31 December 2018, 650 warrants of the initial 1089 remained outstanding.

Post period (30 January 2019), an increase of capital took place following the exercise of 15 warrants representing EUR 84.690 pursuant to the Warrant Plan 2015. 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 to the share premium account of the Company. This exercise of 15 warrants led to the issuance of 24,750 shares (1 warrants equals 1,650 shares) who have been admitted to trading on the regulated market of Euronext Brussels on the "MITRA" ticker.

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). 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 post year-end. 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 1,336,034 have been offered and accepted by beneficiaries. Post period, the Board of Directors decided to grant certain of such not yet offered warrants to certain new members of the Executive Management Team as a means of incentive scheme. As such, a number of 52,695 warrants have been granted to Eva Consulting SPRL (represented by Prof. Jean-Michel Foidart), and 30,000 warrants to Viribus Valorem SPRL (represented by Mrs. Alexandra Deschner).

Therefore, in sum accordance with the Warrant Plan 2015, a remaining number of 635 warrants representing 1,047,750 new shares can be exercised since 1 January 2019. Additionally, a number of 1,336.034 of new warrants (representing 1,336.034 new shares) shall in principle be exercisable, as from 6 November 2020 subject to exercise conditions pursuant to the Warrant Plan 2018.

In 2018, nine members of the Executive Management Team were engaged based on a service agreement, whereas two members of the Executive Management Team have 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. Post period, Viribus Valorem SPRL (represented by Mrs. Alexandra Deschner) joined Mithra 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.

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 Executive 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.

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, 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 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 the approval of at least 80% 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 either EUR 24,05 (members of personnel) or EUR 24,09 (not members of the personnel) (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 the 31th of May 2018, the Board gave mandate to a placement committee composed of (i) YIMA SPRL (Mr François Fornieri) and (ii) CMM&C BVBA (Mr. Christophe Maréchal) to determine the terms of an increase of capital by means of a private placement through authorized capital.

As a result thereof, the Company offered 2,672,414 new shares to certain qualified and/or institutional investors including Tier 1 investors. As, the offered new shares represented less than 20% of the Company's total shares currently admitted to trading on Euronext Brussels (pre-transaction) and brought the total number of shares (post-transaction) to 37,639,495, there was no legal obligation for the Company to issue a Prospectus. This increase of capital has been done by suppressing the preferential rights of the existing shareholders in accordance with provision 596 of the BCC and took place on the 4th June 2018.

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

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 approved nor commercialised and the lead product candidate is currently in Phase III. The successful development of the Group's Estetrol-based product candidates is 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 Phase III studies, 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 II (the pre-clinical and Phase I clinical trial support package is shared with Estelle[®]; the data 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). 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 (Phase III for Estelle[®] currently expected to give top line results between Q3 2018 and Q1 2019 and top line results for Phase II for Donesta[®] currently expected to be available Q2 2018), if at all, and therefore cannot currently provide any 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 low-single digit "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 two product candidates which would, upon their marketing authorisation, be completely new original products. The Group will be 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) None of the complex therapeutics (including amongst others Zoreline[®] and Myring[™]) currently under development by the Group have received regulatory approval. 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 only a commercial, marketing and sales organisation in place in the Benelux 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 partners identified at 31 December 2017 are GSP for Zoreline®, Fuji Pharma for Donesta® and Estelle® (for Japan and ASEAN), Libbs for Estelle® (Brazil), Mayne Pharma for Myring™ in the US, Gynial for Myring™ in Austria. Post period, the Company entered into an agreement with Adamed for Myring™ in Czech Republic and Alvogen for Myring™ in Russia. 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 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 depends in part on its ability to obtain, maintain and enforce its patents and other intellectual property rights for technologies and products in Europe, the United States and elsewhere. The Group holds various families of patent covering in particular several routes of synthesis of Estetrol and a number of therapeutic indications of Estetrol. One of the main patents covering the synthesis of Estetrol will expire in 2032. The indications for contraception and menopause are directly covered by 3 patent families, offering protection until 2022 in Europe and Canada and until 2025 in US. New patent applications have been filed in 2018 to protect the use of E4 to relieve the vasomotor symptoms of menopause. The scope of these patents will vary and will depend on what will ultimately be accepted country by country. If these additional patents are issued, they will offer potential protection until 2039. The Group will seek to protect the market opportunity for these product candidates after market authorisation approval (if any) by applying for market/data exclusivity (between maximum five to ten years depending on the territory) and/or patent extension (maximum five years) systems when foreseen by the national law of the country and to the extent that conditions of application are fulfilled.

(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 and EUR 12.4 million in 2018. 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 be dependent on the successful and timely construction of Phase 2 of its CDMO facility (which is being constructed on land owned by the Company and leased by it, with an option to purchase the facility). Phase 2 of the construction is scheduled to be finished in H1 2019. The Company is currently working on selecting alternative manufacturing resources. In 2017, the Company announced that as part of the contract with Libbs, the latter will produce Estelle® for the Brazilian market at their own facility.
- 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.

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 (Phase III) and Donesta® for menopause (Phase II). 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. Since 2017, Mithra capitalized some development costs related to E4 synthesis for EUR 3,105 k.

For the Complex Therapeutics, Mithra is preparing for the launch of Myring™ in Europe in 2019 with the production of the first commercial batches in Q1 2019, followed by the US launch in 2020. At the same time, we continue to advance the preclinical work on Zoreline, having obtained supportive 1 and 3-month PK results in 2018.

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. 523 of the Belgian Companies Code)

The Directors report that during the financial year under review three decisions have been taken that fall within the provisions of Art. 523 BCC. As required by Art. 523 BCC, 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 2018, no transaction or other agreement between the Company (or its affiliates) and a Director other than the decisions reproduced hereunder, which could be considered as a conflict of interests within the meaning of Art. 523 BCC 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 or that have been disclosed under "related party transactions" set out below.

Meeting of the Board of Directors

Board of Directors' Meeting on 5 July 2018 at 11.30 am

Prior to the deliberations of the agenda and as required by Art. 523 BCC, Mr. François Fornieri, acting for himself and as permanent representative of SPRL YIMA reported his own conflict of interest regarding the following point on the agenda: "Composition and remuneration of the management team FY 2018". He confirms having informed the statutory auditor of the Company of the said conflict of interest.

As required by the aforementioned article, the full minutes must be reproduced here for the relevant meeting of the Board of Directors that discussed the conflict of interest.

Minutes of the above Board meeting:

« Point I.- Communication on a conflicting interests situation

The Chairman underlines and reads out the Art. 523 BCC. In such situation, the nature of the decision or operation in question, a justification of the taken decision, as well as the financial consequences for the Company must be noted in the minutes by the Board.

Mr. François Fornieri acting for himself and as permanent representative of SPRL Yima reported his own conflict of interests regarding the following point on the agenda, prior to any deliberations, and confirms having informed the statutory auditor of the Company of said conflict of interests:

Mr. François Fornieri acting for himself and as permanent representative of SPRL Yima, informs the other Directors of his own conflict of interests of financial nature regarding the decision referred to in point 2.2 on the agenda. Indeed, François Fornieri and Yima SPRL are, on one side, members of the management team, the remuneration of which will be discussed today and, on the other side, members of the Board which must rule on the said remuneration.

The Chairman thanks the Directors for their statements mentioned in the present minutes, which will be annexed to the management report for the financial year 2018 and transmitted to the statutory auditor of the Company, as required by Art. 523 BCC.

Indeed, the Board agrees that the aforementioned directors are subject to a conflict of interest and that, as required by Art. 523 BCC and by the Annex H of the Corporate Governance Code, the concerned directors shall neither deliberate nor vote, considering that it is directly linked to their conflicting interests.

In order to be compliant with the legal requirements and with the Annex H of the Corporate Governance Code, the Board records that the concerned directors shall temporarily leave the conference call when the items on the agenda linked to their conflicting interests will be discussed.

Afterwards, the different items on the agenda can be validly deliberated by the Board.

Point II. - Composition of the management team and remuneration of its members

The Board reviews the report of the Nomination and Remuneration Committee on the subject and deliberates over it (Annex 1).

- a) Composition of the management team
 - i) *Removal of the Chief Marketing Officer position*

The Board notes that the Committee recommends to remove this function from the management team, since has become obsolete in light of the Company developments.

- ii) *Removal of the Chief Communication Officer position*

The Board notes that the Committee recommends to look for a new person for this function, and to appoint him/her as a member of the management team or not.

- iii) *Replacement of the IRO*

The Board notes that the Committee and the management work together to find a new IRO.

- iv) *Creation of a position of Chief Supply Chain Officer*

The Board notes that it was advised by the Committee to approve the creation of a Chief Supply Chain Officer position, considering the development of the CDMO and of several projects.

Decision: following discussions, the Board decides unanimously to follow the recommendations of the nomination and remuneration Committee about the management team composition.

- b) The management remuneration

The Board takes a close look at the internal note of the nomination and remuneration Committee concerning the review of the management remuneration (Annex 1).

The members of the Board have a discussion about this review, its justification as well as the financial consequences for the Company.

Concerning the increase in the Chief Executive Officer's monthly remuneration, the Chairman of the Nomination and Remuneration Committee gives an explanation about the companies' standards to set the remuneration of the Chief Executive Officer. This CEO's higher remuneration is situated at the upper line of the available Belgian benchmarks, but is completely in line with the European benchmarks (Annex 2).

Furthermore, the new major challenges the Company already had to deal with, the new ones to come in 2018, as well as the CEO's very specific career path and capacities justifies that the Chief Executive Officer was offered a fix salary increase of approximately 15,000 euros per month.

As concluded by the Nomination and Remuneration Committee, the management team's total remuneration is slightly lower than during the fiscal year 2017 (2,529,000 EUR /Y), also including the budget for the IRO. The position has been filled post-period.

Decision: the Board has decided, after discussions, to follow the Nomination and Remuneration Committee's recommendations and to implement the adjustments of remunerations as stated in Annex 2, with effect from January, 1st 2018.

Having discussed all the items on the agenda, the meeting is closed at 11.50 am."

Board of Directors' Meeting on July 5th, 2018 at 11.50 am.

Prior to the deliberations of the agenda and as required by Art. 523 BCC, Mrs. Freya Loncin acting as permanent representative of Aubisque BVBA and Mr. Marc Coucke acting as permanent representative of Alychlo NV, reported their own conflict of interests regarding the following point on the agenda: "discussion and deliberation on the Heads of Agreement ("HoA") Ceres Pharma NV".

As required by the aforementioned article, the full minutes must be reproduced here for the relevant meeting of the Board of Directors that discussed the conflict of interest.

Minutes of the above Board meeting:

« Point 1.- Communication on a conflicting interests situation

The Chairman underlines and reads out the Art. 523 of the Belgian Company Code. In such a situation, the nature of the decision or operation in question, a justification of the taken decision, as well as the financial consequences for the Company must be noted in the minutes by the Board.

Prior to any deliberations, the followings directors previously reported their own conflict of interests regarding point 2 on the agenda and confirmed having informed the statutory auditor of the Company of the said conflict of interests: (i) Aubisque BVBA (Freya Loncin) and (ii) Alychlo NV (Marc Coucke).

Indeed, Aubisque BVBA and Alychlo NV both informed the other directors that they are potentially concerned by a conflict of interest with financial consequences regarding point 2 on the agenda:

- Aubisque BVBA simultaneously holds the two following positions: board member of the Company, and board member of Ceres Pharma NV, potential contractual partner of the said Company. Given that Aubisque BVBA will have to negotiate pricing issues within the boards of the two potentially contracting companies; and given that these decisions will certainly impact on its mandate evaluation as director, Aubisque BVBA reports its own potential conflicting interests.
- Alychlo NV is a board member of the Company and, Mister Marc Coucke, his permanent representative, owns shares both in the Company and in Ceres Pharma NV, potential contractual partner of the Company. Mister Marc Coucke, on behalf of Alychlo NV, will have to negotiate pricing issues within the board of the Company. The decisions which flow from these negotiations will impact the financial results of the companies, the share value, as well as the dividends he will receive from these two companies. Consequently, Alychlo NV reports its own potential conflicting interest of financial nature.

Furthermore, as required by Annex H of the Company Corporate Governance Code, Aubisque BVBA and Alychlo NV report that they may not be able to take a totally impartial decision concerning the point 2 on the agenda.

The Chairman thanks the Directors for their statements mentioned in the present minutes, which will be annexed to the management report for the financial year 2018 and transmitted to the statutory auditor of the Company, as required by Art. 523 BCC.

Indeed, the Board agrees that the aforementioned directors are subject to a conflict of interests and that, as required by Art. 523 BCC and by the Annex H of the Corporate Governance Code, the concerned directors shall neither deliberate nor vote, considering that it is directly linked to their conflicting interests.

Afterwards, the different items on the agenda can be validly deliberated by the Board.

Point 2. – Discussion and deliberation on the potential transaction with Ceres Pharma NV

The CEO reports to the Board that Ceres Pharma NV made a proposition to acquire the range of generic products of the Company (including licenses on complex generics of the Company such as Myring (MyLoop in Benelux), Heria or

Daphne) (*Women Health Division*) as well as a non-exclusive license for the commercialization of Estelle on the Belux territory, through a HoA (Annex 1).

The Management prepared an internal note in order to analyze this offer and to make suggestions for the negotiations (Annex 2).

a) Debate and deliberation on the HoA (Ceres Pharma)

The said internal note was previously submitted to the Audit Committee on July, 5th 2018. The Audit Committee is unanimous that this transaction is positive for the Company, considering that it:

- Enables to divest an activity which is not essential for the Company and, consequently, to focus on its core-business;
- Through past discussions with other potential partners, it turned out that the activity of generic products was not that easy to sell, because this branch of activity mainly consists of products the Company distributes under license but for which it has no ownership rights (see internal note). Through this transaction with Ceres Pharma, the Company will be able to maximize the value of such an activity, given that Ceres Pharma considers the option – when necessary – to establish a co-marketing relationship with the Company until approval of the products transfer by our contractual partners.
- Ceres Pharma is a fast-growing company led by an experienced management team. This company has developed a major presence on the market, wide knowledge and focus on the Belux market. As such, Ceres Pharma is considered as a stakeholder with a high growth potential, able to meet its objectives;
- An amount of EUR 20,000,000 would be immediately paid to the Company upon signature of the transaction, with a reasonable possibility of an extra earn-out payment of EUR 20,000,000 ;
- Enables a reduction in structural costs for all the « *back office* » functions in connection with the sale/purchase of the generic products, i.e. regulatory work, pharmacovigilance, quality insurance system, which could from now on be fully dedicated to the other products candidates (Estelle + Donesta);
- A monthly service fee of 10 % could be invoiced on Ceres Pharma net sales;
- A non-exclusive license on Estelle would be granted for the BeLux territory. Indeed, Ceres Pharma would become market leader for BeLux, after acquisition of our products portfolio, and would consequently be in a good position to distribute Estelle;
- This non-exclusive license would allow other commercial discussions with world renowned partners;

As such, the Company has been encouraged by the Audit Committee to pursue the discussions with Ceres Pharma, within the limits of the received HoA and of the internal Management note.

b) Approval of the sale of Mithra's Women Health Division and of the non-exclusive license for the commercialization of Estelle in BeLux.

The Board took note of the internal note, of the Audit Committee's advices, and of Ceres Pharma's offer. The sale of Mithra's Woman's Health Division as well as the granting of a non-exclusive license for Estelle in BeLux have both advantages and disadvantages, which have been analyzed by the Board, in light of the Company's current strategy, and in comparison with the other offers. The Board also notes that the non-exclusive nature of the license is an important aspect of the transaction.

Consequently, the Board approves the Audit Committee's conclusions about the nature and justification of this project, as well as its financial consequences for the Company.

Decision: following consideration of the aforementioned elements, the Board sees Ceres Pharma as the best potential partner for the Company and decides to approve the pursuit of the negotiations and the signature of the transaction. However, the Board asks the Management to do its best to renegotiate the elements underlined by the Board and the Audit Committee, as discussed here above. Should the HoA between Ceres Pharma and the Company be signed, the Board will

open a data room so that Ceres can have access to the documents linked to the branch of activity and can ask some questions.

c) Special delegation of powers

In order to facilitate the signature of the transaction, the Board thinks that some powers should be delegated to the Chief Executive Officer and to the management. Nonetheless, the Board specifies that it would ratify the transaction at the next Board of Directors, should this transaction be concluded.

Decision: *the Board decides to delegate its powers to the Chief Executive Officer, so that he is entitled to represent the Board, to negotiate, finalize and sign definitive contractual and legal documents, including a sales agreement (and any other related documents) with Ceres Pharma NV, within the limits of the received HoA and of the Board comments.*

Having discussed all the items on the agenda, the meeting is closed at 12.55 AM.

Board of Directors' Meeting on 5 July 2018, at 1 PM

Prior to the deliberations of the agenda and as required by Art. 523 BCC, Mr. François Fornieri acting as permanent representative of SPRL YIMA, Mr. Marc Coucke acting as permanent representative of Alychlo NV and Mr. Jean-Michel Foidart acting as permanent representative of Eva Consulting SPRL reported their own conflict of interests regarding the following point on the agenda: "Warrant plan 2018". They confirm having informed the statutory auditor of the Company of said conflict of interests.

As required by the aforementioned article, the full minutes must be reproduced here for the relevant meeting of the Board of Directors that discussed the conflict of interests.

Minutes of the aforementioned Board meeting:

« Point 1. - Communication on a conflicting interests situation

The Chairman underlines and reads out the Art. 523 of the Belgian Company Code. In such a situation, the nature of the decision or operation in question, a justification of the taken decision, as well as the financial consequences for the Company must be noted in the minutes by the Board.

Yima SPRL (François Fornieri), Alychlo NV (Marc Coucke), and Eva Consulting SPRL (Jean-Michel Foidart) reported their own conflict of interests regarding the following point on the agenda, prior to any deliberations, and confirms having informed the statutory auditor of the Company of said conflict of interests:

Indeed, considering that the Board must give its opinion concerning the granting of a warrant plan to some staff members of the Company as well as to some members of the management team, and considering that the aforementioned directors will all potentially benefit from this possible warrant plan, they are concerned by a financial conflict.

The Chairman thanks the Directors for their statements mentioned in the present minutes, which will be annexed to the management report for the financial year 2018 and transmitted to the statutory auditor of the Company, as required by Art. 523 BCC, if a positive decision could be reached by the Board on these matters.

The Board agrees that the aforementioned directors are subject to a conflict of interests and that, as required by Art. 523 BCC and by the Annex H of the Corporate Governance Code, the directors in question shall neither deliberate nor vote, considering that the points discussed are directly linked to their conflicting interests.

In order to be compliant with the legal requirements and with Annex H of the Corporate Governance Code, the Board records that the directors in question shall temporarily leave the conference call when the items on the agenda linked to their conflicting interests will be discussed.

Thereafter, the different items on the agenda can be validly deliberated by the Board

Point 2 – Warrant plan 2018

Having taken notice of the nomination and remuneration Committee's opinion ([Annex 1](#)), the Board takes a close look at the warrant plan as set out.

a) Warrant Plan 2018 discussion and approval

The Board has a discussion about the possibility to issue a new warrant plan. The Board is fully convinced that both the management team and key employees should in one way or another be encouraged to meet the objectives set by the Board. With this in mind, the Board agrees that a bonus plan should be considered, and thinks that a warrant plan would adequately motivate the management and the employees.

The board takes note that the Nomination and Remuneration Committee, after deliberation, approved the warrant plan, as described in [Annex 2](#). The Board notes that this annex gives a clear idea of the impact, the conditions and the beneficiaries of the plan.

The Chief Legal Officer (CLO) explains that the Management asked a specialized lawyer's office to provide some extra legal and technical pieces of information about some structural characteristics of the warrant plan. Hence, the CLO explains that the warrant plan project as described in [Annex 2](#) should be slightly modified.

Decision: *Following deliberations on that matter, the Board hereby decides to give an express proxy to two of its directors (hereafter called "Representative"), each acting with substitution and delegation powers, to do the following in the name of and on behalf of the Company and of the Board: (a) based on the aforementioned law office's comments and on the Board's special report project, as required by Art. 583, 596 and 598 of the Companies Code related to the proposed issuance of warrants, to finalize and sign, the new warrant plan; (b) to determine and finalize the agenda and to summon the extraordinary general meeting, which will be called in, for the purpose of the proposed warrant plan; and (c) to develop, negotiate, precise, finalize, initial, sign, implement and deliver any other conventions, acts, certificates, instruments, notices, requests, mandates, notes and any other documents. And, generally speaking, to accomplish any other action in accordance with or linked to the finalization of the aforementioned Board's special report, the convening of the aforementioned extraordinary general meeting, and/ or the issuance of warrants, depending on what the Representative involved deems necessary or appropriate and on what they can accept (and a simple signature of the Representatives on this document or simply perform such an action is sufficient evidence); in each case from (a) to (c) in accordance with the determined warrants and with the potential comments of the FSMA.*

b) Proposition with regard to the Selected Participants

Thanks to the proxy here above, the Board is advised by the Nomination and Remuneration Committee to already approve this plan for all the involved beneficiaries, including the Chairman of the Board, in light of his specific knowledges and of his added value to the Company.

The Board notes that, as required by Annex 3, the warrants to be issued will be distributed between the selected beneficiaries as follows:

- 2% for Mr. François Fornieri;
- 2% to be shared between the other beneficiaries as listed in Annex 2, including the Chairman of the Board;
- 1% to be determined later.

Decision: *the Board decides that, regardless of the effective implementation of the warrant plan, the list of beneficiaries of the incentives is now definitive. The Board mandates the CEO to distribute the remaining 1% of warrants to the beneficiary (-ies) of his choice, subject to the ratification carried out by Authorized Representatives, as mentioned in point 2.1.*

Having discussed all the items on the agenda, the meeting is closed at 1.30 PM".

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

As previously disclosed, the Audit Committee 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, 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 526ter of the BCC.

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.

MEUSINVEST 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 2018, Mithra has a total of EUR 97.6 million accumulated losses on its balance sheet and realized a consolidated net loss of EUR 12.4 million for the year ended 31 December 2018. The Board of Directors has analyzed the financial statements and accounting policies and based on conservative assumptions, the current cash position of EUR 119 million at 31 December 2018 will allow the Group to keep up with operating expenses and capital expenditure requirements at least until the end of 2019. 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.

1.14. Appropriation of results

Mithra Pharmaceuticals SA, the parent Company, ended the financial year 2018 with a net loss of EUR 14,384,208.12.

The Board of Directors proposed to appropriate the loss of the year of EUR 14,384,208.12 to accumulated loss. This brings the total amount of retained losses to EUR 64,653,016.10.

1.15. Important events after the reporting period

Post-period, in January 2019, Mithra published positive topline results of Estelle® Phase III study in U.S./Canada. Primary efficacy endpoint indicates excellent contraceptive efficacy, with a Pearl Index (PI) of 2.41 per 100 women (98% efficacy rate), in line with expectations. Key secondary endpoints (same as the one for the EU/RU study) were also achieved. Filing with U.S. and EU regulatory agencies is anticipated by year end.

Mithra announced the further expansion of its Estetrol (E4)-based programs. With a potential blockbuster named PeriNesta™, Mithra decided to target the underserved perimenopausal market, which affects women between reproductive age and post-menopausal age. The Company believes this additional product represents a major new market opportunity that requires only limited additional investment. The addressable market is estimated up to 35 million patients annually in the US and key EU markets (France, UK, Germany).

The Company also communicated the acceleration of preparations for its proposed Phase III E4 monotherapy study of Donesta® in menopause. This study will evaluate the efficacy and safety of E4 for the treatment of moderate to severe vasomotor symptoms in postmenopausal women. The start of patient recruitment for this phase III with E4 monotherapy is planned for the second half of 2019 pending approvals, with a marketing authorization expected as early as 2023.

In February 2019, Mithra CDMO started the commercial manufacturing process of the vaginal contraceptive ring Myring™ with a first batch for the European market (Czech Republic). The Mithra CDMO development and production center plans to start manufacturing further commercial batches for the European market (Austria, Denmark, Belgium, Luxembourg and the Netherlands) in the second half of 2019, as scheduled.

Mithra announced it signed a contract with CEVA Animal Health, leading global veterinary pharmaceutical group. With this first veterinarian project in development, Mithra will develop a hormonal device for the fertility market. This new polymer-based device would be a real innovation and bring an additional competitive edge to our partner while expanding Mithra's polymer based technology expertise

Post-period end, Mithra signed a partnership agreement with ITROM for commercialization of Estelle® in the Middle East. Under the terms of the agreement, ITROM will distribute Estelle® in MENA territories where the COC market is estimated at EUR 30 million a year. This agreement represents a deal worth up to EUR 55 million over the period. Mithra also signed an exclusive license and supply agreement with ITROM for Myring™ in MENA region, where the hormonal contraceptive market is estimated at EUR 37.5 million.

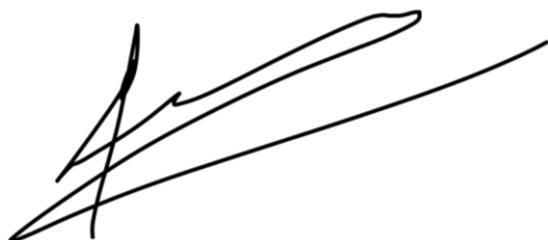
1.16. Grant of discharge to the directors and the statutory auditor

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 2018.

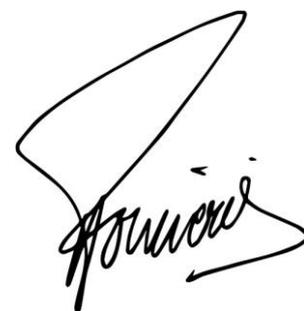
This report will be deposited according to the legal requirements and can be consulted at the Company's address.

Liege, 4 April 2019

For the Board of Directors,



Alychlo NV, represented by
Marc Coucke, Chairman

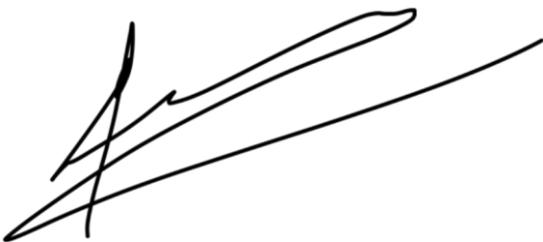


Yima SPRL, represented by
François Fornieri, Managing Director

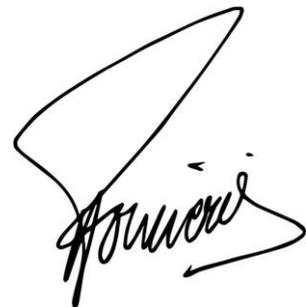
2. Responsibility statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements as of 31 December 2018, 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 S.A. on the consolidated financial statements for the year ended December 31, 2018

In the context of the statutory audit of the consolidated financial statements of Mithra Pharmaceuticals S.A. (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 as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are 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 annual accounts closed on December 31, 2020. We have performed the statutory audit of the consolidated financial statements of Mithra Pharmaceuticals S.A. for fourteen consecutive years.

Report on the audit of 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, 2018, and the consolidated income statement and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 355,684 (000) EUR and for which consolidated income statement and other comprehensive income shows a loss for the year of 12,363 (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, 2018, 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 (ISAs) 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 board of directors 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.

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 accounts 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 SPRL and Novalon SA in 2015, the consolidated financial statements include a contingent consideration towards the previous owners. 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 and market conditions.

Procedures performed

Our audit procedures included, among others, the following:

- 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, long term growth rate and discount rate as applied;
- We have analyzed the consistency of the underlying data used in the valuation model and compared these with the data used in the context of the annual impairment test;
- We have performed an assessment of the reasonableness of key assumptions, notably probabilities of success, discount rate and long term growth rate;
- We reviewed the completeness and adequacy of the disclosures as included in Note 9.16.3 to the consolidated financial statements.

Revenue recognition

Description of the matter

As explained in Notes 9.2.19 and 9.19 to the consolidated financial statements, the company has early adopted, in the consolidated financial statements for the year ended December 31, 2017, the new revenue standard, being the IFRS 15. The company has two main revenue streams, which are, on the one hand, sales of product, 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.

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;
- 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 checked the consistency of the different tax rates applicable to the relevant statutory entities;
- 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;
- We have reviewed the accounting entries;
- We reviewed the completeness and adequacy of the disclosures as included in note 9.24 to the consolidated financial statements.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors 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 board of directors 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 board of directors 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 board of directors 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 statement.

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 board of directors;
- Conclude on the appropriateness of the board of directors' 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 as well as 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 have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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.

Statutory auditor's report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors 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 (revised in 2018) that is supplementary 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 annual report on the consolidated financial statements, as well as to report on these elements.

Aspects related to the management report on the consolidated financial statements and 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, the management report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 119 of the Company Code.

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 any material misstatements, i.e. any 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.

We do not express any form of assurance whatsoever on the management report on the consolidated financial statements.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of annual accounts and remained independent of the Company during the terms of our mandate.
- The fees related to additional services which are compatible with the statutory audit as referred to in article 134 of the Company Code 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 6, 2019

A handwritten signature in black ink, appearing to read 'Antonelli', written in a cursive style.

BDO Réviseurs d'Entreprises SCRL

Statutory auditor

Represented by Cédric ANTONELLI

4. Consolidated Statement of Income

CONTINUING OPERATIONS

<i>Thousands of Euro (€)</i>	<i>Notes</i>	<i>Year ended 31 December</i>	
		2018	2017
Revenues	9.6, 9.19	57,876	32,042
Cost of sales	9.20	(1,571)	(2,595)
Gross profit		56,306	29,447
Research and development expenses	9.20, 9.21	(35,713)	(48,185)
General and administrative expenses	9.20, 9.21	(8,979)	(8,697)
Selling expenses	9.20, 9.21	(1,977)	(1,734)
Other operating income	9.19	4,552	3,007
Total operating expenses		(42,118)	(55,609)
Profit / (Loss) from operations		14,188	(26,162)
Change in fair value of contingent consideration payable ⁴	9.16, 9.18	(46,550)	(25,455)
Financial income	9.23	237	377
Financial expenses	9.23	(5,365)	(267)
Loss before taxes		(37,491)	(51,507)
Income taxes	9.24	9,885	13,148
Net loss from the continuing operations		(27,606)	(38,360)
Weighted average number of share for the purpose of basic loss per share		36,564,683	32,660,197
Basic loss per share (in Euro)		(0.75)	(1.17)
Diluted loss per share (in Euro)		(0.75)	(1.17)

DISCONTINUED OPERATIONS⁵

<i>Thousands of Euro</i>	<i>Notes</i>	<i>Year ended 31 December</i>	
		2018	2017
Revenues	9.31, 9.6, 9.19	7,589	14,211
Cost of sales	9.31	(3,684)	(6,499)
Gross profit		3,905	7,711
Selling expenses	9.31, 9.20, 9.21	(1,989)	(2,961)
Other operating income	9.31, 9.19	876	330
Gain on sale of disposal group	9.31, 9.19	18,477	-
Total operating expenses		17,363	(2,630)
Profit / (Loss) from operations		21,269	5,081
Financial expenses	9.31, 9.23	(10)	-
Profit / (Loss) before taxes		21,258	5,081
Income taxes	9.31, 9.24	(6,015)	(1,727)
Net Profit from discontinued operations		15,243	3,354

⁴ Fair values is computed on the contingent considerations payables which are reported under Other financial loans

⁵ Please refer to note 9.31 Discontinued operations

GROUP TOTAL

<i>Thousands of Euro</i>	<i>Notes</i>	<i>Year ended 31 December</i>	
		<i>2018</i>	<i>2017</i>
Revenues	9.6, 9.19	65,465	46,252
Gross Profit		60,211	37,158
Profit / (Loss) from operations		35,457	(21,081)
Change in fair value of contingent consideration payable ⁶	9.16, 9.18	(46,550)	(25,455)
Financial income	9.23	237	377
Financial expenses	9.23	(5,375)	(267)
Profit / (Loss) before taxes		(16,232)	(46,426)
Income taxes	9.24	3,869	11,421
Net Profit / (Loss) for the year		(12,363)	(35,006)
<i>Attributable to</i>			
Owners of the parent		(12,363)	(35,006)
Non-controlling interest		-	-

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

5. Consolidated statement of comprehensive income

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Net loss for the year	(12,363)	(35,006)
Other comprehensive income	(3)	(15)
Currency translation differences	(3)	(15)
Total comprehensive income/loss for the year	(12,366)	(35,021)
Attributable to		
Owners of the parent	(12,366)	(35,021)
Non-controlling interest		
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(12,366)	(35,021)

6. Consolidated Statement of Financial Position

Thousands of Euro (€)	Notes	As at 31 December	
		2018	2017
ASSETS			
Property, plant and equipment	9.8	84,396	59,519
Goodwill	9.9	5,233	5,233
Other Intangible assets	9.7	81,907	80,385
Deferred income tax assets	9.24	27,045	22,718
Other non-current assets	9.11	3,435	2,644
Non-current assets		202,017	170,500
Inventories	9.12	10,945	4,141
Trade & other receivables	9.13	23,773	33,881
Cash & cash equivalents	9.14	118,949	36,190
Current assets		153,667	74,212
TOTAL ASSETS		355,684	244,712

Thousands of Euro (€)	Notes	As at 31 December	
		2018	2017
EQUITY AND LIABILITIES			
Equity			
Share capital	7, 9.15	26,925	25,036
Additional paid-in-capital	7, 9.15	221,587	148,279
Accumulated deficit	7	(97,557)	(86,374)
Translation differences	7	(62)	(59)
Equity attributable to equity holders		150,893	86,882
Subordinated loans	9.16	14,222	11,158
Other loans	9.16	53,148	38,073
Refundable government advances	9.16.2	10,252	7,785
Other financial liabilities	9.16.3, 9.18	88,620	46,232
Provisions		266	266
Deferred tax liabilities	9.24	2,202	2,099
Non-current liabilities		168,710	105,612
Current portion of Subordinated loan	9.16	173	104
Current portion of Other loans	9.16	12,405	9,206
Current portion of Refundable government advances	9.16	668	493
Current portion of Other financial liabilities	9.16	7,007	6,434
Trade payables and other current liabilities	9.17	14,624	24,174
Corporate tax payable		334	(4)
Accrued charges & Deferred income	9.17	868	11,811
Current liabilities		36,081	52,217
TOTAL EQUITY AND LIABILITIES		355,684	244,712

7. Consolidated statement of changes in Equity

<i>Thousands of Euro (€)</i>	<i>Share Capital</i>	<i>Share Premium</i>	<i>Accumulated deficit</i>	<i>CTA</i>	<i>Share-based payment reserve</i>	<i>Total Equity</i>
Notes	9.15	9.15			9.26	
Balance as at 1 January 2017	22,613	122,830	(53,733)	(44)	1,349	93,015
Result for the year			(35,006)			(35,006)
Currency translation differences				(15)		(15)
Capital increase of 21 June 2017	1,957	24,177				26,134
Capital increase warrants NOV 2017	530	1,948				2,479
Transaction costs for equity issue	(65)	(676)	(5)			(746)
Share-based payment expense					1,021	1,021
Balance as at 31 December 2017	25,036	148,279	(88,744)	(59)	2,370	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)	(62)	3,551	150,893

8. Consolidated Cash Flow statement

GROUP TOTAL (INCLUDING DISCONTINUED OPERATIONS)

<i>Thousands of Euro (€)</i>	<i>Notes</i>	<i>Year ended 31 December</i>	
		<i>2018</i>	<i>2017</i>
Cash Flow from operating activities			
Result from operations		35,457	(21,081)
Depreciation and amortisation	9.20	2,851	2,156
Gain on sale of disposal group	9.31	(18,477)	-
Tax credit	9.19	(739)	(2,406)
Share based payments	9.26	1,181	1,021
Taxes paid		-	(85)
Subtotal		20,273	(20,395)
Changes in working capital			
Increase/(decrease) in Trade payables and other current liabilities	9.17	(9,050)	8,493
(Increase)/decrease in Trade receivables and other receivables	9.13	10,108	(25,925)
(Increase)/ decrease in Inventories	9.12	(7,604)	29
Increase/(decrease) in deferred revenue and others	9.19	(10,185)	6,739
Net cash provided by/-(used in) operating activities		3,542	(31,061)
Cash Flow from investing activities			
Payment for acquisition of tangible fixed assets	9.8	(10,009)	(14,803)
Payment for acquisition of intangible fixed assets	9.7	(90)	(1,255)
Disposal of assets	9.31	19,353	312
Contingent liabilities payments	9.18	(3,690)	-
Net cash provided by/-(used in) investing activities		5,564	(15,746)
Cash Flow from financing activities			
Repayments of financial loans & government advances	9.16	(1,365)	(574)
Proceeds from financial loans & government advances	9.16	3,282	11,204
Interest paid	9.23	(3,460)	(1,271)
Proceeds from issuance of shares (net of issue costs)	9.15	75,196	27,887
Net cash provided by/-(used in) financing activities		73,653	37,246
Net increase/(decrease) in cash and cash equivalents		82,760	(9,561)
Cash & cash equivalents at beginning of the year		36,190	45,750
Cash & cash equivalents at end of the year		118,949	36,190

DISCONTINUED OPERATIONS

<i>Thousands of Euro</i>	<i>Notes</i>	<i>Year ended 31 December</i>	
		<i>2018</i>	<i>2017</i>
Cash flow from operating activities	9.31	2,791	5,081
Cash flow from investing activities	9.31	18,477	-
Cash flow from financing activities		-	-
Cash flow from discontinued operations		21,269	5,081

9. Notes to the consolidated financial statements

9.1. General Information

Mithra Pharmaceuticals SA (Euronext MITRA) is dedicated to providing innovation and choice in Women's Health, with a particular focus on contraception and menopause. Mithra's goal is to develop new and improved products that meet women's needs for better safety and convenience. Its three lead development candidates – a fifth generation oral contraceptive Estelle[®], the first complete oral treatment for perimenopause PeriNesta[™] and next-generation hormone therapy Donesta[®] - are built on Mithra's unique native estrogen platform, E4 (Estetrol). Mithra also develops, manufactures and markets complex therapeutics and offers partners a complete spectrum of research, development and specialist manufacturing at its CDMO.

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 2018 have been authorized for issue on 6 April 2019 as decided by the Board of Directors of 04 April 2019. 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 preparation

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

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.

New Standards, Interpretations and Amendments adopted for the accounting period starting on 1 January 2018

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, 2018. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2018.

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.

- IFRS 1 First-time Adoption of International Financial Reporting Standard – Amendments resulting from Annual Improvements 2014-2016 Cycle (December 2016)
- IFRS 2 Share-based Payment – Amendments to clarify the classification and measurement of share-based payment transactions (June 2016)
- IFRS 4 Insurance Contracts – Amendments regarding the interaction of IFRS 4 and IFRS 9 (September 2016)
- IFRS 9 Financial Instruments – Classification and Measurement (Original issue July 2014, and subsequent amendments)
- IAS 28 Investments in Associates and Joint Ventures – Amendments resulting from Annual Improvements 2014-2016 Cycle (December 2016)

- IAS 39 Financial Instruments: Recognition and Measurement – Amendments for continuation of hedge accounting (fair value hedge of interest rate exposure) when IFRS 9 is applied (November 2013)
- IAS 40 Investment Property: Amendments to clarify transfers of property to, or from, investment property (December 2016)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (December 2016)

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

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, 2018 and/or not yet adopted by the European Union as per December 31, 2018 and for which the impact might be relevant:

- Annual Improvements to IFRSs 2015-2017 Cycle (December 2017) *
- 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 9 Financial Instruments – Amendments regarding prepayment features with negative compensation (October 2017) *

IFRS 9 introduces mainly (i) a new approach for the classification of financial assets, (ii) a new expected credit loss (ECL) model that will require more timely recognition of impairment credit losses and (iii) introduces a new model for hedge accounting, with enhanced disclosures. Regarding the classification and measurement of financial assets, the impact is limited since the Group does not hold significant equity or debt investments. Likewise, the impact in the Group of the new guidance on impairment of financial assets is very limited considering the nature of financial assets held and specifically the high quality profile of our limited number of customers included in our trade receivables. The Group does not currently apply hedge accounting. Considering all of the above, the Group has concluded that the application of IFRS 9 does not have a significant impact on its financial statements

- IFRS 16 Leases (Original issue January 2016) - This standard provides a basis for the accounting of leasing contracts by lessees and lessors. The standard will be applicable for annual periods beginning on or after 1 January 2019. We identified the following leases on which there will be an impact of IFRS 16 for Mithra;
 - Manufacturing equipment
 - More or less 80 company cars rental contracts
 - Rental agreements for the rent of office buildings
- IFRS 17 Insurance Contracts (Original issue May 2017) *
- IAS 1 Presentation of Financial Statements – Amendments regarding the definition of material (October 2018) *
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (October 2018) *
- 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) *

* Not yet endorsed by the EU as of December 31, 2018.

Except for the impact of the IFRS 16 implementation which we are currently investigating, none of the other new standards, interpretations and amendments, which are effective for periods beginning after January 1, 2018 which have been issued by the IASB and the IFRIC but are not yet effective as per December 31, 2018 and/or not yet adopted by the European Union as per December 31, 2018, are expected to have a material effect on the Group's future financial statements.

9.2.2. 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 9.2.3)

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.

9.2.3. 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 acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

9.2.4. 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.

9.2.5. 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.

9.2.6. *Intangible Assets*

a) Research & development costs

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

An internally-generated intangible asset arising from development is recognized to the extent that all conditions for capitalization 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 capitalized 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 9.2.3

9.2.7. *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 income statement 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 analyzed 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 recognized within 'Other operating income or expenses' in the income statement.

9.2.8. Impairment of tangible, intangible assets and of goodwill

Assets with an indefinite useful life are tested for impairment annually and at each interim 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.

9.2.9. 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. Assets held for sale booked at 30 June 2018 have been sold at 31 December 2018.

9.2.10. 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 (FIFO) 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 done based on the shelf life of the products.

9.2.11. Trade receivables

Trade receivables are 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 provision for impairment.

9.2.12. Other Short-term investments

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

9.2.13. 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.

9.2.14. 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.

9.2.15. 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 recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

9.2.16. 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 income statement 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 it 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.

9.2.17. 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.

9.2.18. Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risk and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are at the start of the lease term recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. The financial costs need to be accounted to each term of the lease period so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed.

Rentals payable under operating leases are charged to income 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 are also spread on a straight-line basis over the lease term.

9.2.19. Revenue recognition

While IFRS 15 is normally applicable after 1 January 2018, management has early adopted the Standard for the preparation of the 2017 financial statements, applying the standard retrospectively to each prior reporting period.

Net sales encompass revenue recognized 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 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 the license. Some arrangements also include ongoing involvement by the Group, who may provide R&D 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 recognized as the Group satisfies the combined performance obligation.
- If the license is distinct, revenue is recognized 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 recognized 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 recognized 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, the related revenues are recognized over time using the output methods for determining the stage of completion of the services.
- For manufacturing and supply agreements, the revenue is recognized 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 amortization period of the asset otherwise recognized would have been one year or less.
- Regarding contract liabilities, a contract liability is 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. Contract liabilities are presented as deferred income in the statement of financial position.

9.2.20. 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.

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 recognized 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.

9.2.21. 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 recognized 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.

9.2.22. R&D tax credit

Companies that invest in research and development of new environmentally friendly products and advanced technologies can enjoy 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.

9.3. 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 rather stable and even with negative interest rates. 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 0.1% shift would not be significant.

Foreign exchange risks

The Group is currently not materially exposed to foreign exchange risks. Any future exchange rate risks that might materially expose the Group will be monitored closely. If appropriate, adequate mitigating actions will be taken.

Price risks

The Group is currently not materially exposed to price risks.

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 for the financial year 2018 is shown below.

Year	Thousands of Euro (€)			Past due but not impaired			
	Carrying amount	Neither impaired nor past due	0-60 days	61-90 days	91-120 days	>120 days	
2018	19,544	17,932	48	930	435	199	
2017	25,428	19,175	5,551	249	63	390	

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 provision for 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.

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 the bank borrowings and subordinated debts, as well as the trade and other payables, the contingent considerations for Myring™ and Zoreline® and refundable government advances are shown below.

<i>Thousands of Euro (€)</i>	<i>Less than 3 months</i>	<i>Between 3 months and 1 year</i>	<i>Between 1 and 2 years</i>	<i>Between 2 and 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
At 31 December 2018	15,890	21,101	13,610	53,872	97,617	202,090
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 considerations 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	14,624	-	-	-	-	14,624
At 31 December 2017	29,043	17,032	6,746	33,446	101,262	187,529
Subordinated Loans & Bank loans	182	9,202	1,473	4,300	9,851	25,008
Finance lease liabilities	241	1,357	3,375	12,653	29,270	46,896
Contingent considerations Myring™ and Zoreline® & Refundable government advances	4,446	6,474	1,897	16,493	62,141	91,450
Trade and other payables and other current liabilities	24,174	-	-	-	-	24,174

The EUR 9,754k CDMO Straight Loan (refer to Note 9.16 Borrowings) is reported as current on the balance sheet, but the liquidity risk is not relevant as repayments are conditioned to be the granting of "subsidies" by Société Publique Wallonne (SPW) so that the cash out will be 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 for Myring™ and Zoreline® based on the existing business plan at 31 December 2018. The fixed part of the refundable government advances is of course independent of these assumptions.

The contingent consideration for Estetra has been excluded from the table above, as it depends on the market share that Estelle® can obtain. Based on updated management estimates of the potential market share, the contingent consideration represents between circa 3 and 4% of the potential partner's realized revenues.

The following table shows the potential maximum amount of the Estetra contingent consideration over a period up to and including 2040:

<i>Assumed partner (COC) market share:</i>	<i>Total contingent consideration Millions of Euro (€)</i>
5 %	300-400
7,5 %	500-650
10 %	650-850
15 %	950-1300

The difference between the above table and the amounts detailed in sections 9.16. Borrowings 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 and commercialization have been applied to them.

The contingent considerations relating to the asset deal Donesta are not reported in the table above, for more details please refer to 9.5.2. Donesta Bioscience BV from the Annual Report 2017.

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

a) 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 2018, Mithra has a total of EUR 97.6 million accumulated losses on its balance sheet and realized a consolidated net loss of EUR 12.4 million for the year ended 31 December 2018. The Group has analyzed the financial statements and accounting policies and based on conservative assumptions, the current cash position of EUR 119 million at 31 December 2018 will allow the Group to keep up with operating expenses and capital expenditure requirements at least until the end of 2019. Based on its assessment, the Management 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

b) 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. The new revenue standard (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.

Sales related to Belux Business have been disclosed in a separate note, refer to 9.31 Discontinued operations. Since August 2018, Mithra is acting as an Agent for Ceres, so that revenue is reported net of the related COGS. Indeed, Mithra is still selling some products on behalf of Ceres during a transition period, until all market authorizations will be formally transferred.

c) R&D capitalization

R&D capitalization 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 technical feasibility and economic benefits that results from it This analysis is done on a project basis and with the involvement of internal project managers.

d) 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.

e) Income taxes

Significant judgment is required in determining the consolidated provision for income taxes. 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 expense.

f) 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.

g) 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 are determined based upon discussions with local engineers.

h) 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.

i) 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 2017 and 2018, Mithra had no business combinations or asset deals to account for in its year-end financial statements. Last business combinations occurred in 2015. For more details please refer to 9.5. Business combinations and asset deals from the Annual Report 2017.

9.6. Segment Information

Due to the increasing volume of new license granting deals, operating activities are since 2017 being reviewed at two levels: Benelux business for product sales and out-licensing business for partnership deals within Mithra. Hence, a distinction is being made in the information provided regularly to the chief operating decision maker, François Fornieri.

Thousands of Euro (€)	2018	2017
Discontinued operations	7,589	14,007
Product sales	7,589	14,007
Out-licensing	-	-
Continuing operations	57,876	32,245
Product Sales	1,539	2,845
Out-licensing	56,337	29,400
Total Revenues	65,465	46,252

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 2018, two major customers representing 61% (Gedeon Richter) and 10% respectively of total revenue were identified in the "out-licensing" segment. No other customer represented more than 10% of total revenue.

Non-current assets

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Continuing operations		
Belgium	193,997	161,528
Brazil	6	478
Luxembourg	6	9
The Netherlands	7,998	7,998
Germany	8	10
Total Continuing operations Non-Current assets	202,016	170,022

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Discontinued operations		
Belgium (Assets held for sale)	-	477
Total Discontinued operations Non-Current assets	-	477

The main non-current assets are located in Belgium, except for the intellectual property rights (relating to Estetrol, excluding the rights related to Estelle®) acquired in the Netherlands and some minor assets 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 2016	466	81,984	425	-	82,875
Additions	281	-	219	1,575	2,075
Acquisitions through business combination	110	-	(310)	-	(200)
At 31 December 2017	857	81,984	334	1,575	84,750
Additions	652	-	-	1,530	2,182
Disposals	-	(1,431)	-	-	(1,431)
At 31 December 2018	1,509	80,553	334	3,105	85,501
Accumulated amortisation					
At 31 December 2016	-	3,665	81	-	3,745
Amortisation expense	506	-	114	-	620
At 31 December 2017	506	3,665	195	-	4,365
Amortisation expense	142	(913)	-	-	(772)
At 31 December 2018	648	2,752	195	-	3,594
Net Book Value					
At 31 December 2016	466	78,320	345	-	79,130
Cost	857	81,984	334	1,575	84,750
Accumulated amortisation and impairment	506	3,665	195	-	4,365
At 31 December 2017	351	78,320	139	1,575	80,385
Cost	1,509	80,553	334	3,105	85,501
Accumulated amortisation and impairment	648	2,752	195	-	3,594
At 31 December 2018	861	77,802	139	3,105	81,907

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 milestone payments for both Donesta[®] (conditional payments with a maximum of EUR 12,000k) and the Colvir, Vaginate and Alyssa assets are considered as contingent considerations payments based on future performance and will be accounted for as an adjustment to the cost of the intangible if and when the contingent considerations becomes a liability.

Most of IP rights are not yet amortised because they are not yet available for use. No impairment indicators were identified as at December 31, 2018.

Intellectual property rights

Thousands of Euro (€)	2018	2017	Clinical Status
Intangible Estelle	30,686	30,686	End of Phase III
Donesta asset deal	8,000	8,000	End of Phase II
Intangible Zoreline	24,382	24,382	PK study
Intangible MyRing	11,425	11,425	UE : finalised and US : bioequivalence ongoing
Products purchased GSP	2,450	2,450	In progress
Intangible Brazil Acquisition	463	463	N/A
Other	396	914	Used and depreciated
Total	77,802	78,320	-

No impairments indicators have been identified on Intangible assets.

The increase in intangible assets during 2018 is primarily explained by the development costs capitalization in Estetra related to the project "E4 synthesis" (for EUR 1,530k), which entered into the development phase since 2017. The R&D expenses are not yet amortised because the project is still in development Phase. No impairment indicators were identified as at December 31, 2018.

9.8. Property, plant and equipment

Thousands of Euro (€)	Land and buildings	Fixtures and equipment	Motor Vehicles	Total
<i>Cost</i>				
At 31 December 2016	13,902	4,507	156	18,565
Additions	38,444	5,846	34	44,285
Disposals	-	(69)	(36)	(105)
At 31 December 2017	52,347	10,284	154	62,785
Additions	19,271	7,708	249	27,228
Disposals	-	-	-	-
At 31 December 2018	71,618	17,992	403	90,013
<i>Accumulated amortisation</i>				
At 31 December 2016	456	1,071	77	1,604
Disposals	-	-	-	-
Amortisation expense	1,295	377	(11)	1,661
At 31 December 2017	1,751	1,448	66	3,265
Amortisation expense	1,663	451	238	2,352
At 31 December 2018	3,414	1,899	304	5,617

Net Book Value

At 31 December 2016	51,891	3,436	79	6,961
Cost	52,347	10,284	154	62,785
Accumulated amortisation and impairment	1,751	1,448	66	3,265
At 31 December 2017	50,596	8,836	88	59,519
Cost	71,618	17,992	403	90,013
Accumulated amortisation and impairment	3,414	1,899	304	5,617
At 31 December 2018	68,204	16,093	99	84,396

In November 2014, Mithra laid the first stone of its future integrated R&D and manufacturing technology platform called Mithra CDMO (Contract Development and Manufacturing Organization).

During the 2018, the Group recorded EUR 27,228k of additions to the tangible fixed assets which were mainly related to prepayments for its new production facility for the manufacturing of pharmaceutical products. The Group entered into various finance leases (see financial note 9.28) for the CDMO and related equipment,

The acquisition value of the building has been analyzed by component and specific useful lives and residual values were applied to each of them. Depreciation by component is provided for lifespans ranging between 5 and 30 years and CDMO building components from Phase 1 have been depreciated as from April 2017.

The second and final phase of the CDMO construction (Phase 2) has been completed in H2 2018 within the allocated budget (EUR 25.8 million). This second phase is dedicated to tablet manufacturing. Both Phases are supported by the Walloon Region by a nonrefundable investment grant.

The machines acquired within the CDMO investment are not depreciated in 2018 because these assets are not yet ready for their intended use but they will be ready as production starts in 2019 as communicated on our website.

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 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.

Considering the fact that the recoverable value of Estelle[®] was initially estimated using a Phase 2 discount rate which is no longer applicable, that the WACC is slightly higher, and also taking into account that the Company was able to negotiate deals outside of the European and US markets which were the basis for the underlying business plan, no impairment loss was identified. 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[®].

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 at 14.39% and is the same for all three models. Management's assessment is that the recoverable amounts exceeds their carrying value and that no impairment is required.

Assumptions 2018:

Probability of success in 2018

<i>Intangible assets tested</i>	<i>Long term growth rate</i>	<i>Phase 2</i>	<i>Phase 3</i>	<i>WACC</i>
Estelle®	-1%	100%	38%	14.39%
	<i>Long term growth rate</i>	<i>R&D</i>	<i>Commercial</i>	
Zoreline®	-3%	80%	55%	14.39%
Myring™	0%	90%	75%	14.39%
Intangible assets tested				

Assumptions 2017:

Probability of success in 2017

<i>Intangible assets tested</i>	<i>Long term growth rate</i>	<i>Phase 2</i>	<i>Phase 3</i>	<i>WACC</i>
Estelle®	BP up to 10 years	100%	38%	13.23%
	<i>Long term growth rate</i>	<i>R&D</i>	<i>Commercial</i>	
Zoreline®	-3%	30%	55%	13.23%
Myring™	0%	90%	75%	13.23%
Intangible assets tested				

Actually, a sensitivity analysis of impairment test has been done in case of adverse changes in assumptions. Mithra tested reasonable sensitivity to changes in the discount rate and a simulated increase of up to 1 percentage point in the discount rate used would not change the findings of the Group's analysis.

9.10. Investments in associates

<i>Thousands of Euro (€)</i>	<i>Targetome</i>	<i>Total</i>
At 31 December 2016	165	165
Loss of the period - equity accounting	0	0
Derecognition of investment in associate	(165)	(165)
At 31 December 2017	0	0
Loss of the period - equity accounting	0	0
At 31 December 2018	0	0

End of 2017, the Board of Directors of Targetome decided to terminate its activities. Further decisions regarding the future of the company are expected so that its value was derecognized for the current financial year.

9.11. Other non-current assets

<i>Thousands of Euro (€)</i>	<i>As at 31 December</i>	
	<i>2018</i>	<i>2017</i>
R&D tax credit	2,402	2,417
Advance payments	800	-
Other long term receivables	233	227
Total other non-current assets	3,435	2,644

In 2018, we can notice an increase of Other non-current assets mainly explained by the advance payments regarding API for EUR 800k.

9.12. Inventories

<i>Thousands of Euro (€)</i>	<i>As at 31 December</i>	
	<i>2018</i>	<i>2017</i>
Raw materials & consumables	8,338	2,180
Finished goods	2,971	2,350
Total at cost	11,309	4,530
Cumulated amounts written off at the beginning of the period	(389)	(125)
Reversal of write-down of inventories credited to expense in the period	22	(264)
Cumulated amounts written off at the end of the period	(367)	(389)
Total net carrying amount	10,945	4,141

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 is mainly explained by the Myring™ production in 2019.

Regarding the inventory related to Belux Business, the Group still owns some inventories in the transition period agreed with Ceres until all the adequate procedures are performed. Indeed, the stock is transferred with the license of the products so that in the meanwhile, Mithra acts as an agent on behalf of Ceres.

9.13. Trade Receivables and other current assets

<i>Thousands of Euro (€)</i>	<i>As at 31 December</i>	
	<i>2018</i>	<i>2017</i>
Trade receivables	19,544	25,428
Recoverable VAT	2,720	6,270
Prepayments	1	558
Other	1,508	1,624
Total Trade receivables	23,773	33,881

The decrease in Trade receivables is mainly explained by the payment received regarding the invoices issued for the license upfront fees. The major part of the recoverable VAT stated at December 2018 closing has been collected at the end of Q1 2019. The decrease of VAT balance is explained by higher volume of investments on the CDMO Platform in 2017.

For more details about unbilled revenue (contract assets) please refer to the Note 9.19 Revenue and other operating income.

9.14. Cash and cash equivalents

Thousands of Euro (€)	As at 31 December	
	2018	2017
Cash at bank and in hand	118,949	36,190
Total cash and cash equivalents	118,949	36,190

9.15. Share capital

These shares are fully paid and have no nominal value.

9.15.1. General

At 31 December 2018 and 31 December 2017, the Company's share capital was represented by the following number of shares (units).

	As at 31 December	
	2018	2017
Number of shares (issued and fully paid)	37,639,495	34,967,081

These shares are fully paid up and have no nominal value. There are no share categories within the company; i.e. all shares entitle their owner to the same rights. There were no treasury shares as at end of December 2018.

There were 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 as from 29th January 2021. Refer to notes 1.4 and 9.26.

9.15.2. Changes in capital

The change in the number of shares during each of the periods ending on 31 December 2018 and 31 December 2017 is as follows:

Thousands of Euro (€)	Number of Shares	Issued Capital	Share premium	Total
Balance at 31 December 2015	31,129,756	22,613	122,830	145,443
Balance at 31 December 2016	31,129,756	22,613	122,830	145,443
- Incorporation in capital of retained earnings	3,112,975	1,957	24,177	26,134
- Capital increase by subscription rights	724,350	530	1,948	2,479
- Transaction costs for equity issue		(65)	(676)	(741)
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	26,924	221,587	248,511

The following capital transactions took place between 1 January 2017 and 31 December 2017:

- By resolution of a Board of directors' meeting held on 21 June 2017, a capital increase took place by means of authorized capital which was closed on 23 June 2017, resulting in the issue of 3,112,975 new shares at an issue price of EUR 8.4 per share, i.e. EUR 26.134k in the aggregate, of which EUR 1.957k was incorporated in the capital and EUR 24.177k was booked as issue premium.
- An additional 724,350 ordinary shares have been issued by the Company for an amount of EUR 2,478 k as the result of the exercise of 439 subscription rights (warrants).

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. As, the offered new shares represented less than 20% of the Company's total shares currently admitted to trading on Euronext Brussels (pre-transaction) and brought the total number of shares (post-transaction) to 37,639,495, there was no legal obligation for the Company to issue a Prospectus. 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, can not 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 post year-end. 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.
- Post period (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. In accordance with the 2015 warrant plan, 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 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 on the date of the present report corresponding to 37,664,245 existing shares.

9.16. Financial liabilities

An overview of the borrowings is shown below.

Thousands of Euro (€)	2018			As at 31 December 2017		
	Total	Current	Non-Current	Total	Current	Non-current
Subordinated loans	14,395	173	14,222	11,262	104	11,158
Other loans	65,553	12,405	53,148	47,278	9,205	38,073
Bank loans	14,966	10,270	4,697	12,724	9,205	3,519
Financial Lease	50,141	2,135	48,006	34,059	-	34,059
Capital grants	446	-	446	495	-	495
Refundable government advances	10,921	668	10,252	8,278	493	7,785
Other financial liabilities	95,627	7,007	88,620	52,665	6,434	46,232
Total Borrowings	186,496	20,253	166,242	119,483	16,236	103,247

Reconciliation of liabilities arising from financing activities:

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 95,627 k) which 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. Other loans and subordinated loans

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	2018	2017
NON-CURRENT					
Subordinated loans (non-current)				14,222	11,261
Unsecured subordinated loans				210	395
Development Brazilian/Dutch subsidiary	4.95%	Fixed	2022	210	291
Secured subordinated loans				14,012	10,866
CDMO Phase 1 property – prefin.	6.50%	Fixed	2018	9,922	7,997
CDMO Phase 2 property – prefin.	5.75%	Fixed	2018	2,397	1,264
CDMO Phase 2 Furnishing – prefin.	5.75%	Fixed	2018	1,693	1,606
Other loans (non-current)				52,703	37,578
Bank loans				4,697	3,519
Long term bank loans				2,423	895
Investment loans	2.00%	Fixed	2023	437	541
Working capital funding	5.24%	Fixed	2023	286	354
Belfius	1.89%	Fixed	2027	1,700	-
Other bank loan				2,274	2,625
Innodem	2.57%	Fixed	2026	2,274	2,625

Financial Lease				48,006	34,059
Leasing "Intégrale" (Immo Phase I)	5.40%	Fixed	2032	24,331	25,164
Leasing « Intégrale » (Immo Phase II)	5.75%	Fixed	2034	8,829	-
Leasing ING Lease (solar panels)	3.00%	Fixed	2026	355	-
Leasing CBC Lease	2.00%	Fixed	2021	733	-
Leasing Phase 1 immo	3.14%	Fixed	2026	-	829
Leasing ING Lease (Phase 2)	3.00%	Fixed	2026	6,165	-
Leasing ING Lease (Phase I)	3.14%	Fixed	2026	7,593	8,066
Total non-current				66,924	48,736

Detail of current bank borrowings and subordinated loans:

Thousands of Euro (€)	Interest rate %	Fixed / Variable	Maturity	2018	2017
CURRENT					
Subordinated loans (current)				173	104
Unsecured subordinated loans				83	104
Development Brazilian/Dutch subsidiary	4.95%	Fixed	2022	83	104
Secured subordinated loans				90	-
CDMO Phase 1 Property	3.14%	Fixed	2026	90	-
Other loans (current)				12,405	9,205
Bank loans				10,270	9,205
Straight Loans ING - CDMO		Variable	2018	9,754	8,660
Working capital funding	5.24%	Fixed	2023	67	67
Investment loans	2.00%	Fixed	2023	99	99
Innodem	2,57%	Fixed	2026	344	379
Financial lease				2,135	-
Leasing "Intégrale" (Immo Phase I)	5.40%	Fixed	2032	833	-
Leasing « Intégrale » (Immo Phase II)	5.75%	Fixed	2034	268	-
Leasing ING Lease (solar panels)	3.00%	Fixed	2026	45	-
Leasing ING Lease (Phase 2)	3.14%	Fixed	2026	516	-
Leasing ING Lease (Phase I)	3.14%	Fixed	2026	473	-
Total current				12,578	9,310

The EUR 9,754k CDMO Straight Loan is referred as a current borrowing because of the short term nature of the straight loans, but part of the repayments will be done at the granting of "subsidies" by Société Publique Wallonne (SPW), so that the cash out will be compensated.

Securities given by the Company primarily consist of Receivable pledges (EUR 7,200k) and pledges on future receivables related 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.

On 17 November 2014, the company has entered into finance leases for the construction and use of a production facility for the manufacturing of pharmaceutical products. The leases were supposed to commence at the earliest of

the operational qualification of the construction or 31 October 2016. These leases were amended in 2016. The amendment consisted of a change for the entering into force of the leases until 30 April 2017, together with a grace period on the principal repayments until April 2019. The total investment for Phase I was supposed to amount to EUR 49,400k. Mithra committed to participate up to 32.87% in the financing of the construction through transferring the proceeds of a subordinated loan and grants that will be pre-financed by straight loans. The remainder is financed through two lease agreements: a lease contract of land and building with a term of 15 years for a total amount of EUR 24,900k and an equipment lease for a total amount of EUR 8,000k with a term of 7 years. The leasing of EUR 24,900k was amended during the course of 2016 and is now for EUR 25,164k.

Additionally on 20 May 2016, the company entered into new finance leases for the Phase 2 construction of the production facilities for the manufacturing of pharmaceutical products for which the total investment was estimated at ca. EUR 25,835k. The leases were supposed to commence at the earliest of the operational qualification of the construction or 30 April 2019. Finally, the leases had started on November 14, 2018 and construction was received as operational. The contract has a grace period until April 2019. Similar to the Phase I financing, Mithra committed to participate up to 35.04% in the financing of the construction through transferring the proceeds of a subordinated loan and of grants that will be pre-financed by straight loans. The remainder is financed through two lease agreements: a lease contract of land and building with a term of 15 years for a total amount of EUR 9,097k and an equipment lease for a total amount of EUR 7,685k with a term of 7 years.

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 relevant project. In case such project is stopped, 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 and capital grants.

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 commercialization, 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.

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Refundable government advances Estetra	6,007	5,887
Other refundable government advances	4,913	2,390
Total refundable government advances	10,920	8,278

The below table gives the details of refundable governments advances granted to the group and repayments done in 2018:

In Euro (€)	Amount of grant	Decision year on fixed repayments part	% of fixed repayment part	% applied on turnover for variable repayment part	Maximum repayment amount	Amount reimbursed 2018
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%	-
AR 6137 - Zoreline	1,825,884	01-12-2009	30%	3,30%	200%	256,384
AR 6138 - Drosperinone Novalon	625,800	01-12-2009	30%	0,50%	200%	21,468
AR 7492 - Donesta	2,898,000	01-12-2015	30%	0,10%	200%	-
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%	21,760
AR 6926 - Estelle	2,009,000	01-12-2012	30%	0,20%	200%	62,622
AR 6875 - Estelle	5,400,000	01-12-2012	30%	0,60%	200%	339,450
AR 7411 - Co-extrusion CDMO	441,000	01-12-2015	30%	0,40%	200%	16,839
AR 1510597 - Septime	206,466	01-07-2016	30%	0,01%	200%	-
AR 1710127 Estepig	207,584	01-12-2017	30%	0.0145%	200%	-
Total	23,633,734					718,524

The amounts of refundable government advances have increased since we updated the future sales expectations on the related projects. The determination of the amount to be paid to the Walloon Region (the charge has been reported in the R&D expenses line of the Consolidated Statement of Income) 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.

Probability of success

Product/projects related to the refundable advances				Discount rate used for the fix part
	Phase 2	Phase 3	WACC	
Estelle®	100%	38%	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%
Total refundable government advances				

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 12 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 (€):

Increase of BP in %	Probability of success of PHASE III				
	38%	50%	65%	78%	100%
-5%	5,802	7,031	8,566	9,897	12,149
-3%	5,905	7,165	8,741	10,107	12,419
0%	6,007	7,300	8,917	10,317	12,688
3%	6,109	7,435	9,092	10,528	12,958
5%	6,212	7,570	9,267	10,738	13,227

9.16.3. Other financial liabilities

Other non-current financial liabilities primarily include the fair value of the contingent consideration for Estetra (EUR 80,468k) as well as the fair value of contingent payments relating to certain contractual obligations with respect to the acquired Zoreline[®] and Myring[™] products (EUR 15,159k). We refer to note 9.5 from Annual Report 2017 for a description of the characteristics of these debts. The strong increase of fair value for the contingent consideration for Estetra (EUR 84,542k in 2018 compared to EUR 42,432k in 2017) is the result of higher expected future revenue, including the new estimate about the generic market development. The discount rate update had no significant impact.

Year ended 31 December

Thousands of Euro (€)	Total	Current	Non-Current	Total	Current	Non-current
Fair value Earn-out Estetra	84,541	4,074	80,468	42,432	621	41,811
Fair value Earn-out Myring [™]	3,093	500	2,593	2,458	500	1,958
Fair value Earn-out Zoreline	7,992	2,433	5,559	7,776	5,313	2,463
Total Other financial liabilities	95,627	7,007	88,620	52,666	6,434	46,232

The contingent payments regarding the asset deal of the Belux Business are not disclosed in the table because of the cost accumulation approach on the asset side. Indeed, they will be booked once they will be no longer contingent but when they will become an actual liability.

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

<i>Thousands of Euro (€)</i>	<i>As at 31 December</i>	
	<i>2018</i>	<i>2017</i>
Trade accounts payable	13,071	16,141
Invoices to receive	1,071	7,241
VAT payable	36	(7)
Salaries and social security payable	446	794
Deferred income & accrued charges	868	11,811
Other debts	0	5
Trade payables and other current liabilities	15,493	35,986

The decrease in trade accounts payable is explained by the end of the Phase III clinical study for Estelle and the Phase II clinical study for Donesta and thus related to the reduction of R&D expenses.

The deferred income meets the definition of "contract liabilities" and is disclosed as required by IFRS 15.116 (a) for a total amount of EUR 350 k (see note 9.19). The decrease in deferred income is mainly the result of the recognition of the following revenues in 2018 : Estelle® deals with Libbs for EUR 5 million and with FUJI for EUR 4.5 million.

9.18. Financial instruments

Classes and fair value of financial instruments

Financial instruments such as contingent liabilities are carried at fair value. Given the current nature of the other financial assets and liabilities involved, the Company considers that the carrying amounts of the related financial instruments approximate in their fair values.

Fair value hierarchy and measurements

IFRS 7 requires disclosure of financial instruments that are measured at fair value at the balance sheet date level of the following fair value measurement hierarchy:

- 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)

Financial Assets:

Trade & other receivables and Cash & cash equivalents will typically be considered as Level 2. Refer to notes 9.13, 9.14 for the fair values of these financial assets which do not differ from the carrying values. The fact that their carrying value approximates their fair value is due to the short term nature of these assets.

Following the asset deal of Belux Business, contingent receivables for a total of 20 MEUR remains to be potentially received. An exercise of measurement at fair value of the contingent receivables has been done, based on scenarios of Ceres' fulfilment of the conditions. Since the amount is not significant, the contingent receivables have not been booked under financial 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 are either close to current market rates because that are recent or the loans are of a short-term nature. If we consider the financial leases as the interest rates were determined by Euribor +fixed bank margin and recent they are not that different of their fair value.

The following table presents the group's liabilities that are measured at fair value on 31 December 2018 and 2017:

<i>Thousands of Euro (€)</i>	<i>As at 31 December</i>		
	<i>2018</i>	<i>2017</i>	
Non Current Other financial liabilities	88,620	46,232	Level 3
Current Other financial liabilities	7,007	6,434	Level 3

The fair values of Other financial liabilities are based on discounted cash flows using a WACC. They are classified as level 3 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The following table shows the roll forward of the level 3 financial liability instruments:

<i>Thousands of Euro (€)</i>	<i>Other financial Liabilities</i>
Balance at 1 January 2018	52,665
Business combination and acquisition of assets	-
Charged/(credited) to change in fair value of contingent consideration payable	46,651
Settlements	(3,690)
Balance at 31 December 2018	95,627

The fair value of the contingent payments has been determined using a probability weighting approach based on the discounted cash flows as described above. A risk-adjusted discounted cash flow model was used, where all future cash flows are probabilized using statistical data gathered from the biotech sector and then discounted using the updated WACC applicable to Mithra.

The increase has already been explained in the note 9.16.3. Other financial liabilities.

A 3 % increase in the sales forecasts used would lead to a increase of the fair value of the contingent liabilities payments of EUR 1,087k while a 12% increase in the probability used would lead to an increase of EUR10,358k.

2018 Sensitivity analysis for Estelle in thousands of Euro (€):

Increase of BP in %	Probability of success of PHASE III				
	38%	50%	65%	78%	100%
-5%	80,605	90,445	133,742	159,327	202,624
-3%	82,573	92,672	137,109	163,366	207,803
0%	84,541	94,899	140,475	167,406	212,982
3%	85,328	95,790	141,822	169,022	215,054
5%	88,477	99,353	147,208	175,485	223,340

2018 assumptions:

Contingent considerations relating to intangible assets	Amount fair valued in 2018	Probability of success in 2018		
		Phase 2	Phase 3	WACC
Estelle®	84,541	100%	38%	14.39%
	Amount fair valued	R&D	Commercial	
Zoreline®	7,992	80%	55%	14.39%
Others	3,093	90%	75%	14.39%
Total contingent considerations	95,627			

2017 assumptions:

Contingent considerations relating to intangible assets	Amount fair valued in 2017	Probability of success in 2017		
		Phase 2	Phase 3	WACC
Estelle®	42,432	100%	38%	13.23%
	Amount fair valued	R&D	Commercial	
Zoreline®	7,776	30%	55%	13.23%
Others	2,458	90%	75%	13.23%
Total contingent considerations	52,666			

The increase of fair value for the contingent consideration for Estetra (EUR 84,541k in December 2018 compared to EUR 42,432k in 2017) is the result of higher expected future revenue, notably due to an update of the out-licensing fees forecasts, the change in estimate regarding the update of the business plan in order to capture the management's estimates related to the generic market development as from year 2028 and the discount rate update (less significant).

9.19. Revenue and other operating income

Revenue

The Group's revenue consists of product sales and license revenues as follows:

Thousands of Euro (€)	2018	2017
Discontinued operations	7,589	14,007
Product sales	7,589	14,007
Out-licensing	-	-
Continuing operations	57,876	32,245
Product Sales	1,539	2,845
Out-licensing	56,337	29,400
Total Revenues	65,465	46,252

For more details about the discontinued operations, please refer to Note 9.31 Discontinued operations.

Mithra's revenues increased 42% from EUR 46.3 million to EUR 65.5 million, mainly due to out-licensing revenues recognized for partnership agreements with leaders in Women's Health such as Gedeon Richter for EUR 40 million.

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 2018 from continuing operations :

Thousands of Euro (€)	Year ended 31 December 2018	
	Product sales	Out-licensing
Primary Geographic Markets		
Europe	926	42,379
Outside Europe	612	13,958
Total	1,539	56,337
Product type		
Product sales	1,539	-
License grant	-	55,577
Manufacture and supply	-	-
R&D services	-	760
Total	1,539	56,337
Timing of transfer of goods and services		
Point in time	1,539	55,577
Over time	-	760
Total	1,539	56,337

Disaggregation of continuing revenue 2017 from continuing operations:

Thousands of Euro (€)	Year ended 31 December 2017	
	Product sales	Out-licensing
Primary Geographic Markets		
Europe	1,300	400
Outside Europe	1,545	29,000
Total	2,845	29,400
Product type		
Product sales	2,845	-
License grant	-	29,400
Manufacture and supply	-	-
R&D services	-	-
Total	2,845	29,400
Timing of transfer of goods and services		
Point in time	2,845	29,400
Over time	-	-
Total	2,845	29,400

The main reasons for the increase in out-licensing revenue were the Estelle® deals with Gedeon Richter for EUR 40 million, Ceres Pharma for EUR 1.4 million (for the out-licensing part of the deal), Adcock Ingram for EUR 0.7 million, and Searchlight Pharma for EUR 1 million. Additional milestones related to license granting agreements already signed during previous years for which recognition was deferred at the prior year-end have been also recognized, including EUR 6.75 million from Fuji Pharma and EUR 5 million from Libbs. In total, and including additional smaller deals and product sales revenue, Mithra recognized EUR 56.3 million revenue from license granting agreements in 2018, compared to EUR 29.4 million in 2017. Additional payments were received related to license granting agreements for which revenue recognition was deferred to future periods (refer to Statement of financial position section below).

Revenue from out-licensing contracts

Amounts received or milestones to be received in the near future have been recognized as revenue to the extent that it is highly probable that no reversal of revenue will be done in the future.

Most of the out-licensing contracts have a single performance obligation which is the grant of the license. Some contracts contain also other performances such as manufacture and supply obligations, which are distinct of the license.

An analysis has been conducted in order to determine whether the single performance obligation was satisfied as at 31 December 2018.

Summary table for revenue recognition and amounts deferred per type of payments:

<i>Year ended 31 December 2018</i>	<i>Revenue recognised</i>	<i>Balance in Deferred Income</i>
Non refundable downpayments	37,784	350
Milestones payments	18,553	3,667
Sales	-	-
Total	56,337	3,967

The deferred income is the result of some amounts already invoiced to partners but not recognized in revenue as the related performance obligations were not yet completed as at 31 December 2018. The details are as follows:

- Downpayments related to R&D services still to be performed for EUR 350k EUR, 760k have been recognized in 2018 so that EUR 350k are still booked in Deferred Income.
- Milestones received in the context of the Zoreline license agreement, amounts being contingent to the regulatory approvals in the different countries of the partner territory.

As at 31 December 2018, no significant financing component was identified on any of the existing customer contracts.

Unbilled revenue (contrat assets)

Trade receivables include significant amounts of unbilled revenue as at both reporting dates.

As at 31 December 2018, the balance takes into account unbilled revenue for EUR 15.3 million, among which EUR 5 million milestones related to Gedeon Richter, EUR 7.6 million related to Mayne Pharma and EUR 2.3 million milestones related to Fuji Pharma, compared to EUR 10.1 million in 2017.

Other operating income from continuing operations

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
R&D Tax credit	739	2,406
Other revenues	3,812	932
Other operating income	4,552	3,338

In 2018, the “Other revenues” mainly refers to refundable government advances recognition mechanism (+ EUR 3.463 k) and to exemption from the withholding tax on professional income (+ EUR 246k).

For explanation on the item “R&D tax credit”, refer to note 9.2.21 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 decrease is mainly explained by the reduction of R&D expenses in 2018.

Item “Other revenues” from discontinued operations mainly refers to the gain on asset disposal related to the sale of Belux distribution business for EUR 20 million to Ceres.

9.20. Expenses by nature

A breakdown of the expenses by nature of the costs of goods sold, Research and development costs, G&A and selling costs is summarized below. A breakdown of the employee benefit expenses is given in note 9.21.

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Costs by nature		
Trade goods, raw materials and consumables	5,254	9,095
Employee benefit expenses	12,324	10,657
External service providers	29,119	42,144
Other expenses	2,593	4,415
Corporate branding expenses	1,096	1,142
Depreciation, amortization and impairment charges	2,851	2,655
Commissions	285	242
Operating lease payments	391	321
Total costs by nature	53,913	70,671
Costs by type		
Cost of sales	5,254	9,095
Research and development expenses	35,713	48,185
General and administrative expenses	8,979	8,697
Selling expenses	3,967	4,695
Total costs by type	53,913	70,671

Investments in Mithra’s innovative product portfolio, end of Phase III studies for Estelle® and Phase II for Donesta®, together with Myring™ and Zoreline® development, has driven the decrease in R&D expenses to EUR 35,713k in 2018.

9.21. Employee benefit expenses

The costs related to personnel and mandated contractors can be summarized as follows:

<i>Thousands of Euro (€)</i>	<i>Year ended 31 December</i>	
	<i>2018</i>	<i>2017</i>
Wages, salaries, fees & bonuses	10,819	9,204
Pension costs: defined contribution plan	196	156
Pension costs: defined benefit plan	0	0
Share based payments	1,181	1,021
Other	130	277
Total	12,324	10,657

In 2018, the Group employed 129 FTE's at year-end (104 FTE's in 2017) which can be allocated to the following departments:

<i>Number of employees</i>	<i>As at 31 December</i>	
	<i>2018</i>	<i>2017</i>
R&D Staff	41	44
G&A Staff	88	44
Sales staff	-	16
Total	129	104

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 postemployment pension plans are accounted for as defined contribution plans, since the legally required return is basically guaranteed by the external insurance company. Any liability that may currently result is immaterial.

9.23. Financial income and expenses

<i>Thousands of Euro (€)</i>	<i>Year ended 31 December</i>	
	2018	2017
Interest income	-	8
Other financial income	237	370
Total financial income	237	377

The decrease in the Other financial income is explained by the fact that 2017 included the gain realised on the sale of Mithra France shares for EUR 112k.

<i>Thousands of Euro (€)</i>	<i>Year ended 31 December</i>	
	2018	2017
Financial expenses	(5,375)	(267)
Interest payments	(3,460)	(1,710)
Other financial expenses	(1,915)	1,443
Total financial expense	(5,375)	(267)

Financial expenses primarily include interest accruing on the bank borrowings (see note 9.16) for the CDMO platform (EUR 3,460k in 2018 and 1,710k in 2017) and the other financial expenses which includes the remeasurement of refundable government advances for EUR 1,779 k.

9.24. Income tax

The tax expenses consist of:

<i>Thousands of Euro (€)</i>	<i>Year ended 31 December</i>	
	2018	2017
Current tax income / (expense)	(352)	1,046
Deferred tax income/(expense) related to temporary differences and tax losses	4,224	10,525
Withholding tax income / (expense)	(3)	(150)
Total	3,869	11,421

The income taxes in 2017 and 2018 are still the result of temporary differences and tax losses carried forward, and is thus a non cash item.

Withholding taxes of EUR 150 k of 2017 relates to the Fuji Pharma downpayments.

The Group recorded a total deferred tax asset of EUR 4,224 k for the year. This deferred tax is to be offset against future taxable income.

Reconciliation effective versus theoretical taxes

The tax result for the year can be reconciled as follows:

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Income / Loss (-) before tax	(16,232)	(46,426)
Country's statutory tax rate	29.58%	33.99%
Tax expenses / income (-) (theoretical)	(4,801)	(15,780)
Tax expenses / income (-) in income statement (effective)	(3,869)	(11,421)
Difference in tax expenses / income (-) to explain	932	4,360
- Tax credit for R&D investments	(218)	(818)
- Temporary differences with different tax rates	4,284	(1,724)
- Tax losses for which no deferred tax income was recognised	(2,955)	246
- Belgian tax law reform impact on losses carried forward	-	1,803
- Permanent difference for which no deferred tax was recognized	(297)	95
- Withholding taxes	-	150
- Other	119	604
- Tax losses recognized with different tax rates	-	4,004
Total	932	4,360

Deferred tax assets

A detailed overview of the deferred tax asset is shown below:

Thousands of Euro (€)	As at 31 December	
	2018	2017
Deferred tax asset to be recovered after more than 12 months	27,045	22,718
Deferred tax asset to be recovered within 12 months	-	-
Deferred tax assets	27,045	22,718

The increase of EUR 4,326 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 for EUR 3,412 k in 2018. We compute DTA on the amount of the fair value of the Estetra earn out less the non taxable part (defined milestones payments) and over a maximum period of 10 years. The increase of tax assets is also explained by the increase of tax losses in 2018.

Regarding the Estetra acquisition done in 2015, no deferred tax effects were recorded in consideration of temporary differences arising from the difference between the fair values of assets acquired and liabilities assumed at the acquisition date and their tax bases because the probability criterion for recognizing a net deferred tax asset was not met at the previous reporting date.

Since the second semester 2017, the estimation of the management changed mainly because of a significant out-licensing deal that has been signed at the end of the last semester. As a consequence, management increased the probability of success of our clinical trials and its higher estimate for future sales revenues was a trigger to recognize a deferred tax impact as from 2017.

The deferred tax asset relates also to fiscal losses carried forward at the level of Mithra, Estetra and Novalon and to the temporary 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 particularly for Estetra thanks to ongoing contract negotiations related to Estelle that will generate much profits in the coming years.

The movement in the deferred tax asset is as follows:

Thousands of Euro (€)	Temporary Differences			Tax Losses	Total
	Contingent consideration	Expensed R&D costs	Other		
At 1 January 2017	-	323	(799)	12,669	12,193
(Charged) / credited to income statement	8,527	-	11	1,988	10,525
At 31 December 2017	8,527	323	(788)	14,657	22,718
(Charged) / credited to income statement	8,379	-	(3,433)	(619)	4,327
At 31 December 2018	16,906	323	(4,221)	14,038	27,045

Deferred tax Liabilities

The deferred tax liabilities (EUR 2,202k in 2018 and EUR 2,099k in 2017) 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 outstanding during the year.

Diluted loss per share is calculated including all the outstanding warrants that are in the money at the closing date.

FOR CONTINUING OPERATIONS:

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Result for the purpose of basic loss per share, being net loss	(27,606)	(38,360)
Weighted average number of shares for the purpose of basic loss per share	36,564,683	32,660,197
Basic loss per share (in Euro)	(0.75)	(1.17)
Diluted loss per share (in Euro)	(0.75)	(1.17)

FOR DISCONTINUED OPERATIONS:

Thousands of Euro (€)	Year ended 31 December	
	2018	2017
Result for the purpose of basic loss per share, being net loss	15,242	3,354
Weighted average number of shares for the purpose of basic loss per share	37,639,495	32,660,197
Basic profit per share (in Euro)	0.42	0.10
Diluted profit per share (in Euro)	0.42	0.10

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. The fair value of each option is estimated using the Black & Scholes model based on the following assumptions:

In 2017, there has been an exercise of 439 subscription rights (warrants) end of November. These warrants were settled during the vesting period which was accounted for as an acceleration of vesting by immediately recognizing the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Post period (30 January 2019), an increase of capital took place following the exercise of 15 warrants representing pursuant to the 2015 warrant plan.

635 warrants of the 2015 Warrant Plan are still outstanding as of the date of this report.

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 longevity period of five years as of the date of issuance. They are generally not transferable and, in principle, can not be exercised prior to the date of the grant's second anniversary (i.e. 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 post year-end. Out of the maximum of 1,881,974 warrants, a total of 1,336,034 warrants have been offered and accepted (a number of 1,238,339 warrants as from 31/12/2018 and a number of 97,695 warrants post-period). 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 1,238,339 warrants at grant date is estimated at EUR 6,705k for the warrants definitely acquired and EUR 2,918k for the remaining 30% subject to vesting conditions.

The fair value of each option is estimated using the Black & Scholes model based on the following assumptions:

	Plan 2015	Plan 2018 (70%)	Plan 2018 (30%)
Number of warrants granted	1,089 *(1,650 shares)	866,837	371,502
Exercise price per warrant	EUR 5.646	EUR 24.05-24.09	EUR 24.05-24.09
Expected dividend yield	-	-	-
Expected stock price volatility	45.30%	37.50%	37.50%
Risk-free interest rate	0.53%	0.36%	0.36%
Expected duration	8 years	5 years	5 years
Fair value	EUR 2,789k	EUR 6,705k	EUR 2,918k
Discount related to market condition	-	-	14.37%

During the period, a charge of EUR 1 181k has been recognized at the consolidated statement of income.

9.27. 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 commercialization by Mithra and its partner DocPharma BVBA (now Mylan) of a generic drug named Heria. Currently, Organon claimed provisional damages of EUR 2,770k including actual loss on profit, 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 provisional expert damage report evaluates damages of EUR 647K. Despite Mithra and DocPharma have lodged an appeal for overturning the judgement and based on the provisional execution of first instance judgement, the judicial expert pursues his mission. Therefore, the procedure is now pending before the Court of Appeal. No hearing date has been set yet. Note that a provision in relation to this claim has been recognized in these consolidated financial statements based on management's best assessment.

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 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.

9.28. Commitments

Rent and Lease commitments

We are required to adopt IFRS 16 as of 1 January 2019. We will apply IFRS 16 using the modified retrospective approach. Consequently, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative figures. We have assessed the estimated impact that the initial application of IFRS 16 will have on our consolidated financial statements, as further described below.

We identified the following leases on which there will be an impact of IFRS 16 for Mithra;

- Manufacturing equipment
- Approximately 50 company cars with rental contracts
- Rental agreements for the property lease arrangements

IFRS 16 introduces a single lessee accounting model for lessees and requires the lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. This applies for all leases with a term of more than 12 months, unless the underlying asset is of low value.

We will recognize new assets and liabilities for our car leases and property lease arrangements. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, the nature of the expenses related to those leases will change as we will recognize a depreciation of the right-of-use assets and an interest expense on the lease liabilities. The depreciation would usually be on a straight-line basis. Previously we recognized operating lease expenses on a straight-line basis over the term of the lease.

We will 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. The costs for the services combined with the lease (the service components of the lease) are not to be accounted for as an asset and only impact profit and loss statement on a monthly basis.

Based on the information currently available, we estimate that we will recognize right-of-use assets and corresponding lease liabilities of EUR 677k as of 1 January 2019.

In the statement of profit and loss for accounting year 2019, we expect a shift from lease expenses to depreciation charges and interest cost of about EUR 334k.

Collaborative research and development arrangements

ICON Plc has been contracted to manage the Phase III E4 monotherapy program of Donesta[®] in menopause (hysterectomized and non-hysterectomized women) for a total budget of around EUR 100 million. Additional partnerships have been signed with companies like Continuum in order to optimize the recruitment rate in this clinical program.

For its Estelle program, Mithra has contracted with Pharmalex to support the team for compilation and preparation of the registration file for Europe and US. The total budget is EUR 740k.

9.29. Related party transactions

For fiscal year 2018, 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 Meusinvest SA, director of the Company) acted as Director);
- C.I.D.E. – SOCRAN ASBL, an entity in which Mr Gaëtan Servais (permanent representative of Meusinvest 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);

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 2018, 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 2018	Dec 2017
Base Salary	2,321	2,478
Variable Remuneration	-	-
Group Insurance (pension, invalidity, life)	1	8
Other (car, cell phone, hospitalization) insurance	31	36
Share based compensations (*)	1,126	1,021
Total	3,534	3,542

* We also refer to section 9.26 on share based payments in which the Company indicated that François Fornieri exercised an amount of 114 warrants corresponding to the issuance of 188,100 new shares.

Sales/Purchase of other services and goods

Thousands of Euro	Type of services	2018	2017
Total services rendered to entities controlled by or with significant influence from key management / directors		0	0
Ceres	Reinvoicing diverse expense	447	0
Total services purchased from entities controlled by or with significant influence from key management / directors		130	156
Yima sprl	Rental services building Foulons	157	122
Bocholtz	Event organisation - rent meeting rooms	6	8

Aggregated trade receivable / payable balance due from / to related parties

Thousands of Euro (€)	2018	2017
Receivables from entities controlled by or with significant influence from key management / directors	0	10
Payables to entities controlled by or with significant influence from key management / directors	167	180
Payables to other related parties	0	0

Loans to or from related parties and other debts from related parties

Thousands of Euro (€)	2018	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 2018 to the non-executive Directors (in such capacity) was EUR 230,000 (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	20,000		
CG Cube	Non-exec	20,000		
Meusinvest	Non-exec	20,000	8,750	
Alychlo	Non-exec - Chair	20,000	1,250	20,000
P. Suinen	Independent	20,000	5,000	
Jacques Platieau	Independent	20,000	5,000	
Ahok	Independent	20,000	5,000	
Aubisque	Non-exec	20,000		
P4Management	Non-exec	20,000	5,000	

9.30. Events after the balance sheet

Post-period, in January 2019, Mithra published positive topline results of Estelle® Phase III study in U.S./Canada. Primary efficacy endpoint indicates excellent contraceptive efficacy, with a Pearl Index (PI) of 2.41 per 100 women (98% efficacy rate), in line with expectations. Key secondary endpoints (same as the one for the EU/RU study) were also achieved. Filing with U.S. and EU regulatory agencies is anticipated by year end.

Mithra announced the further expansion of its Estetrol (E4)-based programs. With a potential blockbuster named PeriNesta™, Mithra decided to target the underserved perimenopausal market, which affects women between reproductive age and post-menopausal age. The Company believes this additional product represents a major new market opportunity that requires only limited additional investment. The addressable market is estimated up to 35 million patients annually in the US and key EU markets (France, UK, Germany).

The Company also communicated the acceleration of preparations for its proposed Phase III E4 monotherapy study of Donesta® in menopause. This study will evaluate the efficacy and safety of E4 for the treatment of moderate to severe vasomotor symptoms in postmenopausal women. The start of patient recruitment for this phase III with E4 monotherapy is planned for the second half of 2019 pending approvals, with a marketing authorization expected as early as 2023.

In February 2019, Mithra CDMO started the commercial manufacturing process of the vaginal contraceptive ring Myring™ with a first batch for the European market (Czech Republic). The Mithra CDMO development and production center plans to start manufacturing further commercial batches for the European market (Austria, Denmark, Belgium, Luxembourg and the Netherlands) in the second half of 2019, as scheduled.

Mithra announced it signed a contract with CEVA Animal Health, leading global veterinary pharmaceutical group. With this first veterinarian project in development, Mithra will develop a hormonal device for the fertility market. This new polymer-based device would be a real innovation and bring an additional competitive edge to our partner while expanding Mithra's polymer based technology expertise

Post-period end, Mithra signed a partnership agreement with ITROM for commercialization of Estelle® in the Middle East. Under the terms of the agreement, ITROM will distribute Estelle® in MENA territories where the COC market is estimated at EUR 30 million a year. This agreement represents a deal worth up to EUR 55 million over the period. Mithra also signed an exclusive license and supply agreement with ITROM for Myring™ in MENA region, where the hormonal contraceptive market is estimated at EUR 37.5 million.

9.31. Discontinued operations

On 30 July 2018, Mithra announced the signature of the deal with Ceres in order to sell the Belux 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.

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

<i>Thousands of Euro</i>	Year ended 31 December	
	2018	2017
Revenues	7,589	14,211
Cost of sales	(3,684)	(6,499)
Gross profit	3,905	7,711
Selling expenses	(1,989)	(2,961)
Other operating income	876	330
Gain on sale of disposal	18,477	-
Total operating expenses	17,363	(2,630)
Operating Profit / (Loss)	21,269	5,081
Financial result	(10)	-
Profit / (Loss) before taxes	21,258	5,081
Income taxes	(6,016)	(1,727)
Net Profit / (Loss)	15,242	3,354
<i>Attributable to</i>		
Owners of the parent	(15,242)	(3,354)
Non-controlling interest	-	-

With regard to the Belux business, which was sold to Ceres in July 2018, Mithra's revenues were EUR 7.6 million for the 7-month period ended 31 July 2018, compared to 14 million for the full 2017. Since August 2018, Mithra is acting as an agent of Ceres, so that revenue is reported net of the related COGS. Indeed, Mithra is still selling some products on behalf of Ceres during a transition period, until all market authorizations will be formally transferred.

Other operating income includes a gain on the divestment of operations related to Belux Business for an amount of EUR 18.5 million to Ceres.

Cash flow statement from discontinued operations

<i>Thousands of Euro</i>	Year ended 31 December	
	2018	2017
Cash flow from operating activities	2,791	5,081
Cash flow from investing activities	18,477	-
Cash flow from financing activities	-	-
Cash flow from discontinued operations (net increase/decrease)	21,269	5,081

9.32. Mithra Pharmaceuticals companies consolidation scope

Subsidiaries

The Group's financial statements consolidate those of the following undertakings⁷:

<i>The Company has the following subsidiaries</i>		2018 Ownership %	2017 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	Boulevard de la 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		

⁷ 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.

<i>The Company has the following subsidiaries</i>		<i>2018 Ownership %</i>	<i>2017 Ownership %</i>
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		

Associates

The following associates are accounted for using the equity method in the Group's financial statements:

<i>The Company has the following associates</i>		<i>2018 Ownership %</i>	<i>2017 Ownership %</i>
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, on 27th June 2017, the Ordinary General Meeting of Targetome 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.

9.33. Disclosure audit fees

<i>In Euro (€)</i>	
Auditor's fees	107,265
Fees for exceptional services or special missions (audit related)	57,900
Tax consultancy (audit related)	-
Fees for exceptional services or special missions (external to audit)	-
Tax consultancy (external to audit)	-
Total	165,165

9.34. Condensed statutory financial statements of Mithra SA

In accordance with Art. 105 of the Belgian Companies' Code, 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 2018 in Belgian GAAP.

The statutory auditor, BDO Réviseurs d'entreprises, has issued a clean audit opinion on the statutory financial statements as at 6 April 2019.

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.

<i>Thousands of Euro (€)</i>		
<i>Assets as at (in K EUR)</i>	<i>2018</i>	<i>2017</i>
Fixed assets	90,319	88,817
Intangible fixed assets	2,322	3,309
Tangible fixed assets	1,547	1,558
Financial fixed assets	86,450	83,950
Current assets	169,719	88,623
Receivables	973	-
Amounts receivable	40,356	57,066
Inventory	11,067	4,207
Current investments	-	-
Cash at bank and in hand	117,202	27,038
Deferred charges and accrued income	121	312
Total assets	260,039	177,440

<i>Thousands of Euro (€)</i>		
<i>Liabilities as at (in K EUR)</i>	<i>2018</i>	<i>2017</i>
Equity	190,423	127,307
Capital	27,556	25,599
Share premium account	226,922	151,379
Reserves	598	598
Accumulated profits (losses)	(64,653)	(50,269)
Grants	-	-
Provisions	266	266
Amounts payable after more than one year	4,905	3,811
Current liabilities	64,445	46,057
Short term debts	-	-
Short term portion of LT debts	600	650
Amounts payable within one year	63,825	45,407
Deferred charges and accrued income	20	-
Total Liabilities	260,039	177,440

Thousands of Euro (€)

Summary income statement (in K EUR)

	2018	2017
Operating income	72,124	51,740
Turnover	49,793	49,630
Capitalised production	2,294	-
Other operating income	20,038	2,109
Operating charges	87,135	69,435
Cost of goods sold	8,229	8,711
Services and other goods	71,069	53,193
Remuneration, social security costs and pensions	3,838	3,859
Depreciations of and amounts written off formation expenses, intangible and tangible fixed assets	3,924	3,464
Other operating charges	88	208
Operating profit	(15,011)	(17,696)
Financial result	455	654
Financial income	748	1,263
Financial charges	293	609
(Profit) loss for the year before taxes	(14,556)	(17,041)
Taxes	171	216
Profit (loss) for the period available for appropriation	(14,384)	(17,257)

Thousands of Euro (€)

Capital statement (in K EUR)

	2018	2017
A. Capital		
1. Issued capital		
- At the end of the previous year	25,599	22,790
- Changes during het year	1,956	2,809
- At the end of this year	27,556	25,599
2. Capital representation		
2.1 Shares without par value		
- Bearer and dematerialised	37,639,495	34,967,081
B. Own shares held by	N/A	N/A
C. Commitmentes to issue shares		
D. Autorised capital not issued		

9.35. 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 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.

EBITDA is an alternative performance measure which represents Earnings before financial income and expense, tax, amortisation, depreciation and impairment, share-based payment expense and changes in fair value of contingent consideration payable.

REBITDA is an alternative performance measure which represents EBITDA adjusted for non-recurring expenses and EBITDA from discontinued operations.

Refer to note on Financial Highlights and table below for the reconciliation to operating loss:

<i>Thousands of Euro (€)</i>	<i>Year ended 31 December</i>	
	<i>2018</i>	<i>2017</i>
Operational profit (from continuing activities)	14,188	(26,534)
Depreciation	2,851	2,655
Exceptional results	-	372
Share-based payments	1,181	1,020
REBITDA	18,221	(22,487)
Discontinued EBITDA	21,269	5,081
Share-based payments	(1,181)	(1,020)
EBITDA	38,308	(18,426)

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