

MITHRA PHARMACEUTICALS
Limited Liability Company

Rue Saint-Georges 5
4000 Liège
Belgium

Registered with the Register of Legal Persons
VAT BE 0466.526.646 (RLP Liège, division Liège)

**SPECIAL REPORT OF THE BOARD OF DIRECTORS
IN ACCORDANCE WITH ARTICLE 7:199 OF
THE BELGIAN COMPANIES AND ASSOCIATIONS CODE**

1. INTRODUCTION

This special report has been prepared by the board of directors of Mithra Pharmaceuticals SA (the "**Company**") in accordance with article 7:199 of the Belgian Companies and Associations Code (as amended from time to time) (the "**BCAC**"). It relates to the proposal to renew the powers of the board of directors of the Company to increase the Company's share capital within the framework of the authorised capital within the limits set out in this special board report, and sets out the circumstances in which the board of directors will be able to use its powers under the authorised capital and the purposes that it should pursue. This proposal shall be submitted to the extraordinary general shareholders' meeting of the Company to be held before a notary public on 22 September 2022 (or on around 21 October 2022 should the required attendance quorum not be reached at the first meeting).

2. PROPOSAL TO RENEW THE AUTHORISED CAPITAL

The current authorisation to the board of directors to increase the share capital of the Company within the framework of the authorised capital was granted by the extraordinary general shareholders' meeting held on 20 May 2021, and expires on 27 May 2026, but has been substantially used by the Company. In addition, a substantial portion of the current authorised capital has been reserved by the board of directors to allow for potential future capital increases under the financing agreement with Goldman Sachs International and the convertible loan facility with Highbridge and Whitebox.

In accordance with article 7:199 of the BCAC, the board of directors proposes to the extraordinary general shareholders' meeting of the Company to be authorised, for a period of five years as from the publication of such authorisation in the Annexes to the Belgian Official Gazette, to increase the share capital of the Company in one or several times with a maximum amount of up to hundred percent (100%) of the share capital at the time of the general shareholders' meeting approving the authorised capital.

In accordance with article 7:202 of the BCAC, the board of directors proposes also to the extraordinary general shareholders' meeting of the Company to be authorised, for a period of three years from the date of the resolution of the extraordinary general shareholders' meeting of the Company approving such authorisation, to proceed with a capital increase of the Company by limiting or cancelling the preferential subscription right of the shareholders after the Company has been notified by the Financial Services and Markets Authority (FSMA) of a public takeover bid for the shares of the Company, subject to the provisions of article 7:202 of the BCAC.

Such renewal of the powers of the board of directors to increase the share capital of the Company under the authorised capital is also an obligation of the Company under the Senior Secured Convertible Facilities Agreement (the "**Convertible Loans Agreement**") and the Conversion Agreement (the "**Conversion Agreement**", and together with the Convertible Loans Agreement, the "**Agreements**"), both entered into on 8 August 2022 between the Company, funds managed by Highbridge Capital Management, LLC and funds managed by Whitebox Advisors LLC. Failure to comply with this obligation would result in a default under the Agreements and, consequently, the right for the lenders to demand prepayment of loans already drawn and the loss of the Company's ability to draw additional loans under the Convertible Loans Agreement.

If approved by the shareholders, article 7 of the articles of association of the Company will read as follows (whereby the date referred to in the sub-sections between square brackets shall be the date of the general shareholders' meeting approving the renewed authorised capital, and the amount referred to in the sub-section between brackets shall be the amount of the Company's share capital at the time of the general shareholders' meeting approving the authorised capital):

"Article 7: Authorised capital

A. The board of directors is authorised to increase the capital in one or more instances within the limits set by law, in particular by issuing convertible bonds and subscription rights, up to a maximum amount of [100% of the Company's capital at the time of the general meeting approving the new authorised capital]. The board of directors is expressly authorised to use this authorisation for the following operations:

- Capital increases or issues of convertible bonds or subscription rights with cancellation or limitation of the preferential subscription rights of the existing shareholders;*
- Capital increases or the issuance of convertible bonds or subscription rights with cancellation or limitation of the preferential subscription rights of the existing shareholders for the benefit of one or more specific persons who are not part of the personnel of the Company or its subsidiaries;*
- Capital increases carried out by incorporation of reserves.*

Any such capital increase may take any and all forms, including but not limited to, contributions in cash or in kind, with or without share premium, as well as by incorporation of reserves and/or share premium and/or profits carried forward, to the maximum extent permitted by the law. This authorisation is granted to the board of directors for a period of five (5) years as from the date of publication in the Annexes to the Belgian Official Gazette of an extract from the minutes of the General Meeting of [date of the general meeting approving the renewal of the authorised capital].

B. The board of directors is expressly authorised to make use of the authorisation granted under A. even after the Company has received notification from the Authority for Financial Services and Markets that it has received a notice of a public takeover bid for the Company, under the mandatory conditions set forth in Article 7:202 of the Companies and Associations Code. This authorisation is granted to the board of directors for a period of three (3) years as from the General Meeting of [date of the general meeting approving the renewal of the authorised capital]. It is renewable.

C. The board of directors may, with power of sub-delegation, amend the articles of association to take account of capital increases resulting from the exercise of its powers under this Article."

3. CIRCUMSTANCES AND PURPOSES FOR THE USE OF THE AUTHORISED CAPITAL

The board of directors is of the opinion that the renewal of the authorised capital is necessary to meet the needs of the Company as a listed company.

In principle, changes to the share capital are decided by the Company's general shareholders' meeting. Such resolution by the general shareholders' meeting must satisfy the quorum and majority requirements that apply to an amendment of the articles of association. This means that a shareholders' resolution to increase the Company's share capital is only passed provided that at least 50% of the share capital of the Company is present or represented at the general shareholders' meeting, and provided that the resolution is approved by 75% of the votes cast at the meeting. In the event the required attendance quorum of 50% is not present or represented at the first meeting, a second meeting can be convened through a new notice, and the second general shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented.

Subject to the same quorum and majority requirements for an increase of the share capital, the Company's general shareholders' meeting may also authorise the board of directors, within certain limits, to increase the Company's share capital without further approval of the shareholders. This is the so-called authorised capital.

The technique of the authorised capital offers the board of directors a degree of flexibility and expedience that may be necessary to ensure an optimal management of the Company, the financing of its operations, and the defence of its interests and those of its stakeholders. The prior disclosures, formalities and deadlines to convene a general shareholders' meeting and obtain a general shareholders' meeting approval to effect a capital increase are detailed, numerous, and often cannot be reconciled with the speed with which market opportunities arise and disappear again. For example, the time to convene a general shareholders' meeting (including a second meeting if the required attendance quorum of 50% of the shares is not reached at the first meeting) can take approximately two months. During this period, market circumstances can change significantly. If the board of directors is not able to seize potential market opportunities that arise, this could be to the disadvantage of the Company. In addition, if market circumstances no longer allow for a capital increase at favourable conditions after a general shareholders' meeting has been convened, this could also be to the disadvantage of the Company.

The board of directors intends to use the abovementioned powers under the authorised capital in circumstances where, in the interest of the Company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:

- it appears to be necessary to be able to respond quickly to certain market opportunities; or
- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders; or
- under existing agreements, facilities or instruments, the Company is required to issue shares on an expedited basis, irreconcilable with the formalities for convening an extraordinary general shareholders' meeting, including (without limitation) as relevant under (respectively) the Agreements, the financing agreement with Goldman Sachs International and the put option agreement with LDA Capital; or
- a prior convening of a general shareholders' meeting would lead to an untimely announcement of the transaction, which could be to the disadvantage of the Company; or
- the costs related to the convening of a general shareholders' meeting are not in balance with the amount of the proposed capital increase; or

- due to the urgency of the situation it appears that a capital increase within the framework of the authorised capital is necessary in the interests of the Company.

The board of directors would be able to use its powers under the authorised capital to issue shares, share options, subscription rights, or other securities with disapplication of the preferential subscription right to the benefit of the members of the personnel of the Company or of its subsidiaries, or to the benefit of one or more specified persons other than members of the personnel of the Company or of its subsidiaries.

The board of directors would be able to use its powers under the authorised capital to raise capital, *inter alia*:

- with a view to strengthening the share capital or net equity of the Company;
- to attract possible new partners or important shareholders to the share capital structure of the Company;
- as a defence mechanism against a takeover bid;
- to finance the existing business activities or new business initiatives of the Company and its subsidiaries;
- to finance the future growth and development of the business activities of the Company and its subsidiaries;
- to finance (in whole or in part) takeovers or acquisitions of companies, businesses or assets (such as, but not limited to, intellectual property rights), corporate partnerships, in-licensing deals or other types of mergers, partnerships or strategic alliances; and/or
- share based compensation plans for members of the personnel, consultants and other service providers of the Company and its subsidiaries (from time to time); and/or
- for other general working capital purposes.

* * *

Done on 22 August 2022,

[signature page follows]

