

**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)

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**REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 7:180,  
7:191 AND 7:193 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE**

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**1. INTRODUCTION**

On 23 August 2023, Mithra Pharmaceuticals SA (the "**Company**") entered into a subscription agreement (the "**Subscription Agreement**") with Armistice Capital Master Fund Ltd. (the "**Investor**"), pursuant to which the Investor subscribed, on 28 August 2023, for 10,000,000 new shares at an issue price of EUR 2.00 per new share, for a total subscription price of EUR 20,000,000.00 (including issue premium), issued by the Company pursuant to a capital increase in cash within the framework of the authorised capital, with cancellation of the preferential subscription rights of the Company's existing shareholders and, insofar as necessary, of the current holders of share options and/or convertible bonds of the Company, in favour of the Investor, as described in more detail below (the "**Private Placement**"). In connection with, and in order to be able to proceed with, the Private Placement, under the terms of the Subscription Agreement, the Company has also undertaken towards the Investor to issue (i) 10,000,000 new subscription rights for shares of the Company, on the basis of a ratio of one new subscription right for one new share, with a term of 5 years, in favour of the Investor (the "**Warrants**"), and (ii) 10,000,000 new subscription rights for shares of the Company, on the basis of a ratio of one new subscription right for one new share, with a term of 18 months, in favour of the Investor (the "**Investment Options**").

In this context, the board of directors submits to the extraordinary general shareholders' meeting of the Company convened on 30 October 2023 (the "**EGM**") the proposal to issue 10,000,000 Warrants and 10,000,000 Investment Options, under the conditions described below in this report, and to cancel, in the interest of the Company, the preferential subscription rights of the existing shareholders of the Company and, to the extent necessary, of the existing holders of share options and/or convertible bonds of the Company, in favour of the Investor, as provided for in the Subscription Agreement (the proposed issuance of Warrants and Investment Options, the "**Transaction**").

Shareholders should note that the Warrants and the Investment Options are complex instruments and that the Investor could benefit from a significant discount when subscribing for new shares by virtue of the potential exercise of the Warrants and/or Investment Options, as described below.

The Warrants and the Investment Options are subscription rights within the meaning of articles 7:67 et seq. of the Companies and Associations Code of 23 March 2019 (as amended from time to time) (the "**Companies and Associations Code**").

For the purposes of the Transaction, this report has been prepared by the board of directors of the Company, in accordance with articles 7:180, 7:191 and 7:193 of the Companies and Associations Code, in connection with the proposal of the board of directors to issue the Warrants and the Investment Options and to cancel, in the interest of the Company, the preferential subscription rights of the existing shareholders of the Company and, to the extent necessary, of the existing holders of share options and/or convertible bonds of the Company, in favour of the Investor.

In accordance with article 7:180 of the Belgian Companies and Associations Code, the board of directors provides in this report a justification of the proposed Transaction, including a justification of the proposed exercise price of the Warrants and Investment Options, and a description of the consequences of the proposed Transaction for the financial and shareholder rights of the shareholders of the Company.

In accordance with article 7:191 of the Companies and Associations Code, the board of directors shall also provide in this report a justification of the proposal to cancel, in the interest of the Company, the preferential subscription rights of the existing shareholders of the Company and, to the extent necessary, of the existing holders of share options and/or convertible bonds of the Company in connection with the capital increase proposed in the Transaction and a description of the consequences thereof for the financial and shareholder rights of the shareholders of the Company.

In accordance with Article 7:193 of the Companies and Associations Code, the justification of the proposed Transaction and the proposed exercise price of the Warrants and Investment Options shall take into account in particular the financial situation of the Company, the identity of the Investor and the nature and size of the Investor's contribution.

This report should be read together with the report prepared in accordance with articles 7:180, 7:191 and 7:193 of the Belgian Companies and Associations Code by the Company's statutory auditor, BDO Réviseurs d'entreprises SRL, a limited liability company organised and existing under the laws of Belgium, with registered office at Rue Waucomont 51, 4651, Battice, Belgium, represented by Mr. Christophe Pelzer.

## **2. PROPOSED TRANSACTION**

### **2.1. Context**

In view of the Company's financial position and cash requirements, the board of directors has authorised WAINWRIGHT & CO., LLC (the "**Placement Agent**") to contact, on a confidential basis, a broad group of institutional, qualified, professional and/or other investors (including, subject to applicable financial laws, rules and regulations, natural persons) including, in the United States of America (the "**United States**"), a limited number of institutional investors that have declared themselves to be (i) "institutional accredited investors" within the meaning of Rule 501(a) of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A of the Securities Act, and (ii) "institutional accounts" within the meaning of Rule 4512(c) adopted by the Financial Industry Regulatory Authority, pursuant to the exemption from registration provided for by Section 4(a)(2) of the Securities Act, in order to determine whether they were willing to participate in a potential capital increase of the Company via a private placement. Within this confidential framework, the Placement Agent contacted potential investors, and organised a confidential order book procedure on the basis of which the Placement Agent was able to determine the potential investors interested, the number of shares that could be subscribed for by the potential investors, and the subscription price of the shares.

On this basis, the Company's management obtained and accepted a subscription by the Investor for a total of 10,000,000 new shares at a subscription price of EUR 2.00 per new share, i.e. EUR 20,000,000 in total. This final allocation to the Investor was made on the basis of objective criteria. In addition, in order to proceed with the Private Placement, the Investor has required the Company to undertake to the Investor to issue (i) 10,000,000 Warrants and (ii) 10,000,000 Investment Options.

Finally, before being able to proceed with the Private Placement and the Transaction, the Company was required to obtain certain consents and waivers to the terms and conditions of the Private Placement and the Transaction from funds managed by Highbridge Capital Management, LLC (collectively, "**Highbridge**") and funds managed by Whitebox Advisors LLC (collectively, "**Whitebox**", and together with Highbridge, each a "**Lender**" and together the "**Lenders**"), with whom the Company has entered into (i) the Amended and Restated Senior Secured Convertible Facilities Agreement (as adjusted or amended from time to time), dated 20 June 2023, also with Kroll Agency Services Limited and Kroll Trustee Services Limited (the "**Convertible Loans Agreement**"), and (ii) the Amended and Restated Conversion Agreement (as adjusted or amended from time to time), dated 20 June 2023, also with Kroll Agency Services Limited (the "**Conversion Agreement**" and together with the Convertible Loan Agreement, the "**Financing Agreements**"). Among other conditions to their consent, the Lenders have required the execution of a consent letter, pursuant to which the Financing Agreements are amended (the "**Amendment**"). These modifications to the Financing Agreements include, among other things, (i) the downward modification of the conversion price applicable to the tranches already drawn under the Financing Agreements (as provided for in the Amendment), and (ii) the increase of the applicable interest rate (as provided for in the Amendment) (such modifications to the Financing Agreements, the "**Amendment to the Financing Agreements**").

As mentioned above, the final details of the Private Placement, the Transaction and the Amendment to the Financing Agreements have been documented in the Subscription Agreement.

The Investor is an institutional investor, wishing to join the shareholding structure of the Company and to provide financial support.

## **2.2. Main characteristics of the Private Placement**

In accordance with the Subscription Agreement, dated 28 August 2023, the 10,000,000 new shares were issued by the Company pursuant to a capital increase in cash under the authorised capital, with cancellation of the preferential subscription rights of the existing shareholders of the Company and, to the extent necessary, of the existing holders of share options and/or convertible bonds of the Company, in favour of the Investor.

The subscription price for the Private Placement of EUR 2.00 per new share, or a total of EUR 20,000,000 for all new shares, was determined by the board of directors, in consultation with the Placement Agent, following a confidential order book process organised by the Placement Agent and discussions with investors. The subscription price reflected a discount of 17% to the closing price of the Company's existing shares on the regulated market of Euronext Brussels on 23 August 2023 (i.e. EUR 2.41).

With regards to the accounting of the subscription price of the Private Placement, an amount rounded to EUR 0.7321 per new share issued (or EUR 7,321,000.00 in total) was accounted for as capital, and an amount rounded to EUR 1.2679 per new share (or EUR 12,679,000.00 in total) was accounted for as issue premium. This issue premium was recognised as a liability in the Company's balance sheet under shareholders' equity. The account to which the issue

premium will be allocated will constitute, in the same way as the Company's capital, a guarantee for third parties and, except for the possibility of capitalising these reserves, may only be reduced or cancelled by a decision of the general meeting of shareholders ruling under the conditions required for amending the Company's articles of association.

All new shares issued in connection with the Private Placement shall have the same rights and benefits, and shall rank *pari passu* in all respects, including as regards to rights to dividends and distributions, with the existing and outstanding shares of the Company at the time of their issue, and shall be entitled to dividends and distributions for which the applicable record date or due date falls on or after their date of issue.

Finally, with regard to the admission of the 10,000,000 new shares issued in the Private Placement to listing and trading on the regulated market of Euronext Brussels, 7,800,000 newly issued shares (representing, over a period of 12 months, less than 20% of the number of shares of the Company already admitted to listing and trading on the regulated market of Euronext Brussels) could be directly admitted to listing and trading on the regulated market of Euronext Brussels on 28 August 2023, on the basis of the exemption from publishing a prospectus as provided for in Article 1(5)(a) of Regulation 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"). A contrario, the remaining 2,200,000 new shares issued by the Company (representing the difference between the 7,800,000 new shares benefiting from the aforementioned exemption and the total of 10,000,000 new shares issued in the Private Placement) may be admitted to listing and trading on the regulated market of Euronext Brussels, subject only to the condition that a listing prospectus is prepared and approved in accordance with the Prospectus Regulation, unless an exemption is available in accordance with the Prospectus Regulation.

### **2.3. Amendments to the Financing Agreements**

As indicated above, in order to proceed with the Private Placement and the Transaction, the Company was required to obtain certain consents and waivers in relation to the terms and conditions of the Private Placement and the Transaction from the Lenders. Among other conditions to obtaining their consent, the Lenders required the execution of the Amendment, in order to proceed with the Modification of the Financing Agreements, the main terms of which can be summarised as follows:

- an adjustment of the conversion price applicable to all tranches drawn by the Company under the Financing Agreements to EUR 2.25;
- an increase in the interest rate applicable to all tranches drawn by the Company under the Financing Agreements to 13%; and
- a lock-up agreement under which the Lenders undertake, for a period of 45 days following the issue of the new shares within the framework of the Private Placement, provided that the daily VWAP per share for the previous day is less than or equal to EUR 2.25 not to convert into shares any receivables owed by the Company to the Lenders under the Financing Agreements.

### **2.4. Proposed issue of Warrants and Investment Options**

As indicated above, in order to proceed with the Private Placement, the Company has undertaken to the Investor to issue the Warrants and Investment Options in favour of the Investor. In this context, the board of directors of the Company has undertaken to propose to

the shareholders of the Company, in the context of the EGM, to approve the issuance by the Company, in favour of the Investor, of the Warrants and Investment Options.

The Company and the Investor have agreed that the issuance of the Warrants and the Investment Options to the Investor is an essential part of the consideration offered to the Investor for its capital contribution under the Private Placement. Furthermore, in the event that the EGM does not approve the proposed issuance of the Warrants and the Investment Options, the Company may be in breach of its obligations under the Subscription Agreement.

### 3. PROPOSED TRANSACTION

#### 3.1. Conditions of the Warrants

The draft terms and conditions of the Warrants are set out in Appendix A to this report of the board of directors (the "**Warrants Terms**"). The Warrants will be called "2023 Investor Warrants". The principal terms and conditions of the Warrants may, for information purposes, be summarised as follows:

- *Issuer:* The Company (Mithra Pharmaceuticals SA).
- *Right to subscribe for one ordinary share:* Each subscription right entitles the holder to subscribe for one (1) ordinary share to be issued by the Company.
- *Exercise Price:* The exercise price of the Warrants (i.e. the price in cash to be paid to subscribe for a new share of the Company upon exercise of a Warrant) will be EUR 2.25. The exercise price is subject to customary downward adjustments in the case of certain dilutive actions of the Company.
- *Term:* The Warrants will have a term of five (5) years and will expire in the events set out in the Warrants Terms.
- *Exercisability:* The exercise of the Warrants will be subject to the terms and conditions contained in the Warrants Terms. The Warrants may be exercised from and until the later of (i) the date of issuance of the Warrants and (ii) the date of approval by the FSMA of a listing prospectus pursuant to which new shares of the Company will be issued upon exercise of the Warrants, and until their expiration date.
- *Nature of the shares issued upon exercise:* Each Warrant will entitle its holder to subscribe for one new share to be issued by the Company. The new shares to be issued upon exercise of the Warrants will have the same rights and benefits, and will rank *pari passu* in all respects, including with respect to rights to dividend and distribution rights, with the existing and outstanding shares of the Company at the time of their issuance, and will be entitled to dividends and distributions for which the applicable record date or maturity date falls on or after the issuance date of the new shares.
- *Capital increase and allocation of the exercise price:* Upon each exercise of the Warrants and the resulting issuance of new shares, the capital of the Company will be increased. Subject to and in accordance with the provisions of the Warrants Terms, the issue price of each new share to be issued upon exercise of a Warrant shall be recognised as capital. To the extent that the amount of the exercise price of the Warrants exceeds the fractional value of the existing shares of the Company existing immediately prior to the issuance of the new shares (i.e., at the date of this report, rounded to EUR 0.7321), a portion of the exercise price, per share to be issued upon exercise of the Warrants, equal to such fractional value, shall be booked as capital, with the balance booked as issue premium. After the capital

increase and the issue of new shares, each new and existing share will represent the same fraction of the Company's capital.

- *Admission to listing and trading of the underlying shares* : The new shares to be issued upon exercise of the Warrants must be admitted to listing and trading on the regulated market of Euronext Brussels in accordance with section 3.6 below.
- *Transferability*: The Warrants will in principle be transferable, but will not be admitted to trading or listing.
- *Form*: The Warrants will be issued in registered form and may not be dematerialised.
- *Change of control*: In the event of a change of control of the Company, the Company shall offer to repurchase the Warrants that have not yet been exercised. Upon the occurrence of a change of control over the Company, the Warrants that have not been repurchased by the Company, or exercised by their respective holder, will automatically expire.

The change of control provisions will be subject to the approval of the EGM separately and in accordance with Article 7:151 of the Companies and Associations Code, and will only become effective upon approval by the EGM in accordance with Article 7:151 of the Companies and Associations Code.

### 3.2. Conditions of the Investment Options

The draft terms and conditions of the Investment Options are set out in Appendix B to this report of the board of directors (the "**Investment Options Terms**"). The Investment Options will be known as the "2023 Investment Options". The principal terms of the Investment Options may, for information purposes, be summarised as follows:

- *Issuer*: The Company (Mithra Pharmaceuticals SA).
- *Right to subscribe for one ordinary share*: Each subscription right entitles the holder to subscribe for one (1) ordinary share to be issued by the Company.
- *Exercise price*: The exercise price of the Investment Options (i.e. the cash price to be paid to subscribe for a new share in the Company upon exercise of an Investment Option) will be EUR 2.25. The exercise price is subject to the usual downward adjustments in the case of certain dilutive actions of the Company.
- *Term*: The Investment Options will have a term of eighteen (18) months from the later of (i) the date of issue of the Investment Options and (ii) the date of approval by the FSMA of a listing prospectus pursuant to which new shares of the Company will be issued upon exercise of the Investment Options, and will expire in the circumstances set out in the Investment Options Terms.
- *Exercisability*: The exercise of the Investment Options will be subject to the terms and conditions contained in the Investment Options Terms. The Investment Options may be exercised from the later of (i) the date of issue of the Investment Options and (ii) the date of approval by the FSMA of a listing prospectus pursuant to which new shares in the Company will be issued upon exercise of the Investment Options, and until their term.
- *Nature of the shares issued upon exercise*: Each Investment Option will entitle its holder to subscribe for one new share to be issued by the Company. The new shares to be issued upon exercise of the Investment Options will have the same rights and benefits, and will

rank *pari passu* in all respects, including rights to dividends and distributions, with the existing and outstanding shares of the Company at the time of their issue, and will be entitled to dividends and distributions for which the applicable record date or maturity date falls on or after the date of issue of the new shares.

- *Capital increase and allocation of the exercise price:* Upon each exercise of the Investment Options and the resulting issue of new shares, the capital of the Company will be increased. Subject to and in accordance with the provisions of the Investment Options Terms, the issue price of each new share to be issued upon exercise of an Investment Option will be accounted for as capital. To the extent that the amount of the exercise price of the Investment Options exceeds the fractional value of the existing shares of the Company existing immediately prior to the issue of the new shares (i.e., at the date of this report, rounded to EUR 0.7321), a portion of the exercise price, per share to be issued upon exercise of the Investment Options, equal to such fractional value, shall be accounted for as capital, with the balance booked as issue premium. After the capital increase and the issue of new shares, each new and existing share will represent the same fraction of the Company's capital.
- *Admission to listing and trading of the underlying shares :* The new shares to be issued upon exercise of the Investment Options must be admitted to listing and trading on the regulated market of Euronext Brussels in accordance with section 3.6 below.
- *Transferability:* The Investment Options will in principle be transferable, but will not be admitted to trading or listing.
- *Form:* The Investment Options will be issued in registered form and may not be dematerialised.
- *Change of control:* In the event of a change of control of the Company, the Company shall offer to repurchase the Investment Options that have not yet been exercised. Upon the occurrence of a change of control of the Company, Investment Options that have not been repurchased by the Company or exercised by their holder will automatically expire.

The provisions relating to the change of control will be subject to the approval of the EGM separately and in accordance with Article 7:151 of the Companies and Associations Code, and will only take effect following their approval by the EGM in accordance with Article 7:151 of the Companies and Associations Code.

### **3.3. Cancellation of preferential subscription rights of existing shareholders**

In the context of the proposed Transaction, the board of directors proposes to the EGM to waive the preferential subscription rights of the Company's existing shareholders and, to the extent necessary, of the Company's existing holders of share options and/or convertible bonds, in accordance with article 7:193 of the Companies and Associations Code, in favour of the Investor.

The Investor is not a member of the Company's personnel within the meaning of article 1:27 of the Companies and Associations Code.

The cancellation of the preferential subscription rights of the existing shareholders and, to the extent necessary, of the existing holders of share options and/or convertible bonds of the Company, enables the Company to place the New Shares with the Investor in accordance with the terms and conditions of the Subscription Agreement.

### **3.4. Exercise price**

As indicated above, the Warrants and the Investment Options, respectively, may be exercised at a price of EUR 2.25 per new share (subject to potential customary downward adjustments in the case of certain dilutive actions of the Company). Subject to and in accordance with the respective provisions of the Warrants Terms and the Investment Options Terms, upon exercise of the Warrants and/or Investment Options and the issuance of new shares, the exercise price of the Warrants and/or Investment Options shall be recognised as capital. To the extent that the amount of the exercise price of the Warrants and/or Investment Options exceeds the fractional value of the existing shares of the Company existing immediately prior to the issuance of the new shares (i.e., at the date of this report, rounded to EUR 0.7321), a portion of the exercise price, per share to be issued upon exercise of the Warrants and/or Investment Options, equal to such fractional value, shall be recorded as capital, with the balance recorded as issue premium. Following such a capital increase and issue of new shares, each new and existing share will represent the same fraction of the Company's capital. Any issue premium will be recognised as a liability in the Company's balance sheet under shareholders' equity. The account to which the issue premium is booked will constitute, in the same way as the Company's capital, a guarantee for third parties and, unless it is possible to capitalise these reserves, may only be reduced or cancelled by a decision of the general meeting of shareholders ruling under the conditions required for amending the Company's articles of association.

### **3.5. Rights attached to the new shares to be issued upon exercise of the Warrants and/or Investment Options**

As mentioned above, the new shares to be issued upon exercise of the Warrants and/or Investment Options will have the same rights and benefits, and will in all respects rank *pari passu*, including with respect to rights to dividends and distributions, with the existing and outstanding shares of the Company at the time of their issue, and will be entitled to dividends and distributions for which the applicable record date or maturity date falls on or after the date of issue of the new shares.

### **3.6. Admission to listing and trading of the new shares to be issued upon exercise of the Warrants and/or Investment Options**

The new shares to be issued upon exercise of the Warrants and/or Investment Options must be admitted to listing and trading on the regulated market of Euronext Brussels. To this end, the Company will make the necessary filings and applications, in accordance with applicable laws and regulations, in order to allow admission to listing and trading on the regulated market of Euronext Brussels following the issuance of new shares pursuant to the Subscription Agreement.

For this purpose, the Company will prepare, and obtain approval for, a listing prospectus in accordance with the Prospectus Regulation, unless an exemption is available in accordance with Regulation 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**").

Although the preparation of a listing prospectus involves additional costs and expenses, the opportunity for the Company to raise additional funds through the Transaction outweighs the costs and expenses associated with the preparation of a listing prospectus.



#### **4. JUSTIFICATION OF THE PROPOSED TRANSACTION**

The Transaction was a condition to the completion of the Private Placement on 28 August 2023. The board of directors therefore believes that the Private Placement completed on 28 August 2023 and the Transaction are in the best interests of the Company as they enable the Company to strengthen its balance sheet, improve its cash position and proactively optimise its financial structure. The Company's activities are capital intensive and required additional financing.

In particular, the Company intends to use the net proceeds of the Private Placement and the Transaction primarily to support expenses related to (i) Donesta® (in particular, support for the filing of the New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA) and the organisation of additional Phase 2 clinical studies to support differentiation for the treatment of menopausal symptoms related to hair, skin and sexual desire), (ii) Estetrol® (in particular, to explore new indications in the field of women's health (in relation to in vitro fertilisation (IVF) implantation and exploratory clinical studies in endometrial thickening) and the organisation of new Phase 2 and Phase 4 pharmacoeconomic clinical studies to establish the safety of E4 (Estelle®/Donesta®) in breast cancer and blood coagulation), (iii) Zoreline® (in particular, the organisation of 1-month and 3-month formulation studies), and (iv) the general objectives of the Company. This use of the net proceeds of the Private Placement and the Transaction represents the Company's intentions on the basis of its current commercial plans and conditions, which may change in the future depending on the evolution of its commercial plans and conditions.

The Private Placement has also enabled the Company to further strengthen its image with investors, both nationally and internationally, which may be in the interests of the development of the Company's business and any future capital market transactions. The investment by the new Investor may be seen as a further expression of support for the Company's business and strategy. This may attract additional interest from other investors.

The Private Placement has also enabled the Company to broaden its shareholder structure internationally, which may improve both the stability and diversity of the Company's shareholder structure and the liquidity of the Company's shares as admitted to trading on the regulated market of Euronext Brussels. The board of directors also notes that the Investor is based in the United States, which makes it possible to internationalise the shareholder structure and improve the Company's image in the United States.

The Private Placement and the Transaction are part of management's overall strategy (communicated in its letter to shareholders on 25 May 2023) and are in addition to other measures, aimed at improving the Company's financial health and balance sheet, that have been previously announced by the Company. These measures include the recent renegotiation of the Financing Agreements with the Lenders (which enabled the Company to raise ca. EUR 15,000,000.00, i.e., 12,500,000.00 by drawing down a convertible loan and ca. EUR 2,500,000.00 through the subscription of new shares by Highbridge and Whitebox), the sale of 4,221,815 shares in Mayne Pharma Group Limited for an aggregate price of AUD 16,296,205.90 (or EUR 10,208,096.91 at the exchange rate published by the European Central Bank on 19 June 2023), the exploration of potential options that would enable the Company to maximise the value of its CDMO facility, and a licensing agreement for the rights to market Donesta® in the United States. The Company may also consider selling other assets, if and when the opportunity arises.

The board of directors also notes that the Transaction is a condition without which the Private Placement could not have been completed. The Transaction has the potential to limit the discount that would otherwise have been applied to the Private Placement. The board of directors is aware that the issue of Warrants and Investment Options may result in additional

dilution for shareholders. However, the dilution will depend on the actual exercise of the Warrants and/or Investment Options. In any event, this dilution does not outweigh a scenario in which the Company would no longer have been able to finance the continuation of its activities and development.

In addition, although there can be no guarantee that the Warrants and/or Investment Options will ultimately be exercised, the exercise of the Warrants and/or Investment Options and the payment of the corresponding exercise price of the Warrants and/or Investment Options, as the case may be, will provide the Company with additional cash, which can be used to further finance the Company's activities and strengthen its balance sheet.

With regard to the Amendment to the Financing Agreements, the board of directors is aware that this will result in increased dilution for shareholders and increased costs associated with the facility for the Company. However, this increased dilution and associated costs do not outweigh a scenario in which the Company would no longer be able to finance the continuation of its activities and development.

Finally, the board of directors notes that other sources of financing to strengthen the Company's cash position have been considered, such as a public offering or an accelerated bookbuilding procedure via a private placement launched publicly with a large group of professional, institutional and qualified investors. However, such financing was currently not available or on terms acceptable to the Company. If the Company were unable to raise additional funds to extend its working capital, it would have to dispose of some of its assets or implement other measures to ensure that it can continue as a going concern. This would be to the detriment not only of the Company's employees and shareholders, but also of the patients who, in the eyes of the Company, benefit from its products and treatments.

For all these reasons, the board of directors of the Company believes that the proposed Transaction is in the best interest of the Company, its shareholders, the current holders of share options and/or convertible bonds of the Company, and other stakeholders. The board of directors therefore recommends that the EGM approves the issuance of the Warrants and the Investment Options.

## **5. JUSTIFICATION OF THE EXERCISE PRICE**

As a reminder, the terms and conditions of the Private Placement and the Transaction were determined by the board of directors in consultation with the Placement Agent, on the basis, *inter alia*, of the results of the above-mentioned confidential order book process organised by the Placement Agent and discussions with the Investor. During this process, interested investors could indicate to the Placement Agent their interest in subscribing for new shares in the Company, as well as the number of new shares and the issue price at which they were prepared to subscribe for new shares. The final allocation to the Investor was made on the basis of objective criteria. This order book procedure therefore constitutes, in the opinion of the board of directors, a fair and objective method on the basis of which the said terms and conditions could be determined through a competitive process and at arm's length from the investors concerned.

The exercise price of the Warrants and Investment Options of EUR 2.25 (representing the capital of the Company for the amount equal to the fractional value and the issue premium for the amount in excess of the fractional value) was determined by the board of directors in consultation with the Placement Agent, following negotiations with the Investor. The negotiation process was conducted objectively and independently. At the time of these negotiations, the Investor was a third party to the Company and was not connected to the Company or its management.

The exercise price of the Warrants and the Investment Options of EUR 2.25 (subject to potential customary downward adjustments in case of certain dilutive actions of the Company) represents a discount of 6.64% compared to the closing price of the existing shares of the Company on the regulated market of Euronext Brussels on 23 August 2023 (i.e. EUR 2.41), i.e. the day on which the Subscription Agreement was entered into. This discount reflects, among other things, compensation for the limited liquidity of the Company's shares, notwithstanding the trading of the Company's shares on Euronext Brussels. However, this is outweighed by the risks and disadvantages of the Company not being able to raise new funds to support its working capital and continuity of its activities, as well as by the benefits of the Private Placement and the Transaction, as mentioned in Section 4 above. In addition, the Transaction has the potential to limit the discount that would otherwise have been applied to the Private Placement.

The board of directors also points out that due to macro-economic factors, such as rising interest rates, the geopolitical situation in Eastern Europe and falling investor confidence in general, the capital markets have been extremely volatile and difficult for companies to raise funds via the capital markets. The price of many listed financial instruments has suffered significant falls, and a number of previously available sources of finance, particularly for companies active in the life sciences field, are still not available or only on less attractive terms.

It should also be noted that the Company reserves the right to carry out certain transactions involving its capital or similar transactions. In such cases, however, the exercise price may have to be adjusted and reduced in accordance with the anti-dilution protection mechanisms set out in the Warrants Terms and the Investment Options Terms. In the event of an adjustment of the exercise price of the Warrants and the Investment Options, the number of shares issuable upon exercise of the Warrants and/or Investment Options will be increased proportionately, so that after the adjustment the total exercise price payable for the increased number of shares will be the same as before the adjustment. These adjustment mechanisms are customary for securities such as Warrants and Investment Options. They also comply with the principle set out in Article 7:71 of the Companies and Associations Code.

Finally, in the event of a change of control over the Company, pursuant to the Warrants Terms and the Investment Options Terms, the Company shall offer to repurchase the Warrants and/or Investment Options that have not yet been exercised. Upon the occurrence of a change of control over the Company, the Warrants and/or Investment Options that have not been repurchased by the Company, or exercised by their respective holders, will automatically expire. This mechanism is also customary for securities of the type of Warrants and Investment Options, and is consistent with the principle set forth in Article 7:71 of the Companies and Associations Code.

Therefore, taking into account all of the above, the board of directors is of the opinion that the exercise price of the Warrants and the Investment Options is not unreasonable and can be sufficiently justified, and that it is in the interest of the Company, the existing shareholders, the existing holders of share options and/or convertible bonds of the Company, and other stakeholders.

## **6. REASONS FOR THE CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHTS**

In the context of the envisaged Transaction as described above, the board of directors proposes to the EGM to cancel the preferential subscription rights of the existing shareholders of the Company and, to the extent necessary, of the existing holders of share options and/or convertible bonds of the Company in accordance with articles 7:191 and 7:193 of the Companies and Associations Code, in favour of the Investor.

The cancellation of the preferential subscription rights of the existing shareholders and, to the extent necessary, of the existing holders of share options and/or convertible bonds, is necessary to enable the Company to issue the Warrants and Investment Options in accordance with the terms and conditions of the Subscription Agreement.

Firstly, the Company's undertaking to submit the issue of the Warrants and Investment Options to the EGM was, for the Investor, a condition to the completion of the Private Placement, which enabled the Company to raise funds to further finance its activities, as set out in sections 4 and 5.

Secondly, the board of directors also notes that other sources of financing to strengthen the Company's cash position were considered, such as, among others, a public offering (see also below) or an accelerated bookbuilding procedure via a private placement launched publicly to a large group of professional, institutional and qualified investors. However, such financing was currently not available or on terms acceptable to the Company. Furthermore, the Private Placement and the Transaction are in addition to other measures and priorities announced by the Company (see also section 4 above). If the Company had not been able to raise additional funds to extend its working capital, this could have been detrimental to its ability to continue as a going concern. This would have been to the detriment not only of the Company's employees and shareholders, but also of the patients who, in the Company's view, benefit from its products and treatments.

Finally, and taking into consideration the Company's experience gained from the initial public offering in 2015 and subsequent private placements, the board of directors was not in favour of raising funds through a public offering at this stage, but rather through the Private Placement and the Transaction. A public offer is not only very expensive for the Company, but also requires considerably longer preparation, as a result of which the Company could have missed an opportunity which, according to the Company's financial advisers, currently exists to attract additional funds. It is uncertain whether such an opportunity will arise again in the near future. Consequently, the Private Placement and the Transaction have enabled and will (potentially) enable the Company to raise new funds quickly and at a lower cost.

For all the above reasons, the board of directors is of the opinion that the envisaged issue of the Warrants and Investment Options, with cancellation of the preferential subscription right in favour of the Investor and notwithstanding the dilution resulting from the potential exercise of the Warrants and/or Investment Options for the shareholders and, as the case may be, the holders of share options and/or convertible bonds, is in the interest of both the Company and existing shareholders, current holders of share options and/or convertible bonds, and other stakeholders, since it has enabled and will (potentially) enable the Company to rapidly attract the new funds needed to finance its activities and ensure its going concern for the next few months.

## **7. CERTAIN FINANCIAL CONSEQUENCES**

### **7.1. Introductory comment**

The following paragraphs provide an overview of certain financial consequences of the exercise of the Warrants and Investment Options. For further information with regard to the financial consequences of the exercise of the Warrants and Investment Options, reference is also made to the report prepared in accordance with articles 7:180, 7:191 and 7:193 of the Belgian Companies and Associations Code by the statutory auditor of the Company, BDO Réviseurs d'entreprises SRL.

Whether or not new shares are issued under the Warrants and/or Investment Options will depend on whether or not the Warrants and/or Investment Options are exercised by the Investor.

In addition, the actual financial consequences resulting from the issuance of the new shares described below in the context of the exercise or conversion of certain instruments, rights, obligations and claims issued by the Company (other than upon exercise of the Warrants and Investment Options) are necessarily illustrative and potentially hypothetical, as the number of new shares that may be issued in this context depends on certain conditions and parameters, as described below.

*As a consequence, the discussion on the financial consequences of the proposed Transaction for existing shareholders is purely illustrative and hypothetical, and is based in part on purely indicative parameters (where appropriate).*

Subject to the foregoing, in order to illustrate certain financial consequences of the Transaction and notably the dilution for the shareholders, the following parameters and assumptions were used:

- (a) Current Capital: At the date of this report, the Company's capital amounted to EUR 50,594,032.41, represented by 69,108,397 ordinary shares without par value, each representing the same fraction of the Company's capital, rounded to EUR 0.7321. The capital is fully and unconditionally subscribed and fully paid.
- (b) The Transaction: In order to illustrate the maximum potential dilutive effects of the Transaction below, it is assumed that:
  - (i) the 10,000,000 Warrants are issued and all exercised, for a total of 10,000,000 newly issued shares at an issue price of EUR 2.25 per new share, resulting in a total issue price of EUR 22,500,000.00 (including issue premium, if any); and
  - (ii) the 10,000,000 Investment Options are issued and all exercised, for a total of 10,000,000 newly issued shares at an issue price of EUR 2.25 per new share, resulting in a total issue price of EUR 22,500,000.00 (including issue premium, if any).

It should be noted that on 28 August 2023, in the context of the Private Placement, the Company has already issued 10,000,000 new shares to the Investor, at a subscription price of EUR 2.00 per share, for a total subscription price of EUR 20,000,000 (as described in more detail above). Since these 10,000,000 new shares and this total subscription price of EUR 20,000,000 are already incorporated into the Company's current capital, these elements are not included separately in the dilution simulations below. For a detailed hypothetical overview of the Investor's shareholding, on a non-diluted and fully diluted basis, before and after exercise of the Warrants and Investment Options, and taking into account the Private Placement, reference is made to section 8 below.

- (c) Share Options: At the date of this report, the following 1,785,617 subscription rights issued by the Company are still outstanding (the "**Share Options**")
  - (i) 1,394,900 outstanding Share Options issued by the Company on 5 November 2018, entitling their holders to subscribe to 1 share upon exercise of 1 relevant Share Option (the "**2018 Share Options**"); and

- (ii) 390,717 outstanding Share Options, issued by the Company on 20 November 2020, entitling their holders to subscribe for 1 share upon exercise of 1 relevant Share Option (the "**2020 Share Options**").

In this report, when reference is made to any "outstanding" Share Options, this refers to, respectively, Share Options that have not yet been granted but can still be granted and (depending on the terms and conditions of such Share Options and, as the case may be, the decisions taken by the board of directors and/or the general shareholders' meeting of the Company) have not yet expired, and Share Options that have already been granted and (depending on the terms and conditions of such Share Options) have not yet expired. With respect to the 2018 Share Options, the number of outstanding Share Options mentioned above takes into account the decision taken by the board of directors of the Company on 20 November 2020 to no longer grant 390,717 2018 Share Options.

For the purpose of the full-dilution scenario calculations below, it is assumed that all of the outstanding Share Options have become exercisable and are exercised. On this basis, if all Share Options were exercised, 1,785,617 new shares would have to be issued by the Company.

- (d) Contribution in kind of receivables owed by the Company under the Financing Agreements: On 20 June 2023, the Company, Highbridge, Whitebox and certain agents entered into the Financing Agreements. Pursuant to the Financing Agreements, the Lenders are entitled to contribute their receivables in kind into the capital of the Company against the issue of the new shares. As mentioned in this report, in order to proceed with the Transaction, the Company and the Lenders have entered into the Amendment. In order to simulate a maximum dilutive scenario in the context of the contributions in kind of certain receivables that may be owed by the Company under the Financing Agreements, as principal, interest, option prepayment amount, commitment fee or otherwise (as contemplated in the Financing Agreements) owed by the Company, it is assumed that, receivables are contributed in kind by the Lenders to the Company in consideration for one (or more) capital increase(s) for an amount equal to EUR 89,593,711.66 (including issue premium, if any) in accordance with the Financing Agreements, as affected by the Amendment to the Financing Agreements. On the occasion of each settlement of a receivable in shares, the issue price of the new shares to be issued as part of the contribution in kind of the receivable owed by the Company will be determined in accordance with the provisions of the Financing Agreements. The issue price of the new shares to be issued as part of the contribution in kind will depend on the tranche concerned and the nature of the amount to be converted (in principal, interest or, where applicable, into an Option Prepayment Amount). For the purposes of the simulations below, taking into account the Amendment to the Financing Agreements, it will be assumed that:
  - (i) The principal amounts under Tranche A (EUR 31,076,161.29), Tranche B (EUR 16,784,000.00) and Tranche C1 (EUR 12,500,000.00) will be converted into new shares at an issue price per share of EUR 2.25;
  - (ii) the principal amounts under Tranche C2 (EUR 12,500,000.00) will be converted into new shares at a hypothetical issue price per share equal to the exercise price of the Warrants and Investment Options (i.e. EUR 2.25) (it being understood that the final issue price may be lower or higher than the hypothetical price used);
  - (iii) the interest amounts under Tranche A, Tranche B, Tranche C1 and Tranche C2 (for the purposes of the simulations below, estimated at EUR 16,733,550.37

(based on an interest rate for all Tranches of 13.0% for the period from 11 November 2023 to 8 August 2025, with the remaining accrued interest until 11 November 2023 to be settled in cash)) will be converted into new shares at a hypothetical issue price equal to the exercise price of the Warrants and Investment Options (i.e., EUR 2.25) (it being understood that the final issue price may be lower or higher than the hypothetical price used);

- (iv) the option prepayment amounts under Tranche A, Tranche B, Tranche C1 or Tranche C2 will not be taken into account (as the simulations assume that all principal and interest amounts are converted at maturity of the loan facility).

For further information on the Financing Agreements, reference is made to the report of the board of directors prepared in accordance with section 7:198 *juncto* 7:179 and 7:197 of the Companies and Associations Code, which is available on the Company's website ([https://www.mithra.com/wp-content/uploads/2023/06/2023-06-21\\_Mithra\\_Board-Report-Access-to-Tranche-C\\_FR.pdf](https://www.mithra.com/wp-content/uploads/2023/06/2023-06-21_Mithra_Board-Report-Access-to-Tranche-C_FR.pdf)), taking into account the Amendment to the Financing Agreements (as described in section 2.3 above)

- (e) Put Option Agreement: On 23 April 2020, the Company, LDA Capital Limited ("**LDA Capital**"), LDA Capital, LLC, and three existing shareholders of the Company (i.e., François Fornieri, Alychlo NV and Noshag SA) (the "**Share Lending Shareholders**") entered into a put option agreement (the "**Put Option Agreement**"). Subsequently, the Company, LDA Capital, LDA Capital, LLC, and the Share Lending Shareholders entered into an addendum to the Put Agreement.

Pursuant to the Put Option Agreement (as amended), LDA Capital has agreed to commit a maximum amount of EUR 75,000,000.00 (the "**Commitment Amount**") in cash within a maximum of five years in exchange for new ordinary shares in the Company. This amount will be released, based on drawdowns by the Company in the form of put options which the Company has the right to exercise at its sole discretion (via so-called "put option notices"). The Company is entitled to issue a put notice to LDA Capital on any trading day during a time period commencing on 23 April 2020 and expiring on the earlier of (i) 23 April 2025 or (ii) the date on which LDA Capital has subscribed for an aggregate amount of EUR 75,000,000.00 under the Put Option Agreement (the "**Commitment Period**").

On 29 May 2020, the Company issued its first put option notice to LDA Capital pursuant to which LDA Capital subscribed for a total of 159,800 shares at a subscription price of EUR 19.43 per share, for a total subscription price of EUR 3,104,869.00 (including issue premium). The shares were issued on 5 August 2020.

On 2 July 2021, the Company issued its second put option notice to LDA Capital whereby LDA Capital subscribed for a total of 314,162 shares at a subscription price of EUR 18.23 per share, for a total subscription price of EUR 5,727,177.00 (including issue premium). The shares were issued on 10 November 2021.

On 20 December 2021, the Company issued its third put option notice to LDA Capital whereby LDA Capital subscribed for a total of 442,191 shares at a subscription price of EUR 18.23 per share, for a total subscription price of EUR 8,061,142.00 (including issue premium). The shares were issued on 14 February 2022.

On 28 April 2022, the Company issued its fourth put option notice to LDA Capital whereby LDA Capital subscribed for a total of 625,000 shares at a subscription price of EUR 6.61 per share, for a total subscription price of EUR 4,133,933 (including issue premium). The shares were issued on 30 June 2022.

On 17 November 2022, the Company issued its fifth put option notice to LDA Capital whereby LDA Capital subscribed for a total of 262,000 shares at a subscription price of EUR 4.45 per share, for a total subscription price of EUR 1,165,900.00 (including issue premium). The shares were issued on 30 December 2022. Therefore, as of today, the remaining Commitment Amount is EUR 52,806,979.00.

Notwithstanding the above, in order to illustrate the dilutive effects below, it is assumed that the remaining Commitment Amount (i.e. EUR 52,806,979.00) is fully invested by LDA Capital at a subscription price per share identical to the exercise price of the Warrants and Investment Options (i.e. EUR 2.25).

- (f) LDA Warrants: As part of the Put Option Agreement, on 22 July 2020 (as amended), the Company issued subscription rights to LDA Capital for (currently) up to 720,571 new ordinary shares of the Company at an adjusted exercise price of EUR 25.8545 per ordinary share (subject to additional customary adjustments) (the "**LDA Warrants**"). As a result of dilutive transactions in the past, the exercise price of the LDA Warrants has been reduced to EUR 25.8545 (this reduced exercise price is still subject to possible downward adjustments due to previous share issues). For the purpose of the calculation of the full dilution scenario below, it is assumed that all LDA Warrants have become fully exercisable and have been validly exercised by LDA Capital at an exercise price of EUR 25.8545 per share. It's possible that further adjustments are due. On this basis, if all LDA Warrants were exercised, 720,571 new shares would need to be issued by the Company.

It should be noted that the conditions of the LDA Warrants contain anti-dilutive mechanisms under which the exercise price of the LDA Warrants has been adjusted and reduced on the basis of specific formulas in the framework of certain capital-related or similar transactions. On this basis, the Transaction is again likely to result in a downward adjustment of the exercise price of the LDA Warrants in accordance with the issue price of the new shares. For the purposes of the simulations below, it is assumed that such adjustments will not be triggered by the Transaction.

- (g) Share Lending Warrants: Pursuant to the Put Option Agreement (as amended), the respective Share Lending Shareholders have agreed to provide to LDA Capital a share lending facility (the "**Share Lending Facility**"). The Share Lending Facility allows LDA Capital to hedge its risk against the amount it has to pay-up pursuant to the exercise of the put options. In consideration of the willingness of the respective Share Lending Shareholders to provide the Share Lending Facility, on 7 September 2020, the Company has issued to the Share Lending Shareholders a number of subscription rights, exercisable for (currently) a maximum of 313,292 new shares of the Company, at an adjusted exercise price of EUR 25.8545 per ordinary share (subject to additional customary adjustments) (the "**Share Lending Warrants**"). As a result of dilutive transactions in the past, the exercise price of the Share Lending Warrants has been reduced to 25.8545 (this reduced exercise price is still subject to possible downward adjustments due to previous share issues). For the purpose of the calculation of the full dilution scenario below, it is assumed that all of the Share Lending Warrants have become fully exercisable and have been validly exercised by the respective Share Lending Shareholders at an exercise price of EUR 25.8545 per new share. It should be noted that only a maximum number of 300,000 Share Lending Warrants can be exercised. On this basis, if all Share Lending Warrants were exercised, 313,292 new shares would need to be issued by the Company.

The conditions of the Share Lending Warrants contain the same anti-dilution mechanisms as those included in the terms of the LDA Warrants (see paragraph (f)



above). For the purposes of the simulations below, it is assumed that such adjustments will not be triggered by the Transaction.

- (h) Existing Convertible Bonds: On 17 December 2020, the Company issued 1,250 senior unsecured convertible bonds due on 17 December 2025, for an aggregate amount of EUR 125,000,000, each convertible bond having been issued in dematerialised form with a nominal value of EUR 100,000 (the " **Existing Convertible Bonds**"). The Existing Convertible Bonds bear a coupon of 4.250% per year, payable semi-annually in arrears in equal instalments on 17 December and 17 June of each year, commencing on 17 June 2021, and are (currently) convertible into ordinary shares of the Company at an adjusted conversion price of EUR 23.2370 (which price is subject to customary potential adjustments, as included in the terms of the Existing Convertible Bonds).

Pursuant to the original Senior Secured Convertible Facilities Agreement entered into on 8 August 2022 by and between the Company, the Lenders, and certain agents, the Company used a portion of the proceeds of the first tranche of the loan facility to repurchase EUR 34,100,000.00 in principal amount of the Existing Convertible Bonds held by the Lenders, at a price of EUR 850.00 per EUR 1,000.00 principal amount of the relevant Existing Convertible Bonds (representing an aggregate amount of up to EUR 28,985,000.00), together with payment in cash of accrued and unpaid interest on the redeemed bonds. At the date of this report, no other Existing Convertible Bonds have been repurchased by the Company or converted.

The Existing Convertible Bonds were convertible into ordinary shares of the Company at an initial conversion price of EUR 25.1917. Following the drawdown of the first Tranche A of EUR 50,000,000.00 of the loans available under the terms of the Financing Agreements, on the basis of the usual adjustment mechanisms included in the general terms and conditions of the convertible Bonds, the conversion price has been adjusted on 1 September 2022 to EUR 24.5425 (with effect as of 8 August 2022). Following the drawdown of the second Tranche B of EUR 25,000,000.00 of the loans available under the terms of the Financing Agreements, on the basis of the usual adjustment mechanisms included in the general terms and conditions of the Existing Convertible Bonds, the conversion price was adjusted on 4 July 2023 to EUR 24.1256 (with effect from 22 November 2022). Following the drawdown of third Tranche C1 of EUR 12,500,000.00 of the loans available under the terms of the Financing Agreements, on the basis of the usual adjustment mechanisms included in the general terms and conditions of the Existing Convertible Bonds, the conversion price was adjusted on 17 July 2023 to EUR 23.8262 (with effect from 21 June 2023). Following the Private Placement, on the basis of the customary adjustment mechanisms included in the terms and conditions of the Existing Convertible Bonds, the conversion price was adjusted on 12 September 2023 to EUR 23.2370 (with effect from 28 August 2023).

Therefore, for the purpose of illustrating the dilutive effects below, it is assumed that all remaining Existing Convertible Bonds (together representing an aggregate nominal amount of EUR 90,900,000.00) have been converted at the adjusted conversion price (i.e., EUR 23.2370). On this basis, if all the remaining Existing Convertible Bonds were converted, 3,911,864 new shares would have to be issued by the Company. It should be noted that upon conversion of the Existing Convertible Bonds remaining, the Company may also deliver existing shares (to the extent available at that time) to the relevant holders of Existing Convertible Bonds remaining, instead of issuing new shares. In order to illustrate the dilutive effects below, it is assumed that only new shares are issued upon conversion of the Existing Convertible Bonds. If existing shares were delivered, the effects would be different.

It should also be noted that the terms of the Existing Convertible Bonds contain anti-dilution mechanisms under which the initial conversion price of the Existing Convertible Bonds has been adjusted downward based on specific formulas in the framework of certain capital or similar transactions (as already have taken place on 1 September 2022, 4 July 2023, and 17 July 2023). The Transaction may also be one of those transactions that may result in a downward adjustment of the initial conversion price of the Existing Convertible Bonds based on the issue price of the new shares. In case of an adjustment of the initial conversion price of the remaining Existing Convertible Bonds and the number of shares that may be issued upon conversion of the remaining Existing Convertible Bonds will be increased proportionally. For the purposes of the simulations below, it is assumed that such adjustments will not be triggered by the Transaction.

- (i) Accounting for the issue price of outstanding dilutive instruments: Upon the issuance of new shares under the Put Option Agreement and/or the Financing Agreements, the amount of the subscription price of the new shares concerned will be allocated to the accounting net equity (in the form of share capital and issue premium). Likewise, upon the issuance of new shares pursuant to the exercise of the LDA Warrants, the Share Lending Warrants and the Share Options, and/or following the conversion of the remaining Existing Convertible Bonds, the relevant exercise or conversion price will be allocated to the accounting net equity (as share capital and issue premium). The amount that shall be booked as share capital shall, on a per share basis, be equal to the amount of the fractional value of the Company's shares (currently amounting to rounded EUR 0.7321 per share). The balance shall be booked as issue premium.

In this report, when reference is made to "outstanding dilutive instruments", this refers, respectively, to the issue of new shares to LDA under the Put Option Agreement, the exercise of LDA Subscription Rights, the exercise of Share Loan Subscription Rights, the exercise of outstanding Share Options, the conversion of the remaining Existing Convertible Bonds, and the issue of new shares under the Financing Agreements.

The question whether any new shares will be issued under the Financing Agreements will depend on the amounts drawn down under the loan facility, and a decision yet to be taken by the Lenders or (as the case may be) the Company to convert receivables. The Company's ability to draw down further loans under the Loan Facility will depend on a number of factors.

The question whether new shares will be issued pursuant to the Put Option Agreement will ultimately depend on a decision still to be taken by the Company to exercise the put option mechanism and/or to proceed with a drawdown. The ability of the Company to exercise such mechanisms will depend on several factors, including the Company's financing needs at that time and whether there are other financial means available to the Company.

The question whether the Warrants (if their issue is approved by the EGM), the Investment Options (if their issue is approved by the EGM), the Share Options, the LDA Warrants and the Share Lending Warrants will be effectively exercised, and whether the remaining Existing Convertible Bonds and the convertible receivables under the Financing Agreements will be converted, will ultimately depend on the decision of the respective holders of the subscription right, the remaining Existing Convertible Bonds or the convertible receivables. In particular, the holder of a subscription right, remaining Existing Convertible Bonds or a convertible receivable could realise a capital gain at the time of exercise or conversion if the trading price of the Company's shares at that moment is higher than the exercise or conversion price, and if the shares can be sold at such price on the market. As a result, it is unlikely that

the Warrants (if their issue is approved by the EGM) and Investment Options (if their issue is approved by the EGM) are exercised if the price of the Company's shares at the time of exercise is less than EUR 2.25 per share. Similarly, it is unlikely that the LDA Warrants and/or Share Lending Warrants will be exercised if the share price of the Company at the time of exercise is below EUR 25.8545 per share. It is also unlikely that the remaining Existing Convertible Bonds will be converted if the conversion price (currently EUR 23.2370) is higher than the share price. Finally, it is unlikely that convertible receivables under the Financing Agreements will be converted if the applicable conversion price is higher than the share price.

## **7.2. Evolution of the share capital, voting rights, participation in the results and other shareholders rights**

Each share in the Company currently represents an equal part of the share capital of the Company and provides for one vote in function of the capital it represents. The issuance of the new shares upon exercise of the Warrants and Investment Options (provided that the Warrants and/or Investment Options are issued in favour of the Investor) will lead to a dilution of the existing shareholders of the Company and of the relative voting power of each share in the Company.

The dilution relating to the voting right also applies, *mutatis mutandis*, to the participation of each share in the profit and liquidation proceeds and other rights attached to the shares of the Company, such as the statutory preferential subscription right in case of a capital increase in cash through the issuance of new shares or in case of the issuance of new subscription rights or convertible bonds.

In particular, prior to the Transaction (and prior to the issuance of new shares pursuant the other outstanding dilutive instruments), each share of the Company participates equally in the profit and liquidation proceeds of the Company and each shareholder has a statutory preferential right in case of a capital increase in cash or in case of the issuance of new subscription rights or convertible bonds. In case of the issuance of the new shares on exercise of the Warrants and Investment Options (provided that the Warrants and/or Investment Options are issued in favour of the Investor), the new shares to be issued will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company at the moment of their issuance and delivery and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issuance and delivery of the new shares. As a result and to the extent that the new shares will be issued on exercise of the Warrants and Investment Options (provided that the Warrants and/or Investment Options are issued in favour of the Investor), the participation of the existing shares in the profit and liquidation proceeds of the Company, and their holder's the statutory preferential subscription right in case of a capital increase in cash, shall be diluted proportionately.

A similar dilution occurs upon exercise of the other outstanding dilutive instruments.

Without prejudice to the methodological reservations set out in section 7.1, the evolution of the share capital and the number of shares, with voting rights attached thereto, of the Company as a result of the issue of the new shares upon the exercise of the Warrants and Investment Options is simulated below, in a scenario before dilution due to outstanding dilutive instruments, as well as in a scenario after dilution due to outstanding dilutive instruments.

## Evolution of the number of outstanding shares

### After exercise of Warrants and Investment Options but before dilution due to outstanding dilutive instruments

(A) Outstanding shares.....	69,108,397
(B) New shares to be issued upon exercise of all Warrants .....	10,000,000
(C) New shares to be issued on exercise of all Investment Options .....	10,000,000
(D) Total number of shares outstanding after (B) and (C).....	89,108,397
(E) Dilution .....	22.44%

### After dilution due to outstanding dilutive instruments but before exercise of Warrants and Investment Options

(A) Outstanding shares.....	69,108,397
(B) New shares to be issued upon exercise of the outstanding Share Options .....	1,785,617
(C) New shares to be issued under the Financing Agreements.....	39,819,428
(D) New shares to be issued under the Put Option Agreement.....	23,469,768
(E) New shares to be issued upon exercise of LDA Warrants .....	720,571
(F) New shares to be issued upon exercise of Share Lending Warrants ...	313,292
(G) New shares to be issued upon conversion of the remaining Existing Convertible Bonds	3,911,864
(H) Total number of new shares outstanding after (B), (C), (D), (E), (F), and (G) .....	139,128,937

### After exercise of Warrants and Investment Options and after dilution due to outstanding dilutive instruments

(A) Shares outstanding after dilution due to outstanding dilutive instruments .....	139,128,937
(B) New shares to be issued upon exercise of all Warrants .....	10,000,000
(C) New shares to be issued upon exercise of all Investment Options .....	10,000,000
(D) Total number of shares outstanding after (B) and (C) .....	159,128,937
(E) Dilution .....	12.57%

Without prejudice to the methodological reservations set out in section 7.1, the table below reflects the change in capital following the issue of new shares on exercise of the Warrants and Investment Options. The maximum amount of the capital increase (excluding issue premium) is calculated by multiplying the number of new shares to be issued upon exercise of the Warrants and Investment Options by the accounting par value of the Company's shares, currently rounded to EUR 0.7321 per share.

## Evolution of the share capital<sup>(1)</sup>

### Before exercise of Warrants and Investment Options

(A) Capital (in EUR).....	50,594,032.41
(B) Outstanding shares.....	69,108,397
(C) Fractional value (in EUR).....	0.7321

### Exercise of Warrants and Investment Options

(A) Total capital increase (in EUR) <sup>(2)</sup> .....	14,642,000.00
(B) New shares to be issued upon exercise of all Warrants .....	10,000,000
(C) New shares to be issued upon exercise of all Investment Options .....	10,000,000

**After exercise of Warrants and Investment Options**

(A) Capital (in EUR).....	65,236,032.41
(B) Outstanding shares.....	89,108,397
(C) Fractional value (in EUR) (rounded) .....	0.7321

Notes:

- (1) This simulation does not take into account the exercise or conversion of outstanding dilutive instruments.
- (2) The portion of the issue price equal to the accounting par value of the Company's existing shares (rounded to EUR 0.7321 per share) is recorded as capital. The portion of the issue price in excess of the par value will be recorded as issue premium.

**7.3. Participation in the consolidated accounting net equity**

The evolution of the consolidated accounting net equity of the Company following the issue of new shares upon exercise of the Warrants and Investment Options is simulated below.

This simulation is based on the audited consolidated annual financial statements of the Company for the financial year ended 31 December 2022 (which have been prepared in accordance with IFRS). The consolidated accounting net equity of the Company as of 31 December 2022 amounted to EUR 33,687,000 (rounded) or EUR 0.60 (rounded) per share (based on the 56,314,974 outstanding shares as at 31 December 2022). The simulation does not take into account any changes in the consolidated accounting net equity since 31 December 2022, except, for the purpose of the simulation, the impact of (i) a first capital increase carried out on 13 February 2022 through contributions in kind of receivables owed by the Company in accordance with previous agreements with the Lenders, (ii) a second capital increase carried out on 13 March 2022 through contributions in kind of receivables owed by the Company in accordance with previous agreements with the Lenders, (iii) a third capital increase carried out on 11 May 2023 through contributions in kind of receivables owed by the Company in accordance with previous agreements with the Lenders, (iv) a fourth capital increase carried out on 25 May 2023 through cash contributions by the Lenders, (v) a fifth capital increase carried out on 23 June 2023 through contributions in kind of receivables owed by the Company in accordance with the Financing Agreements, (vi) a sixth capital increase carried out on 28 August 2023 within the framework of the Private Placement, and (vii) a seventh capital increase carried out on 18 September 2023 through contributions in kind of receivables owed by the Company in accordance with previous agreements with the Lenders. Notably, as a result of the closing of the abovementioned transactions (without taking into account the possible effects of accounting items other than share capital and issue premium (e.g., the costs of the said transactions)):

- (a) the Company's share capital was increased, resulting in an increase of the Company's equity by EUR 27,601,977.45, for a total adjusted amount of EUR 61,288,977; and
- (b) the number of outstanding shares of the Company following the abovementioned transactions amounts to 69,108,397 shares.

For further information on the Company's net equity position on 31 December 2022, reference is made to the financial statements, which are available on the Company's website.

Based on the assumptions set out above, as a result of the issue of new shares upon the exercise of Warrants and Investment Options, without taking into account the other dilutive instruments, the Company's accounting net equity on a consolidated basis, would be increased as indicated below:

### Evolution of the consolidated accounting net equity

#### Consolidated net equity for FY 22 (adjusted)

(A) Net equity (in EUR) (rounded) .....	61,288,977
(B) Outstanding shares .....	69,108,397
(C) Net equity per share (in EUR) (rounded) .....	0.8869

#### Exercise of Warrants and Investment Options

(A) Total increase in net equity (in EUR) <sup>(1)</sup> .....	45,000,000.00
(C) New shares to be issued upon exercise of all Warrants .....	10,000,000
(D) New shares to be issued upon exercise of all Investment Options .....	10,000,000

#### After exercise of Warrants and Investment Options

(A) Net equity (in EUR) (rounded) .....	106,288,977.45
(B) Outstanding shares .....	89,108,397
(C) Net equity per share (in EUR) (rounded) .....	1.1928

Notes:

- (1) Consisting of the amount of the capital increase and the amount of the increase of issue premium. From an IFRS perspective, however, part of the proceeds reflecting the expenses of the Transaction might not be recognized as equity. This is not reflected in the simulation.

The table above demonstrates that the Transaction would, from a pure accounting point of view, result in an increase of the amount represented by each share in the consolidated accounting net equity of the Company.

## 7.4. Financial dilution

The change in market capitalisation resulting from the issue of new shares upon exercise of the Warrants and Investment Options is simulated below.

Without prejudice to the methodological reservations set out in section 7.1, the table below reflects the impact of the issue of new shares upon exercise of the Warrants and Investment Options, without taking into account the other dilutive instruments in circulation, on the market capitalisation and the resulting financial dilution.

On 21 September 2023, the Company's market capitalisation was EUR 146,855,343.63, based on a closing price of EUR 2.125 per share. Assuming that, after the issue of new shares on exercise of the Warrants and Investment Options, the market capitalisation increases exclusively with the funds raised through the issue of new shares on exercise of the Warrants and Investment Options (i.e. EUR 45,000,000.00), the new market capitalisation would be rounded to EUR 2.153 per share. This would represent a (theoretical) increase in value of 1.32%.

### Evolution of the market capitalisation and financial dilution

#### Before exercise of Warrants and Investment Options<sup>(1)</sup>

(A) Market capitalisation (in EUR) .....	146,855,343.63
(B) Outstanding shares .....	69,108,397
(C) Market capitalisation per share (in EUR) .....	2.125

**Exercise of Warrants and Investment Options**

(A) Total funds raised (in EUR).....	45,000,000.00
(C) New shares to be issued upon exercise of all Warrants .....	10,000,000
(D) New shares to be issued upon exercise of all Investment Options .....	10,000,000

**After exercise of Warrants and Investment Options<sup>(1)</sup>**

(A) Market capitalisation (in EUR).....	191,855,343.63
(B) Outstanding Shares .....	89,108,397
(C) Market capitalisation per share (in EUR) (rounded)	2.153

<b>Increase in value.....</b>	<b>1.32%</b>
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Notes:

- (1) As of the date of this report and without taking into account the exercise or conversion of other outstanding dilutive instruments.

**7.5. Other financial consequences**

For a further discussion of the financial consequences of the proposed Transaction, the board of directors refers to the special report prepared in connection therewith by the statutory auditor of the Company.

**8. EFFECTS OF THE TRANSACTION ON THE INVESTOR'S SHAREHOLDING**

The table below reflects the number of shares held by the Investor in the Company at the time all new shares to be issued upon exercise of the Warrants and Investment Options are effectively issued, as well as the percentages represented by his shareholding, in relation to the total number of shares in the Company, on a non-diluted basis and on a fully diluted basis.

No other securities and/or rights to subscribe for securities in the Company that may have been held by the Investor prior to the issuance of the Warrants and/or Investment Options are taken into account below (shares subscribed for in the Private Placement are also excluded):

<b>Investor</b>	<b>Armistice Capital Master Fund Ltd</b>
Number of shares held after the Private Placement but before the exercise of Warrants and Investment Options	10,000,000
Number of shares held after the Private Placement and after the exercise of Warrants and Investment Options	30,000,000
% on a non-diluted basis, before exercise of Warrants and Investment Options <sup>(1)</sup>	14.47%
% on a fully diluted basis, before exercise of Warrants and Investment Options <sup>(2)</sup>	7.19%
% on a non-diluted basis, after exercise of Warrants and Investment Options <sup>(3)</sup>	33.67%
% on a fully diluted basis, after exercise of Warrants and Investment Options <sup>(4)</sup>	18.85%

Notes :

- (1) Based on the Company's 69,108,397 existing shares.
- (2) On the basis of a total number of shares equal to the sum of the 69,108,397 existing shares of the Company and the 70,020,540 shares to be issued upon exercise or conversion of the outstanding dilutive instruments, in accordance with the terms and assumptions described in sections 7.
- (3) On the basis of a total number of shares equal to the sum of the 69,108,397 existing shares of the Company and the 20,000,000 new shares to be issued upon exercise of the Warrants and Investment Options.
- (4) On the basis of a total number of shares equal to the sum of the 69,108,397 existing shares of the Company, the 20,000,000 new shares to be issued upon exercise of the Warrants and Investment Options and the 70,020,540 shares to be issued upon exercise or conversion of the outstanding dilutive instruments in accordance with the terms and assumptions described in section 7

\* \* \*

Done on 24 September 2023,

*[signature page follows]*



For the board of directors,

By:                       
                    *[Signed]*  
Director

By:                       
                    *[Signed]*  
Director

**APPENDIX A**

**WARRANTS TERMS**

**APPENDIX B**

**INVESTMENT OPTIONS TERMS**