mithra
PHARMACEUTICALS

ANNUAL REPORT 2015

Inspired by Women

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Corporate Governance and Financial Information

> *Our Initial Public Offering has been the largest IPO in the pharmaceutical sector on the Euronext markets for the last 10 years. We are very proud of it !*
>
> *Steven Peters, Chief Financial Officer*

Achievements in 2015

Innovation

Early 2015 Mithra acquired all the patents on Estetrol in contraception and menopause and in a number of other important therapeutic areas in human and veterinarian applications[1].

Furthermore the patents on a chemical pathway to produce Estetrol were acquired. Mithra owns all together no less than 25 patent families on Estetrol.

During this year the company also acquired Novalon SA, a specialist in long acting drug development, which is developing, among others, complex therapeutic solutions as Zoreline® and Myring.

The necessary steps in a European registration procedure for its own menopause and osteoporosis product Tibelia®, a generic of Livial® which it aims to improve shelf life, have been taken in order to seek European approval in the coming year.

During 2015 Mithra advanced the progress of its integrated R&D and manufacturing technological platform (CDMO) which will be its upcoming platform to host future developments and assume part of its future production needs.

Corporate

Mithra successfully raised EUR 79,3 Million in its IPO on June 30. These funds will be mainly invested in the studies for Estetrol in contraception and menopause.

EUR **79,3** Million in its IPO on June 30

Given the Euronext quotation, Mithra further strengthened its management and Board of Directors during the year and adopted a Corporate Governance charter. Furthermore, Mithra implemented an advanced ERP system which strengthens its internal control environment.

Commercial

Mithra continues to demonstrate its leadership position in the Benelux with a market share in volume (cycles of treatment) of contraception of > 45% in Belgium and >30% in the Netherlands.

Mithra has been expanding its commercial platform with subsidiaries in Germany, France and Brazil. The first two products in Germany were launched in the second half of 2015.

Balance Sheet total over
EUR 208 Million
And a net cash position of EUR 71 Million

Revenues of over
EUR 20 Million
Of which license sales account for EUR 1,8 Million

EUR 10 Million
investment in R&D
Mainly to drive Estelle to phase 3

[1] *Mithra has granted Pantarhei a worldwide, exclusive license in respect of the development and commercialisation of Estetrol for use in human oncology and veterinary applications, subject however to a right of first refusal in the event Pantarhei Biosience would wish to seek a partner to commercialise such products.*

What makes an idea become reality
is our ability to work together
to make it happen.
At Mithra, chapters are consecutive,
sometimes dissimilar but our objective
remains the same:
innovate to serve women

François Fornieri, Chief Executive Officer

Letter to shareholders

Dear Shareholder,
colleagues and partners,

2015 has been a corner stone year for Mithra.

As a specialty pharma player in women's health we are committed to improving women's lives at every stage. At Mithra, we see this as our mission as today, women all over the world still encounter far too many severe secondary effects such as thromboembolism, stroke and cancer, as a result of years of treatment with current available synthetic hormones. In addition, too many women are not treated and suffer discomfort at menopausal age because of the lack of a sufficiently safe and efficacious hormone replacement therapy (HRT). Regulatory agencies around the world are warning for the dangers of currently available therapies and are demanding new therapeutical solutions in contraception and menopause with an improved benefit/ risk ratio. Notwithstanding the size of the market of women's health, which is over EUR 33 Billion, the global innovative pipeline has been, and remains very limited.

Mithra's continuous focus on better and safer products, to which it has been dedicated for 17 years now, has led it, in 2015, to the acquisition of development programs on Estetrol, one of the most remarkable estrogens that nature has created over millions of years. This natural estrogen, produced by the human fetal liver during pregnancy, has shown a potential for extraordinary features in many therapeutic indications and especially in Women's Health. Mithra is very proud to have assembled 25 patent families on this new chemical entity and, on top, to have international patents on a chemical pathway to reproduce this natural estrogen at industrial scale. We are convinced that once Estelle® and Donesta® would successfully pass the last stages of clinical trials in the coming years, both products could initiate a revolutionary change in hormonal treatment in contraception and menopause and could effectively change the life of every woman at every stage of her life.

Also in the past year, Mithra acquired Novalon, a company specialized in polymers and long acting drug development. This provided the Group an additional in-house capability that only a handful of companies around the globe currently have, while the market of long acting products in general has been increasing over the years. With the developments of its products Zoreline® and Myring, Mithra is aiming to be amongst the first to launch therapeutic equivalent products of Zoladex®[2] and Nuvaring®. Looking further, Mithra is confident that this know-how will allow it to extend its potential pipeline to other indications and domains.

Besides the acquired programs, we entered the last acceptance stages prior to the European regulatory approval for Tibelia®. Tibelia® is a generic of Livial®[4], a well-known and commonly used menopause and osteoporosis treatment in Europe. The active product ingredient Tibolone is very unstable and we at Mithra believe we have been able to make a therapeutic equivalent product which can be more stable and would therefore be able to have a longer shelf life than the original. With this improvement, Mithra would differentiate its product candidate from both the originator and other generic developments.

On top of the high-potential products we host today, we truly believe that the CDMO in Flemalle will be a vector for value creation at Mithra. This state of the art pharmaceutical ecosystem will be the preferred partner for academic, research, pharmaceutical and other related life sciences companies willing to leverage our R&D and manufacturing capabilities in polymer technology and long-acting drug development or sterile injectables to support their innovation. We are on track to be ready to assume the commercial production of our own developed products and thanks to this asset, we are confident we can accomplish a timely transfer from development stage products to products ready for industrial scale manufacturing and launch.

On the commercial front in 2015, we are proud to have been able to maintain and further grow our market leadership position in contraception in the Benelux. We are establishing sales and representation offices in other countries as well and, late in 2015, already launched 2 products in Germany. Our strategy is to be present in a number of countries in order to strengthen our position towards potential research and commercial partners and distributors for our innovative portfolio in the future and to build and develop networks of trust with key opinion leaders and innovation centers in each of these territories (which has been the basis for the commercial success in Belgium). This strategy is currently being financed with part of the cash flow generated by the commercial activities in the Benelux.

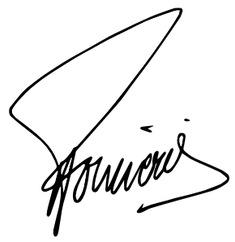
Our current cash position allows us to work concomitantly on Estetrol in contraception and menopause and to launch our technological platform. It also enables us to bring our other innovative projects forward. The combination of our innovative portfolio developments with the appropriate partnering and timeline places Mithra in a strong and favourable position to obtain in a timely manner the market authorisations for our 2 lead products with block buster potential.

2016 will be another important year for Mithra. We will start our phase III clinical program in contraception and our phase II trial in menopause. The phase III program in contraception is a combination of two trials in the US and the EU on a total of approximately 3.550 women, covering 13 cycles or 12 months. The phase II trial in menopause is a dose-finding trial done in the EU on over 225 women for about 16 weeks. Furthermore, that same year we expect to obtain European regulatory approval for Tibelia®. In light of that milestone, we are currently meeting interested business partners and are looking to partner in certain territories in the coming year. Also in 2016, we should complete the audit by Belgian regulatory authorities of our CDMO for a European GMP accreditation, with audits by the FDA to follow. Obtaining a first accreditation would be a major step opening the way to follow-on accreditations for the CDMO for each additional activity.

We also expect to receive further results on the Zoreline® 3 month formulation PK and PD trials and the first 1 month formulation results. For the Myring vaginal polymer ring we are in the process of securing commercial terms for the acquisition on a commercial scale of the very specialized base component EVA and we are preparing for the production of clinical batches to be used in bioequivalence testing in 2016.

We are looking forward to the outcome of all of these important events in the upcoming year and remain committed and confident in the outcome of our developments.

Barbara De Saedeleer, Chairman



Francois Forneiri, CEO

[2] *AstraZeneca product*
[3] *Merck Sharp Dohme product*
[4] *Merck Sharp Dohme product*

Strategy and outlook for 2016

Corporate Strategy

Mithra's strategy is to leverage the broad potential of Estetrol to develop better and safer therapeutic solutions in Women's Health, starting with the contraception and menopause projects in mid to late stage development. Further on, Mithra will explore other patented therapeutic applications of this naturally occurring fetal estrogen. We aim to continuously lever our R&D portfolio (Estetrol based projects and complex therapeutic solutions) and technological know-how (polymer technology for long-acting drug development) to develop solutions that address unmet medical needs. These R&D capabilities will further allow us to partner with third parties willing to collaborate to accelerate their innovation process in long-acting drug development.

Commercially, we run a hybrid model in which, on the one hand, we create a clear and trusted Mithra brand in women's health in certain important markets and, on the other hand, we are looking for commercial partners in other regions. We believe that the potential of our innovative pipeline is greater than our commercial footprint today, but, as we are a commercial player ourselves, we are confident to be able to maximize the market potential of our upcoming products.

Outlook – Implementing the corporate strategy

Mithra is well positioned to further grow in its value creation throughout all the different stages of its development pipeline, from the regulatory market approvals for some products, to the finalization of complex development in long-acting drug developments, over the late stage trials on Estetrol which will be initiated in the short term. Alongside this ongoing track the Group continually explores additional therapeutic domains in which Estetrol can be active as well as attracting third parties with interesting developments which could be hosted in its CDMO.

In parallel, the company continues its business development activities in order to seek the best possible partnerships at appropriate stages, to maximize its Estetrol potential and in our complex products, while generating cash income to support the Group's overall activities.

Expected programme read outs in 2016

- PD study of Zoreline® 3m form
- PK study of Zoreline® 3m form
- PK study on Estetrol alone
- Mass balance study of Estelle® in women

Further developing pipeline

- End of Donesta® phase II dose-finding study
- Start of Estelle® phase III
- Myring clinical batches for bioequivalence testing
- Start-up of CDMO phase I 3 months ahead of schedule and apply for GMP and FDA approvals
- Proof of concept in other indications of Estetrol

Commercial

- Marketing Authorization for Tibelia® in selected European countries
- Strategic commercial portfolio development
- Potential milestone payments and additional collaborative deals

> *We are paving the way for a revolution of which women hold the secret*
>
> *Bernard Cornet,*
> *Estetrol Development Programs Director*

R&D Projects : Estetrol

The unique potential of Estetrol

Mithra identified an unmet need on the market for an estrogen with an improved side effects profile relative to the hormones currently used. Estetrol (E4) could play that role.

From pre-clinical and Phase II results it appears that E4 might have a number of important advantages compared to the currently used oestrogens:

- *Reduced venous thromboembolism (VTE) risk profile*
- *Lower carcinogenic potential (no stimulation of normal or malignant breast cell growth at therapeutic doses in the presence of E2)*
- *Lower risk of drug-drug interaction*
- *Lower risk of gallbladder disease*
- *Minimal increase of triglycerides*

Estetrol (E4)

is a natural estrogen produced by the human fetus passing in maternal blood at relatively high levels during pregnancy. Its pharmacodynamics and pharmacokinetics would be favorable for women's health and its safety margin and tolerability could represent a major breakthrough in many fields: contraception, menopause, endometriosis, osteoporosis, migraines but also cancers (breast cancer, in particular), dermatology, central nervous system.

While focusing on Estetrol-based products development in contraception (Estelle®) and menopause (Donesta®) indications, Mithra possesses a number of patents regarding use of Estetrol in other indications such as cancer treatment[5], human skin care, musculoskeletal pain or prevention of neurological damages.

In 2015, Mithra obtained patents protecting Estetrol's synthesis pathway on territories such as China, Singapore, Russia, United States, South Africa and New-Zealand.

[5] *Mithra has granted Pantarhei a worldwide, exclusive license in respect of the development and commercialisation of Estetrol for use in human oncology and veterinary applications, subject however to a right of first refusal in the event Pantarhei Biosience would wish to seek a partner to commercialise such products.*

> *Estetrol is a fascinating story, the result of millions of year of evolution, a potential answer from nature at our fingertips to address the many unmet medical needs women are still confronted with*
>
> *Pr Jean-Michel Foidart, Scientific Committee*

Audit validating EU and US Development Plans for Estelle® and Donesta®

In order to validate the current Development Plans for Europe and United States of America of its two innovative Estetrol-based products Estelle® and Donesta® respectively developed for Oral Contraception in women of childbearing potential and Hormone Therapy Replacement (HRT) for post-menopausal women, Mithra mandated an independent group of external auditors with experience from regulatory agencies to perform an extensive Assessment of the main 3 sections of a Drug Development : Chemistry, Manufacturing and Control (CMC), Non-Clinical (animal data) and Clinical (human data). The audit was based on the regulatory specific documents available at the end of 2015.

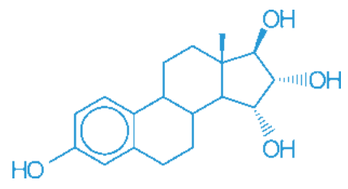
The overall conclusions of the experts are that:

- The CMC aspects of the products are acceptable and should not present any risk for hold of the upcoming clinical studies,
- The non-clinical file for Estetrol alone (Donesta) or combined with Drospirenone (Estelle) appears to be appropriate to support clinical development, and
- The next clinical studies that will lead to Market Application process are well designed.

Chemical Synthesis and Non-Clinical Characterization

2015 was marked by the collaboration between Mithra and the French company PCAS in charge of the development of the Estetrol synthesis pathway patented by Mithra. PCAS reached an optimization stage of the synthesis process that reduces significantly the quantity of catalyzer required for a key step of the synthesis pathway. This catalyzer is a high-priced rare metal. This optimization will then directly impact the reduction of synthesis costs. Such an improvement also has a positive impact on the environment.

The Non-Clinical package progressed significantly in 2015 with the completion of the experimental phase for several carcinogenicity studies and drug-drug interaction as it was planned. Results will be available in 2016. The environmental risk assessment plan also started and will be completed in 2016/17 as scheduled.



Sublingual form

Within the Donesta® project development, Mithra Pharmaceuticals is developing an original formulation (tablet) for sublingual administration containing Estetrol (E4). The sublingual administration of an estrogen has the advantage of bypassing the digestive system and avoiding the so called “first pass liver effect”. Orally absorbed estrogens reach directly the hepatocytes, where they induce the unwanted synthesis of lipoproteins, carrier proteins, and proteins of the coagulation cascade. The sublingual route of administration allows the active drug entering directly into the blood through the sublingual mucous membrane. This limits the exposure to the liver and avoids the first-pass hepatic effects. This route permits in addition a more rapid targeting of the tissues. The form currently under development consists of a tablet to be placed under the tongue and that quickly breaks apart when in direct contact with saliva.

In addition, this development, as an additional patentable invention which could be integrated within the complete Estetrol portfolio, could allow the Group’s products to benefit of a longer period of patent protection.

This program, called “SEPTIME” (Safety and Efficacy of Estetrol Pulsed Treatment: an Innovation for Menopause therapy) is the first program led by MITHRA that will benefit from EUR 619.630 recoverable government advance under the European EUROSTAR program.

SEPTIME has been successfully selected by an International Jury of European experts through a highly competitive procedure among a large number of proposals for the Eureka Network Projects[6] (Eurostars[7]). This European fund which has, over the past 30 years, been financing innovating R&D programs conducted by small and medium companies. It involves international outstanding collaborations between academia and industry. Within the frame of SEPTIME, the INSERM U1048-I2MC- Equipe 9 (Prof. J.F. Arnal) of Toulouse, the University of Liège (Prof. A. Noel-C. Pequex) and UROSPHERE, a French company specialized in preclinical studies in urology, gastroenterology and oncology, will be working together with Mithra to optimize the sublingual Estetrol formulation and to evaluate in preclinical models, its added efficacy and safety on the endometrium, and on urogenital and vascular targets in comparison to an oral administration.

[6] *Europe-wide network for industrial research and development, strengthening European competitiveness by promoting ‘market-driven’ collaborative Research technological Development (RTD). http://www.eurekanetwork.org/about-eureka*

[7] *The Eurostars Programme is a joint programme between EUREKA and the European Commission and the first European funding and support programme to be specifically dedicated to research-performing SMEs. Eurostars stimulates them to lead international collaborative research and innovation projects by easing access to support and funding.(http://www.eurekanetwork.org/eureka-eurostars)*

Oral hormonal contraceptives represent 204,8 million women around the world in 2015, accounting for a worldwide market of EUR 10,83 billion

Datamonitor report 2015

Estelle®

Estelle® is a combined oral contraceptive (COC) product candidate composed of 15 mg Estetrol (E4) and 3 mg Drospirenone (DRSP). The Estelle® project is now ready for two Phase III clinical trials to be conducted simultaneously in Europe and in the United States, namely the E4 Freedom studies: MIT-Es0001-C302 (US/Canada) and MIT-Es0001-C301 (EU/RU).

The objectives of these studies are to evaluate:

- *The contraceptive efficacy (assessed by the measurement of the Pearl index),*
- *The cycle control and bleeding pattern,*
- *The plasma E4/DRSP concentration data in subpopulations,*
- *The endometrial safety,*
- *The safety data of E4/DRSP combination,*
- *The impact of E4/DRSP on physical, psychological and social functioning and well-being.*

Publications

In August 2015, the peer-reviewed European Journal of Contraception and Reproductive Health Care published two scientific articles in which we present the results of the E4 Phase II studies. The results are particularly encouraging for the imminent launch of the Phase III study. The first scientific article is entitled "Unique effects on hepatic function, lipid metabolism, bone and growth endocrine parameters of estetrol in combined oral contraceptives[8]" and relates to the liver impact of E4 combinations. The second scientific article is entitled "Inhibition of ovulation by administration of estetrol in combination with drospirenone or levonorgestrel: results of a phase II dose-finding pilot study[9]" and relates to the data on ovulation inhibition by E4 combinations.

[8] *Mawet M, Maillard C, Klipping C, Zimmerman Y, Foidart JM and Coelingh Bennink HJ. Eur J Contracept Reprod Health Care. 2015 Dec;20(6):463-75*
[9] *Duijkers IJ, Klipping C, Zimmerman Y, Appels N, Jost M, Maillard C, Mawet M, Foidart JM and Coelingh Bennink HJ.. Eur J Contracept Reprod Health Care. 2015 Dec;20(6):476-89*

Key facts in 2015

In 2015, Mithra signed an agreement with PRA Health Sciences as a Clinical Research Organisation (CRO) for Mithra's upcoming Phase III clinical trials on its product candidate Estelle®.

PRA Health Sciences is one of the world's leading global contract research organizations (CRO's), providing outsourced clinical development services to biotechnology and pharmaceutical industries.

The primary objective of these trials conducted by PRA is to evaluate the contraceptive efficacy of Estelle® in women aged between 18 and 35 years. This is done by measuring the Pearl Index (PI), a standardized measurement of contraceptive methods calculated as the number of contraceptive failures per 100 women divided by the years of exposure.

The efficacy and safety of Estelle® will be assessed in 2000 patients at multiple centers across the United States and Canada and 1550 patients at multiple centers across Europe (and Russia).

2000 Patients US

1550 Patients UE

The selection of European countries and centers following an extensive feasibility study conducted by PRA Health Sciences is complete. Nine countries have been selected (Belgium, Finland, Germany, Hungary, Czech Republic, Sweden, Poland, Norway and Russia).

As set out in the Prospectus, Mithra expects to enroll its first subject for both clinical trials in H2 2016. In preparation of these studies, Estetrol and its potential was presented for the first time in USA at the North American Forum on Family Planning (Chicago, NOV 2015).

Another achievement in 2015 was the completion of a Food Effect study (MIT-Es0001-C101).

The last subject visit was performed on October 6th 2015. The objective of this study is to evaluate the potential modifications induced by the intake of food on the pharmacokinetics of Estelle®. The data base and final report has become available in Q1 2016.

Prospects for 2016

- Received feedback on the SPA (Special Protocol Assessment) of the FDA on the Phase III protocol
- Launch 2 Phase III studies in H2 2016.
- Launch several additional studies requested by Regulatory Authorities in order to support the Clinical Development Plan:

  A pharmacokinetic profile study
  (MIT-Es0001-C102) on Estetrol alone. This study should be completed before end 2016 and will also support the DONESTA program.

  A mass balance study
  (MIT-Es0001-C105) in women, of non-childbearing potential (post-menopausal women, hysterectomised women) with radiolabelled E4 to fully characterize the absorption, distribution metabolism and excretion of E4. This study has started and will be completed in Q3 2016. This study will also support DONESTA program.

  A pharmacokinetic profile study
  (MIT-Es0001-C103). This study also includes the characterization of the potential effect of Estelle® on the different phases of the electrocardiogram (ECG), particularly on the QT interval. This study is about to start and will be completed early 2017.

  A metabolic study
  (MIT-Es0001-C201) in order to evaluate the impact of Estelle® on the different endocrine systems (thyroid, adrenal), on the lipid and carbohydrate metabolisms and on a broad panel of haemostasis markers. Expected to start mid 2016 and finish end of 2017.

  2 bridging studies
  related to the evolution of the API In 2016 and 2017.

In 2015, Hormonal Replacement Therapy (HRT) market represents EUR 6,4 billion and concern more than 638 million women around the world.

Datamonitor report 2015

Donesta®

Donesta® is a new generation of hormone replacement therapy (HRT) with the oral administration of Estetrol for vasomotor menopausal symptoms (VMS). Donesta® is currently ready for Phase II clinical trials, namely E4 Relief: MIT-Do0001-C201.

The objectives are:

- *To define the minimum effective dose (MED) by evaluating changes in frequency and in severity of moderate to severe vasomotor symptoms (VMS)*
- *To evaluate effects of different doses on vulvovaginal atrophy (VVA), on vaginal maturation index (MI), on vaginal pH*
- *To evaluate safety (included change in endometrial thickness)*

Keyfacts in 2015

In 2015, Mithra signed an agreement with Chiltern as CRO (Clinical Research Organization) for the Phase II dose-finding study of its project Donesta®.

The Donesta® program was presented and validated in Q2 2015 by several national EU and US regulatory agencies.

Prospects for 2016

The MIT-Do0001-C201 Phase II dose-finding study is expected to start in H2 2016 and be completed by end of 2016.

Tibelia®

Tibelia® is a therapeutical solution composed of Tibolone, a synthetic steroid used for hormone replacement therapy (HRT), and developed by Mithra. In 2015, two procedures were ongoing:

- *UK/H/5977/001/DC for the indication menopause in Benelux, France, Germany and Spain*
- *UK/H/6065/001/DC for the indications menopause and osteoporosis in Italy, Portugal, Norway, Sweden, Finland, Hungary, Poland and Greece*

With these procedures, Tibelia® targets the two indications in line with Livial® originator: treatment of oestrogen deficiency symptoms in postmenopausal women and prevention of osteoporosis in postmenopausal women at high risk of future fractures who are intolerant of, or contraindicated for, other medicinal products approved for the prevention of osteoporosis. The shelf life of the finished dosage form is currently 2 years and in line with the originator. Mithra is expecting to extend the shelf life up to 3 years which will confer to the product a competitive advantage for Mithra's distribution partners.

Keyfacts in 2015

In 2015, Distribution Agreements were signed with Pharmaceutica sarl for the Lebanese market and with Procare for the Spanish market.

Prospects for 2016

In March 2016, both procedures were successfully closed. This successful closure means that Tibelia® can expect to quickly receive market authorization in the 14 European countries that were targeted and that Mithra can move forward confidently to address this attractive market, not only in the 14 European countries directly involved, but also worldwide, as having an approved EU-standard regulatory file opens up possibilities for partnerships around the world.

> *At Mithra, our R&D has a definite focus on future oriented therapeutical solutions for today's women and their tomorrow's unmet needs*
>
> *Valérie Gordenne, Chief Scientific Officer*

Zoreline®

Zoreline® is a biodegradable subcutaneous implant for prostate and breast cancer and benign gynecological indications (endometriosis, uterine fibroids). In 2015, Mithra acquired all worldwide and property rights regarding Zoreline® by becoming 100% owner of Novalon. Mithra is currently developing:

- ***A one-month implant containing 3,6 mg of Goserelin. The one-month implant represents a market of EUR 202 million in value, accounting for 33% of the Goserelin total market in value and 57,3% in volume (1,487,000 units).***
- ***Studies conducted among oncologists and gynecologists showed indications supporting the use of Goserelin in a one-month formulation in combined therapies in breast cancer.***
- ***A three-month implant containing 10,8 mg of Goserelin, representing a market of EUR 404 million (66.7 %) in value, accounting for 42,7% in volume (1,106,000 units) in the field of prostate cancer[10].***

The Clinical development program for both formulations is composed of 2 sets of 2 studies each:

The pharmacodynamics studies which are designed to demonstrate the ability of Zoreline® 3.6 mg and 10.8 mg to respectively induce estradiol levels suppression to menopause level in women patients and serum testosterone levels suppression to castrate level in male patients with prostate cancer.

The pharmacokinetics studies which are designed to demonstrate the safety of Zoreline® 3,6 mg and 10.8 mg.

[10] *Company estimates (MAT 3Q2015) based on IMS 2015 data (and IMS 2013 regarding the proportion of the market covered by each form)*

3-month implant Zoreline®

Pharmacodynamics study

The clinical development process for 3 month implant started in 2015 with the pharmacodynamics study. This study enrolled 142 patient for 2 cycles of treatment of three months each on a non comparative basis.

The last interim analysis, performed by independent blinded statistician, included 142 enrolled patients, of which 129 have finished the first cycles of treatment and 62 have finished the complete study. It reveal that more than 8 patients are non-responsive to the current formulation of Zoreline® 10.8 mg. This value is currently out of the theoretical specification defined in the study protocol.

The end (last patient last visit) of this still on-going study is expected in H2 2016.

Pharmacokinetics study

In parallel, the pharmacokinetics study designed to demonstrate the safety of Zoreline® 10.8mg implant is still ongoing. With this study, the pharmacokinetics profile of Zoreline® is compared to the originator product, Zoladex® in two arms of 24 patients each. This study will provide Mithra with a crucial insight into the way both products are released in vivo. While the study is ongoing, Mithra will receive interim read-outs of this data, and expects to receive the first such read-outs by the summer of 2016.

Based on these pharmacokinetic comparative preliminary results and final pharmacodynamic results, two scenarios will have to be considered (i) if PK profiles of Zoreline® versus Zoladex® are (notwithstanding the interim PD data) similar: an additional pharmacodynamic comparative study will be performed to confirm the equivalence between the originator and our Zoreline® formulation (ii) if this is not the case: a new formulation development based on a new polymer selection will have to be launched to optimize the in vivo release.

1-month implant Zoreline®

Mithra is currently preparing the pharmacokinetic and pharmacodynamics studies for the 1-month version of Zoreline® which are expected to begin in the summer of 2016.

The 1 month Zoladex® Implant represents 57,3%[11] of the total market in volume.

Moreover, since 2011 several studies[12] published in peer-reviewed magazines (eg: The Lancet) have demonstrated the efficacy of the combination Gosereline-Tamoxifene in the breast cancer indication. These publications clearly show a growth potential for the product.

All of this information should allow us to attract potential international partners.

Regarding the one-month implant, Mithra expects the final Clinical Study Report for the Pharmacokinetics study in H1 2017 and the final Clinical Study Report for the Pharmacodynamics study in H1 2018.

Note that in November 2015, AMW and Alvogen have obtained marketing authorizations in Portugal and seven eastern European countries (Latvia, Estonia, Hungary, Bulgaria, Croatia, Czech Republic and Lithuania). This new dossier seems to be based on an older dossier of Acino (a Swiss company), whose product was removed from the market a few years ago, completed by various more recent studies similar to the one Mithra has launched for Zoreline®.

[11] *IMS 2016 LB2 class*

[12] *Neoadjuvant anastrozole versus tamoxifen in patients receiving goserelin for premenopausal breast cancer (STAGE): a double-blind, randomised phase 3 trial,. Lancet Oncol. 2012 Apr;13(4):345-52. doi: 10.1016/S1470-2045(11)70373-4. Epub 2012 Jan 20.*
Goserelin, as an ovarian protector during (neo)adjuvant breast cancer chemotherapy, prevents long term altered bone turnover. J Bone Oncol. 2016 Feb 11;5(1):43-9. doi: 10.1016/j.jbo.2016.02.003. eCollection 2016.

Myring

Myring is developed to be a generic of Nuvaring® vaginal ring, still under patent protection up to april 2018 both is US and in EU.

Myring (etonogestrel/ethinyl estradiol vaginal ring) is a non-biodegradable, flexible, transparent, combination contraceptive vaginal ring, with an outer diameter of 54 mm and a cross-sectional diameter of 4 mm. It is made of ethylene vinylacetate copolymers, and contains 11.7 mg etonogestrel and 2.7 mg ethinyl estradiol. When placed in the vagina, each ring releases in line with the originator (Nuvaring®) on average 0.120 mg/day of etonogestrel and 0.015 mg/day of ethinyl estradiol over a three-week period of use.

The ring is to remain in place continuously for three weeks. It is removed for a one-week break, during which a withdrawal bleed usually occurs. A new ring is inserted one week after the last ring was removed.

Keyfacts in 2015

Extensive efforts have been made in 2015 on the formulation development in order to define critical quality attributes of each raw materials involved in the composition of the ring and finish product as well as critical manufacturing process parameters.

New prototype equipment have been developed as well in collaboration with local entities for specific process steps. Mithra has also selected and qualified each raw material supplier.

Furthermore, we have been developing analytical methods and validation launches. The in vitro diffusion test (release profile) has been optimized to reach in vivo specification.

Prospects for 2016

In 2016, Mithra aims to sign an agreement with Celanese in order to secure its EVA supply. The formulation development has been finalized by end of March 2016.

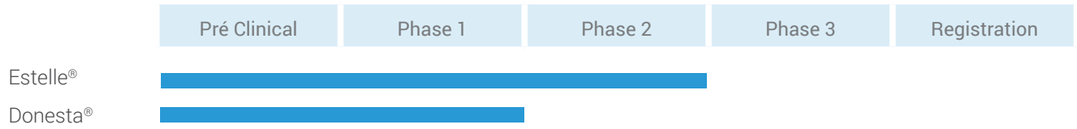
Mithra scheduled the manufacturing of clinical batches with a CMO located in France by beginning of H2 2016, before technological transfer of the industrial manufacturing process at Mithra's CDMO.

We expect the Bioequivalence study will be finalized by the end of 2016. As such, the Myring dossier submission is expected for February 2017 in Europe and in US. The decision on the approval is expected around one year later and should then be on time for launch after patent expiry of the original Nuvaring®.

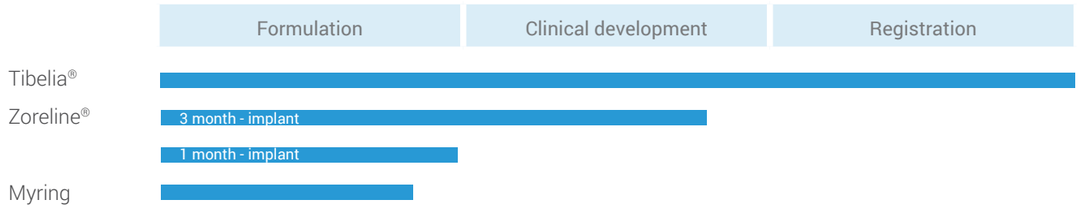
> *"Only a few companies are involved and master the development of sustained release platforms for long-acting drug development. Mithra is one of them and one of the few that is open to make its know-how accessible to external partnerships for accelerated innovation"*
>
> *Valérie Gordenne, Chief Scientific Officer*

R&D Projects Pipeline

Estetrol



Complex Generics



“Mithra CDMO is an integrated technological platform, a specialized pharmaceutical ecosystem open to life sciences related partners willing to leverage our expertiseto generate new therapeutical solutions”

Rudi Meurs, Chief Production Officer

Research & production platform

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

> *"The CDMO forms an integral part of the Mithra Pharmaceuticals' innovation and development strategy"*
>
> *François Fornieri, Chief Executive Officer*

Strategic rationale

The strategic rationale for operating an in-house CDMO is multifaceted:

First and foremost, it is to enable Mithra to internally support the research and development and manufacturing of its product candidates and thereby keep its know-how in-house. E.g. products based on polymer technology or future hormonal tablets such as Estelle® (Estetrol-based oral contraceptive) and Donesta® (Estetrol-based hormonal replacement therapy)

Second, such an in-house technological platform (CDMO) allows the Company to operate independently from third parties when developing and manufacturing its own therapeutic solutions.

Third, the CDMO concept should also allow Mithra to support projects from external companies for the development and production of polymeric forms, sterile injectables and hormonal tablets.. There is a growing interest for such capabilities as bigger companies engage in outsourcing to de-risk their supply chain and use contract manufacturing sites especially for the sterile injectables where the demand for cutting edge capabilities is expected to grow by around 10 % annually in the next 5 years (by 2020 circa 70 billion US $)[13].

Technological platform of **15,000** m²

Moving forward

Specialized in Polymer Technology (Intra uterine systems, biocompatible rings, implants / [hydro] gels), sterile injectables (vials, ready-to-use cartridges, prefilled syringes) and hormonal tableting the Mithra CDMO technological platform will operate as a unique pharmaceutical ecosystem covering drug development from proof of concept to commercialization.

As an integral part of Mithra's innovation and development strategy it will focus on the development and production of the Company's own therapeutical solutions for patients worldwide. Mithra CDMO is an open platform so it will also support third parties willing to leverage our technological know-how and capabilities for the R&D and manufacturing of polymeric forms (Intra uterine systems, biocompatible rings, implants / [hydro] gels), sterile injectables (vials, ready-to-use cartridges, prefilled syringes) and /or hormonal tableting.

From proof of concept of new medicines or new drug/ device combinations -over to production, commercial and supporting services to distribution of medicines, Mithra CDMO's control of the pharmaceutical cycle offers an integrated approach to pharmaceutical drug development (product development, formulation and packaging, analytics, clinical trial services, regulatory affairs, supply chain).

Stages of construction and financing

Mithra CDMO future cutting-edge technological platform of 15,000 m² (usable production space) is a specialized and integrated R&D and manufacturing platform which is being built in two development phases.

PHASE 1

(Completion expected by September 2016)[14]:

- **Polymeric forms (intra uterine systems; implants / (hydro)gels; biocompatible rings)**
  - Strong heritage in polymer technology for long-acting drug development
  - Experience with multiple drug delivery strategies for drug / device combination product development
  - Broad range of APIs and diverse treatment durations (1 month to 5 years release)
  - Multiple therapeutic fields
  - Flexible processes of extrusion and co- extrusion
  - Small to medium batch sizes
  - Maximum capacity of 4.5 million units / year
- **Sterile injectable (prefilled syringes; ready-to-use cartridges and vials)**
  - Latest generation
  - Highly flexible, multiform sterile injectables manufacturing platform
  - Nested technology
  - Flexible aseptic manufacturing process
  - Adaptable to multiple pharmaceutical forms and APIs (hormones, non-hormones)
  - Small to medium batch sizes
  - Maximum capacity of 5 million units a year

PHASE 2

(Completion expected by 2019):

- **Hormonal tableting**
  - Highly flexible production line able to produce more than 10 different types of tablets
  - Coated and uncoated tablets
  - Flexibility to produce under full containment conditions a broad range of hormonal tablets with optimized line clearances and set-up time
  - Optimal manufacturing processes to handle the manufacturing of different products at the same time
  - Maximum capacity of 1 billion tablets a year

[13] *CPhI 2015 Annual Report*

[14] *scheduled 2017 initially*

The Mithra CDMO is being built on a ground of 55.000 m² and will offer optimal intercontinental and intermodal connectivity (road, air, train and waterway transport).

The Mithra CDMO construction is making significant progress, with the expected completion of the Phase 1 in September 2016, 3 months ahead of schedule, which should advance the qualification process of the equipment, initially planned by Q1 2017. While 38 people have already been hired for the Phase I setting-up, 16 extra jobs are expected by end 2016. As is typical in the start-up phase for a CDMO, this staff is required to develop, document and execute procedures required for obtaining accreditation by global health authorities.

38 People for Phase I setting up

+ 16 extra jobs expected by end 2016

90 additional jobs in Phase II

Whereas the financing for Phase I (total investment of EUR 49.4 million) was finalized before its Initial Public Offering, the financing for Phase II (total investment of EUR 25.8 million) approved by 2 institutions, ING and SRIW, and should be totally secured by H1 2016. This Phase II dedicated to hormonal tableting has now started and could generate, depending on activity ramp-up, up to 90 additional jobs on the CDMO site. The Walloon Region supports the construction of the building with a non-refundable investment grant.

Mithra CDMO technological platform will meet high environmental and quality standards and comply with the stringent EMA and FDA GMP requirements. The Company expects to receive these accreditations with the first dossier submission in EU and in the US respectively by 2017 and 2018.

Bridging expertise for successful pharmaceutical development

Polymeric forms and implants

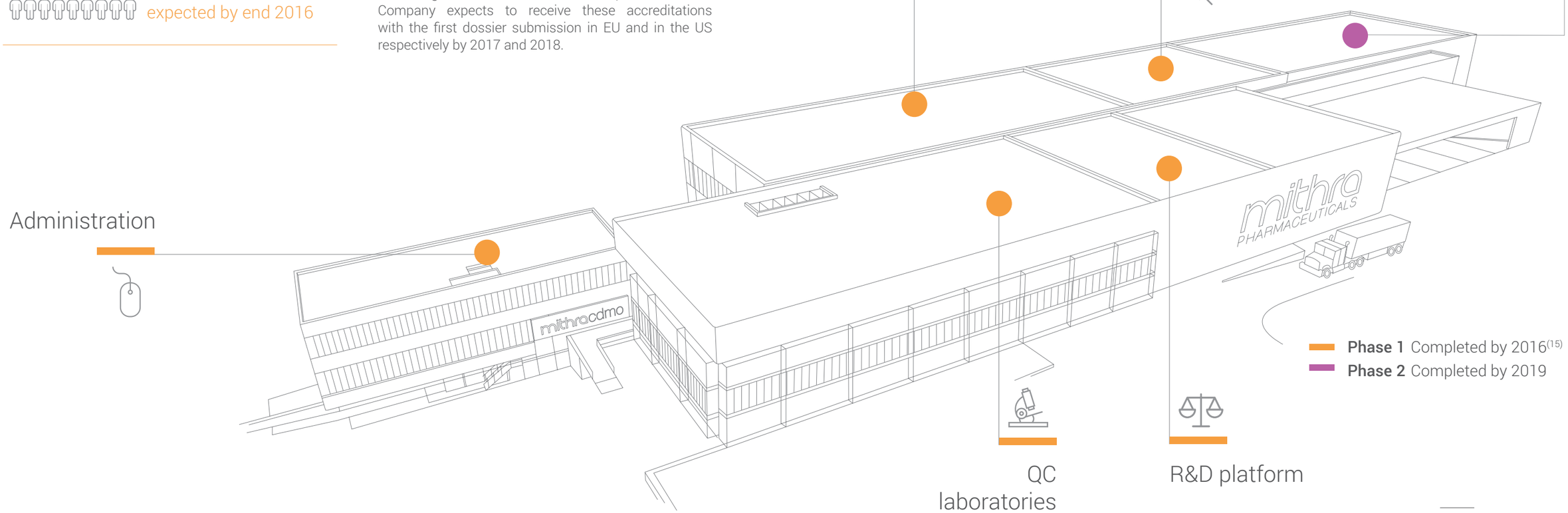
- Extrusion and packaging
- Max capacity of 4,5 million units/year

Sterile injectable

- Aspetic filing and packaging for syringes, cartidges and vials
- Max capacity of 5 million units/year

Tablets

- Compression and blistering (e.g. Estetrol…)
- Max capacity of 1 billion tablets/year



Administration

QC laboratories

R&D platform

Phase 1 Completed by 2016[15]
Phase 2 Completed by 2019

[15] *scheduled 2017 initially*

Financial highlights

Figures presented below are management figures

Thousands of Euro (€)	FY15 Actual	FY14 Actual
Financial Highlights		
Revenues	20.435	19.038
Cost of sales	(10.195)	(9.988)
Gross profit	**10.240**	**9.050**
Research and development expenses	(9.585)	(2.495)
General and administrative expenses	(7.074)	(6.088)
Selling expenses	(4.611)	(3.016)
Other operating income	321	383
Total operating charges	(20.949)	(11.215)
REBITDA[16]	**(10.709)**	**(2.165)**
Non recurring costs	(2.894)	-
Depreciation and amortisation costs	(664)	(763)
EBIT	**(14.267)**	**(2.928)**
Financial result	2.410	(226)
Share of (loss)/profit of associates	(2.758)	(94)
Result before taxes	**(14.615)**	**(3.248)**
Income taxes	4.794	293
Net result for the period	**(9.821)**	**(2.955)**

[16] *Recurring EBITDA*

> *"Mithra's model is unique and combines an attractive R&D portfolio , a rare technological know-how and a sound WH market expertise"*
>
> *Steven Peters, Chief Financial Officer*

Gross profit increased by EUR 1.190k to EUR 10.240k, mainly resulting from the first license sale of Zoreline®. The performance in the Belux market was relatively stable in 2015. The company was able to partly compensate the price diminution by growing sales volumes. Further top line growth is coming from the German subsidiary which launched its first products in the second half of 2015.

As expected, investments in Mithra's innovative product portfolio drive the increase in R&D expenses by EUR 7.091k to EUR 9.585k. Note that in the 2014 figures the development expenditure associated to the Estetrol projects were not included, as these were acquired in the beginning of 2015. The investments relating to Estelle® and Donesta® amount to EUR 7.991k or 83% of the total 2015 R&D expenditure.

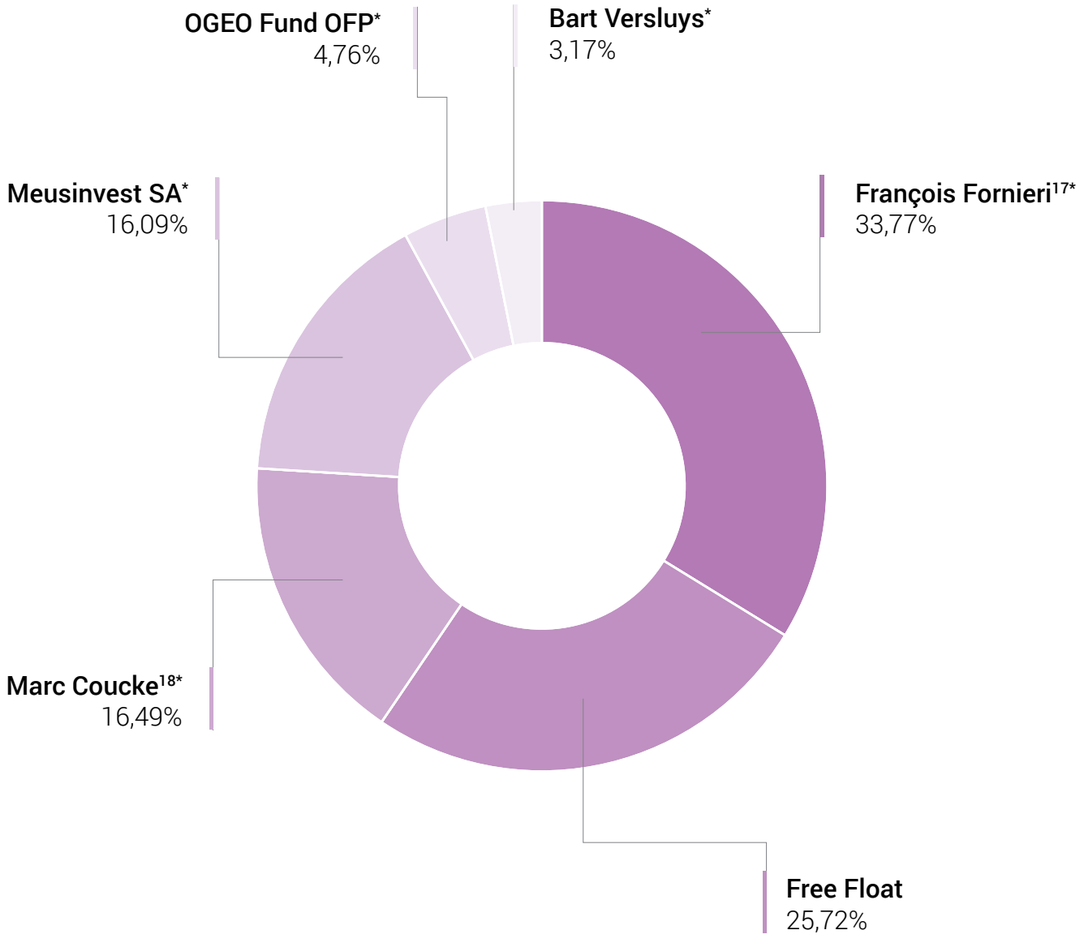
General and Administrative expenses increase by EUR 986k and amount to EUR 7.074k. This 16% increase is largely explained by strengthening of management for the R&D teams in order to ensure the development plans of Estelle® and Donesta® projects, as well as administrative teams to assume the requirements related to a listed company.

Selling expenses increase by EUR 1.595k to EUR 4.611k which is primarily linked to the start-up of commercial operations in France and the launch of the German subsidiary.

As a result the REBITDA shows a loss for 2015 of EUR 10.709k. The main driver for this loss is the increase in R&D expenditure related to our Estetrol portfolio in contraception and menopause.

In addition to the operational expenses, Mithra incurred EUR 2.894k of exceptional expenses in 2015, which are mainly related to the IPO in June 2015 and other exceptional and non-recurring expenses.

Shareholder structure



[17] *François Fornieri has entered into a stock lending agreement with ING Belgium NV/SA, to allow for an over-allotment of shares in the Offering within the framework of an over-allotment facility consisting of up to a maximum of 15% of the number of new shares that were effectively placed in the Offering (i.e., 903,571 shares). The holding of François Fornieri includes the shares that were lent to ING Belgium NV/SA in application of the stock lending agreement. On the date hereof, the stock lending agreement has ended and the shares that were lent to ING Belgium NV/SA have been returned to François Fornieri. François Fornieri holds his shareholding partially through Mithra Participations (a société civile de droit commun), of which he is the director.*

[18] *Marc Coucke holds his shareholding partially through Alychlo NV and Mylecke Management Art & Invest NV, which he both controls.*

* *Percentages calculated at the date of receipt of the relevant transparency notification.*

Financial calendar 2016

Full annual report 2015 (available online)	19 April 2016
General Shareholders Meeting	19 May 2016
Half Year 2016 Results	1 September 2016

Corporate governance and financial information

1. Report of the board of directors

Dear Shareholders,

We are pleased to present to you the consolidated financial statements for the fiscal year ended 31 December 2015 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

1.1 Strategic highlights

Since the beginning of 2015 Mithra hosts a number of new R&D programs, ao Estelle®, Donesta®, Zoreline® and Myring. The company has evolved towards a biotech/biopharma company profile compared to the year before. As such we note a different structure of the balance sheet and the income statement in 2015 compared to 2014.

Pipeline update

In the course of this year Mithra acquired not only the patented women's health indications on Estetrol, but also a patented chemical pathway of the natural estrogen, as well as a number of other indications outside the women's health area. Together with this new chemical entity Estetrol, Mithra acquired Novalon SA in a step-up acquisition, which includes, amongst others, the projects Zoreline® and Myring®. Further to this, Mithra progressed well on its regulatory approval process to obtain in 2016 European marketing authorizations for its own generic of Livial®, called Tibelia®.

During 2015, Mithra was able to sign up with experienced CROs such as PRA for the contraception phase III trial of Estelle and Chiltern for the dose-finding phase II trial on Donesta. Several meetings have been held with EU and US regulatory agencies in order with a view to obtaining their feedback and consent on the upcoming studies.

In the course of the year, Mithra has been able to treat its last subject in the food effect trial for Estelle, and in addition, with its partners has been making progress in further optimizing the chemical pathway on the production on a commercial scale of Estetrol.

Its subsidiary Novalon, which was fully acquired at the end of the year has been working on PD data for Zoreline 3-month formulation. In March 2016, we announced that these data exceeded the maximum allowed level of 8 non-responders. Based on the pharmacokinetic comparative preliminary results and final pharmacodynamic results, two scenarios will have to be considered (i) if PK profiles of Zoreline® versus Zoladex® are (notwithstanding the interim PD data) similar: an additional pharmacodynamic comparative study will be performed to confirm the equivalence between the originator and our Zoreline formulation (ii) if this is not the case: a new formulation development based on a new polymer selection will have to be launched to optimize the in vivo release.

CDMO update

In the course of 2015, Mithra has made good progress on the construction of its CDMO to ensure a timely completion of the facility. So far, work has focused on phase I of the construction, the polymer and injectable zone, to ensure that first clinical batches can be produced late 2016 and to seek FDA and GMP qualification.

The plant is being built in Flémalle (Liège). ING Belgium is currently financing the construction works and by end of 2016 this first phase will be partly re-invoiced to Mithra and Intégrale. As of the end of 2015, the balance sheet shows only the equity portion of the current investment. Mithra's CDMO financing is built on three pillars; a first part is financed by SRIW in a subordinated loan agreement, a second part is financed by subsidies obtained from the Walloon Region (together referred to as equity portion) and the third and largest part will be a financial lease agreement with Intégrale Belgium. The subordinated loan from SRIW is currently interest bearing and in 2016 the capital repayment specifics will be negotiated. The lease agreement will be shown on the balance sheet by end of 2016 and will run over the next fifteen 15 years. Total investment involved in phase 1 amounts to EUR 49.400k.

In 2016 Mithra also agreed on the financing of its phase 2 plans for the production of hormonal products. The financing scheme follows the same principle as phase 1 and will amount to EUR 25.835k. The phase will be completed later.

1.2 Analysis of results / operations

Total income

Revenues increase from EUR 19.038k in 2014 to EUR 20.435k fueled by the first sale of exclusive product distribution rights for some selected countries for Zoreline while product sales slightly decreased (-2%).

R&D expenses

As expected, investments in Mithra's innovative product portfolio drive the increase in R&D expenses by EUR 6.877k to EUR 9.491k. Note that in the 2014 figures the development expenditure associated to the Estetrol projects were not included, as these were acquired in the beginning of 2015. The investments relating to Estelle® and Donesta® amount to EUR 4.514k and EUR 591k respectively while fees and payroll costs for the R&D team amount to EUR 2.258k.

G&A expenses

General and Administrative expenses increase by EUR 3.609k which is the largely explained by one off costs associated to the IPO and costs incurred related to the strengthening of management teams for the R&D teams in order to ensure the development plans of Estelle® and Donesta® projects, as well as administrative teams to assume the requirements related to a listed company.

Selling expenses

Selling expenses increase from EUR 3.028k to EUR 5.009k which is primarily linked to the start-up of commercial operations in France and the launch of the German subsidiary.

Financial result

Financial result is positive as a result of the gain (EUR 3.717k) realized as a result of the step-up acquisition of Novalon partly offset by the cost incurred related to the change in fair value of the contingent liability for the Estetra acquisition (EUR 633k) and interest charges incurred prior to the capital increases.

1.3 Balance sheet analysis

The Company's intangible assets primarily include entrepreneurial rights related to Estelle (EUR 30.686k) and Zoreline and Myring (EUR 36.262k) as well as the Donesta asset deal (EUR 8.000k). These intangibles will be amortized over their estimated useful life of 7 to 10 years, starting at the moment the assets are available for use. Other intangible assets primarily include acquired product exploitation rights which were bought from different pharmaceutical companies.

The Company expenses all its research and development activities in the IFRS consolidated financial statements. The intangible assets also include software licenses.

The Company's non-current tangible assets primarily include (part of) the Group's head-office building and office equipment. Tangible fixed assets also include investments in the new production facility for the manufacturing of pharmaceutical products in Flemalle (EUR 1.562k). In line with IAS 39, only the equity portion (ca. 30%) of this investment and related financing is reflected in the Group's balance sheet till the inception of the lease contract, which is foreseen for October 2016.

The Company's current assets consist mainly of EUR 89.000k in short term investments, trade receivables, inventories and cash.

Non-current liabilities primarily include the fair value of the contingent payments for the Estetra business combination, fair values of refundable government advances and deferred tax liabilities.

Current liabilities consist mainly of trade payables and other liabilities, short term financial debts and deferred income.

The Company's equity increased from EUR 5.524k to EUR 127.394k resulting from the net proceeds from the private placement in May 2015 (EUR 54.604k) and the Initial Public Offering completed in July 2015 (EUR 76.419k). The equity increase has partially been offset by the net loss for the year (EUR 9.821k).

1.4 Cash flow analysis

There was a net cash outflow from operating activities of EUR 18.064k in 2015, compared to a net outflow of EUR 673k in 2014. The difference primarily relates to the changes in the consolidation perimeter as Estetra, Donesta and Novalon were only acquired during 2015 (and consequently not included in the 2014 cash flows).

There was a net cash outflow from investing activities of EUR 33.560k million in 2015, as compared to a net cash outflow of EUR 8.513k in 2014. The net cash outflow comprises primarily the considerations paid for the Estetra and Novalon business combinations and acquired Donesta assets.

There was a net cash inflow from financing activities of EUR 146.738k in 2015, as compared to a net cash inflow of EUR 9.303k in 2014, mainly as a result of the net proceeds of EUR 54.604k from the private placement in May 2015 and the net proceeds of EUR 76.419k from the Initial Public Offering completed in July 2015.

The Company's total liquidity position at the end of 2015 consists of cash and cash equivalents of EUR 7.794k and other short-term financial investments of EUR 89.000k, amounting to EUR 96.794k (2014: EUR 1.678k).

1.5 Outlook 2016

2016 will be an exciting year for Mithra. Estelle will go into a phase III trial in the US and in EU and Donesta will go into a phase II dose finding study of which the end of the study is expected in 2016. Furthermore we will have smaller additional studies on Estetrol to be published in 2016, like a mass balance study and a PK study on Estetrol alone. Next to that also a number of other studies will start in the upcoming year like a PK study on Estelle and a metabolic study to evaluate the impact of Estelle® on the different endocrine systems (thyroid, adrenal), on the lipid and carbohydrate metabolisms and on a broad panel of haemostasis markers. For these studies the results are expected in 2017.

On the other indications of Estetrol we will be showing proof of concept data in order to attract partners outside women health with whom the group can jointly work to maximize Estetrol's potential as a natural oestrogen.

In 2016 we expect also to conclude on the data of the PD study of Zoreline 3 month form and to have an outcome of the PK study of this 3 month form. We will be starting up a PK study of the Zoreline 1 month form. For Myring the group will do the bioequivalence test with the originator Nuvaring. The first batches of the vaginal ring Myring will be produced in the CDMO in order to start the FDA and GMP approval process. For both products we must be capable to gather international partnership attention and be able to conclude some distributionships.

For our development programs we continue to seek support at the Walloon Region who has been demonstrating comfort to Mithra's know-how and who continues to invest in the Group and its potential. We have applied for EUR 3.8 m of recoverable advances as of today's date, of which we expect to receive EUR 1.0m by end of 2016.

From a commercial angle we will continue to market our current products, in the Benelux, France, Germany and Brazil. The startup of these three countries will be closely managed in order to seek a breakeven point in the near future. Strategically also in 2016 the group will constantly seek to upgrade and ameliorate its image as innovation player in the women's health market and might consider to extend or change its commercial portfolio in order to do this.

1.6 Corporate governance statement

Reference code

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

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

of the BCC and the Royal Decree of 6 June 2010 with regard to the appointment of the Corporate governance Code to be complied with by listed companies.

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

The CGC will be updated as required in the case of any change made to the Company's corporate governance policy.

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

As the Company a listed company since 30 June 2015, the implementation of the principles of the Code and the CGC was made, and the revised organization of the Company was implemented, gradually over the financial year. The Company's Board of Directors complies with the BCG, and believes that certain deviations from its provisions were justified in view of the Company's particular situation.

These deviations include the following:

- Provision 2.1 BCG: gender diversity. Since the IPO, the Board was mainly composed of men. The Company commits to build a diverse list of candidates for new positions in the future.
- Provision 5.2 BCG: the Company has no overall formal internal auditor because of the size of the Company. However, the Audit Committee regularly evaluates the need for this function and/or commissions external parties to conduct specific internal audit missions and report back to the Audit Committee.

Capital & shares

As at 31 December 2015, the capital of Mithra was represented by 31,129,756 shares (and on the date of this report remains at that number). Each share entitles its holder to one vote. All shares are equal and common.

The number of voting rights as at 31 December 2015 was, and currently remains, 31,129,756.

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

The share capital of Mithra in 2015:

- On 22 May 2015, the Company issued 7,050 new shares as a result of the merger of Mithra RDP, Mithra IBD and Ardentia Invest into Mithra. The merger of Mithra RDP and Mithra IBD occurred through a "simplified merger" procedure. The merger between Ardentia Invest and Mithra occurred through a "reverse parent-subsidiary" merger, as Ardentia Invest held, at the time of the merger, 61,43% of the Shares of Mithra (6.805 shares), as well as all (i.e., 258) ordinary profit certificates issued by Mithra (and, substantially, no other assets or liabilities, as immediately prior to such merger the holders of convertible bonds of Ardentia, OGEO and Integrale have converted their convertible bonds in shares of Ardentia SA, and have as such participated in the merger with these shares). In consideration of the merger, Mithra issued 7,050 new Shares to the shareholders of Ardentia Invest (pro rata to their shareholding in Ardentia Invest) immediately prior to the merger, the conversion rate being determined as follows: 1 Share to be issued for each Share of Mithra held by Ardentia Invest (i.e., in the aggregate 6.805 new Shares), and 0.95 shares to be issued for each profit certificate (i.e., in the aggregate, 245 new Shares). As a consequence of the merger of ARDENTIA INVEST into Mithra, 6,805 shares of Mithra were cancelled.
- On 22 May 2015, each capital share of Mithra was split into 1,650 shares. After this split, the share capital of Mithra amounted to EUR 13,677,727.00 and was represented by 18,682,950 shares.
- On 23 May 2015, the Company issued 5,836,233 new shares in exchange for an aggregate contribution in cash of € 54,603,795.95. The par value and share premium of these new shares amounted to € 0.7321 and € 8.6239 per share respectively.
- On 18 June 2015, Mithra launched its initial public offering of new shares, with admission to trading of all of its shares on the regulated market of Euronext Brussels.

  The offering period ended on 26 June 2015 4:00 pm CEST. The final offer price was set at EUR 12.00. The total number of shares issued amounted to 6,023,809. Following the issuance of these new shares, the share capital of Mithra amounted to 22,360,425.22 euro and the total number of securities (all ordinary shares) carrying voting rights was 30,542,992.

  The over allotment warrant related to the offering was exercised for 586,764 new shares on 4 August 2015 (at the offer price of EUR 12.00), resulting in an additional aggregate contribution of EUR 7,041,168. The par value and share premium amounted to approximately € 0.7321 and € 11.2679 per share respectively.

  As a result, the total number of shares issued in the offering amounted to 6,610,573, representing total gross proceeds of EUR 79.3 million.

As at 31 December 2015, the share capital of Mithra amounts to EUR 22,789,993.24 and consists of 31,129,756 ordinary shares (each having the same rights), which are fully paid up.

The number of voting rights is 31,129,756. The shares do not have a nominal value, but reflect the same fraction of the Company's share capital, which is denominated in euro.

Other capital-related events of importance in 2015:

- The Company created a stock option plan under which warrants were granted to employees, consultants or Directors of the Company: 1,089 warrants were issued on 2 March 2015, currently entitling their holders to subscribe for a total number of 1,796,850 ordinary shares, each warrant entitling its holder to subscribe for 1,650 ordinary shares (pursuant to the stock split of 22 May 2015) at a subscription price of EUR 5,646.00 per 1,650 Shares (a part of which corresponding to the par value of the existing Shares on the day the warrants are exercised will be allocated to the share capital, the balance will be booked as an issue premium). These warrants can be exercised as from 1 January 2019, and have a term of 8 years as from their grant. They can also be exercised in a special exercise window which shall open in any event in case of a Liquidity Event (as defined in the plan, which includes a sale of all assets or shares of the Company, the launch of a public tender offer on the Company's shares and any other sale or liquidation of the Company).

  Upon expiration of the 8-year term, the warrants become null and void.
- On 8 June 2015, in accordance with Article 604, 605, section 1, 1°-3° and 607, section 2, 2° of the BCC, authorization was given to the Board of Directors to increase the Company's share capital, in one or several times, with a maximum aggregate amount equal to EUR 22,360,425.22, for a period of 5 years as of the publication in the Annexes to the Belgian State Gazette of the authorisation. The capital increases to which may be decided under this authorisation can take place in accordance with the conditions as are to be decided by the Board, such as: by means of a contribution in cash or in kind, subject to the mandatory limits and in accordance with the mandatory conditions provided for by the BCC; through conversion of reserves, issuance premiums, profits carried forward and revaluation gains ('plus-values de réévaluation'); with or without issuance of new shares, with or without voting rights, except that such shares cannot have an issue price lower than the par value of the then existing shares of the Company; through issuance of convertible bonds, subordinated or not; through issuance of warrants or bonds to which warrants or other tangible values are attached; and/or through issuance of other securities. Within the framework of the authorised capital, the Board is authorised to limit or cancel the preferential subscription right of existing shareholders (including for the benefit of one or more specific persons who are not employees of the company or of its subsidiaries). The Board is also authorised to require an issue premium when increasing the capital. The Board has also been authorised to increase the share capital following a notification by the FSMA that it has been informed of a public takeover bid on the company's financial instruments, through contributions in cash with cancellation or limitation of the preferential subscription rights of the shareholders (including for the benefit of one or more specific persons who are not employees of the company or of its subsidiaries) or through contributions in kind, with issuance of shares, warrants or convertible bonds, during a period of 3 years as of the authorisation (i.e. until 8 June 2018) (cf. art. 607 BCC)

Shareholders & shareholder structure

Shareholders structure

Based on the transparency declarations the Company has received, the significant shareholders of the Company (i.e. above 3% of the outstanding voting rights) as at 31 December 2015 are:

Shareholder	Address	Number of voting rights	% of voting rights
François Fornieri[1]		10,510,800	33.77%
Marc Coucke[2]		5,133,124	16.49%
Meusinvest SA	Rue Lambert-Lombard, 3, B-4000 Liège, Belgium	5,008,766	16.09%
Ogeo Fund OFP	Boulevard Piercot, 46, B-4000 Liège, Belgium	1,481,700	4.76%
Other		8,995,366	28.90%

[1] François Fornieri holds his shareholding partially through Mithra Participations (a *société civile de droit commun*), of which he is the director. As disclosed previously, François Fornieri also holds warrants entitling him to subscribe 1,211,100 additional shares of Mithra.

[2] Marc Coucke holds his shareholding partially through Alychlo NV and Mylecke Management Art & Invest NV, which he both controls

Note : The Company received a transparency declaration dated 14 January 2016 from Mr Bart Versluys declaring a direct and indirect shareholding of 3,17%. This declaration is available on the Company's website www.mithra.com

All percentages are calculated on the basis of the current total number of voting rights.

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

Shareholders' arrangements

To the Board's best knowledge, no shareholders' agreement exists among shareholders of the Company with respect to the Company except for the lock-up and stand still agreements described hereafter, entered into in the context of the Company's IPO.

A number of shares available for sale in the public market following the admission to listing of the Company's shares are limited by several transfer restrictions. The members of the Company's Executive Management Team at the time of the IPO, and the Company's shareholders at the time of the IPO of the Company have entered into a number of lock-up arrangements with KBC Bank Securities and ING Belgium NV (i.e. the Joint Bookrunners of the IPO) for a period of 12 months as from 30 June 2015. At the same time, Mithra agreed to a standstill obligation regarding the sale or issuance of shares and similar financial instruments, subject to certain exceptions, covering a period of 365 days as from 30 June 2015. See Mithra's prospectus for more detailed information.

Board of Directors

Composition of the board

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

The roles and responsibilities of the Board, its composition, structure and organization are described in detail in Mithra's Corporate Governance Charter. This Corporate Governance Charter includes the criteria that directors must satisfy to qualify as independent directors.

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

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

Name	Position	Term [1]	Nature of Mandate	Board of Directors Committee Membership	Attendance[2] to 2015 Board meetings
YIMA SPRL (permanent representative: Mr François Fornieri)	Managing director	2019	Executive	-	9/9
Mr François Fornieri	Director	2019	Executive	-	6/6
Mr Marc Beyens	Director	2019	Non-executive	-	9/9
CG CUBE S.A. (permanent representative: Mr Guy Debruyne)	Director	2019	Non-executive	-	9/9
CEFMA CONSULT SPRL (permanent representative: Mr Freddy Meurs)[3]	Director	2019	Non-executive	-	9/9
Meusinvest SA (permanent representative: Mr Gaëtan Servais)	Director	2019	Non-executive	-	7/9
SC SCRL INVESTPARTNER (permanent representative: Mr Marc Foidart)	Director	2019	Non-executive	Nomination and Remuneration Committee (Chair)	3/6
Mr Herjan Coelingh Bennink	Director	2019	Non-executive	Scientific Committee (Chair)	3/6
Alychlo NV (permanent representative: Mr Marc Coucke)	Director	2019	Non-executive	-	6/6
BDS Management BVBA (permanent representative: Ms Barbara De Saedeleer)	Director	2019	Chair Non-executive	Audit Committee	6/6
Mr Jean Sequaris	Director	2019	Independent	Audit Committee Nomination and Remuneration Committee	6/6
P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen)	Director	2019	Independent	Audit Committee (Chair) Nomination and Remuneration Committee	5/6
Mr. Jacques Platieau	Director	2019	Independent		6/6

[1] *The term of the mandate of the Director will expire immediately after the Annual Shareholders Meeting held in the year set forth next to the Director's name. All current directors were (re-)appointed at the Extraordinary Shareholders Meeting held on 8 June 2015.*

[2] *The difference in the number of board meetings that could be attended by each director is due to the nomination of new directors during the financial year.*

[3] *On 12 April 2016, CEFMA Consult resigned from the Board.*

Note that, due to the fact that Mr. Fornieri acts both as Director and as permanent representative of YIMA SPRL, he effectively controls two votes at the meetings of the Board of Directors.

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

Activity report

In 2015, nine Board meetings have been held, four of which after the completion of the offering and listing of the shares of Mithra.

These Board meetings were mainly related to the financial results and financial reporting, including the half-year and annual accounts and budget, changes in the group structure (including capital increases and mergers), the Company's strategy, progress and important agreements or (expected) acquisitions. In the run-up to the IPO, the IPO process also necessitated several Board meetings.

Performance evaluation of the board

Led by the Chair and assisted by the Nomination and Remuneration Committee (and possibly also by external experts) the Board will conduct, every 3 years, a self-evaluation in respect of its size, composition, performance and those of its committees, as well as in respect of its interaction with the executive management. The evaluation shall have the following objectives:

- Assessing how the Board or the relevant Committee operates;
- Checking that the important issues are suitably prepared and discussed;
- Evaluating the actual contribution of each Director's work, the Director's presence at Board and Committee meetings and his constructive involvement in discussions and decision-making;
- Checking the Board's or Committee's current composition against the Board's or Committee's desired composition.
- The non-executive Directors shall annually assess their interaction with the Executive Management Team. In this respect, non-executive Directors shall meet at least once a year in absence of the CEO and the other executive Directors, if any. No formal Board decision can be taken at such meeting.

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

The Board shall act on the results of the performance evaluation by recognising its strengths and addressing its weaknesses. Where appropriate, this will involve proposing new members for appointment, proposing not to re-elect existing members or taking any measure deemed appropriate for the effective operation of the Board.

Since the IPO, the Board was mainly composed of men. The Company commits to build a diverse list of candidates for new positions in accordance with Article 518***bis*** of the BCC.

Audit committee

"Large" listed companies (as defined in Article 526***bis*** of the BCC) are legally obliged to set up an audit committee within their Board of Directors. Although the Company currently does not qualify as a "large" company, the Board of Directors has voluntarily set up an Audit Committee, in line with the BGC.

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

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

Composition

The Audit Committee is composed of three members, which are exclusively non-executive Directors. Two of its members are independent Directors and at least one of its members has the necessary expertise with regard accounting and auditing. The Chair of the Audit Committee is not the Chair of the Board of Directors.

The following Directors are members of the Audit Committee: P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen) (Chair), Mr Jean Sequaris and BDS Management BVBA (permanent representative: Ms Barbara De Saedeleer). P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen)) and Mr Jean Sequaris are both independent Directors.

Activity report

The Audit Committee met two times in 2015. The Audit Committee was set up as of the Company's IPO, and therefore exercised its duties over the last 6 months of 2015. The statutory auditor was present at one of these two meetings.

The main topics discussed were the interim financial information and half-year figures, the statutory auditor's recommendations, and internal control.

Attendance was as follows: P.SUINEN SPRL-S (permanent representative Mr Philippe Suinen): 100 %, Mr Jean Sequaris 100 % and BDS Management BVBA (permanent representative: Ms Barbara De Saedeleer : 100%.

Nomination and remuneration committee

"Large" listed companies (as defined in Article 526***quater*** of the BCC) are legally obliged to set up a remuneration committee within their Board of Directors. Although the Company did not qualify as a "large" company, the Board of Directors has voluntarily set up a Remuneration Committee, in line with the BGC. As the Remuneration Committee also performs the task of a nomination committee, it is called the Nomination and Remuneration Committee.

The role of the nomination and remuneration committee is to make recommendations to the Board of Directors with regard to the (re-)election of directors and the appointment of the CEO and the executive managers, and to make proposals to the board on the remuneration policy for directors, the CEO and the executive managers.

The committee has specific tasks. These are further described in the terms of reference of the nomination and remuneration committee as set out in the Company's corporate governance charter and Article 526***quater*** of the Companies Code. In principle, the committee will meet at least two (2) times per year.

Composition

The Nomination and Remuneration is composed of three members, which are exclusively non-executive Directors. Two of its members are independent Directors.

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

The following Directors are members of the Nomination and Remuneration Committee: SC SCRL INVESTPARTNER (permanent representative: Mr Marc Foidart (Chair), P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen) and Mr Jean Sequaris. P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen)) and Mr Jean Sequaris are both independent Directors.

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

More detailed information on the Nomination & Remuneration Committee's responsibilities can be found in the CGC, which can be found on Mithra's website.

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

Activity report

The Nomination & Remuneration Committee did not convene a formal meeting in 2015, as the Nomination & Remuneration Committee was set up on completion of the IPO and therefore exercised its duties for only 6 months in 2015. The Committee met two times early 2016.

Scientific Committee

The Board has voluntarily set up an advisory "Scientific Committee" with the following responsibilities:

- providing strategic guidance for program development;
- providing a neutral view on the progress of technology and science;
- providing external validation of intellectual property or new technologies; and
- providing ad hoc advice on scientific matters at the request of the Board.

More detailed information on the Scientific Committee's responsibilities can be found in the CGC, which can be found on Mithra's website.

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

Composition

Since creation of the Scientific Committee at the occasion of the IPO, the following change occurred in the composition of the Scientific Committee: Ms Régine Sitruk-Ware, was unable to take up her membership of this Committee. Currently, as the Company is in the process of recruiting a third member of the Scientific Committee, the Company's CSO, Alius Modi SPRL, represented by Ms. Valérie Gordenne joins the meetings of the Scientific Committee.

Therefore, the current members of the Scientific Committee are: Mr Herjan Coelingh Bennink (Chair) and Mr Jean-Michel Foidart.

All the members of the committee have relevant scientific, research, medical or other related expertise.

Activity report

The Scientific Committee did not convene a formal meeting in 2015, but met regularly to discuss strategic guidance for the ongoing development programs and intellectual property aspects. It advised the Board at every Board meeting where scientific issues were discussed. The Committee was set up on completion of the offering and listing of the shares of Mithra and therefore exercised its duties only for a period of 6 months in 2015.

Executive committee

The Board of Directors of Mithra has set up an Executive Management Team. The Executive Management Team is an advisory committee to the Board of Directors, which does not constitute a management committee ("***comité de direction***") under Article 524***bis*** of the BCC.

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

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

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

Composition

At least all executive Directors are member of the Executive Management Team. The Executive Management Team is currently composed of eight members: the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Legal Officer (CLO), Chief Communication Officer (CCO), Public Relations Officer (PRO), Chief Production Officer (CPO), Chief Scientific Officer (CSO) and the Chief Marketing Officer (CMO). The Executive Management Team is chaired by the CEO of the Company.

The current members of the Executive Committee are listed in the table below.

Name	Function
YIMA SPRL (permanent representative: Mr François Fornieri)	Chief Executive Officer (Chair)
Vesteco BVBA (Mr Steven Peters)	Chief Financial Officer (CFO)
Elitho BVBA (Mr Michael Truyen)	Chief Legal Officer (CLO)
Sunzi SPRL (Ms Julie Dessart)	Chief Communication Officer (CCO)
Novafontis SPRL (Mr Jean-Manuel Fontaine)	Public Relations Officer (PRO)
Mr Rudi Meurs	Chief Production Officer (CPO)
Alius Modi SPRL (Ms Valérie Gordenne)	Chief Scientific Officer (CSO)
Travel And Communication Consultancy ("TACC") BVBA (Mr Jan Van der Auwera)	Chief Marketing Officer (CMO)

Since creation of the Executive Management Team at the occasion of the IPO, the following changes occurred in the composition of the Executive management team in 2015:

- Partenaire Conseil SPRL was replaced in the function of CLO by Elitho BVBA as of 1 October 2015. Partenaire Conseil continues to act as Company Secretary.
- Bioexpand SPRL (Mr Claude Lubicki) resigned from its function as Chief Business Development Officer on 2 September 2016.

Activity report

The Executive Management Team met regularly and at least once every month to discuss the day-to-day management of the Company in accordance with the Company's values, strategy, general policy and budget, as determined by the Board. The CEO reported and advised the Board on this day-to-day management at every Board meeting.

Remuneration report

1. Directors

Procedure applied in 2015 in order to create a remuneration policy and to determine the individual remuneration

The level of remuneration of the Directors was determined, for the first time in a listed context, at the occasion of the Company's Initial Public Offering on 8 June 2015 and explained in the Prospectus issued by the Company in that context.

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

The Nomination and Remuneration Committee benchmarks the Directors' compensation against peer companies. Without prejudice to the powers granted by law to the Shareholders Meeting, the Board will set and revises at regular intervals the rules and the level of compensation for Directors executing a special mandate or having a seat in one of the committees, as well as the rules for reimbursement of the Directors' business-related out-of-pocket expenses. Apart from their remuneration, all Directors will be entitled to a reimbursement of out-of-pocket expenses actually incurred as a result of their participation in meetings of the Board of Directors.

The remuneration of the Directors will be disclosed to the Company's shareholders in accordance with the applicable laws and regulations.

The level of remuneration should be sufficient to attract, retain and motivate Directors who match the profile determined by the Board.

Only non-executive Directors shall receive a fixed remuneration in consideration of their membership of the Board and the Committees of which they are members. Independent directors will not receive, in principle, any performance-related remuneration, nor will any options or warrants be granted to them.

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

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

The Directors' mandate may be terminated ***ad nutum*** (at any time) without any form of compensation.

There are no employment or service agreements that provide for notice periods or indemnities between the Company and the members of the Board of Directors, who are not a member of the Executive Management Team.

In respect of the members of the Board of Directors, who are a member of the Executive Management Team, reference is made to the section Executive Management Team below.

Remuneration policy applied during 2015

The Nomination and Remuneration Committee benchmarks Directors' remuneration against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board of Directors and its various committees. The remuneration package for the non-executive Directors (whether or not independent) approved by the Shareholders Meeting of 8 June 2015 is made up of a fixed annual fee of EUR 20,000. The fee is supplemented with a fixed annual fee of EUR 5,000 for membership of each committee of the Board of Directors, and an additional fixed annual fee of EUR 20,000 for the Chairman of the Board. Changes to these fees will be submitted to the Shareholders Meeting for approval.

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

The total amount of the remunerations and the benefits paid in 2015 as of the listing of the Company, to the non-executive Directors (in such capacity) was €132,500 (gross, excluding VAT), split as follows:

Name	Nature	Remuneration as Director	as Member of a committee	as chair of the Board
Marc Beyens	Non-exec	10,000		
CG Cube	Non-exec	10,000		
CEFMA Consult	Non-exec	10,000		
Meusinvest	Non-exec	10,000		
Investpartner	Non-exec	10,000	2,500	
Prof. Coelingh Bennink	Non-exec	10,000	2,500	
Alychlo	Non-exec	10,000		
BDS Management	Non-exec - Chair	10,000	2,500	10,000
Jean Sequaris	Independent	10,000	5,000	
P.SUINEN	Independent	10,000	5,000	
Jacques Platiau	Independent	10,000		

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

The table below provides an overview of the shares and warrants held by the members of the Board.

Share- / Warrantholder	Shares	%	Warrants	%	Shares and Warrants	%
YIMA SPRL (permanent representative: Mr François Fornieri) (CEO)	0	0.00%	0	0.00%	0	0.00%
Mr François Fornieri (permanent representative of YIMA SPRL) (together with YIMA SPRL)	10,150,800	32.61%	1,211,100	67.40%	11,361,900	34.51%
Marc Beyens	0	0.00%	0	0.00%	0	0.00%
CG CUBE S.A. (permanent representative: Guy Debruyne)	343,200	1.10%	0	0.00%	343,200	1.04%
Guy Debruyne (permanent representative of CG Cube S.A.) (together with CG Cube S.A.)	0	0.00%	0	0.00%	0	0.00%
CEFMA CONSULT SPRL (permanent representative: Mr Freddy Meurs)	0	0.00%	0	0.00%	0	0.00%
Freddy Meurs (permanent representative of CEFMA CONSULT SPRL) (together with CEFMA CONSULT SPRL)	0	0.00%	0	0.00%	0	0.00%
Meusinvest SA (permanent representative: Gaëtan Servais)	4,925,433	15.82%	0	0.00%	4,925,433	14.96%
Gaëtan Servais (permanent representative of Meusinvest SA)	0	0.00%	0	0.00%	0	0.00%
Marc Foidart	0	0.00%	0	0.00%	0	0.00%
Herjan Coelingh Bennink	0	0.00%	0	0.00%	0	0.00%
Alychlo NV (permanent representative: Mr Marc Coucke)	3,249,251	10.44%	0	0.00%	3,249,251	9.87%
Marc Coucke (permanent representative of Alychlo NV) (together with Alychlo NV and Mylecke Management, Art & Invest NV)	1,208,041	3.88%	0	0.00%	1,208,041	3.67%
BDS Management BVBA (permanent representative: Ms Barbara De Saedeleer)	0	0.00%	0	0.00%	0	0.00%

Ms Barbara De Saedeleer (permanent representative of BDS Management BVBA) (together with BDS Management BVBA)	85,506	0.27%	0	0.00%	85,506	0.26%
Jean Sequaris	0	0.00%	0	0.00%	0	0.00%
P.SUINEN SPRL-S (permanent representative: Mr Philippe Suinen)	0	0.00%	0	0.00%	0	0.00%
Philippe Suinen (permanent representative of P.SUINEN SPRL-S) (together with P.SUINEN SPRL-S)	0	0.00%	0	0.00%	0	0.00%
Jacques Platieau						
Subtotal	**16,369,780**	52.59%	**1,211,100**	67.40%	**17,580,880**	53.39%
Total number in existance	**31,129,756**	100.00%	**1,796,850**	100.00%	**32,926,606**	100.00%

With respect to the following two years, Mithra Pharmaceuticals does not foresee changes in its remuneration policy.

2. Executive management team

Procedure applied in 2015 in order to create a remuneration policy and to determine the individual remuneration

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

Remuneration policy applied during 2015

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

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

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

In view of the recent listing (in the middle of 2015) of the Company, a short and long term performance based remuneration and incentive scheme is still being elaborated within the Nomination and Remuneration Committee, which is to be based on objectives which will, in accordance with Article 520***bis*** of the BCC, be pre-determined in an explicit decision by the Board of Directors and will be chosen so as to link rewards to corporate and individual performance, thereby aligning on an annual basis the interests of a member of the Executive Management Team with the interests of the Company and its shareholders and benchmarked with in the sector.

Schemes under which members of the Executive Management Team are remunerated in shares, warrants or any other rights to acquire shares, shall be subject to prior shareholder approval by way of a resolution taken by the General Meeting of Shareholders. The approval shall relate to the scheme itself and not to the grant to individuals of share-based benefits under the scheme. Such schemes shall include appropriate vesting periods.

The total amount of remunerations and benefits paid to the CEO and the other members of the Executive Management Team, amounted to € 2,147,987.14 (gross, excluding VAT and share-related payments) in 2015, of which a detailed breakdown is shown in the table below:

Thousands of Euro (€)	Total	Of which CEO
Basic Remuneration	2,120	703
Variable Remuneration (*)	-	-
Group Insurance (pension, invalidity, life)	6	-
Other insurance (car, cell phone, hospitalization) (*)	22	-
Total	**2,148**	**703**

(*) not including share based payments mentioned under point 9.25

With respect to the two financial years to come, Mithra Pharmaceuticals does not foresee changes in its remuneration policy regarding the Executive Management Team

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

Share- / Warrantholder	Shares	%	Warrants	%	Shares and Warrants	%
YIMA SPRL (permanent representative: François Fornieri) (CEO) (together with François Fornieri)	0	0.00%	0	0.00%	0	0.00%
Mr François Fornieri (permanent representative of YIMA SPRL) (together with YIMA SPRL)	10,150,800	32.61%	1,211,100	67.40%	11,361,900	34.51%
Steven Peters (representative of and together with Vesteco BVBA)	153,870	0.49%	214,500	11.94%	368,370	1.12%
Eric Van Traelen (representative of together with Partenaire Conseil SPRL)	5,344	0.02%	173,250	9.64%	178,594	0.54%
Julie Dessart (representative of and together with Sunzi SPRL)	2,672	0.01%	24,750	1.38%	27,422	0.08%
Jean-Manuel Fontaine (representative of and together with Novafontis SAS)	2,992	0.01%	24,750	1.38%	27,742	0.08%
Rudi Meurs	21,376	0.07%	49,500	2.75%	70,876	0.22%
Valérie Gordenne (representative of and together with Alius Modi SPRL)	8,550	0.03%	74,250	4.13%	82,800	0.25%
Jan Van der Auwera (representative of and together with TACC BVBA)	16,500	0.05%	0	0.00%	16,500	0.05%
Michael Truyen (representative of and together with Elitho BVBA)	0	0.00%	0	0.00%	0	0.00%
Subtotal	**10,362,104**	33.29%	**1,772,100**	98.62%	**12,134,204**	36.85%
Total	**31,129,756**	100.00%	**1,796,850**	100.00%	**32,926,606**	100.00%

The Company created a stock option plan under which warrants were granted to consultants or Directors of the Company ("***droits de souscription***").

Upon proposal of the Board of Directors, the Extraordinary Shareholders Meeting of the Company of 2 March 2015 approved the issuance of warrants giving right to 1,796,850 Shares, which, on a fully-diluted basis, represent 5.46% additional Shares.

The warrants have been granted free of charge. All warrants have been accepted by the relevant beneficiaries. Each warrant entitles its holder to subscribe for 1,650 Shares of the Company at a subscription price of EUR 5,646.00 per 1,650 Shares (a part of which corresponding to the par value of the existing Shares on the day the warrants are exercised will be allocated to the share capital, the balance will be booked as an issue premium).

The warrants can be exercised as from 1 January 2019, and have a term of 8 years as from their grant. Upon expiration of the 8 years term, the warrants become null and void. On the date hereof, all warrants remain outstanding.

Currently, eight members of the Executive Management Team are engaged on the basis of a service agreement and one member of the Executive Management Team on the basis of an employment agreement, all of which can be terminated at any time, subject to certain pre-agreed notice periods, which may, at the discretion of the Company, be replaced by a corresponding compensatory payment.

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

Claw-back provisions

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

Miscellaneous

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

Most important characteristics internal control

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

Control Environment

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

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

Statutory auditor

BDO Réviseurs d'Entreprises SCCRL, with registered office at Rue de Waucomont, Battice 51, 4651 Herve, Belgium, member of the Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren, represented by Félix Fank, auditor, has been appointed as Statutory Auditor of the Company on 8 June 2015 for a term of three years ending immediately after the Shareholders Meeting to be held in 2018 that will have deliberated and resolved on the financial statements for the financial year ended on 31 December 2017. BDO Réviseurs d'Entreprises SCCRL is a member of the Belgian Institute of Certified Auditors ("Institut des Réviseurs d'Entreprises ") (membership number B00023).

1.7 Statements required by art. 34 of the royal decree of 14 november 2007

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

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

Pursuant to the BCC, to attend or be represented at the general meeting and exercise her/his voting right, a shareholder must have carried out the accounting registration of his/her shares no later than the fourteenth day before the general meeting at 24:00h Belgian time (being Wednesday 13 April 2016, the "Registration Date"), either by registering them in the Company's register of nominative shares, or by registering them in the accounts of a licensed account holder or a settlement institution, the number of shares held on the day of the meeting being disregarded.

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

Rules governing the appointment and replacement of board members and the amendment of the issuer's articles of association

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

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

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

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

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

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

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

In general, there is no quorum requirement for a Shareholders Meeting and decisions are generally passed with a simple majority of the votes of the Shares present and represented. Nevertheless, capital increases (unless decided by the Board of Directors within the framework of the authorised capital), decisions with respect to the Company's dissolution, mergers, de-mergers and certain other reorganisations of the Company, amendments to the articles of association (other than an amendment of the corporate purpose) and certain other matters referred to in the BCC not only require the presence or representation of at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, of the Company but also the approval of at least 75% of the votes cast. An amendment of the Company's corporate purpose or, subject to certain exceptions, the purchase and sale of own Shares, requires the approval of at least 80% of the votes cast at a Shareholders Meeting, which in principle can only validly pass such resolution if at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event that the required quorum is not present or represented at the first meeting, and a second meeting is convened, such second meeting can validly deliberate and resolve regardless of the number of Shares and profit certificates, if any, present or represented.

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

As noted above, the Company has issued 1,089 warrants on 2 March 2015 for the benefit of the members of its Executive Management. As also set out above; pursuant to the terms and conditions of this warrant plan, in the event of Liquidity event, which comprises a modification, as a result of a public bid or otherwise, of the (direct or indirect) control (as defined under Belgian law) exercised over the Company, the holders of warrants shall have the right to exercise them, irrespective of exercise periods/limitations provided by the plan. These warrants entitle their holders to subscribe for a total number of 1,796,850 securities carrying voting rights (all ordinary shares), each warrant entitling its holder to subscribe for 1,650 Shares of the Company at a subscription price of EUR 5,646.00 per 1,650 Shares (a part of which corresponding to the par value of the existing Shares on the day the warrants are exercised will be allocated to the share capital, the balance will be booked as an issue premium).

1.8 Transactions within the authorized capital

There has been no transaction within the authorized capital in 2015.

1.9 Acquisition of own Securities

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

1.10 Use of financial instruments by the Group

The Group did not use any financial instruments.

1.11 Circumstances that could considerably affect the development of the Group

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

The Group's business structure is built on two pillars: (i) a development portfolio which includes the development of Estetrol-based product candidates in the oral contraception and menopause indications and of complex generics and (ii) a commercialisation portfolio of branded generics and OTC products in several regions. Therefore, the risk factors related to each of these pillars are presented separately (as each has a different set of risks associated with it).

(i) **No Estetrol-based product candidates have been approved nor commercialised and the lead product candidate is ready to enter Phase III. The successful development of the Group's Estetrol-based product candidates is highly uncertain. Estetrol-based product candidates must undergo clinical and pre-clinical testing supporting the clinical development thereof, the results of which, are uncertain and could substantially delay, which in turn could substantially increase costs, or prevent the Estetrol-based product candidates from reaching the market.**

The Group's current lead Estetrol-based product candidates have not been approved nor commercialised. Estelle® for use in contraception is currently ready to enter Phase III (in which its contraceptive efficacy will need to be re-confirmed, and in parallel with which a number of studies need to be conducted which are not expected to have a significant impact on any (potential) marketing authorisation approval, although these will play a role in determining the labelling and leaflet restrictions the product candidate would have upon approval (if any)) and Donesta® for use in hormone replacement therapy in menopause is ready to enter Phase II (the pre-clinical and Phase I clinical trial support package is shared with Estelle®; the data would seem to suggest (but did not possess the statistical power to demonstrate) that Estetrol decreases hot flushes in a dose-dependent manner, but larger populations and longer treatment periods as recommended by regulatory guidance (12 weeks) will be necessary to optimally see a difference in the results between the different Estetrol doses tested). All Estetrol-based product candidates will be subject to extensive clinical and pre-clinical trials supporting the clinical development thereof to demonstrate safety and efficacy in humans (which will take several years) before they can apply for the necessary regulatory approval to enter the market and potentially obtain marketing authorisation with the relevant regulatory authorities. The Group does not know whether future clinical trials will begin on time, will need to be redesigned or

will be completed on schedule (Phase III for Estelle® currently expected to finish H2 2018 and Phase II for Donesta® currently expected to finish end 2016), if at all, and therefore cannot currently provide any timing estimates for the development and registration (if any) of Estelle® or Donesta® beyond the Phases of clinical development these product candidates are currently about to enter.

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

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

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

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

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

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

In preparation, the Group has expanded and continues to expand its organisation and has attracted and continues to attract a number of experienced collaborators in this new field of development. However the Group may not be able to successfully integrate their experience and know-how, and to continue to further successfully expand its organisation and successfully conclude every development step. A failure to successfully do so could cause delays in the clinical development and/or the regulatory approval process, which could ultimately delay or even prevent the commercialisation of the Group's innovative product candidates. This could have a material adverse effect on the Group's business, prospects, financial condition and result of operation.

(iv) **None of the complex generics (including amongst others Zoreline® and Myring) currently under development by the Group have been approved. Complex generic products must undergo bioequivalence or pharmacodynamics or any other studies, which could be subject to delays, which in turn could substantially increase costs, or prevent the complex generic products from reaching the market on time.**

All complex generic products will be subject to bioequivalence or pharmacodynamics or other studies (as deemed fit by the relevant regulatory agencies), to demonstrate that the generic product is bioequivalent to the previously approved drug, before they can receive the necessary regulatory approval to enter the market. Any delays in completing studies, will delay the Group's ability to generate revenues from product sales of complex generic products if any. In case the Group would come late in the market, dependent on the market as of the point when three to five generics have been approved, it will suffer from significantly reduced market share, revenues and cashflows for the relevant generic product.

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

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

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

The Group's product candidates are being developed with the intention of a commercial launch throughout the world. The Company currently has only a commercial, marketing and sales organisation in place in the Benelux to launch its product candidates in these markets. The Group is currently setting up sales organisations in Germany, France and Brazil, but there can be no assurance that these sales organisations will be in place to launch the Group's products in these geographies.

Until now the Group has never marketed a product outside of the Benelux and has therefore limited experience in the fields of sales, marketing and distribution in other markets. Except for the territories mentioned above, the Group does currently not intend to deploy itself a sales and distribution organisation elsewhere in the world, but will rely for the commercial launch and distribution of its products on license and supply deals with partners. Such partners besides GSP for Zoreline® have currently not yet been identified and there can be no assurance that the Group will ever identify such partners or find an agreement with such partners. Therefore its products might not be commercialised in all the markets the Group currently intends to commercialise its products. The Group's dependence on partners for the commercialisation of its products in certain regions results in a number of risks (including, but not limited to, less control over the partner's use of resources, timing, success, marketing of competing products by the partner, impact of future business combinations).

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

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

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

The success of the Group depends in part on its ability to obtain, maintain and enforce its patents and other intellectual property rights for technologies and products in Europe, the United States and elsewhere. The Group directly holds 3 patent families on Estelle® and Donesta®, the first of which (covering both the indications of contraception and menopause) expires in 2022 (i.e., soon after the end of Phase III trials for Estelle® which is foreseen for H22018) and 5 patent families on different Estetrol synthesis routes. The Group will seek to protect the market opportunity for these product candidates after market authorisation approval (if any) by applying for market/data exclusivity (between maximum five to ten years depending on the territory) and/or patent extension (maximum five years) systems where possible, if at all. One of the main patents covering the synthesis of Estetrol will expire in 2032.

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

The Group has experienced operating losses since 2012. It experienced consolidated net losses of EUR 2.9 million in 2014 and EUR 9.8 million in 2015. On a pro forma basis the Group had a consolidated net loss of EUR 11.4 million in 2014. These losses have resulted principally from costs incurred in research & development and from general and administrative costs associated with the operations. In the future, the Group intends to continue the clinical trial program for its candidate products, conduct pre-clinical trials in support of clinical development and regulatory compliance activities that, together with anticipated general and administrative expenses, the roll-out of its commercial organisation in France, Germany and Brazil and the construction and start-up of its CDMO, will result in the Group incurring further significant losses for the next several years and the Group's cash burn is expected to increase as a result of these activities in the next few years.

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

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

- The commercial success of the Company's products will depend on attaining significant market acceptance among physicians, patients, healthcare payers and the medical community.
- The Company's supply of innovative products and complex generics will be dependent on the successful and timely construction of its CDMO facility (which is being constructed on land owned by the Company and leased by it, with an option to purchase the facility, for which the financing for phase 2 of the construction has not yet been agreed), and the compliance with the regulatory requirements or finding alternative manufacturing resources.
- The Company may be exposed to product liability, no-fault liability or other claims and the risk exists that the Company may not be able to obtain adequate insurance or that the related damages exceed its current and future insurance cover.
- The Company is currently dependent on third parties for the pharmaceutical dossier and the supply of the products that it does not own but commercialises under its own trademarks;
- The Company might not be able to complete its own pharmaceutical dossiers for certain generic products in its portfolio, resulting in continued dependence on third party suppliers .
- The Company may require access to additional funding in the future, which could have a materially adverse effect on the Company's financial condition and results of operation and if the Company fails to obtain such funding, the Company may need to delay, scale back or eliminate the development and commercialisation of some of its products.
- The Company may infringe on the patents or intellectual property rights of others and may face patent litigation, which may be costly and time consuming.
- The Company's patents and other intellectual property rights may not adequately protect its technology and products, which may impede the Company's ability to compete effectively.
- The Company's success depends on its key people, and it must continue to attract and retain key employees and consultants.
- The Company must effectively manage the growth of its operations and the integration of acquisitions recently made or made in the future may not occur successfully.
- The Company has obtained significant grants and subsidies (mostly in the form of "avances récupérables"). The terms of certain of these agreements may hamper the Company in its flexibility to choose a convenient location for its activities.

1.12 Research and development

We are committed to fully exploiting the potential of Estetrol together with our technologic platform in complex products and polymers to develop a diverse and broad portfolio of therapeutic treatments. We will continue to leverage all of the Group's advantages in view of identifying potential drug candidates across a range of women health products and other therapeutic areas and exploring and developing the potential Estetrol where it has specific advantages. We will invest in further advancing the technologic CDMO platform in terms of performance, applicability and scale.

We expect that research and development expenditures for the discovery, development and commercialisation of drug candidates will continue to increase as the Group progresses its clinical and pre-clinical programs into the next phase. In addition, we intend to initiate new discovery programs and we are committed to seek, maintain and expand our know-how and technologies and intellectual property position.

1.13 Conflicting interests of directors (Art. 523 of the Belgian Companies Code)

The Directors report that during the financial year five decisions have been taken that fall within the provisions of Art. 523 BCC. As required by Art. 523 BCC, the full minutes of the relevant meeting of the Board of Directors relating to such conflict of interests are reproduced hereunder.

During the financial year 2015, no transaction or other agreement between the Company (or its affiliates) and a Director other than the decisions reproduced hereunder was declared, which could be considered a conflict of interests within the meaning of Art. 523 BCC.

Furthermore, during the financial year 2015, there have been no transactions or other contractual relationships between the Group on the one hand, and a Director or executive manager, on the other hand, other than those that fall within the provisions of Art. 523 BCC or that have been disclosed under "related party transactions" set out below.

Meeting Board of Directors of 19 February 2015 at 6.00 PM

YIMA SPRL (permanent representative Mr François Fornieri) informed the Board in accordance with Art. 523 BCC in respect of his conflict of interest in relation to the following of the items on the agenda of the Board, prior to any deliberation:

1) Ratification of the final agreements signed as part of the Mithra-Actavis deal
2) Director-delegate compensation
3) Plan of warrants profiting the managers of Mithra Pharmaceuticals SA.

As required by Art. 523 BCC, the full minutes of the relevant meeting of the Board of Directors relating to such conflict of interests are to be reproduced hereunder:

The minutes of the said board meeting:

First resolution

Prior to any deliberation, YIMA SPRL represented by Mr François Fornieri declares his conflict of interest of a financial nature in accordance with Art. 523 BCC with the proposal to ratify certain agreements dated 27 January 2015, and more specifically the agreements entitled:

- « AGREEMENT between (…) as Sellers and Mithra Pharmaceuticals SA as Purchaser »
- « Assignment agreement in relation to the supplemental option agreement and new licence agreement » between (…) as the Founding Shareholders and Mithra Pharmaceuticals as the Assignee,
- « SHARE PLEDGE AGREEMENT in respect of shares in ESTETRA SPRL between Mithra Pharmaceuticals SA (and) FUND SA as Pledgors and (…) as Pledgees »

insofar as YIMA SPRL is director-delegate of MITHRA, and as YIMA SPRL and Mr François Fornieri, its single director and associate, are parties to said agreements.

YIMA SPRL, represented by Mr François Fornieri, declares having notified the company auditor of the existence of this conflict of interests.

The nature of the decision to be taken can be described as follows:

(A) (A) Actavis Acquisition 2 SARL and Watson Pharmaceuticals Inc. (hereafter jointly "Actavis") acquired on 19 January 2013 one hundred percent of the outstanding shares of Uteron Pharma SA. Uteron Pharma in particular had one subsidiary "Estetra", which developed a product Estelle, while other subsidiaries of Uteron Pharma now transferred developed the products Colvir, Vaginate and Alyssa in particular.

(B) As these four products were no longer a priority for Actavis, in October 2014 Actavis offered to acquire all the membership shares of Estetra and a number of assets and to follow on in the various commitments relating to Colvir, Vaginate and Alyssa. The original sellers of the Uteron Pharma shares to Actavis (hereafter "Sellers"), who held the right to buy these products under the agreement made in January 2013, at the same time made known that they were inclined to let Mithra acquire these products and to release Actavis from the obligations to which Actavis was still under in relation to the assets whose transfer was planned, provided that MITHRA assumes a number of obligations regarding them.

(C) Dated 27 January 2015, an agreement entitled "SHARE AND ASSET PURCHASE AGREEMENT" between Actavis Holding 2 SARL, Uteron Pharma SPRL, Femalon SPRL, Uteron Pharma Technologies SPRL, Odyssea Pharma SPRL on the one hand, and Mithra Pharmaceuticals SA on the other hand was signed to formalise the acquisition by Mithra of all the shares of Estetra SPRL, which holds the rights on the Estelle product, as well as the acquisition by Mithra of the rights relating to the products Colvir, Vaginate and Alyssa. The conclusion of this agreement does not in itself create any conflict of interests for a director. Its ratification is proposed to the Board of Directors.

(D) The agreements entitled: "AGREEMENT between (…) as Sellers and Mithra Pharmaceuticals SA as Purchaser" and "SHARE PLEDGE AGREEMENT in respect of shares in ESTETRA SPRL between Mithra Pharmaceuticals SA (and) FUND SA as Pledgors and (…) named herein as Pledgees", deal with the amounts and commitments contracted by Mithra with the Sellers and their respective guarantees. Their ratification is proposed to the Board of Directors.

(E) The agreement entitled "Assignment agreement in relation to the supplemental option agreement and new license agreement" places Mithra under the obligations that previously were those of Actavis towards Pantarhei Bioscience BV in relation to the payment of certain amounts that are to be payed to them by Actavis. YIMA SPRL and Mr François Fornieri are relevant parties but are not beneficiaries of the amounts to be paid. Its ratification is proposed to the Board of Directors.

The financial consequences of the operation, subject to meeting the conditions triggering payment of the amounts described in the above-mentioned agreements, are the following:

a) In the agreement entitled "AGREEMENT between (…) as Sellers and Mithra Pharmaceuticals SA as Purchaser", the following amounts are payable by Mithra to the "Sellers" (and thus partially to YIMA SPRL or to Mr François Fornieri):
   1) A basic sale price of EUR 7,470,000 payable in three instalments;
   2) An additional sale price of EUR 50,500,000 maximum, the due dates by instalment of which depend on the realisation of certain events (like an IPO) and certain milestones concerning the development and marketing E4 base products and certain sales targets;
   3) Royalties amounting to 2% of the net sales proceeds of Colvir and all Colvir derivatives;
   4) Royalties amounting to 7% maximum of the net sales proceeds of Estelle and all Estelle derivatives;
   5) The reimbursement of subsidies respectively of EUR 282,000, EUR 190,000 and any other amount received by the Mithra group to an amount of EUR 1,000,000.
   6) A maximum amount of USD 9 million corresponding to any amount blocked in an escrow account under the agreement mentioned in point (A) above and that is not returned to the Sellers from this account.

b) In the agreement entitled "SHARE PLEDGE AGREEMENT in respect of shares in ESTETRA SPRL between Mithra Pharmaceuticals SA (and) FUND SA as Pledgors and (…) named herein as Pledgees", the Sellers can enforce the pledge relating to the membership shares of Estetra SPRL in the event of Mithra's failure to pay the Sellers all or part of the amounts described above in point (E), a) 1 and 5.

The pledge will not be enforced if Mithra complies with its contractual commitments.

c) In the agreement entitled "Assignment agreement in relation to the supplemental option agreement and new license agreement", the following amounts are payable by Mithra to Pantarhei Bioscience NV (in which neither YIMA SPRL nor Mr François Fornieri hold any direct or indirect interest):
   1) An amount of EUR 2,000,000 according to the realisation of certain milestones in relation to Estetrol;
   2) An amount between 6% and 20%, for that part exceeding EUR 40,000,000, of the sales price to a third party of the rights to develop and market the Estelle product.

The other members of the Board of Directors have noted the terms and conditions of the above-mentioned agreements and take into account the conflict of interests that was declared.

After deliberation, the Board of Directors decides unanimously to ratify all the above-mentioned agreements.

The Board justifies this decision by the fact that this overall and indivisible operation enables Mithra to develop the group's research & development platform in order to continue its growth and that it believes that the conditions of the operation are economically justified in view of the potential gains from the hoped for development and marketing of the products Colvir, Vaginate, Alyssa and especially Estelle for Mithra.

Second resolution.

YIMA SPRL, represented by Mr François Fornieri, recalls that its services are currently compensated with a monthly amount of EUR 26,677.13 excl. VAT, indexable, at the Company's expense, and that further YIMA SPRL invoices monthly an amount of EUR 15,000 excl. VAT to MITHRA IBD SA and EUR 15,000 excl. VAT to MITHRA PHARMACEUTICALS CDMO SA. YIMA SPRL also potentially benefits from an annual bonus of a maximum amount of EUR 62,500 excl. VAT.

Prior to any deliberation, YIMA SPRL declares its conflict of interest of a financial nature in accordance with Art. 523 BCC with the proposal to maintain and ratify as required its compensation as detailed above, insofar as YIMA SPRL is director-delegate of MITHRA, and as YIMA SPRL is the beneficiary of this compensation.

YIMA SPRL, represented by Mr François Fornieri, declares having notified the company auditor of the existence of this conflict of interests.

The financial consequences of the decision to be taken are the annual payment by the Company of a maximum amount of EUR 382,625.56 excl. VAT to YIMA SPRL, MITHRA IBD SA and MITHRA PHARMACEUTICALS CDMO SA compensating each YIMA SPRL to a maximum amount of EUR 180,000 excl. VAT.

After deliberation, the Board of Directors decides unanimously to maintain and ratify as required the amount of compensation as detailed above granted to YIMA SPRL for its services. YIMA SPRL and the Company agree on the interest of discussing this question again soon, so that the YIMA SPRL's services are adequately compensated in view of the coming challenges, and that they are further governed in compliance with the usual provisions and practices in case of IPO.

The Board justifies its decision by the fact that the amount of compensation of YIMA SPRL is economically justified in view of its efficient management of MITHRA, its economic dimension, the competitive environment of the pharmaceutics sector and the challenges related to current and future daily and commercial management of the Company.

Third resolution.

The director-delegate confirms, in January 2015, having freely offered to a number of beneficiaries, in the Company's name, a number of subscription rights to be issued by the Company. The agreement in principle of the main shareholders of the Company had then been confirmed. The director-delegate refers to the previous discussions held in the Board on the principle of this issue of warrants and its impact.

The director-delegate confirms that the beneficiaries of these offers have accepted them.

Consequently, he asks the Board to deliberate on the ratification of the offers issued so that the procedure for issuing the warrants can as required be started very quickly.

The beneficiaries of the subscription rights offered are:

- Francesco Fornieri for 734 subscription rights
- Steven Peters for 130 subscription rights
- Eric Van Traelen for 105 subscription rights
- Valérie Gordenne for 45 subscription rights
- Rudi Meurs for 30 subscription rights
- Julie Dessart for 15 subscription rights
- Jean-Manuel Fontaine for 15 subscription rights
- Gary Schönberg for 15 subscription rights

Each of these subscription rights gives its holder the right to subscribe to one Mithra share, at an exercise price of EUR 5,646. The offered warrants can be used in one or several goes at the earliest after expiry of the third year following the making of the offer, that is from 1 January 2019. The warrants have a validity period of eight (8) years. They are non-transferable inter vivos. If the contract of the beneficiary or company they work for is terminated for serious breach or if the beneficiary or company ends its contract, the warrants become null and void.

Prior to any deliberation, YIMA SPRL represented by Mr François Fornieri declares its conflict of interest of a financial nature in accordance with Art. 523 BCC with the decision to ratify or not the offer made to Mr Francesco Fornieri to have freely assigned 734 subscription rights.

The other members of the Board of Directors take note of the planned issue and take into account the conflict of interests that was declared.

YIMA SPRL, represented by Mr François Fornieri, declares having notified the company auditor of the existence of this conflict of interests.

The Board debates the financial consequences for the Company of the decisions to be taken. It reckons that these are those that would stem from a potential increase of the Company's capital and that thus there are no negative financial consequences for the Company.

After deliberation, the Board of Directors decides unanimously to ratify the offer made to the beneficiaries mentioned above and decides to continue the procedure tending to establish the special reports required by the BCC and then to call as soon as possible an extraordinary general meeting of the shareholders to deliberate this issue of subscription rights and the potential resulting increase of capital. It decides to draft a special report on the value of the MITHRA shares at the date when the offer of the subscription rights was made.

The Board justifies this decision as follows: the operation enables the loyalty of the beneficiaries of the subscription rights to be increased, which is liable to have a direct favourable impact on the Company's business."

The minutes of the said board meeting:

"DELIBERATIONS AND DECISIONS

...

CONTRACTS OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

Prior to any deliberation, YIMA SPRL (and Mr François Fornieri as main shareholder of YIMA SPRL) informs the members of the Board (and confirms having sent this declaration to the directors represented) that it may have a conflict of interest of a financial nature with this decision of the Board of Directors in accordance with Art. 523 BCC. The potential conflict of interest lies in the fact that the Board will deliberate and decide on the terms of the management agreement of YIMA SPRL as CEO of the Company.

While taking into account the preceding, YIMA SPRL proposes to apply the procedure described in Art. 523 BCC.

YIMA SPRL reckons that the agreement accords in all points with the Company's social interest and with the relevant applicable uses, since YIMA SPRL has been active for a long time within the Company and its experience is of major importance for continuing the Company's development. The terms provided for in the management agreement do not give YIMA SPRL any abusive financial advantage harmful to the Company.

As required, YIMA SPRL indicates that it will inform the Company's auditors of the existence of the above-mentioned conflict of interest by sending a copy of these minutes. Moreover, an extract of these minutes will be reproduced in the annual report.

The financial consequences for the Company of said management agreement consist in the payment of a fixed compensation of EUR 60,000 per month, as well as any recurring and occasional bonuses to be determined on the basis of the Company's performance.

The Board reckons that this management agreement accords in all points with the Company's social interest and with the relevant applicable uses. Therefore, the Board decides unanimously to formally approve the terms of this management agreement and to give power of attorney to each of the directors, with power to sub-delegate, to sign in the name and on behalf of the Company.

The Board decides unanimously to approve and, as required, to ratify the drafts of agreements with each member of the newly created and composed Executive Committee.

... »

Meeting Board of Directors of 17 December 2015 at 3.00 PM

YIMA SPRL (permanent representative Mr François Fornieri) informed the Board in accordance with Art. 523 BCC in respect of his conflict of interest in relation to the following of the items on the agenda of the Board, prior to any deliberation, and did not participate in the deliberations and resolution of the Board with respect to these items on the agenda.

Approbation/Ratification des prestations de services posées par les SA VITAMINES EVENTS et SA LE BOCHOLTZ

As required by Art. 523 BCC, the full minutes of said meeting of the Board of Directors relating to such conflict of interests are to be reproduced hereunder;

The minutes of the said board meeting:

"Point 1

Prior to any deliberation, YIMA SPRL represented by Mr François Fornieri declares its conflict of interest of a financial nature in accordance with Art. 523 BCC with the proposal to ratify the services mentioned in the agenda and the related payments, insofar as YIMA SPRL is the director-delegate of MITHRA on the one hand, and as it is also director-delegate of LE BOCHOLTZ SA. Its single associate is moreover majority shareholder of LE BOCHOLTZ SA. Regarding VITAMINES EVENTS SA, YIMA SPRL mentions that it holds 25% of this company's shares and that furthermore it acts as director (and for a certain period has acted as director-delegate). YIMA SPRL declares having informed the company auditors of these conflicts of interests.

YIMA SPRL retires during the deliberation and the vote on the decisions to be taken.

The other members of the Board of Directors take note of the terms and conditions of the operations whose ratification is proposed and, taking into account the conflict of interests that was declared, decide as follows.

The nature of the decisions to be taken can be described as follows: this covers, on the one hand, ratifying the Company's acceptance of a set of services ordered from LE BOCHOLTZ SA relating to the making available of all or part of the building called Hôtel Bocholtz, as well as services related to this availability. On the other hand, this covers ratifying the company's acceptance of a set of services ordered from VITAMINES EVENTS SA relating to the events organised by and for MITHRA.

The financial consequences of the decisions to be taken are the following: regarding the services provided by LE BOCHOLTZ SA, the cost of the services to be ratified is EUR 71,595 (all the invoices received by Mithra whose detail was sent to the Board). Regarding the services provided by VITAMINES EVENTS SA, the cost of the services to be ratified is EUR 167,832.15 (all the invoices received by Mithra whose detail was sent to the Board).

After deliberation, the Board of Directors decides unanimously with the members present or represented to ratify all the above-mentioned operations.

The Board justifies this decision by the fact that the conditions of these operations are standard and that they are justified from the social interest point of view."

The Chair of the Board hereby confirm that the provisions of the CGC have been complied with with respect to the above transactions.

1.14 Independence and expertise of at least one member of the audit committee

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

BDS Management BVBA (permanent representative: Ms Barbara De Saedeleer) – Ms De Saedeleer graduated in Marketing and holds a degree in Business and Financial Studies, specialised in Quantitative Business Economics from Vlekho in Brussels. She started her career in 1994 in Corporate Banking with Paribas Bank Belgium (subsequently Artesia Bank and Dexia Bank Belgium), after which she became Regional Director Corporate Banking for East Flanders. She joined Omega Pharma in 2004 as Group Treasury Manager and subsequently as Head of Finance. She was appointed CFO of Omega Pharma in 2007.

Mr Jean Sequaris - Mr Sequaris is a Civil Engineer in Physics. He was Vice President at the S.R.I.W. Over the period 1980 and 2009, he has been the Chief of Cabinet of multiple federal and regional ministers in charge of economy, employment, labour, research and investments. During his mandate at the S.R.I.W, he held Non-Executive Director positions in various companies including Cockerill Sambre, Alcatel-ACCS, Herstal and SNI Groups.

1.15 Justification of the valuation rules

The current cash position of €96.8 million will allow the Group to keep up with the financial obligations for at least the following 12 months. Consequently, the annual accounts have been prepared on the assumption that the Company is a going concern.

1.16 Appropriation of results

Mithra Pharmaceuticals SA, the parent Company, ended the financial year 2015 with a net loss of EUR 17.542.587.

The Board of Directors proposed to appropriate the loss of the year of EUR 17.542.587 to retained losses. This brings the total amount of retained losses to EUR 18.510.429.

1.17 Important events subsequent to the accounting reference date

As of March 31, 2016 the Group announced an update on Zoreline® and announced last interim results of the pharmacodynamics study of the 3-month implant. These studies were designed to demonstrate the ability of Zoreline® 10,8mg to induce the serum testosterone level suppression to castrate level in male patients with prostate cancer. The last interim results revealed that more than 8 patients are non-responsive to the current treatment form of Zoreline® 10,8mg. The value is currently out of specifications but doesn't mean a no-go for the entire project. As of March 2016 there were 129 patients enrolled from a total basis of 142 patients in a first phase and 62 patients were enrolled from a total of 142 patients in a second phase.

To date, only 8 patients dropped out the study (mainly for personal reasons), which is a 6% drop-out rate instead of the 20% expected rate (28 patients). We can also confirm that no safety issues have been communicated and the product is well accepted by the medical establishment. No drop-outs requested by doctors for efficacy or safety issues has been registered. In addition, no Suspected Unexpected Serious Adverse Reactions (SUSAR) have been encountered.

The detailed results of the study, still ongoing, are completely blinded and will remain blinded until end of H1 2016. The report of the study will be available only a few weeks later. As of today it is uncertain what this outcome means in terms of the timing of the project and the Group will review its developments options as from the moment it has more details on the results of the study and on the pharmacokinetics study which will be known by end of 2016.

In addition to a 3-month implant Mithra is working on a 1-month implant which is used for other indications as breast cancer, endometriosis and fibrosis. Later this year a pharmacokinetic study will start.

1.18 Grant of discharge to the directors and the statutory auditor

You are requested, for Mithra Pharmaceuticals SA, in accordance with the law and the Articles of Association, to grant discharge to the Directors and the Statutory Auditor for the duties carried out by them during the financial year ending 31 December 2015.

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

Liege, 12 April 2016

For the Board of Directors,

BDS management BVBA, represented by
Barbara De Saedeleer, Chairman

Yima SPRL, represented by
Francois Forneiri, Managing Director

2. Responsibility statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements as of 31 December 2015, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included in the consolidation taken as a whole, and that the management report includes a fair review of the development and the performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board of Directors

BDS management BVBA, represented by
Barbara De Saedeleer, Chairman

Yima SPRL, represented by
Francois Forneiri, Managing Director

Vesteco BVBA represented by
Steven Peters, CFO

3. Auditor report

MITHRA PHARMACEUTICALS S.A.

Statutory auditor's report on consolidated financial statements to the general meeting of the company for the year ended December 31st, 2015

Statutory auditor's report on consolidated financial statements to the general meeting of the company for the year ended December 31st, 2015

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at December 31st, 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the explanatory notes.

Report on the consolidated financial statements – unqualified opinion

We have audited the consolidated financial statements of the company MITHRA PHARMACEUTICALS S.A. for the year ended December 31st, 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of 205.587 (000) EUR and a consolidated income statement showing a consolidated loss for the year of 9.821 (000) EUR.

Responsibility of the board of Directors for the preparation of the consolidated financial statements

The board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company MITHRA PHARMACEUTICALS S.A. give a true and fair view of the group's equity and financial position as at December 31st, 2015, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The board of Directors is responsible for the preparation and the content of the Directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated financial statements:

The Directors' report the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Battice, April 13th, 2016

BDO Réviseurs d'Entreprises Soc. Civ. SCRL

Statutory auditor

Represented by Felix FANK

4. Consolidated Income Statement

		Year ended 31 December	
Thousands of Euro (€)	Notes	2015	2014
CONSOLIDATED INCOME STATEMENT			
Revenues	9.6, 9.18	20.435	19.038
Cost of sales	9.19	(10.195)	(9.988)
Gross profit		**10.240**	**9.050**
Research and development expenses	*9.19-20*	(9.491)	(2.614)
General and administrative expenses	*9.19-20*	(10.329)	(6.720)
Selling expenses	*9.19-20*	(5.009)	(3.028)
Other operating income	*9.18*	321	383
Total operating charges		(24.507)	(11.978)
Operating profit / (loss)		**(14.267)**	**(2.928)**
Financial income	*9.22*	3.841	0
Financial expense	*9.22*	(1.431)	(226)
Financial result		2.410	(226)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	*9.10*	(2.758)	(94)
Loss before taxes		**(14.615)**	**(3.248)**
Income taxes	*9.23*	4.794	293
Net loss for the period		**(9.821)**	**(2.955)**
Attributable to			
Owners of the parent		(9.821)	(2.955)
Non-controlling interest			
Profit / (Loss) per share			
Basic earnings per share (euro)	*9.24*	(0,39)	(0,19)
Diluted earnings per share (euro)	*9.24*	(0,39)	(0,19)

5. Statement of comprehensive income

Thousands of Euro (€)	Year ended 31 December 2015	2014
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Net loss for the period	(9.821)	(2.955)
Other comprehensive income / (loss)	**(24)**	**-**
Currency translation differences	(24)	-
Total comprehensive income/(loss) for the period	**(9.845)**	**(2.955)**
Attributable to		
Owners of the parent	(9.845)	(2.955)
Non-controlling interest		
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(9.845)	(2.955)

6. Consolidated Balance Sheet

Thousands of Euro (€)	Notes	Year ended 31 December 2015	2014
ASSETS			
Property, plant and equipment	9.8	3.573	2.407
Goodwill	9.9	8.016	-
Other Intangible assets	9.7	78.234	2.181
Investments in associates	9.10	198	2.119
Deferred income tax assets	9.23	5.345	563
Other non-current assets		1.133	247
Non-current assets		**96.498**	**7.517**
Inventories		2.797	1.763
Trade & other receivables	9.11	9.498	4.738
Other Short Term deposits	9.12	89.000	-
Cash & cash equivalents	9.13	7.794	1.678
Current assets		**109.089**	**8.180**
TOTAL ASSETS		**205.587**	**15.696**

Thousands of Euro (€)	Notes	Year ended 31 December 2015	2014
EQUITY AND LIABILITIES			
Equity			
Share capital	7, 9.14	22.613	3.107
Share premium	7, 9.14	122.830	10.572
Retained losses	7	(18.024)	(8.154)
Translation differences	7	(24)	(0)
Equity attributable to equity holders		**127.394**	**5.524**
Subordinated loans	9.15	1.602	500
Bank borrowings	9.15	1.428	1.150
Refundable government advances	9.15, 9.17	8.513	-
Other loans	9.15, 9.17	26.153	-
Provisions		266	-
Deferred tax liabilities	9.23	5.692	-
Non-current liabilities		**43.653**	**1.650**
Current portion of financial loan	9.15	404	177
Short term financial debts	9.15, 9.17	17.450	3.396
Trade payables and other current liabilities	9.16	15.980	4.533
Corporate tax payable		43	311
Accrued charges & Deferred income	9.16	663	107
Current liabilities		**34.540**	**8.523**
TOTAL EQUITY AND LIABILITIES		**205.587**	**15.697**

7. Consolidated statements of changes in Equity

Thousands of Euro (€)	Share Capital	Share Premium	Retained Earnings	CTA	Share based payments	Total Equity
Balance as at 1 January 2014	**5.041**	**-**	**(2.554)**	**-**		**2.488**
Result of the period			(2.955)			(2.955)
Dividends			(2.207)			(2.207)
Proceeds from shares issued Mithra	627	10.572				11.199
Common control transaction IBD	(1.500)					(1.500)
Common control transaction RDP	(1.062)		(438)			(1.500)
Balance as at 31 December 2014	**3.107**	**10.572**	**(8.154)**	**-**	**-**	**5.524**
Result of the period	-	-	(9.821)	-		(9.821)
Currency translation differences	-	-	-	(24)		(24)
Merger with Ardentia of 22 May 2015	10.571	-	4.883	-		15.454
Incorporation in capital	15.384	(9.830)	(5.554)	-		-
Capital redution	(15.384)	-	-	-		(15.384)
Capital increase of 22 May 2015	4.273	50.331	-	-		54.604
Capital increase of 1 July 2015	4.840	74.487	-	-		79.327
Transaction costs for equity issue	(177)	(2.730)	-	-		(2.908)
Warrants	-	-	-	-	621	621
Balance as at 31 December 2015	**22.613**	**122.830**	**(18.646)**	**(24)**	**621**	**127.394**

8. Consolidated Cash Flow statement

Thousands of Euro (€)	*Year ended 31 December* 2015	2014
Cash Flow from operating activities		
Operating result	**(14.267)**	**(2.928)**
depreciation, amortisation and impairment results	664	739
Taxes paid	(256)	(718)
Changes in fair value	(205)	
Share based payments	621	-
Subtotal	**(13.443)**	**(2.907)**
Changes in working capital		
Increase/ (decrease) in Trade payables and other current liabilities	1.186	825
(Increase) / decrease in Trade receivables and other receivables	(5.039)	759
(Increase) / decrease in Inventories	(1.034)	650
(Increase)/decrease in other	266	
Net cash provided by/ (used in) operating activities	**(18.064)**	**(673)**
Cash Flow from investing activities		
Common control activities		(3.000)
Business combinations	(18.916)	
Purchase on tangible assets	(2.186)	(1.289)
Proceeds from sale of tangible assets	911	-
Purchase on intangible assets	(9.275)	(858)
Prepayments	787	(1.354)
Cash advances to associates	(2.978)	
Investment in associates	(1.894)	(2.000)
Investment in other assets	(9)	(12)
Net cash provided by/ (used in) investing activities	**(33.560)**	**(8.513)**
Cash Flow from financing activities		
Payments on financial loan	(3.490)	(160)
Proceeds from financial loan & government advances	19.812	697
Net financial result	(607)	(226)
Dividends paid to owners	-	(2.207)
Proceeds from issuance of shares (net of issue costs)	131.023	11.199
Net cash provided by/ (used in) financing activities	**146.738**	**9.303**
Net increase/(decrease) in cash and cash equivalents	**95.114**	**117**
Cash & cash equivalents at beginning of the year	1.678	1.561
Cash & cash equivalents at end of the year	**96.794**	**1.678**

9. Notes to the consolidated financial statements

9.1 General Information

Mithra is a pharmaceutical company focused on the development, manufacturing and commercialization of proprietary, innovative and differentiated drugs and generic products dedicated to female healthcare. Mithra specializes in four different domains: contraception and fertility, menopause and osteoporosis, vaginal infections and cancers. Mithra is a limited liability company based in Rue Saint Georges 5, Liège, Belgium and has subsidiaries in France, Germany, the Netherlands, Luxembourg and Brazil. The Group launched its Initial Public Offering on Euronext Brussels on 30 June 2015.

9.2 Summary of Significant Accounting Policies

The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union ("EU"). The consolidated financial statements are presented in thousands of euro (unless stated otherwise). The consolidated financial statements for the financial year ended 31 December 2015 have been approved for issue by the Board of Directors on 12 April 2016.The financial statements have been prepared on the basis of the historical cost price method. Any exceptions to the historical cost price method are disclosed in the accounting policies described hereafter.

9.2.1 Basis of preparation

The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union ("EU"). The financial statements have been prepared on the basis of the historical cost price method. Any exceptions to the historical cost price method are disclosed in the accounting policies described hereafter.

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

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

Summary of Standards and Interpretations issued but not yet effective.

At the date of authorization of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 14 in respect of Regulatory Deferral Accounts which will be effective for accounting periods beginning on or after 1 January 2016.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.
- Amendments to IFRS 10, IFRS 12 and IAS 28 in respect of the application of the consolidation exemption to investment entities which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IFRS 11 in respect of Accounting for Acquisitions of Interest in Joint Operations which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 1 in respect of determining what information to disclose in annual financial statements which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 in respect of Clarification of Acceptable Methods of Depreciation and Amortisation which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 27 to allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates which will be effective for accounting periods beginning 1 January 2016.
- Annual improvements to IFRS's which will be effective for accounting periods beginning on or after 1 January 2016 as follows:
  - IFRS 5 - Changes in methods of disposal
  - IFRS 7 - Servicing contracts
  - IFRS 7 - Applicability of the amendments to IFRS 7 to condensed interim financial statements
  - IAS 19 - Discount rate: Regional market issue
  - IAS 34 - Disclosure of information "elsewhere in the interim financial report"

The nature and the effect of these changes were taken into consideration, but the above amendments did not affect the consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

9.2.2 Basis of consolidation

a) Subsidiaries

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

Control is achieved when the investor

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

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

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

The acquisition method of accounting is used to account for business combinations by the group (refer to note 9.2.3)

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

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

b) Associates and joint ventures

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or joint

venture is initially recognised at cost and adjusted for the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds its interest in that associate or joint venture, the Group discontinues recognising its share of further losses.

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

9.2.3 Business combinations

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

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

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

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

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

The formalisation of the legal structure at 31 December 2014 has been completed by September 2014. Before that date Mithra had only an investment in Mithra Lëtzebuerg SA ("Mithra Lux"), a subsidiary which was incorporated by Mithra in 2012.

In September 2014, the Group acquired 100% of the share capital of Mithra RDP SA ("Mithra RDP") and Mithra International Business Development SA ("Mithra IBD") from a related party. Because these entities were controlled by the same party before and after the transaction, as an exception to the general application of the acquisition accounting method, both business combinations have been accounted for using the pooling of interests method. The Group elected to present the financial statements of the combined entity as if the entities had been combined since from incorporation of Mithra RDP SA and Mithra IBD SA in 2013. Therefore, the results of these entities as well as their balance sheets are included in the 2014 financial statements.

The difference between the consideration transferred in 2014 and the acquired net assets is recorded as equity as presented in section 7 "Consolidated statement of changes in equity".

9.2.4 Segment information

An operational segment is a component of an entity:

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

9.2.5 Foreign currency translation

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

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

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

9.2.6 Intangible Assets

a) Research & development costs

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

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

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

This recognition is conventional when a regulatory filing has been made in a major market and the approval from the regulators is considered as highly probable.

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

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

b) Acquired intangible assets

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

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

Intangible assets acquired in a business combination, including in-process research and development, are initially measured as explained in paragraph 9.2.3

9.2.7 Property, plant and equipment

Property, plant and equipment is carried at historical cost, less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

- Buildings: 30 years
- Machinery: 10-15 years
- Vehicles: 3-5 years
- Furniture and equipment: 5-8 years
- ICT and other equipment 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

9.2.8 Impairment of tangible, intangible assets and of goodwill

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

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

9.2.9 Inventories

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

9.2.10 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

9.2.11 Other Short-term investments

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

9.2.12 Cash and cash equivalents

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

9.2.13 Share capital

Ordinary shares are classified as equity.

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

9.2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

9.2.15 Borrowings

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

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

9.2.16 Current and deferred income tax

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

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax

regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

9.2.17 Equity instruments

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

9.2.18 Leases

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

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

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

9.2.19 Revenue recognition

Income from sales of products and licenses is recognised when all the following conditions have been met:

- The significant risks and rewards of the ownership of goods have been transferred to the buyer;
- The Group retains neither effective control nor involvement to the degree usually associated with ownership over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

License up-front (signature fees) and non-refundable fees for access to prior research results, databases or access to markets are recognised when earned, provided that the Group has no continuing performance obligations and all conditions and obligations are fulfilled (this means after the delivery of the required information).

If the Group retains continuing performance obligations, and if the stage of completion of the obligations can be measured reliably, the fee will be recognised on a straight-line basis over the contractual performance period. When a specific act or performance obligation is much more significant than any other acts, the recognition of the revenue is postponed until the significant act has occurred. Market authorisation for some of the collaboration agreements is considered to be a significant act.

Revenue will not be recognised if the amount cannot be reasonably estimated or if the payment is not reasonably assured.

Deferred revenue represents amounts received prior to revenue being earned.

9.2.20 Government assistance

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

Refundable advances are accounted for as interest free loans for which the benefit of the below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial fair value of the loan and the proceeds received. Accordingly, when estimating the liability, the Company (i) determines its best-estimate of the period during which it will benefit from the advance and (ii) determines the amount of the liability as the difference between the nominal amount of the loan and its discounted and risk-adjusted value using a market rate for a liability with similar risk profile to the Company. The liability is subsequently measured at amortised cost using the effective interest method. When there is reasonable assurance that the Company will comply with the conditions attaching to the grant, and that the grant will be received, the benefit is accounted for in deduction of the related research and development expenses that it is intended to compensate.

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

9.2.21 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in note 9.25.

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

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

9.3 Financial Risk Management

9.3.1 Financial risk factors

a. Market risk

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

- Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain the majority of its long term borrowings in fixed rate instruments. All borrowings are euro denominated.

Based on the simulations performed, the impact on post tax profit and equity of a 0.1% shift would not be significant.

- Foreign exchange risks

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

- Price risks

The Group is currently not materially exposed to price risks.

b. Credit risk

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

The debtors' age analysis is also evaluated on a regular basis for potential doubtful debts. An analysis of trade receivables is shown below.

			Past due but not impaired			
Thousands of Euro (€) Year	Carrying amount	Neither impaired nor past due	0-60 days	61-90 days	91-120 days	>120 days
2015	5.952	4.908	726	72	-	246
2014	2.688	2.144	485	22	15	21

The group allows an average debtor's payment period of 30 days after invoice date. It is the group's policy to assess debtors for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability the group takes into account any indicators of impairment up until the reporting date. It is management's opinion that at the above reporting dates no further provision for doubtful debts was required.

Note that the receivables overdue for more than 120 days were almost entirely collected after year-end. The overall collectability risk for the remaining can be considered as immaterial.

The credit risk on cash investments is limited given that the counterparties are banks with high credit scores attributed by international rating agencies. The financial institutions have credit ratings varying from A- to A.

C. Liquidity risk

Thanks to the successful IPO the group maintains sufficient cash and marketable securities. Management reviews cash flow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

The liquidity risk mainly relates to the non-current debts. The non-current debts primarily relate to the fair values of the contingent and deferred payments of the historical acquisitions. We refer to section 9.5 on business combinations which describes the timing and conditions linked to these liabilities.

The maturity analysis of the bank borrowings and subordinated debts as well as the trade and other payables are shown below:

Thousands of Euro	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2015	33,709	123	244	2.235	545	36,856
Bank Borrowings & subordinated debt	17,023	123	244	2.235	545	20,170
Finance lease liabilities						0
Trade and other payables*	16,686					16,686
At 31 December 2014	4,516	3,308	136	372	1,141	9,474
Borrowings	57	3,127	136	372	1,141	4,834
Trade and other payables	4,459	181				4,640

** Includes trade payables and other current liabilities, corporate tax payables and accrued charges and deferred income*

d. Capital risk management

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

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

9.4 Critical Accounting Estimates and Judgements

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

(a) Accounting Basis

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

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

(b) Determination of the fair values of identifiable assets, liabilities and contingent liabilities in a business combination

In connection with the acquisition of Estetra and Novalon, the Group had to determine the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination. Significant judgement was required in estimating these fair values. We also refer to section 9.5 on business combinations.

(c) Estimated impairment

The Group tests annually whether goodwill and indefinite useful life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 9.2.8.

(d) Income taxes

Significant judgment is required in determining the consolidated provision for income taxes. The Group is subject to income taxes in numerous jurisdictions and there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Measurement of the deferred tax asset related to the tax loss carry-forward involves significant judgement, notably related to the probable future tax profit.

(e) Measurement of provisions

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

(f) Useful life and residual value

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

(f) Fair value measurement

Valuation methods, usually discounted cash flow analysis, are used to determine the fair value of some of its assets and liabilities that are not traded in an active market. These valuation methods require judgement.

9.5 Business combinations and asset deals

9.5.1 Estetra

In January 2015 Mithra acquired 100% of the shares of Estetra SPRL. Estetra SPRL was acquired to support Mithra's future organic growth of its commercial product portfolio.

The total consideration for the Estetra SPRL shares includes a payment of EUR 1 to the Watson Actavis Group and initial payments of EUR 7,470k to the former Uteron Pharma Shareholders, including Mr. Fornieri who is entitled to 20.26% (directly and indirectly) of the total consideration. After the IPO in July 2015, part of the milestones became immediately due for an amount of EUR 2,500k.

An additional consideration to the former Uteron Pharma shareholders of EUR 25,000k and USD 25,000k is due if certain milestones relating to the development and commercialization of the products and sales targets are met. Furthermore, royalties are due on future sales. These royalties are included in the contingent consideration.

The total consideration can be summarized as follows:

Thousands of EUR	Nominal amount	Fair value
Cash	970	970
Deferred consideration (payable in cash)	6,500	6,500
Contingent consideration arrangement	47,112*	20,756**
	54,582	28,226

** includes USD 25,000k. Nominal amount to be increased with the nominal amount of future variable royalty payments*
*** includes the fair value of the estimated royalty payments*

Following table shows the assets acquired and liabilities assumed at the date of acquisition.

Thousands of EUR	Estetra SPRL
Current assets	**500**
• Cash and & cash equivalents	434
• Trade and other receivables	66
Non-current assets	**30,725**
Property, plant and equipment	33
Intangible assets	30,686
Other non-current assets	6
Liabilities	**(6,813)**
Trade and other payables	(751)
Government loans	(6,062)
Total identifiable net assets	**24,412**
Goodwill	3,814
Total	**28,226**

The intangible assets represent the Entrepreneurial Right, which is the collection of assets that allows Estetra to further develop and commercialise the Estelle products. This therefore includes the research done so far, the (running) applications for patents, other developments that would result in a first advantage to commercialise the Estelle products and other related knowledge and know-how. The amortisation is calculated using the straight line method to allocate the cost of these intangibles over their estimated useful life of 10 years, starting at the moment the assets are available for use.

Estetra SPRL received non-dilutive financial support from the Walloon Region. The support has been granted in the form of refundable cash advances for a total amount of EUR 8,673k at acquisition date. The fair value of the refundable advances is EUR 6,062k at acquisition date.

Goodwill represents the unexpressed value of the workforce and expected synergies arising from the acquisition.

The fair value of the total consideration and of the net assets acquired was determined by using a probability weighting approach that considered the possible outcomes based on assumptions related to the timing and probability of the product launch date, discount rates matched to the timing of the first payments, and probability of success rates and discount adjustments on the related cash flows. The purchase price allocated to the intangible assets was based on management's forecasted cash inflows and outflows and using an excess earnings method to calculate the fair value of assets purchased with consideration to other factors.

A significant increase (decrease) in the probability of the product launch (date) would result in a higher (lower) fair value of the assets acquired and contingent consideration liability. A significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the contingent consideration liability and the net assets acquired. A significant increase (decrease) in the probability of the success rate would result in a higher (lower) fair value of the contingent consideration liability and the net assets acquired.

No deferred tax effects were recorded in consideration of temporary differences arising from the difference between the fair values of assets acquired and liabilities assumed at the acquisition date and their tax bases because Estetra SPRL has unused tax losses and tax credits in excess of any deferred tax liability that would result, and the probability criterion for recognizing a net deferred tax asset is not met at the acquisition date.

Estetra is currently lossmaking. From the date of acquisition, Estetra's net loss as included in the 2015 consolidation amounts to EUR 5.086k.

If Estetra had been acquired at the beginning of 2014, the contribution to the 2014 net result of the group would have been a loss of EUR 7,105k, adding to the 2014 group loss and giving a total of EUR 10,060k.

9.5.2 Donesta Bioscience BV

On 30 March 2015 Mithra has signed a share purchase agreement to acquire all the shares in Donesta Bioscience B.V., a company incorporated in the Netherlands. Donesta holds titles and intellectual property rights relating to Estetrol (excluding the rights related to Estelle®). The purchase price consists of an initial payment of EUR 8,000k, and further conditional payments with a maximum of EUR 12,000k upon reaching certain milestones.

As the acquisition of Donesta qualifies for an asset deal – because the definition of a business as defined in IFRS 3 is not met – the transaction shall be measured initially at cost. Subsequently the intangible assets will be measured at its cost less any accumulated amortisation and any accumulated impairment losses. The transaction price further contains several instalments which, at the date of acquisition, is considered as a contingent price based on future performance, hence this measurement is more an attribute of fair value measurement throughout the life of the asset than being representative of the cost model upon initial recognition of the asset. Hence, the contingent payments will be disclosed as a contingent liability with any liability being re-measured at the end of each reporting period as an adjustment to the cost of intangible assets to the extent that it relates to future reporting periods.=

9.5.3 Novalon

Management is in the process of completing the purchase price allocation exercise on its acquisition of Novalon SA. The tables below contain the provisional amounts as management completes its acquisition accounting i.e. identification and recognition of the acquisition-date fair value of assets acquired and liabilities assumed. The final measurement of the acquired net assets may differ from that presented in the disclosure.

In December 2015 Mithra has acquired the complete ownership of Novalon SA and the relating worldwide distribution rights through a number of transactions:

- Signature of an share purchase agreement whereby 50% of the Novalon shares were acquired for a total consideration of €9.400k
- Purchase of the worldwide rights relating to its two leading product developments (Zoreline and Myring) for a total consideration of €8.500k

The fair value of the total consideration can be summarized as follows:

Thousands of EUR	Total
SPA 50% of Novalon shares	9.400
Worldwide rights Zoreline and Myring	8.500
Consideration	17.900

Note that the consideration for the worldwide rights remained unpaid at 31 December 2015 and is included in other charges (refer also to section 9.16).

Prior to this acquisition the Group already owned a minority stake in Novalon, in line with the rules for step-up acquisitions the previous held interest was remeasured at fair value which results in a gain of EUR 3.717k.

Thousands of Euro	Novalon
At 1 January 2014	**-**
Acquisition 25% share	2,000
Loss of the period (25%) - equity accounting	(35)
At 31 December 2014	**1,965**
Step-up from 25% to 50%	1,500
Capital increase	300
Loss of the period - equity accounting till Dec 2015	(2,709)
At 8 December 2015 - at acquisition	**1,056**
Gain as a result of step-up accounting under IFRS	3,717
Consideration paid for step-up to 100%	17,900
Total participation Novalon 31/12/2015	**22,673**

Following table shows the assets acquired and liabilities assumed at the date of acquisition.

Thousands of EUR	Novalon SA
Current assets	**684**
• Cash and & cash equivalents	242
• Trade and other receivables	442
Non-current assets	**37,205**
Property, plant and equipment	71
Intangible assets	36,262
Other non-current assets	871
Liabilities	**(19,419)**
Trade and other payables	(1,523)
Current accounts	(3,698)
Deferred tax liabilities	(5,692)
Fair value contractual obligations	(7,763)
Government loans	(743)
Total identifiable net assets	**18,470**
Goodwill	4.204
Total	**22,673**

The intangible assets represent the Entrepreneurial Right, which is the collection of assets that allows Novalon to further develop and commercialise the Zoreline and Myring products. The amortisation is calculated using the straight line method to allocate the cost of these intangibles over their estimated useful life of 7 years, starting at the moment the assets are available for use.

Goodwill represents the unexpressed value of the workforce and expected synergies arising from the acquisition.

Novalon SA received non-dilutive financial support from the Walloon Region. The support has been granted in the form of refundable cash advances for a total amount of EUR 1.643k at 31 December 2015. It is estimated that the refundable advances have a fair value of EUR 743k at acquisition date.

The fair value of contingent payments relating to certain contractual obligations with respect to the acquired Zoreline and Myring products is estimated at EUR 7.763k, of which EUR 500k is due in 2016, while the remainder is only payable annually as from 2017 at the earliest.

The fair value of the net assets acquired was determined by using a probability weighting approach (considering both scientific and commercial success) that considered the possible outcomes based on assumptions related to the timing and probability of the product launch date, discount rates matched to the timing of the first payments, and probability of commercial and scientific success rates and discount adjustments on the related cash flows. The purchase price allocated to the intangible assets was based on management's forecasted cash inflows and outflows and using an excess earnings method to calculate the fair value of assets purchased with consideration to other factors.

A significant increase (decrease) in the probability of the product launch (date) would result in a higher (lower) fair value of the assets acquired and contingent consideration liability. A significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the contingent consideration liability and the net assets acquired. A significant increase (decrease) in the probability of the success rate would result in a higher (lower) fair value of the contingent consideration liability and the net assets acquired.

Deferred taxes relate to temporary differences arising from the difference between the fair values of assets acquired and liabilities assumed at the acquisition date and their tax bases.

Except for the first sale of exclusive product distribution rights in selected countries to GSP, Novalon is loss making. The contribution of the result of Novalon to the 2015 consolidated statements amounts to a profit of EUR 1.643k (being the result of December). If Novalon had been acquired at the beginning of 2015, the contribution to the 2015 net result of the group would have been a loss of EUR 1.852k, as during the first 11 months of 2015 the loss amounted to EUR 3.491k (which is now reflected under the share of (loss)/profit of associates).

9.6 Segment Information

At this moment, operating results are only being reviewed at global level within Mithra and hence, no distinction is being made in the evaluation between segments nor is any other segment information provided regularly to the chief operating decision maker. However, some key figures can be displayed geographically.

Geographical information

	Year ended 31 December	
Thousands of Euro (€)	2015	2014
Belgium	16,134	16,685
The Netherlands	1,370	1,395
Luxembourg	415	350
Sales other countries	2,515	608
Total	**20,435**	**19,038**

Non-current assets

Thousands of Euro (€)	As at 31 December 2015	2014
Belgium	87,979	7,015
Brazil	465	464
Luxembourg	20	22
The Netherlands	7,998	5
France	25	
Germany	12	11
Total	**96,498**	**7,517**

The main non-current assets are located in Belgium , except for the intellectual property rights (relating to Estetrol, excluding the rights related to Estelle®) acquired in the Netherlands, an operating license in Brazil and some minor assets in the Netherlands, Luxemburg and Germany.

9.7 Intangible Fixed Assets

Thousands of Euro	Operating license	Intellectual property rights	Software licences	Total
Cost				
At 31 December 2013	**-**	**3,956**		**3,956**
Additions	463	395		858
At 31 December 2014	**463**	**4,351**		**4,814**
Additions		9,410	193	9.603
Exchange difference	1			1
Acquisitions through business combination		66,948		66,948
At 31 December 2015	**464**	**80,709**	**193**	**81,366**
Accumulated amortisation				
At 31 December 2013	**-**	**2,231**		**2,231**
Amortisation expense		402		402
At 31 December 2014	**-**	**2,633**	**-**	**2,633**
Amortisation expense		497	2	499
At 31 December 2015	**-**	**3,130**	**2**	**3,132**
Net Book Value				
Cost	-	3,956	-	3,956
Accumulated amortisation and impairment	-	2,231	-	2,231
At 31 December 2013	**-**	**1,725**	**-**	**1,725**
Cost	463	4,351	-	4,814
Accumulated amortisation and impairment	-	2,633	-	2,633
At 31 December 2014	**463**	**1,718**	**-**	**2,181**
Cost	464	80,709	193	81,366
Accumulated amortisation and impairment	-	3,130	2	3,132
At 31 December 2015	**464**	**77,579**	**191**	**78,234**

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

The increase in intangible assets during 2015 is primarily explained by the acquisition of Estetra (EUR 30.686k) and Novalon (EUR 36.262k), we also refer to section 9.5 on business combinations.

During 2015, Mithra also acquired through the acquisition of Donesta BV the titles and intellectual property rights relating to Estetrol (excluding the rights related to Estelle) for an amount of EUR 8.000k and three former Watson Actavis (now Allergan) projects (Colvir, Vaginate and Alyssa). The latter were acquired for 1 Euro each to be increased with the refundable government advances relating to Colvir for an amount of EUR 782k and a milestone payment of EUR 500k. The milestone payments for both Donesta (conditional payments with a maximum of EUR 12.000k) and the Colvir, Vaginate and Alyssa assets are considered as contingent payments based on future performance and will be accounted for as an adjustment to the cost of the intangible if and when the contingent liability becomes a liability.

9.8 Property, plant and equipment

Thousands of Euro	Land and buildings	Leasehold improvements	Fixtures and equipment	Motor Vehicles	Total
Cost					
At 31 December 2013	**1,039**	**244**	**797**	**76**	**2,155**
Additions	21	16	1,225	27	1,289
Disposals			(1)		(1)
At 31 December 2014	**1,059**	**260**	**2,021**	**103**	**3,443**
Additions	-	1,581	562	43	2,186
Disposals	(21)	-	(892)	(12)	(926)
Acquisitions through business combination			100	3	102
At 31 December 2015	**1,039**	**1,841**	**1,791**	**135**	**4,805**
Accumulated amortisation					
At 31 December 2013	**206**	**65**	**383**	**45**	**700**
Disposals			(1)		(1)
Amortisation expense	35	26	258	18	337
At 31 December 2014	**242**	**91**	**640**	**63**	**1,036**
Disposals		-	(3)	(12)	(15)
Amortisation expense	34	26	91	26	178
Acquisitions through business combination			31	2	33
At 31 December 2015	**276**	**118**	**759**	**79**	**1,232**
Net Book Value					
Cost	1,039	244	797	76	2,155
Accumulated amortisation and impairment	206	65	383	45	700
At 31 December 2013	**832**	**179**	**414**	**30**	**1,455**
Cost	1,059	260	2,021	103	3,443
Accumulated amortisation and impairment	242	91	640	63	1,036
At 31 December 2014	**818**	**169**	**1,381**	**39**	**2,407**
Cost	1,039	1,841	1,791	135	4,805
Accumulated amortisation and impairment	276	118	759	79	1,232
At 31 December 2015	**763**	**1,723**	**1,031**	**56**	**3,573**

During the period, the Group recorded EUR 2.186k of additions to the tangible fixed assets which were mainly related to prepayments for its new production facility for the manufacturing of pharmaceutical products. For this plant and related equipment the Group entered into a finance lease.

The lease will commence at the earliest of the operational qualification of the construction or 31 October 2016. The total investment for Phase 1 is budgeted to amount to EUR 49,400k. Mithra has committed to participate up to 30% in the financing of the construction through transferring proceeds of a subordinated loan and of grants that are pre-financed by straight loans. At 31 December 2015, Mithra had borrowed EUR 1.348k to fund the construction of the facility. We also refer to section 9.27 on the lease obligations.

9.9 Goodwill

The goodwill results entirely from the acquisition of Estetra (EUR 3.814k) and Novalon (EUR 4.204k), we refer to section 9.5 on business combinations.

Goodwill is tested for impairment at least annually. In the year of acquisition of Estetra and Novalon, management confirmed the validity of the expected cash flow approach used when acquiring the businesses, breaking down the risks and using all expectations about possible cash flows and discounting the expected value at a rate of 13.88% ignoring risks for which the estimates of future cash flows have already been adjusted.

No impairment loss resulted.

9.10 Investments in associates

Thousands of Euro	Novalon	Targetome	Total
At 1 January 2014	**-**	**214**	**214**
Acquisition 25% share	2,000	-	2,000
Loss of the period (25%) - equity accounting	(35)	(59)	(94)
At 31 December 2014	**1,965**	**155**	**2,119**
Step-up from 25% to 50%	1,500		1.500
Capital increase	300	94	394
Loss of the period - equity accounting *	(2,708)	(50)	(2,758)
Acquisition 100% - fully consolidated	(1,056)		(1,056)
At 31 December 2015	**-**	**198**	**198**

** Novalon is accounted for under the equity method till the moment of control*

At 31 December 2014, Mithra held 25% of the shares of its associate Novalon SA, a public limited liability company with registered office at Rue Saint-Georges 5, 4000 Liège. In March 2015, Mithra acquired an additional 25% for an amount of EUR 1,500k (the other 50% being held by third parties).

After this transaction, neither Mithra, nor any other shareholder, was able to determine on its own the strategic path of Novalon SA. Consequently none of the shareholders controlled Novalon on its own. The shareholders agreed to share control. Joint control exists because decisions about the relevant activities require unanimous consent of both parties. Novalon was therefore presented as a joint venture (and consequently accounted for using the equity method) until December 2015 when Mithra acquired the remaining shares (50%) and became the sole shareholder of Novalon. We also refer to section 9.5 on business combinations.

During 2015, the Group participated in the capital increase in Targetome increasing its participation from 24,7% to 25,13%.

9.11 Trade Receivables and other current assets

	As at 31 December	
Thousands of Euro (€)	2015	2014
Trade receivables	5.952	2.688
Recoverable VAT	2.205	393
Prepayments	584	1.371
Other	758	287
Total Trade receivables	**9.498**	**4.738**

The increase in trade receivables is primarily explained by the outstanding amounts related to sale of the first exclusive product distribution rights for some selected countries for Zoreline.

9.12 Other short term investments

	As at 31 December	
Thousands of Euro (€)	2015	2014
Term deposits > 3 months	89.000	-
Other short-term deposits	**89.000**	**-**

These are term deposits with banks with an initial term between 3 and 12 months.

9.13 Cash and cash equivalents

	As at 31 December	
Thousands of Euro (€)	Dec 2014	Dec 2015
Cash at bank and in hand	7.794	1.678
Total cash and cash equivalents	**7.794**	**1.678**

9.14 Share capital

9.14.1 General

At 31 December 2015 and 31 December 204, the Company's share capital was represented by the following number of shares (units).

	As at 31 December	
Number of shares	2015	2014
Share capital	31.129.756	11.078
Share capital after split of 22 May 2015	**31.129.756**	**18.278.700**

These shares are fully paid and have no nominal value.

9.14.2 Changes in capital

The change of the number of shares during each of the periods ending on 31 December 2015 and 31 December 2014 is as follows:

Thousands of Euro (€)	Number of Shares	Issued Capital	Share premium	Total
Balance at 31 December 2013	**8,843**	**2,480**	**-**	**2,480**
Capital increase of 22 September 2014	1,836	515	8,684	9,199
Capital increase of 14 November 2014	399	112	1,887	1,999
Balance at 31 December 2014	**11,078**	**3,107**	**10,572**	**13,678**
Transactions on 22 May 2015				
• Merger with Ardentia	7,050	10,571		10,571
• Incorporation in capital of share premium		9,829	(9,829)	-
• Incorporation in capital of retained earnings		5,555		5,555
• Reduction of capital	(6,805)	(15,384)		(15,384)
• Share split	18,671,627			-
• Capital increase by contribution in cash	5,836,233	4,273	50,331	54,604
Initial Public Offering on 1 July 2015				
• Capital increase	6,610,573	4,840	74,487	79,327
• Transaction costs for equity issue		(177)	(2,730)	(2,908)
Balance at 31 December 2015	**31,129,756**	**22,613**	**122,830**	**145,443**

The following capital transactions took place at Mithra between 1 January 2014 and 31 December 2014:

- By resolution of the Issuer's extraordinary general shareholders' meeting held on 22 September 2014, the Issuer's share capital was increased by contribution in cash for a total value of EUR 9,199k, against issuance of new 1,836 common shares without nominal value at an issue value of EUR 280.44 per new share. An amount of EUR 515k was booked as capital increase and an amount of EUR 8,684k was booked as issue premium.
- By resolution of the Issuer's extraordinary general shareholders' meeting held on 14 November 2014, the Issuer's share capital was increased by contribution in cash for a total value of EUR 1,999k, against issuance of new 399 common shares without nominal value at an issue value of EUR 280.44 per new share. An amount of EUR 112k was booked as capital increase and an amount of EUR 1,887k was booked as issue premium.

The following capital transactions took place between 1 January 2015 and 31 December 2015:

- By resolution of an extraordinary general shareholders' meeting held on 22 May 2015, share capital was increased by a merger with Ardentia, against issuance of 7,050 new common shares without nominal value at an issue value of EUR 0.19 per new share. An amount of EUR 10,571k was booked as capital increase and an amount of EUR 4,883k was booked as an increase in retained earnings. The merger was followed by an incorporation of share premium for EUR 9,829k and of retained earnings for EUR 5,555k, then bya reduction in capital of EUR 15,384k, voiding 6,805 shares.
- By resolution of an extraordinary general shareholders' meeting held on 22 May 2015, share capital was increased by a contribution in cash, against issuance of 5,836,233 new common shares without nominal value at an issue value of EUR 0.19 per new share. An amount of EUR 4,273k was booked as capital increase and an amount of EUR 50,331k was booked as an increase in share premium.
- By resolution of an extraordinary general shareholders' meeting held on 22 May 2015 a share split was performed dividing 11,323 shares in to 18,682,950 shares with no changes in voting rights or participation in the result.
- By resolution of an extraordinary general shareholders' meeting held on 22 May 2015, a merger with Mithra RDP was performed without issuance of new shares.
- By resolution of an extraordinary general shareholders' meeting held on 22 May 2015, a merger with Mithra IBD was performed without issuance of new shares.
- By resolution of an extraordinary general shareholders' meeting held on 8 June 2015, in the framework of its Initial Public Offering on Euronext Brussels, a capital increase was authorized which was closed on 1 July 2015, resulting in the issue of 6,023,809 new shares at an issue price of EUR 12 per share, i.e. EUR 72,286k in the aggregate, of which EUR 4,401k was incorporated in the capital and EUR 67,876k was booked as issue premium. Furthermore, by that same resolution, an over-allotment warrant was issued which was exercised on 4 August 2015, resulting in the issue of 586,764 new shares at an issue price of EUR 12 per share, i.e. EUR 7.041k in the aggregate, of which EUR 430k was incorporated in the capital and EUR 6.612k was booked as issue premium.

9.15 Borrowings

An overview of the borrowings is shown below.

	As at 31 December	
Thousands of Euro (€)	2015	2014
Bank borrowings	1,428	1,150
Subordinated loan	1,602	500
Refundable government advances	8,513	-
Other financial liabilities	26,153	-
Non Current	**37,695**	**1,650**
Bank borrowings	17,106	3,184
Subordinated loan	35	-
Refundable government advances	214	-
Other financial liabilities	500	389
Current	**17,855**	**3,573**
Total Borrowings	**55,550**	**5,223**

Below we present the characteristics of first the bank borrowings and subordinated loans, secondly the refundable government advances and finally the other financial liabilities

9.15.1 Banks borrowings and subordinated loans

The detailed breakdown and the characteristics of the banks borrowings and loans is as follows:

		Interest rate		As at 31 December	
Thousands of Euro	%	Fixed / Variable	Maturity	2015	2014
Unsecured subordinated loans				**500**	**500**
Subordinated loans					
Non-current				*465*	*500*
Development Brazilian/Dutch branch	4,95%	Fixed	2022	465	500
Related parties					
Current				*35*	
Development Brazilian/Dutch branch	4,95%	Fixed	2022	35	
Secured subordinated borrowings				1,137	-
Subordinated loans					
Non-current					
Financing CDMO plant Phase 1	*6,50%*	*Fixed*	*2018*	*1,137*	
Secured borrowings				18,533	4,338
Long term bank loan					
Non-current				*1,428*	*1,150*
Investment loans	2,00%	Fixed	2023	739	608
Working capital funding	5,24%	Fixed	2023	484	542
Straight loan CDMO Phase 1		Variable	2017	205	
Current				*155*	*105*
Investment loans	2,00%	Fixed	2023	97	33
Working capital funding	5,24%	Fixed	2023	58	60
Other			2013		12
Short term bank loans					
Current				*16,950*	*3,083*
Straight loan		Variable	Revolving		1,500
Straight loan		Variable	Revolving		1,500
Financing Holiday Pay	1,62%	Fixed	2016	50	83
Straight loan		Variable	2016	16,900	
Total non-current				**3,030**	**1,650**
Total current				**17,140**	**3,188**
Total Bank borrowings and subordinated loans				**20,170**	**4,838**

Securities primarily consist of business pledges (of EUR 8.925k) by the Company and a mortgage mandate (of EUR 1.450k) in respect of the office building owned by the Company.

9.15.2 Refundable government advances

The Group has also been awarded grant support from the Walloon region. Payment of awarded amounts that have not yet been received is subject to the achievement of certain milestones. Grants are subject to certain obligations. In case such obligations are not complied with, the grants could be suspended, reviewed or reclaimed. The Group has the obligation to continue the development of the relevant project. In case such project is stopped, the Group can return rights to the results and the data generated in the project to the Société Publique Wallonne (SPW), in which case the repayment obligation also terminates. The Company's main ongoing grant programmes are either refundable advances and some subsidies.

The refundable advances have a fixed repayment part and variable repayment scheme. The variable part is dependent on the success of the project (i.e. based on a percentage on turnover). It should be noted that, while the variable parts of these advances are only due upon commercialisation, the fixed parts are due in any event. The fixed and variable part can never exceed the double of the initial received amount. The final to be repaid variable part will depend on the performance of the product candidate. In case of a subsidy, the amounts are non-refundable.

Below we have listed an overview of the Group's main ongoing grant programs for its key products:

	As at 31 December	
Thousands of Euro (€)	2015	2014
Fair value Refundable government advances Estetra	6,512	-
Fair value other refundable government advances	2,214	-
Balance at 31 December 2013	**8,726**	**-**

- Several refundable government advances have been granted to Estetra SA in connection with the development of Estelle and the synthesis of E4 of which €10.028k has been collected by the Group as at 31 December 2015. The fixed reimbursements will need to be reimbursed over a period till 2029. The fair value of these refundable government advances as at 31 December 2015 amounted to EUR 6.512k.
- During 2015 a regional government advance amounting to €2.898k has been granted to the Group in connection with the development of the menopause indication of which €725k has been effectively paid by 31 December 2015. The advance is to be repaid in accordance with fixed and variable reimbursements a described above. The fixed reimbursements will start in 2017 over a period of 10 years. The variable reimbursements are depending on the achievement of turnover targets and start as soon as the related products are marketable. Note that the difference between the fair value of €189k and the amounts collected were deferred as the associated costs for the clinical studies were not yet incurred.
- In addition to the above grant programs, the Group has been awarded subsidies for other projects such as Zoreline, Tibelia, CDMO, Drospirenone, Colvir for which the fair value was recognised as at 31 December 2015.

9.15.3 Other financial liabilities

Other non-current financial liabilities primarily include the fair value of the contingent consideration for Estetra (EUR 18.889k) as well as the fair value of contingent payments relating to certain contractual obligations with respect to the acquired Zoreline and Myring products (EUR 7.264k).We refer to note 9.5 for a description of the characteristics of these debts.

9.16 Trade payables and other current liabilities

Thousands of Euro (€)	As at 31 December 2015	2014
Trade account payables	4,613	3,544
Invoices to receive	1,362	268
VAT payable	562	300
Salaries and social security payable	721	323
Deferred income & accrued charges	663	107
Other debts	8,722	98
Total Trade payables	**16,643**	**4,640**

The increase in other debts is explained by the consideration for the worldwide rights for Zoreline and Myring which remained unpaid at 31 December 2015.

9.17 Financial instruments

Classes and fair value of financial instruments

All financial instruments, except the contingent consideration for the Estetra business combinations, contingent assets and liabilities for contractual obligations at Novalon and refundable government advances have been carried at amortized cost. Given the current nature of the other financial assets and liabilities involved, and given the difficulty to determine the Company's fair value of specific borrowings, the Company considers that the carrying amounts of the relating financial instruments approximate their fair values.

Fair value hierarchy and measurements

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

- Level 1: quoted prices for similar instruments
- Level 2: directly observable market input other than Level 1 inputs
- Level 3: inputs not based on observable market data

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2015:

Thousands of Euro (€)	Level 1	Level 2	Level 3
Non Current liabilities	**-**	**-**	**34,665**
Refundable government advances	-	-	8,513
Other financial liabilities	-	-	26,153
Current liabilities	**-**	**-**	**713**
Refundable government advances	-	-	214
Other financial liabilities	-	-	500

Following table shows the roll forward of the level 3 financial instruments:

Thousands of Euro (€)	Refundable government advances	Other financial liabilities	Total
Balance at 1 January 2015	**-**	**-**	**-**
Business combination and acquisition of assets	8,082	35,989	44,071
New government advances	780	-	780
Charged/(credited) to income statement	(136)	634	498
Settlements	-	(9,970)	(9,970)
Balance at 31 December 2015	**8,726**	**26,653**	**35,379**

The fair value of the refundable government advances and contingent payments has been determined using a probability weighting approach based on the discounted cash flows as described above.

A 1% increase in the discount rate used would lead to a decrease of the fair value of the contingent liabilities of EUR 877k while a 5% increase in the probability used would lead to an increase of EUR 3.952k.

9.18 Revenue and other operating income

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

Thousands of Euro (€)	Year ended 31 December 2015	2014
Licence Revenues	1,833	-
Product sales	18,602	19,038
Total revenues	**20,435**	**19,038**

Other operating income includes:

Thousands of Euro (€)	Year ended 31 December 2015	2014
Recharged expenses	311	327
Other revenues	11	56
Other operating income	**321**	**383**

Recharged expenses primarily relate to subcontracted laboratory services.

9.19 Expenses by nature

A breakdown of the expenses by nature of the costs of goods sold, Research and development costs, G&A and selling costs is summarized below. A breakdown of the employee benefit expenses is given in note 9.20.

	Year ended 31 December	
Thousands of Euro (€)	2015	2014
Costs by nature		
Trade goods, raw materials and consumables	9,161	9,338
Employee benefit expenses	8,617	5,055
External service providers	10,356	3,241
Other expenses	2,728	1,509
Corporate branding expenses	1,735	1,050
Depreciation, amortization and impairment charges	677	739
Changes in inventories of finished goods and work in progress4	1,034	650
Commissions	511	626
Operating lease payments	205	143
Total costs by nature	**35,024**	**22,350**
Costs by type		
Cost of sales	10,195	9,988
Research and development expenses	9,491	2,614
General and administrative expenses	10,329	6,720
Selling expenses	5,009	3,028
Total costs by type	**35,024**	**22,350**

9.20 Employee benefit expenses

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

	Year ended 31 December	
Thousands of Euro (€)	2015	2014
Wages, salaries, fees & bonuses	7,762	4,875
Pension costs: defined contribution plan	89	59
Pension costs: defined benefit plan	0	0
Share based payments	622	0
Other	144	120
Total	**8,617**	**5,055**

In 2015, the Group employed at year-end 66 FTE's (48 FTE's in 2014) which can be allocated to the following departments:

	Year ended 31 December	
Number of employees *	2015	2014
R&D Staff	24	14
G&A Staff	24	19
Sales staff	18	15
Total	**66**	**48**

**Headcount information do not include the mandated contractors*

9.21 Retirement benefit schemes

The Group offers several post-employment, death, disability and healthcare benefit schemes. All employees have access to these schemes. The death, disability and healthcare benefits granted to employees of the Group are covered by external insurance companies, where premiums are paid annually and charged to the income statement as they become payable. The post-employment pension plans granted to employees of the Group are defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity. The contribution obligations to the defined contribution plans are expensed by the Group in the income statement as they were incurred. Although defined contribution plans in Belgium are legally subjected to a minimum guaranteed return of 3.25% on employer contributions and 3.75% on employee contributions, the postemployment pension plans are accounted for as defined contribution plans, since the legally required return is basically guaranteed by the external insurance company. Any liability that may currently result is immaterial.

9.22 Financial income and expenses

	Year ended 31 December	
Thousands of Euro (€)	2015	2014
Interest income	115	0
Other financial income	3,726	0
Total financial income	**3,841**	**0**

Other financial income includes the gain realized as a result the step-up acquisition of Novalon for a total amount of EUR 3.717k.

	Year ended 31 December	
Thousands of Euro (€)	2015	2014
Interest expenses	(430)	(206)
Other financial expenses	(1,001)	(20)
Total financial expense	**(1,431)**	**(226)**

Other financial expenses primarily include the impact of the changes in fair value (EUR 633k) of the contingent liability for the Estetra acquisition.

9.23 Income tax expense

The tax expenses consist of:

Thousands of Euro (€)	Year ended 31 December 2015	2014
Current tax income / (expense)	12	(113)
Deferred tax income/(expense) related to temporary differences and tax losses	4,782	406
Total	**4,794**	**293**

Reconciliation effective versus theoretical taxes

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

Thousands of Euro (€)	Year ended 31 December 2015	2014
Income / Loss (-) before tax	(14.615)	(3.248)
Country's statutory tax rate	33,99%	33,99%
Tax expenses / income (-) (theoretical)	(4.968)	(1.104)
Tax expenses / income (-) in income statement (effective)	(4.794)	(293)
Difference in tax expenses / income (-) to explain	**174**	**811**
• Use of existing tax losses for which no deferred tax was recognised	(1.101)	(73)
• Permanent differences for which no deferred tax is recognised	938	-
• Tax losses for which no deferred tax income was recognised	268	815
• Other	21	66
• Differences in tax rate	**48**	**3**
Total Explanations	**174**	**811**

Deferred tax assets

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

Thousands of Euro (€)	Year ended 31 December 2015	2014
Deferred tax asset to be recovered after more than 12 months	5,345	563
Deferred tax asset to be recovered within 12 months	-	-
Deferred tax assets	**5,345**	**563**

The deferred tax asset mainly relates to fiscal losses carried forward at the level of Mithra and to a lesser extent timing differences as a result of differences in accounting principles at the level of the Company. Management is convinced that Mithra will generate sufficient profits in the future in order to be able to recover the fiscal losses carried forward and justify the recognition of the deferred tax asset.

The movement in the deferred tax asset is as follows:

	Temporary Differences				
Thousands of Euro (€)	Expensed restructuring costs	Expensed R&D costs	Other	Fiscal Losses	Total
At 1 January 2014	**16**	**36**	**105**	**-**	**157**
Charged / (credited) to income statement	15	(316)	(105)	-	(406)
At 31 December 2014	**1**	**352**	**210**	**-**	**563**
Charged / (credited) to income statement	-	28	231	(5,041)	(4,782)
At 31 December 2015	**1**	**324**	**(21)**	**5,041**	**5,345**

Deferred tax Liabilities

The deferred tax liabilities (EUR 5.692k) as at 31 December 2015 result from the Novalon transaction and primarily relates to temporary differences arising from the difference between the fair values of assets acquired at the acquisition date and their tax bases.

9.24 Result per share

Basic loss per share is calculated by dividing the net result attributable to shareholders by the weighted average number of shares outstanding during the year.

Thousands of Euro (€)	Year ended 31 December 2015	2014
Result for the purpose of basic loss per share, being net loss	**(9,821)**	**(2,955)**
Weighted average number of shares for the purpose of basic loss per share	25,405,721	15,892,800
Basic loss per share (in Euro)	*(0,39)*	*(0,19)*
Diluted loss per share (in Euro)	*(0,39)*	*(0,19)*

9.25 Share-based payments

By a decision of the extraordinary shareholders' meeting of 2 March 2015 the Company issued 1,089 warrants primarily to key management with an exercise price of EUR 5,645.56 per warrant. Warrants are conditional on the person completing 4 years of service (vesting period). These warrants are exercisable as of 2019. The fair value of the 1,089 warrants at grant date is estimated at EUR 2,789k. The fair value of each option is estimated using the Black & Scholes model based on the following assumptions:

Number of warrants granted	1,089
Exercise price	5,646
Expected dividend yield	-
Expected stock price volatility	45.30%
Risk-free interest rate	0.53%
Expected duration	8 years
Fair value	2,789

All warrants are still outstanding at 31 December 2015. During the reporting period EUR 621k was charged to the statement of profit or loss.

9.26 Contingencies and arbitrations

Organon/Merck patent dispute

Since 2008, the Group is involved in a legal proceeding against Organon NV and Merck Sharp & Dohme BV regarding a patent infringement. Currently, Organon and Merck claim provisional damages of EUR 1,000,000 while they estimate the actual loss on profit at EUR 2,465,507. Note that a provision in relation to this claim has been recognized in these consolidated financial statements based on management's best assessment.

Labour dispute

The Group was involved in a legal dispute with a former contractor regarding the conditions and qualifications of the underlying agreement, whereby the former contractor claims amongst others an additional severance pay of 11 months and 2 weeks. No provision in relation to this claim has been recognised in these consolidated financial statements, as legal advice indicates that it is not probable that a significant liability will arise.

By judgment of 8 January 2016 the Labour Tribunal of Liège denied all claims brought by the consultant, against which no appeal was lodged within the appeal period, thereby rendering such judgement final and ending this dispute.

Contrel dispute

A pending litigation exists between Mithra and Contrel Europe, based on a collaboration agreement between the two parties dated 31 January 2005 in respect of the product Femilis Slim that was under development by Contrel. In May 2009, Mithra initiated proceedings against Contrel Europe on the basis of the noncompliance by Contrel with this agreement, with a view to having the court order the forced execution of the agreement. In the framework of this agreement, Mithra has set out the importance of the product in question, which targeted a market of potentially tens of millions. However, Mithra's primary aim was to ensure that the contract was executed. Contrel Europe, in the course of the procedure, initiated a counterclaim, provisionally valued at EUR 1.00, in which it in turn alleged breaches of contract by Mithra (based, amongst other things, on the allegation that Mithra would have prioritized the development of Levosert (in the same sphere of application) over the development of Femilis Slim, which Mithra disputes). In January 2014, the litigation was sent to the judicial list, where it will remain until either of the parties would choose to reactivate it.

Conditional payments

We refer to section on business combinations and asset deals with respect to contingent payments regarding the acquisition of the shares of Estetra SPRL and Donesta Bioscience B.V. and the assets of Colvir as well as contingent payments as a result of contractual obligations at the level of Novalon.

9.27 Commitments

Rent and Lease commitments

On 17 November 2014, the company has entered into a finance lease for the construction and use of a production facility for the manufacturing of pharmaceutical products. The lease will commence at the earliest of the operational qualification of the construction or 31 October 2016. The total investment will amount to EUR 49.400k. Mithra has committed to participate up to 30% in the financing of the construction through transferring the proceeds of a subordinated loan and of grants that will be pre-financed by straight loans. The remainder is financed through 2 lease agreements: a lease contract with a term of 15 years for a total amount of EUR 24.900k and a lease for a total amount of EUR 12.500k with a term of 7 years.

Additionally during 2016 management intends to finalize the financing of the phase II constructions of the production facilities for which the total investment is estimated at ca. EUR 25.835k. Similar to the phase I financing, Mithra commits to participate up to 35% in the financing of the construction through transferring the proceeds of a subordinated loan and of grants that will be pre-financed by straight loans. The remainder is financed through 2 lease agreements: a lease contract with a term of 15 years for a total amount of EUR 9.097k and a lease for a total amount of EUR 7.685k with a term of 7 years.

Collaborative research and development arrangements

Mithra has signed an agreement with PRA Health Sciences as a Clinical Research Organisation (CRO) for the upcoming phase III clinical trials on its product candidate Estelle, a combined oral contraceptive, composed of 15 mg of Estetrol (E4) and 3 mg of Droperinone (DRSP) for a total budget of EUR 60 million. The study will cover a two year period after the start.

Mithra signed also an agreement with Chiltern as CRO (Clinical Research Organization) for the Phase II dose-finding study of its project Donesta® for a total budget of EUR 4.6 million . The Donesta program was presented and validated in Q2 2015 by several national EU and US regulatory agencies

9.28 Related party transactions

Since 2014, the related parties with which transactions have occurred are as follows:

Key management and (former) directors of the Company:

- Mr François Fornieri, a member of the key management of the Company and controlling shareholder of Ardentia, the former majority shareholder of the Company (which is merged with Mithra Pharmaceuticals in the course of 2015); and Yima SPRL
- Vesteco, an entity controlled by Steven Peters, a member of the key management of the Company;
- Sunzi, an entity controlled by Julie Dessart, a member of the key management of the Company;
- Novafontis, an entity controlled by Jean-Manuel Fontaine, a member of the key management of the Company;
- Elitho, an entity controlled by Michael Truyen, a member of the key management of the Company;
- Mr Rudi Meurs, a member of the key management of the Company;
- Partenaire Conseil and Juris Consult, entities controlled by Eric Van Traelen, a member of the key management of the Company;
- Alius Modi, an entity controlled by Valérie Gordenne, a member of the key management of the Company;
- TACC, an entity controlled by Jan van der Auwera, a member of the key management of the Company;
- Bioexpand SAS, an entity controlled by Claude Lubicki, a former member of the key management of the Company;
- Meusinvest SA, an entity represented by Freddy Meurs and Gaetan Servais, directors of the Company;
- Majocepi SPRL and Faxim SPRL, entities represented by Marc Foidart, a former director of the Company;
- CEFMA Consult SPRL, an entity represented by Freddy Meurs, director of the Company.
- Mr Marc Beyens, director of the Company
- Mr Herjan Coelingh Bennink, director for the Company
- Mr Jean Sequaris, , director of the Company
- Mr. Jacques Platieau, director of the Company
- P.SUINEN, an entity represented by Philippe Suinen, director of the Company.
- CG Cube, an entity represented by Guy Debruyne, director of the Company.
- SC SCRL INVESTPARTNER, an entity represented by Marc Foidart, director of the Company
- Alychlo, an entity represented by Marc Coucke, director for the Company
- BDS Management, an entity represented by Barbara De Saedeleer, director of the Company

Entities controlled by key management or where the management has significant influence:

- Themis Holding;
- Bocholtz SPRL;
- Vitamine Event.

Transactions between the Company and its subsidiaries, which are related parties, are eliminated in the consolidated accounts and no information is provided hereon in this Section. However, the associate Targetome (and Novalon during 2014) have been included as related parties.

9.28.1 Assets acquired from related parties

In September 2014, Mithra acquired 100% of the shares of Mithra IBD and Mithra RDP, both from Mr François Fornieri for a consideration of EUR 1.500k and EUR 1.500k respectively. We refer to note 9.5 Business combination.

In December 2014, Mithra acquired 25% of the shares of Novalon from Mr François Fornieri for a total consideration of EUR 2,000k.

In January 2015, Mithra acquired Estetra of which Mr Fornieri was a shareholders. The total consideration for the Estetra SPRL shares includes a payment of EUR 1 to the Watson Actavis (now Allergan) Group and initial payments of EUR 7,470k to the former Uteron Pharma Shareholders, including Mr. Fornieri who is entitled to 20.26% (directly and indirectly) of the total consideration. After the IPO in July 2015, part of the milestones became immediately due for an amount of EUR 2,500k.

9.28.2 Key management compensation

Refer to the table below for the compensations paid to key management:

Thousands of Euro (€)	Dec 2015	Dec 2014
Basic Salary	2,120	1,473
Variable Remuneration	-	-
Group Insurance (pension, invalidity, life)	6	-
Other (car, cell phone, hospitalization)insurance	22	-
Share based compensations (*)	621	-
Total	**2,769**	**1,473**

** We also refer to section 9.16 on share based payments*

9.28.3 Sales/Purchase of other services and goods

Thousands of Euro	Type of services	2015	2014
Total services rendered to entities controlled by or with significant influence from key management / directors		**1**	**9**
Bocholtz	Reinvoicing reception/entertainment expense		9
Vesteco	Reinvoicing office expense	1	-
Novafontis	Reinvoicing IT expense	0	
Total services purchased from entities controlled by or with significant influence from key management / directors		**211**	**388**
Ardentia	Management services	-	184
Yima sprl	Rental services building Foulons	110	135
Bocholtz	Rental location event	61	
Vitamine Event	Event organisation	39	46
Themis Holding SA	Legal, administrative, management and consulting services	-	-

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

Thousands of Euro	2015	2014
Receivables from entities controlled by or with significant influence from key management / directors	0	51
Payables to entities controlled by or with significant influence from key management / directors	111	144
Payables to other related parties		4

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

	Year ended 31 December	
Thousands of Euro (€)	2015	2014
Loan from entities controlled by key management / directors		
Themis Holding	-	385

9.28.6 Transactions with non-executive directors

Refer to the table below for the compensations paid to non-executive and independent directors:

Name	Nature	Remuneration as Director	as Member of a committee	as chair of the Board
Marc Beyens	Non-exec	10,000		
CG Cube	Non-exec	10,000		
CEFMA Consult	Non-exec	10,000		
Meusinvest	Non-exec	10,000		
Investpartner	Non-exec	10,000	2,500	
Prof. Coelingh Bennink	Non-exec	10,000	2,500	
Alychlo	Non-exec	10,000		
BDS Management	Non-exec - Chair	10,000	2,500	10,000
Jean Sequaris	Independent	10,000	5,000	
P.SUINEN	Independent	10,000	5,000	
Jacques Platiau	Independent	10,000		

9.29 Events after the balance sheet date

As of March 31, 2016 the Group announced an update on Zoreline® and announced last interim results of the pharmacodynamics study of the 3-month implant. These studies were designed to demonstrate the ability of Zoreline® 10,8mg to induce the serum testosterone level suppression to castrate level in male patients with prostate cancer. The last interim results revealed that more than 8 patients are non-responsive to the current treatment form of Zoreline® 10,8mg. The value is currently out of specifications but doesn't mean a no-go for the entire project. As of March 2016 there were 129 patients enrolled from a total basis of 142 patients in a first phase and 62 patients were enrolled from a total of 142 patients in a second phase.

To date, only 8 patients dropped out the study (mainly for personal reasons), which is a 6% drop-out rate instead of the 20% expected rate (28 patients). We can also confirm that no safety issues have been communicated and the product is well accepted by the medical establishment. No drop-outs requested by doctors for efficacy or safety issues has been registered. In addition, no Suspected Unexpected Serious Adverse Reactions (SUSAR) have been encountered.

The detailed results of this study, which in light of the above remains ongoing, are currently not available, as the study will remain completely blinded from Mithra until end H1 2016, and the full report is expected a few weeks later.

The detailed results of the study, which, in light of the above, is still ongoing, are completely blinded and will remain blinded until end of H1 2016. The report of the study will be available only a few weeks later. As of today date it is uncertain what this outcome means in terms of the timing of the project and the Group will review its developments options as from the moment it has more details on the results of the study and on the pharmacokinetics study which will be known by end of 2016.

Further to a 3-month implant Mithra is working on a 1-month implant which is used for other indications as breastcancer, endometriosis and fibrosis. Later this year a pharmacokinetic study will start.

9.30 Mithra Pharmaceuticals companies consolidation scope

Subsidiaries

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

The Company has the following subsidiaries		2015	2014
		Ownership %	Ownership %
Mithra RDP SA		**N/A**	**100%**
Registered office	Rue Saint-Georges 5, 4000 Liège		
Incorporation Date	*29/05/2013*		
Company registration n°	*534.564.525*		
Mithra Recherche et Développement SA		**100%**	**100%**
Registered office	Rue Saint-Georges 5, 4000 Liège		
Incorporation Date	*13/06/2013*		
Company registration n°	*534.909.666*		
Mithra International Business Development SA		**N/A**	**100%**
Registered office	Rue Saint-Georges 5, 4000 Liège		
Incorporation Date	*1/07/2013*		
Company registration n°	*535.840.767*		
Fund SA		**100%**	**100%**
Registered office	Rue Saint-Georges 5, 4000 Liège		
Incorporation Date	*1/07/2013*		
Company registration n°	*535.840.470*		
Mithra Lëtzebuerg SA		**100%**	**100%**
Registered office	Boulevard de la Petrusse 124, L2330 Luxembourg		
Incorporation Date	*27/12/2012*		
Company registration n°	*LU25909011*		
Mithra Pharmaceuticals CDMO SA		**100%**	**100%**
Registered office	Rue Saint-Georges 5, 4000 Liège		
Incorporation Date	*13/06/2013*		
Company registration n°	*534.912.933*		
Mithra Pharmaceuticals GmbH		**100%**	**100%**
Registered office	Promenade 3-9 Raumm 22, DE - 52076 Aachen		
Incorporation Date	*27/12/2013*		
Company registration n°	*DE 295257855*		
Mithra Farmacêutica do Brasil Ltda		**100%**	**100%**
Registered office	Rua Ibituruna N° 764 - Saúde, São Paulo - Brésil		
Incorporation Date	*28/02/2014*		
Company registration n°	*NIRE N°35.220.476.861*		
WeCare Pharmaceuticals BV		**100%**	**100%**
Registered office	*Lagedijk 1-3, NL -1541 KA Koog aan de Zaan*		
Incorporation Date	*23/09/2013*		
Company registration n°	*NL08165405B01*		
Novalon SA		**100%**	**N/A**
Registered office	*Rue Saint-Georges 5, 4000 Liège*		
Incorporation Date	*17/11/2005*		
Company registration n°	*877.126.557*		
Mithra Pharmaceuticals SAS		**100%**	**100%**
Registered office	*Rue de l'Est 45, 92100 Boulogne-Billancourt France*		
Incorporation Date	*13/03/2015*		
Company registration n°	*FR 48810337139*		
Estetra		**100%**	**100%**
Registered office	*Rue Saint Georges, 5 – 4000 Liège*		
Incorporation Date	01/09/2009		
Company registration n°	*818.257.356*		
Donesta		**100%**	**100%**
Registered office	*Boslaan 11 – 3701 CH Zeist (the Netherlands)*		
Incorporation Date	23/12/2011		
Company registration n°	Commercial Register No. 54167116		

Associates

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

The Company has the following associates		2015	2014
		Ownership %	Ownership %
Novalon SA		**N/A**	**25.0%**
Registered office	*Rue Saint-Georges 5, 4000 Liège*		
Incorporation Date	*17/11/2005*		
Company registration n°	*877,126,557*		
Targetome SA		**25.13%**	**24.7%**
Registered office	*Traverse de l'hôpital 5, 4000 Liège*		
Incorporation Date	*15/07/2010*		
Company registration n°	*827,564,705*		

9.31 Disclosure audit fees

In Euro	
auditor's fees	74,800
fees for exceptional services or special missions (audit related)	94,867
tax consultancy (audit related)	0
fees for exceptional services or special missions (external to audit)	6,711
tax consultancy(external to audit)	0
Total	**176.378**

9.32 Condensed statutory financial statements of Mithra NV

In accordance with Art. 105 of the Belgian Companies' Code, the condensed statutory standalone financial statements of Mithra Pharmaceuticals SA are presented. These condensed statements have been drawn up using the same accounting principles for preparing the complete set of statutory financial statements of Mithra Pharmaceuticals SA at and for the year ending 31 December 2015 in Belgian GAAP.

The management report, the statutory financial statements of Mithra Pharmaceuticals SA and the report of the statutory auditor will be filed with the appropriate authorities and are available at the Company's registered offices.

The statutory auditor has issued an unqualified report on the statutory financial statements of Mithra Pharmaceuticals SA.

Thousands of Euro (€)		
Assets as at	**As at 31 December**	
	2015	2014
Fixed assets	39.363	9.135
Intangible fixed assets	5.082	2.779
Tangible fixed assets	1.769	1.085
Financial fixed assets	32.512	5.271
Current assets	117.467	14.031
Amounts receivable	19.007	10.852
Inventory	2.428	2.008
Current investments	-	-
Cash at bank and in had	95.500	1.026
Deferred charges and accrued income	531	145
Total assets	**156.830**	**23.166**

Thousands of Euro (€)		
Liabilities as at	**As at 31 December**	
	2015	2014
Equity	130.541	14.084
Capital	22.790	3.107
Share premium account	125.561	10.572
Reserves	598	248
Accumulated profits (losses)	(18.510)	54
Grants	104	104
Provisions	266	-
Amounts payable after more than one year	1.680	1.650
Current liabilities	24.342	7.432
Short term debts	16.900	3.000
Short term portion of LT debts	242	172
Amounts payable within one year	7.140	4.216
Deferred charges and accrued income	61	44
Total equity and liabilities	**156.830**	**23.166**

Thousands of Euro (€)		
Summary income statement	**As at 31 December**	
	2015	2014
Operating income	18.295	18.073
Turnover	18.112	17.797
Other operating income	183	276

Operating charges	32.561	17.857
Cost of goods sold	9.078	8.439
Services and other goods	19.089	6.366
Remuneration, social security costs and pensios	3.138	1.954
Depreciations of and amounts written off formation expenses, intangible and tangible fixed assets	1.061	648
Other operating charges	195	452
Operating profit	**(14.266)**	**216**
Financial result	(405)	(209)
Financial income	242	0
Financial charges	647	210
Gain (loss) on ordinary activities before taxes	(14.672)	7
Extraordinary result	(2.850)	(4)
Extraordinary cost	2.850	4
Extraordinary income	-	-
Profit (loss) for the year before taxes	(17.522)	3
Taxes	21	(7)
Profit (loss) for the period available for appropriation	**(17.543)**	**10**

Thousands of Euro (€)		
Capital statement		
	Number of shares	Amounts
A. Capital		
1. Issued capital		
• At the end of the previous year	3.107	
• Changes during het year	19.683	
• At the end of this year	22.790	
2. Capital representation		
2.1 Shares without par value		
• bearer and dematerialised		31.129.756
B. Own shares held by	**-**	**-**
C. Commitmentes to issue shares	**-**	**-**