



Half Year Results

30 June 2020

Transforming women's health through innovation

Interim Financial Report

as at 30 June 2020

This report is prepared in accordance with article 13 of the Royal Decree of 14 November 2007.

Mithra Pharmaceuticals SA (hereinafter "Mithra" or the "Company") has prepared its interim financial report in French and in English. In case of discrepancies between both versions, the French version shall prevail.



Mithra Pharmaceuticals SA/NV,

A limited liability company (société anonyme / naamloze vennootschap) incorporated under Belgian law, with its registered office at rue Saint-Georges 5, 4000 Liège (enterprise number 0466.526.646)

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I.

Interim management report

I. Interim management report

1. Corporate presentation

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

Mithra was founded in 1999 as a spin-off of the University of Liège by Mr. François Fornieri and Prof. Dr. Jean-Michel Foidart and is a limited liability company headquartered in Rue Saint Georges 5, Liège, Belgium. The Group launched its Initial Public Offering on Euronext Brussels on 30 June 2015.

2. Operational Highlights including post-period end

Mithra has achieved a series of milestones in the first six months of 2020 both with regards to its E4 (Estetrol) unique native estrogen pipeline and its Complex Therapeutics business.

- Regulatory submission for Estelle® accepted for review by the US Food and Drug Administration (FDA), Health Canada, and the European Medicines Agency (EMA). The respective authorities are expected to complete their review in the first half of calendar 2021.
- Alignment of commercial partners for a united global launch campaign to bring Estelle® to market, including single branding with limited number of brand names worldwide, single positioning, single messaging.
- Estelle® has the potential to be the first Combined Oral Contraceptive based on an environmentally friendly estrogen as demonstrated in an Environmental Risk Assessment study
- Commercialization agreements for Estelle® signed with Alvogen (Hong Kong and Taiwan) and Mayne Pharma (Australia)
- Commercialization agreements for Myring™ signed with Gynial (Switzerland), Zentiva (France, Poland, UK), Megalabs (Mexico) and Farmitalia (Italy)
- Commercial launch of Myring™ in Belgium, the Netherlands and in Germany, the biggest European market, under the trademark name MYCIRQ®.
- Further shelf life extension of Myring™ to 36 months from 24 months by the European Authorities, offering distributors, pharmacists and patients a more convenient option compared to competitor products.
- Commercialization agreements for Tibelia® signed with Spirig Healthcare (Stada Group) for Liechtenstein and Switzerland
- Commercial launch of Tibelia® in Canada, under the trademark name Tibella®. Tibella® is the first tibolone-based hormone treatment available in Canada.
- Continued job creation, with recruitment returning to normal since the slowdown experienced earlier this year due to Covid19.

3. Financial highlights

3.1. Income statement

Figures presented below are management figures

<i>Thousands of Euro</i>	30 June 2020	30 June 2019
Revenues	2,507	19,563
Cost of sales	(1,331)	(2,021)
Gross profit	1,176	17,542
Research and development expenses	(25,690)	(19,167)
General and administrative expenses	(4,475)	(4,335)
Selling expenses	(795)	(605)
Other operating income	2,319	2,278
Total operating expenses	(28,641)	(21,829)
REBITDA*	(27,465)	(4,287)
Share-based payments expenses	(2,554)	(2,594)
EBITDA	(30,019)	(6,881)
Depreciation	(2,820)	(2,460)
Loss from Operations	(32,840)	(9,341)
Change in fair value ¹ of contingent consideration payable	(5,803)	(98,901)
Net fair value gain/(losses) on financial assets at fair value through profit or loss	(3,748)	4,352
Financial income	237	52
Financial expense	(2,505)	(6,830)
Loss before taxes	(44,659)	(110,669)
Income taxes	10,664	20,922
Net Loss for the period	(33,994)	(89,747)

Significantly improved net result (+62%) compared to H1 2019.

Revenues decreased in the first half of 2020 to EUR 2.5 million (from EUR 19.6 million in H1 2019). On the one hand, no additional performance obligation were considered as highly probable by Mithra, meaning that no revenue on backlog of signed contracts was recognized. On the other hand, no significant partnership was signed during 2020 first semester. Regarding Donesta®, this is in line with our current business development strategy.

¹ Contingent consideration payables which is reported under Other financial liabilities, is fair valued through profit or loss.

As a consequence of limited revenues, REBITDA² decreased to EUR -27,465k in H1 2020 compared to EUR -4,287k in H1 2019.

The increase of 31% in operating expenses compared to H1 2019 is mainly explained by the increase in R&D expenses related to Phase III of Donesta®.

The improvement of financial expense to EUR -2,505 (from EUR -6,830k in H1 2019) is the result of a limited impact in H1 2020 (EUR -800k EUR) of the amortized cost treatment of government advances compared to H1 2019. The remaining part of the financial expenses is related to the interests paid for EUR -1.507k.

The loss before taxes of EUR -44,659k in H1 2020 is driven by an increase in the fair value of contingent consideration liabilities (earn outs) for EUR -5.8 million. The increase is explained by adjustment to the fair value related to the timing effect.

The loss before taxes is also impacted by the adjustment to the fair value of Mayne's contract assets (non-monetary part) for EUR -3,310k (for the second equity tranche at FDA approval) and by the adjustment to the contingent receivable related to Ceres for EUR -437k.

Except the interest payments, all elements impacting the loss before taxes are non-cash.

The group recorded a tax income of EUR 10,665k for the six months that results from an increase in the deferred tax asset from prior year-end which is to be offset against taxable income in the future. Taken this tax income into consideration, the net loss for half year ended 2020 was EUR -33,994k on a consolidated basis, significantly improved over H1 2019 (EUR -89,747k) and is the result of the renegotiation of the earn out contracts related to Estelle®.

² REBITDA is an alternative performance measure calculated by excluding the non-recurring items and the depreciation & amortization from EBIT (operating loss) from the consolidated statement of income prepared in accordance with IFRS.

4. Corporate Governance

4.1. Capital and shares

Since the last annual report and during the last 6 months, one capital increase took place. The second took place post-period in August. The first on June 23, 2020 through a private placement for an amount of EUR 64,999,988.00 including 2,504,552.17 EUR which were allocated to the capital and 62,495,435.83 EUR to the share premium account of the Company. And the other capital increase, which took place after the closing period, i.e. August 5, 2020, for a total amount of EUR 3,104,869.00, of which EUR 116,989.58 has been allocated to the capital and EUR 2,987,879.42 to the account of share premium.

As of June 30, 2020, Mithra's statutory capital consisted of 42,554,297 fully paid-up ordinary shares (each conferring the same rights), i.e. a recognized amount of EUR 31,153,882.82. The shares have no nominal value, but they represent the same fraction of the Company's capital, which is denominated in euros. Each share entitles its holder to one voting right. The number of voting rights held by the holders was 42,554,297 at June 30, 2020.

Since the end of the reporting period, i.e. August 5, 2020, a capital increase took place within the framework of the authorized capital. This capital increase was carried out for a total amount of EUR 3,104,869.00, EUR 116,989.58 of which was allocated to the capital and EUR 2,987,879.42 to the share premium account. This capital increase gave rise to the issue of 159,800 new fully paid-up shares without designation of nominal value. Following this transaction, the Company's capital amounted to EUR 31,270,872.40 represented by 42,714,097 fully paid-up shares without designation of nominal value.

In addition, in July and September 2020, the Company summoned two Extraordinary General Meetings during which the issuance of two warrant plans were approved: (i) a warrant plan for the benefit of LDA Capital Ltd, under which a maximum of 690,000 warrants were to be issued pursuant to the transaction announced by the Company on April 24, 2020 and (ii) another warrants plan for the benefit of reference shareholders ("Share Lending Warrants") for a maximum of 300, 000 warrants.

4.2. Shareholders & Shareholder structure

Based on the transparency declarations the Company has received, the significant shareholders of the Company (i.e. above 3% of the voting rights linked to outstanding shares) as at 30 June 2020 are:

Shareholder	Address	Number of voting rights	% of voting rights ⁴
François Fournier ¹		10,939,185	25.71 % ⁵
Marc Coucke ²		6,354,445	14.93 % ⁶
NOSHAQ SA	Rue Lambert-Lombard, 3, B-4000 Liège, Belgium	4,966,105	11.67 % ⁷
Bart Versluys ³		1,699,496	3.99 %
Ogesip Invest SA	Boulevard du Roi Albert II, 37, B-1030 Bruxelles, Belgium	1,181,700	2.78 %
Free float		17,413,366	40.92 %

1. François Fournier holds warrants entitling him to subscribe still 1,023,000 additional shares of Mithra.
2. Marc Coucke holds his shareholding partially through Alychlo NV, which he controls.
3. Bart Versluys holds his shareholding through himself and through Scorpiaux BVBA, controlled by him.
4. All percentages are calculated on the basis of the current total number of voting rights.
5. Following a capital increase on August 5, 2020, i.e. after the end of the reporting period, the number of voting rights of François Fournier amounted to 11,159,755, i.e. 26.13% of the overall voting rights.
6. Following a capital increase on August 5, 2020, i.e. after the end of the reporting period, Marc Coucke's number of voting rights amounted to 6,464,730, or 15.13% of overall voting rights.
7. Following a capital increase on August 5, 2020, i.e. after the end of the reporting period, the number of voting rights of NOSHAQ SA amounted to 5,076,390, or 11.88% of the overall voting rights.

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

4.3. Change and/or renewal in the composition of corporate bodies

The composition of the Nomination and Remuneration Committee as well as the composition of the Board of Directors have not changed since the last annual report.

Given the duration of the terms of office granted by the General Meeting of the Company which renewed them for a period of two years on April 4, 2019, no term of office had to be renewed during the half-year period under review. The renewals will have to be made during the General Assembly to be held in 2021.

Consequently, as it appeared in the last annual report, the Board of Directors is composed as follows:

Name/ Designation	Representative	Function	Audit Committee	Nom & Rem Committee
Selva Luxembourg SA	Christian Moretti	Non-executive		
CG Cube SA	Guy Debruyne	Non-executive		
Noshaq SA	Gaëtan Servais	Non-executive	Member	Member
Alychlo NV	Marc Coucke	Non-executive – Chairman		
P Suinen SRL	Philippe Suinen	Independent	Member	
Castors Development SA	Jacques Platieu	Independent		Chairman
Ahok BVBA	Koen Hoffman	Independent	Chairman	
Aubisque BV	Freya Loncin	Non-executive		
P4Management BVBA	Christiane Malcorps	Independent		Member
Patricia Van Dijck	/	Independent		
Eva consulting SRL	Jean-Michel Foidart	Executive		
YIMA SRL	François Fornieri	Executive		
INVESTPARTNER SCRL	Joanna Tyrekidis	Non-executive		

The members of the Executive Committee as of 30 June 2020 are listed in the table below:

Name/ Designation	Function
YIMA SRL (permanent representative : Mr. François Fornieri)	Chief Executive Officer, Chief Business Development Officer (Chair)
Eva consulting SRL (permanent representative: Pr. J.M Foidart)	Chair of the Scientific Advisory Board
CMM&C SRL (Mr. Christophe Maréchal)	Chief Financial Officer (CFO)
Novafontis SRL (Mr. Jean-Manuel Fontaine)	VP External and Scientific Affairs
DF Lifescience SRL (Mr. Graham Dixon)	Chief Scientific Officer (CSO)
BGL Consulting SRL (Mr. Benjamin Brands)	Chief Supply Chain Officer (CSCO)
MAREBA BVBA (Mr. Renaat Baes)	Plant Manager
Viribus Valorem SRL (Mrs Alexandra Deschner)	Investor Relations Officer (IRO)

During the Nomination and Remuneration Committee of April 14, 2020, MAREBA BVBA, represented by Mr. Renaat Baes, was recommended to the Board of Directors for inclusion in the Executive Committee of the Company as Plant Manager. This appointment was confirmed by the Board of Directors on April 20, 2020.

On May 25, 2020, Mr. Patrick Kellens, CIO, left the Company. This resignation will be recorded at the next Nomination and Remuneration Committee of the Company.

5. Principal risks and uncertainties

The Board of Directors considers that the main risk factors summarized in section 1.9 of the 2019 Annual Report, which are deemed to be reproduced herein, remain relevant.

6. Related party transactions

During the first half of 2020, the Company did not carry out any significant transactions with related parties. However, some significant amounts resulting from past transactions are recognized during this financial year, in the section "share-based payments" (see section 6.13).

II.

Interim condensed consolidated
financial statements for the six
months ended 30 June 2020

II. Interim condensed consolidated financial statements for the six months ended 30 June 2020

1. Interim consolidated statement of income statement (unaudited)

Thousands of Euro		30 June 2020	30 June 2019
	Notes		
Revenues	6.3, 6.14	2,507	19,563
Cost of sales		(1,331)	(2,021)
Gross profit		1,176	17,542
Research and development expenses		(28,183)	(20,944)
General and administrative expenses		(7,226)	(7,539)
Selling expenses		(926)	(679)
Other operating income		2,319	2,278
Total operating expenses		(34,015)	(26,884)
Loss from Operations		(32,840)	(9,341)
Change in the fair value of contingent consideration payable ³	6.12	(5,803)	(98,901)
Net fair value gain/(losses) on financial assets at fair value through profit or loss ⁴		(3,748)	4,352
Financial income		237	52
Financial expenses	6.12	(2,504)	(6,830)
Loss before taxes		(44,659)	(110,669)
Income taxes	6.5	10,664	20,922
Net Loss for the period		(33,994)	(89,747)
Result for the purpose of basic loss per share, being net loss		(33,994)	(89,747)
Weighted average number of shares for the purpose of basic loss per share		39,283,621	37,462,330
Basic loss per share (in Euro)		(0.87)	(2.40)
Diluted loss per share (in Euro)		(0.87)	(2.40)

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

³ Fair value is computed on the contingent considerations payable which are reported under Other financial loans

⁴ Fair value is computed on the financial assets which are reported under 6.12. Financial instruments: the amount reported on this line is the adjustment of the fair value (loss) on Contract assets, Mayne's participation for EUR 3,311k (for the second equity tranche at FDA approval) and the adjustment of the contingent consideration receivable related to Ceres for EUR 437k.

2. Interim consolidated statement of other comprehensive income (unaudited)

Thousands of Euro	Notes	30 June 2020	30 June 2019
Net loss for the period		(33,994)	(89,747)
Other comprehensive loss		(7,650)	24
Items that may be reclassified to profit or loss:			
Currency translation differences		(12)	24
Effective portion of changes of fair value of cash flow hedges	6.10.4	(4,430)	-
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through other comprehensive loss	6.10.3	(3,208)	-
Total comprehensive loss for the period		(41,645)	(89,723)
Attributable to			
Owners of the parent		(41,645)	(89,723)
Non-controlling interests		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(41,645)	(89,723)

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

3. Interim consolidated statement of financial position (unaudited)

<i>Thousands of Euro</i>	<i>Notes</i>	<i>30 June 2020</i>	<i>31 December 2019</i>
ASSETS			
Property, plant and equipment	6.8	26,772	23,502
Right-of-use assets		69,596	70,535
Goodwill	6.7	5,233	5,233
Other Intangible assets	6.7	91,933	87,490
Deferred income tax assets	6.5	45,092	34,431
Contracts assets	6.14	200	48,975
Other non-current assets	6.14	13,385	13,096
Derivatives financial assets		114	-
Investments in equity securities		19,652	22,860
Non-current assets		271,977	306,121
Inventories		24,126	16,277
Contract assets	6.14	53,108	13,242
Derivatives financial assets		140	-
Trade & other receivables	6.9	9,519	12,238
Other short-term deposits		16	46
Cash & cash equivalents		62,576	49,720
Current assets		149,486	91,522
TOTAL ASSETS		421,463	397,643

<i>Thousands of Euro</i>	<i>Notes</i>	<i>30 June 2020</i>	<i>31 December 2019</i>
EQUITY AND LIABILITIES			
Equity			
Share capital	6.10	30,458	28,018
Additional paid-in-capital	6.10	320,407	259,529
Other Reserves		2,757	3,423
Accumulated deficit		(161,668)	(127,673)
Cash flow hedging reserve		(4,430)	-
Equity attributable to equity holders		187,525	163,298
Subordinated loans	6.11	12,053	12,430
Other loans	6.11	6,665	6,626
Lease liabilities	6.11, 6.15	46,092	45,728
Refundable government advances	6.11	12,909	13,086
Other financial liabilities	6.12	106,827	99,866
Derivative financial liabilities		4,620	-
Contract liabilities	6.14	4,056	4,056
Provisions	6.16	266	607
Deferred tax liabilities	6.5	4,145	4,148
Non-current liabilities		197,633	186,546
Current portion of Subordinated loan	6.11	696	340
Current portion of Other loans	6.11	6,428	6,186
Current portion of lease liabilities	6.11, 6.15	5,676	6,746
Current portion of Refundable government advances	6.11	1,433	791
Current portion of Other financial liabilities	6.12	5,466	6,624
Trade payables, Accrued charges & other financial liabilities		16,607	27,114
Current liabilities		36,306	47,799
TOTAL EQUITY AND LIABILITIES		421,463	397,643

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

4. Interim consolidated statement of changes in equity (unaudited)

Thousands of Euro	Share capital	Share Premium	Accumulated deficit	Non controlling interests	Share Based Payment reserve	Other reserves	Cash flow hedging reserve	Total equity
Balance as at 1 January 2019	26,925	221,587	(101,107)	-	3,551	(62)	-	150,893
Result for the period			(89,747)				(89,747)	
Currency translation differences						24		24
Capital increase warrants 30 January 2019	18	67						85
Capital increase warrants 24 April 2019	18	67						85
Share-based payment expense					2,594			2,594
Balance as at 30 June 2019	26,961	221,720	(190,854)	-	6,144	(38)	-	63,933
Balance as at 1 January 2020	28,018	259,529	(127,673)	-	8,448	(5,024)	-	163,298
Result for the period			(33,994)				(33,994)	
Currency translation differences						12		12
Effective portion of changes in fair value of cash flow hedges							(4,430)	(4,430)
Changes in the fair value of equity investments at fair value through other comprehensive income						3,208		3,208
Total comprehensive loss for the period	-	-	(33,994)	-	-	(3,220)	(4,430)	(41,645)
Capital increase of 23 June 2020 ⁵	2,505	62,495						65,000
Transaction costs for equity issue	(65)	(1,617)						(1,682)
Share-based payment expense					2,554			2,554
Balance as at 30 June 2020	30,458	320,407	(161,668)	-	11,001	(8,244)	(4,430)	187,525

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

⁵ Mithra successfully raised an amount of EUR 65.0 million in gross proceeds by means of a private placement via an accelerated bookbuild offering of 3,421,052 new shares (being approximately 8.74% of the Company's outstanding shares) at an issue price of EUR 19.00 per share

5. Interim Consolidated Cash Flow statement (unaudited)

Thousands of Euro	Notes	30 June 2020	30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Result from operations		(32,840)	(9,342)
Adjustments for:			
Depreciation and amortization		2,820	2,460
Tax credit	6.14	(723)	(517)
Share-based payments	6.13	2,554	2,594
Grant income		(489)	-
Subtotal		(28,678)	(4,805)
Increase/(decrease) in trade payables and other current liabilities	6.11	(9,143)	(2,122)
Increase/(decrease) in trade receivables and other receivables	6.9	(2,579)	(15,643)
(Increase)/decrease in inventories		7,850	(3,165)
Increase/(decrease) in contract assets		(5,598)	-
Net cash (used in)/ provided by operating activities		(38,148)	(25,735)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of tangible fixed assets	6.8	(4,442)	(7,025)
Payment for acquisition of intangible fixed assets	6.7	(4,663)	(3,754)
Other financial liabilities payments		-	(4,500)
Net cash (used in)/ provided by investing activities		(9,105)	(15,279)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of subordinated loans and others loans	6.11	(455)	(10,679)
Repayment of refundable government advances	6.11	(854)	
Proceeds from subordinated loans & other loans	6.11	715	12,466
Proceeds from refundable government advances & Other grants	6.11	160	
Lease payments	6.15	(1,268)	(621)
Interests paid	6.11	(1,507)	(1,804)
Proceeds from issuance of shares (net of issue costs)	6.10	63,318	170
Net cash used in/ (provided by) financing activities		60,109	(469)
Net increase/(decrease) in cash & cash equivalents		12,857	(41,483)
Cash & cash equivalents at beginning of year		49,720	118,949
Cash and cash equivalents at end of period		62,576	77,466

6. Notes to interim condensed consolidated financial statements

6.1. Significant changes in the current reporting period

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

- In H1 2020, we negotiated a EUR 50 million facility with LDA capital, a EUR 20 million bank loan and successfully raised EUR 65 million via private placement, together these financing instruments further support the development of our assets. The bank loan is committed for the next 18 months and is unutilized at the date of the report. Post reporting period, the LDA capital facility is committed until April 2023 and is currently available for EUR 47 million⁶.

Note : For more details about the operations during this period, please refer to 6.10 Share capital.

- The Group use derivative financial instruments to manage its exposure to foreign exchange rate risk arising from operational activities (cash flow hedges). Mithra's risk management objective is to hedge the EUR/USD foreign currency exposure arising from the Estelle® license and supply agreement in USD between Mithra and Mayne Pharma LLC. Mithra has a transactional EUR/USD exposure of 228 million USD arising from the future license and sales invoices under the Mayne Pharma agreement. This exposure is hedged with FX forwards maturing in the period 2020-2025 to derivatives are recorded at fair value on balance sheet and are subsequently revalued to fair value through OCI at each reporting date. Positive fair values as an asset, negative fair values as a liability, and as current/non-current based on maturities of hedging contracts.

This implies a new accounting policy, new headings in the financial statements and new notes.

Note : For more details about the operations during this period, please refer to 6.18 Financial Risk Management

- As of the date of our half year report, Belgium continues to be impacted by the COVID-19 pandemic. The length or severity of this pandemic cannot be predicted, but Mithra does not anticipate additional impact from a prolonged COVID-19 environment on the planned development activities of the Company. To date, Mithra expects that its existing treasury position, including the available credit lines of new loans and capital increases after year end, will be sufficient, based on the current scope of activities, to fund operating expenses and capital expenditure requirements until end of 2021.

The COVID-19 pandemic has not had, and currently is not expected to have, a material impact on the Group's business or on the financial statements and corporate cash flow but as previously disclosed, it has led to enrollment delays in the Phase 3 clinical trials for Donesta® and to temporary unemployment during 3 months of a part of the employees and consultants. Mithra also obtained payment extensions for the reimbursement of a part of the lease liabilities during H1 2020.

Note : For more details about the operations during this period, please refer to 6.12 Financial liabilities and to 6.15 Leases.

⁶ After the closing period, i.e. August 5, 2020, a capital increase took place within the framework of the authorized capital, in application of the pre-described capital commitment of May 22, 2020. The capital increase took place for a total amount of EUR 3,104,869.00, EUR 116,989.58 of which was allocated to the capital and EUR 2,987,879.42 to the "share premium" account. This capital increase gave rise to the issue of 159,800 new fully paid-up shares without designation of nominal value. At the end of this transaction, the Company's capital amounted to EUR 31,270,872.40 represented by 42,714,097 shares without designation of nominal value and fully paid

- The New Drug Application (NDA) for Estelle® has been accepted for review by the US Food and Drug Administration (FDA) and by the European Medicines Agency (EMA) in H1 2020. The FDA is expected to complete its review in the first half of calendar 2021, this leading to capitalization of the development costs related to Estelle®.

Note : For more details about the operations during this period, please refer to 6.12 Financial liabilities and to 6.8 Intangible assets and goodwill.

6.2. Summary of significant accounting policies

6.2.1 Basis of presentation

The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted for use in the European Union.

The financial statements do not include all the information required for annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 31 December 2019. The condensed consolidated financial statements are presented in thousands of Euro (unless stated otherwise).

The condensed consolidated financial statements were approved for issue by the board of directors of Mithra on 22 September 2020.

The condensed consolidated interim financial information has been reviewed, not audited, by the statutory auditor.

Comparative figures 2019

Compared to the published 2019 half year report, the figures as at 30 June 2019 were adjusted in terms of presentation, in order to further improve the readability and comparability of the financial information. More specifically, the item related to the variance of Contingent Assets and presented under the line "Other Operating Income" in the Discontinued Operations for EUR 4,352k now appears as part of the Net fair value gains/(losses) on financial assets at fair value through profit or loss of the Continuing Operations (which was already the case as at December 31, 2019).

6.2.2. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2019, noting that a new accounting policy has been defined for hedge accounting under IFRS 9, as this matter became applicable to Mithra as from H1 2020.

The new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2020 do not impact the Group's interim consolidated financial statements.

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

6.2.3. Use of accounting judgments, estimates and assumptions

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

The judgments, estimates and assumptions applied in the interim financial statements, including the uncertainty around key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2019 except for the judgement in relation to the new hedge accounting policy, which needs management judgment about the fulfilment of the effectiveness requirements for an arrangement to qualify for hedge accounting.

6.2.4. Changes in accounting policies and disclosures

During the current financial period, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International

Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the European Union and effective for the accounting year starting on January 1, 2020. The Group has not applied any new IFRS requirements that are not yet effective as per June 30, 2020.

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

- IAS 1 Presentation of Financial Statements – Amendments regarding the definition of material *
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material *
- IFRS 3 Business Combinations – Amendments to clarify the definition of a business *
- IBOR Reform and its Effects on Financial Reporting – Phase 1

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

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued by the IASB and the IFRIC but are not yet effective as per June 30, 2020 and/or not yet adopted by the European Union as per June 30, 2020 and for which the impact might be relevant:

- IBOR reform and its effects on financial report – phase 2*
- IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use) *
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract) *
- IFRS 3 Business Combinations (Amendment – Reference to the Conceptual Framework) *
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Classification of Liabilities as Current or Non-current) *
- IFRS 17 Insurance Contracts *

* Not yet endorsed by the EU as of June 30, 2020

None of these upcoming Standards, Interpretations and Amendments, are expected to have a material effect on the Group's future financial statements that IASB and IFRIC published after the 1st January 2020 but not yet effective and/or approved by the EU on 30 June 2020.

Derivative financial instruments and hedging activities

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk arising from operational activities (cash flow hedges). The Group's policy is not to enter into speculative transactions. Derivative financial instruments are initially recognized at fair value and are subsequently revalued to fair value at each reporting date.

a) Derivatives qualifying for cash flow hedging

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge.

The effective portion of changes in the fair value of derivative financial instruments qualifying as cash flow hedges are immediately deferred in equity. Gains or losses relating to the ineffective portion are recognized in the income statement. Amounts deferred in equity are subsequently released to the income statement in the periods in which the hedged item impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

b) Derivatives which do not qualify for hedging

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are immediately recognized in the income statement.

6.3. Segment information

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

<i>Thousands of Euro (€)</i>	<i>H1 2020</i>	<i>H1 2019</i>
Product Sales	1,920	2,430
Out-licensing	587	15,865
Other	-	1,268
Total Revenues	2,507	19,563

For more details on the Product sales and out-licensing fees and geographical sales, please refer to section 6.14. Revenue and other operating income.

The decrease in revenues is due to the fact that we did not recognize any out-licensing revenues on the backlog of signed contracts, nor did we sign a contract for Donesta®, which is in line with our business development strategy.

Note that Mithra launched the commercial production of Myring™ for Europe, which is reported under Product Sales with others products.

Non-Current assets

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

6.4. Result for the period

The Group reported a net loss of EUR 33,994k for the first six months of 2020, compared to a net loss of EUR 89,747k for the first six months of 2019.

The Revenues of the Group decreased in the first half of 2020 to EUR 2,507k from EUR 19,563k in H1 2019. On the one hand, no additional performance obligation were considered as highly probable by Mithra, meaning that no revenue on backlog of signed contracts was recognised. On the other hand, no significant partnership was signed during 2020 first semester. Regarding Donesta®, this is in line with our current business development strategy.

The decrease of revenues impacted the Gross Profit which decreased from EUR 17,542k in 2019 to EUR 1,176k in 2020.

R&D expenses, G&A and selling expenses combined, have increased by 23% (EUR 6,702k) in H1 2020.

Research and development expenses increased in the first half 2020 by 35% to EUR 28,183k (H1 2019: EUR 20,944k). This increase is primarily due to increased R&D activity for the Phase III studies of Donesta®. R&D expenses for Donesta® should continue to increase in the second half of 2020.

G&A expenses remain stable. It contains booking entries related to share-based payment expenses that amount EUR 2,554k in H1 2020, which is a non-cash element.

Operating expenses, depreciation included, increased by 27%. All this resulted in an increased operating loss of EUR -32,840k in H1 2020 compared to EUR -9,341k in half year 2019.

The improvement of financial expense to EUR -2,505 (from EUR -6,830k in H1 2019) is the result of a limited impact in H1 2020 (EUR -800k EUR) of the amortized cost treatment of government advances compared to H1 2019. The remaining part of the financial expenses is related to the interests paid for EUR -1,507k.

The loss before taxes of EUR -44,659k in H1 2020 is driven by an increase in the fair value of contingent consideration liabilities (earn outs) for EUR -5.8 million. The increase is explained by adjustment to the fair value related to the timing effect.

The loss before taxes are also impacted by the adjustment to the fair value of Mayne's contract assets (non-monetary part) for EUR -3,310k (for the second equity tranche at FDA approval) and by the adjustment to the contingent receivable related to Ceres for EUR -437k.

Except the interest payments, all elements impacting the loss before taxes are non-cash.

The group recorded a tax income of EUR 10,665k for the six months that results from an increase in the deferred tax asset from prior year-end which is to be offset against taxable income in the future. Taken this tax income into consideration, the net loss for half year ended 2020 was EUR -33,994k on a consolidated basis, significantly improved over H1 2019 (EUR -89,747k) and is the result of the renegotiation of the earn out contracts related to Estelle®.

6.5. Income tax

Income taxes primarily consist of deferred taxes. Deferred tax asset relates to fiscal losses carried forward at the level of Mithra and its subsidiaries and to the temporary difference arising from the differences in accounting principles at the level of Mithra, Estetra and Novalon. Management is convinced that these companies will generate sufficient profits in the near future in order to be able to recover the fiscal losses carried forward and justify the recognition of the deferred tax asset.

The increase in deferred tax assets of EUR 10,662k are mainly explained by the increase of tax losses and to a lesser extent by temporary difference arising from the recognition of a deferred tax asset on the fair value of the Estetra earn-out in H1 2020.

Thousands of Euro (€)	H1 2020	As at 31 December 2019
Deferred tax asset to be recovered after more than 12 months	45,092	34,431
Deferred tax assets	45,092	34,431

These items are linked to the Belgian tax regime, which is why the Group has valued the deferred tax position based on an effective tax rate of 25%, except for the revenues that benefit from the PID⁷ regime for which we obtained a ruling from the Belgian Tax Authorities earlier this year. The tax losses carried forward, as well as the temporary differences, are expected to be used within the next 7 years, taking into account the forecasted taxable profits under current tax strategy and including tax consolidation.

The deferred tax liabilities (EUR 4,145k in H1 2020 and EUR 4,148k in 2019) result from temporary differences arising from the difference between the fair value of assets acquired at the acquisition date and their tax bases. DTA and DTL are offset by legal entity.

6.6. Earnings 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 period.

Thousands of Euro	30 June 2020	30 June 2019
Result for the purpose of basic loss per share, being net loss	(33,994)	(89,747)
Number of shares	30 June 2020	30 June 2019
Weighted average number of shares for the purpose of basic loss per share	39,283,621	37,462,330
Basic loss per share (in Euro)	(0.87)	(2.40)
Diluted loss per share (in Euro)	(0.87)	(2.40)

The weighted average number of shares over the course of the first half of 2020 is 39,283,621.

6.7. Intangible assets and goodwill

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

Intangible assets primarily include the acquisition of Estetra (EUR 30,686k), Novalon (EUR 39,257k) and the Donesta® asset deal (EUR 8,000k). Other intangible assets consist mainly of a portfolio of acquired product rights, market access fees and development costs. The rights were acquired from 1999 onwards from different pharmaceutical companies. The intangibles also include intellectual property rights for a new formulation of Tibolone for use in Tibelia®. No impairment was booked on those intangible assets.

The increase in intangible assets during 2020 (for EUR 4,442k) is explained by the capitalization of development costs related to the project "E4 synthesis" (for EUR 954k) and by the capitalization of development costs related to the Estelle® project (for EUR 3,444k) since the filing of the application for market authorization that occurred in H1 2020.

⁷ Patent Income Deduction

6.8. Property, plant and equipment and right of use assets

During the period, the Group recorded EUR 5,526k of additions to tangible fixed assets which were mainly related to machinery and equipment of the new production facility (Myring™ equipment) for the manufacturing of pharmaceuticals products (Mithra CDMO) and their related development costs for EUR 3,506k. The machines acquired for the CDMO facility are not yet available for use, and depreciation has accordingly not started as of 30 June 2020. In order to finance these machines, the Group entered into several leases as explained in Note 6.11 Financial liabilities.

6.9. Trade and other receivables

Trade and other receivables decreased by EUR 2,719k, which is mainly the result of the settlement of client invoices during the first semester and VAT proceeds.

6.10. Share capital

6.10.1. General

At 31 December 2019 and 30 June 2020, the Company's share capital was represented by the following number of shares (units):

	30 June 2020	31 December 2019
Number of shares (issued and fully paid)	42,554,297	39,133,245

These shares are fully paid and without nominal value. There are no share categories within the company; i.e. all shares have the same voting rights. There were no treasury shares at the end of June 2020.

There are some warrants to be exercised respectively as from 1st January 2019, as from 6th November 2020 and from 29th January 2021. The underlying shares are reserved for issuance.

6.10.2. Changes in capital

The change in the number of shares during the periods ending on 30 June 2020 is as follows:

Thousands of Euro (€)	Number of shares	Issued Capital	Share premium	Total
Balance at 31 December 2016	31,129,756	22,613	122,830	145,443
Balance at 31 December 2017	34,967,081	25,036	148,279	173,315
Balance at 31 December 2018	37,639,495	26,925	220,334	248,511
Balance at 31 December 2019	39,133,245	28,018	259,529	287,547
Incorporation in capital of private placement	3,421,052	2,504	62,495	65,000
Transaction costs for equity issue		(65)	(1,617)	(1,682)
Balance at 30 June 2020	42,554,297	30,458	320,407	350,865

The following capital transactions took place within Mithra between 1 January 2020 and 30 June 2020:

- On May 22, 2020, a capital commitment was made as part of the authorized capital for a maximum amount of EUR fifty million (50,000,000) (including the share premium) by the issue of a number of new shares at an issue price still to be determined at the time of the transaction. This capital increase is subject to the condition precedent of the effective completion of the new shares' subscription for the benefit of LDA Capital Limited, a company with which the Company entered into a capital commitment agreement on April 24, 2020. Under the terms of this agreement, LDA Capital agreed to commit an amount of up to EUR fifty million (50,000,000) (the "Capital Commitment") in cash within a maximum of three years in exchange for new ordinary shares in Mithra. This Capital Commitment will be released based on drawdowns by Mithra in the form of put options that Mithra has the right to exercise at its sole discretion. The number of the put options will be dependent upon certain parameters such as Mithra's trading volume during the previous 15-day period and the price per share during the forward-looking 30-day pricing period. The striking price of the put option is determined by the volume weighted average price (VWAP) of Mithra's shares during such 30-day pricing period. At the end of this operation, LDA Capital Limited may not hold an excess of 4.9% of the ordinary shares of Mithra
- On June 23, 2020, a capital increase took place through a private placement. The Company's share capital has been increased by an amount of 64,999,988.00 EUR, 2,504,552.17 EUR of which have been allocated to the capital and 62,495,435.83 EUR to the "share premium" account of the Company. This capital increase gave rise to the issue of 3,421,052 new fully paid-up shares with no nominal value. Following this transaction, the Company's capital amounted to EUR 31,153,882.82 represented by 42,554,297 shares without designation of nominal value and fully paid.

6.10.3. Other reserves

The group has elected to recognize changes in the fair value of certain investments in equity securities in Other Comprehensive Income, as explained in note 9.18 under Financial Instruments in the Annual Report. These changes are accumulated through Other Comprehensive Income and other reserves within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

As at June 30, 2020, the Other Reserves (EUR -3,220k) contains the cumulative translation differences from foreign subsidiaries (EUR-12k) changes in fair value of financial assets through Other Comprehensive Income (Mayne shares recognised in 2019) for EUR -3,208k.

6.10.4. Cash flow hedging reserves

The Group entered into derivative financial instruments to manage its exposure to foreign exchange rate risk arising from operational activities (cash flow hedges). The effective portion of changes in the fair value of derivative financial instruments qualifying as cash flow hedges are immediately deferred in equity. Amounts deferred in equity are subsequently released to the income statement in the periods in which the hedged item impacts the income statement.

As at June 30, 2020, the cash flow hedging reserves (EUR -4,430k) contains the cumulative changes in fair value of hedging instruments. Please refer to note 6.18 Financial Risk Management.

6.11. Financial Liabilities

An overview of the financial liabilities is shown below.

Thousands of Euro (€)	30 June 2020			31 December 2019		
	Total	Current	Non-Current	Total	Current	Non-Current
Subordinated loans	12,749	696	12,053	12,770	340	12,430
Other loans	13,093	6,428	6,665	12,812	6,186	6,626
- Bank loans	12,673	6,428	6,245	12,392	6,186	6,206
- Capital grants	420	-	420	420	-	420
Lease liabilities	51,768	5,676	46,092	52,474	6,746	45,728
Refundable government advances	14,342	1,433	12,909	13,877	791	13,086
<i>Sub-total liabilities arising from financing activities</i>	<i>91,952</i>	<i>14,233</i>	<i>77,718</i>	<i>91,933</i>	<i>14,063</i>	<i>77,870</i>
Other financial liabilities	112,293	5,466	106,827	106,490	6,624	99,866
Derivative financial liabilities	4 620	-	4 620	-	-	-
Total financial liabilities	208,865	19,699	189,165	198,413	20,677	177,736

During half year 2020, Mithra reimbursed a total amount of EUR 1,723k of its subordinated loans and others. Delays of capital and interest reimbursements have been obtained for a part of the subordinated loans due to Covid.

The increase in financial liabilities is mainly explained by Other financial liabilities. Please refer to the note 6.12 Financial instruments.

In H1 2020, we negotiated a EUR 50 million facility with LDA, a EUR 20 million bank loan and successfully raised EUR 65 million via private placement, together these financing instruments further support the development of our assets. The bank loan is committed for the next 18 months and is currently unutilised. For information purposes as an event post reporting period, the LDA facility is committed until April 2023 and is as of the date of this report available for EUR 47 million, which has an impact on equity rather than on the financial liabilities.

6.12. Financial instruments

6.12.1. Classes and fair value of financial instruments

Trade receivables, some contract assets, some other non-current assets, trade and some other payables, refundable government advances, borrowings and lease liabilities are financial assets or liabilities carried at amortized cost. The other financial instruments are carried at fair value.

6.12.2. Fair value hierarchy and measurements

Fair values are measured according to the following hierarchies:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Presentation of financial assets and liabilities

Financial assets and liabilities in 30 June 2020

Thousands of Euro (€)	Balance at 30 June 2020	Recognised fair value measurements	Fair value measurement hierarchy	Unrecognised fair value measurements
Financial assets				
Financial assets at fair value through profit and loss				
Other non-current assets – contingent consideration receivable	7,562	7,562	Level 3	-
Contract assets – Mayne shares receivable	20,284	20,284	Level 1	-
Current derivative hedges	64	64	Level 2	-
Financial assets at fair value through other comprehensive income				
Investments in equity securities	19,652	19,652	Level 1	-
Current derivative hedges	76	76	Level 2	-
Non-current derivatives hedges	114	114	Level 2	-
Financial assets at amortised cost				
Other non-current assets - others	5,823	-	-	5,823
Contract assets - others	33,024	-	-	33,024
Trade and other receivables	9,519	-	-	9,519
Other short term deposits	16	-	-	16
Cash and cash equivalents	62,576	-	-	62,576
Financial liabilities				
Liabilities at amortised cost				
Subordinated loans	12,749	-	-	12,749
Others loans	13,093	-	-	13,093
Refundable government advances	14,342	-	-	14,342
Trade payables, Accrued charges & other financial liabilities	16,607	-	-	16,607
Lease liabilities	51,768	-	-	51,768
Financial liabilities at fair value through other comprehensive income				
Non-current derivatives hedges	4,620	4,620	Level 2	-
Financial liabilities at fair value through profit and loss				
Other financial liabilities	112,293	112,293	Level 3	-

6.12.3. Unrecognized fair value measurements

Financial Assets:

Fair value of trade and other receivables, other short-term deposits and cash and cash equivalents does not materially differ from carrying amounts. Fair value would typically be measured as Level 2. The fact that their carrying value approximates their fair value is due to the short maturity of these assets. Ref. notes 9.16, 9.17 and 9.14 from Annual Report 2019 for the fair values of these financial assets, which do not differ from the book values.

Financial liabilities:

For a significant part of the loans, the fair values are not materially different to their carrying amounts, since the interest payable on those loans is close to current market rates because they are recent, or the loans have short maturities. For Lease liabilities the incremental borrowing rate has been determined at transition on 1 January 2019.

6.12.4 Recognized fair value measurements

a) *Financial Assets:*

There are four categories of financial assets: Contingent Consideration, Contract Assets, Investments in Equity Securities and Derivative hedges instruments.

<i>Thousands of Euro (€)</i>		
Assets recognized or disclosed at fair value	Fair value measurement hierarchy	Balance at 31 December 2020
Other non-current assets – contingent consideration	Level 3	7,562
Contract assets – Mayne shares receivable	Level 1	20,284
Current derivative hedges	Level 2	140
Investments in equity securities	Level 1	19,652
Non-current derivatives hedges	Level 2	114
Balance at 30 June 2020		47,752

Knowing that several earn out payments will be due to Mithra depending on the financial performance of the assets sold, the fair value of the contingent consideration receivable related to Ceres has been estimated based on a most likely amount where the Group expects to receive two milestones for a total of EUR 10 million by 2023. A discount rate is finally applied to the expected cash flows. The discount rate used was 11,9% and remain unchanged since 31 December 2019. The decrease of EUR -437k is due to the update and explained by the fact that a milestone reception has been postponed a year later.

For the roll forward of financial assets, please refer to the table below.

<i>Thousands of Euro (€)</i>	<i>Financial assets</i>
Balance at 1 January 2020	54,454
Fair value loss through income statement	(3,748)
Changes in the fair value of equity investments at fair value through other comprehensive loss	(3,208)
Current derivative hedges	140
Non-current derivatives hedges	114
Balance at 30 June 2020	47,752

Changes in Contract Assets and Equity Investments relating to Mayne shares are explained by decreases in Mayne's share price as well as the AUD / EUR conversion rate as of June 30, 2020.

b) *Financial liabilities:*

For the measurement of the fair value under IFRS and the roll forward of financial liabilities, please refer to the table below. We considered a level 2 or 3 under the fair value measurement hierarchy.

<i>Thousands of Euro (€)</i>	<i>Financial liabilities</i>
Balance at 1 January 2020	106,490
Fair value change through profit or loss of other financial liabilities	5,803
Fair value change through OCI	4,620
Balance at 30 June 2020	116,913

The following table presents the other financial liabilities that are measured at fair value at 30 June 2020 and 31 December 2019

<i>Thousands of Euro (€)</i>	<i>30 June 2020</i>	<i>31 December 2019</i>	<i>Fair value measurement hierarchy</i>
Non-Current Other financial liabilities	106,827	99,866	Level 3
Current Other financial liabilities	5,466	6,624	Level 3

The following table shows the disaggregation of the Level 3 financial liability instruments:

<i>Other financial liabilities</i>	
Estelle®	102,314
Zoreline®	6,550
Myring®	3,430
Balance at 30 June 2020	112,293

The fair value of the contingent payments has been determined using a probability weighting approach applied to discounted cash flows. When relevant, a risk-adjusted discounted cash flow model was used where all future cash flows are probabilized and then discounted using a specific updated WACC applicable to each product concerned.

H1 2020 assumptions for Estelle®:

<i>Contingent considerations relating to Estelle®</i>	<i>Total cash-out until 2028</i>	<i>Partial cash-out until 2028</i>	<i>Net Present Value</i>
Alternative 1	50%	50%	93,000
Alternative 2	60%	40%	102,314
Alternative 3	70%	30%	111,625

Alternative 1 and Alternative 3 are not used for the measurement of the liability but are to be used for disclosing sensitivity of the value to the probability factors used (a level 3 input).

The increase of fair value for the contingent consideration for Estelle® (EUR 102,314k in June 2020 compared to 97,392k in 2019) is mainly due to timing effect. The WACC used in H1 2020 is about 11,9% and was not changed since 31th December 2019.

H1 2020 assumptions for the others (Myring® and Zoreline®):

	<i>Amount fair valued</i>	<i>R&D</i>	<i>Commercial</i>	<i>WACC</i>
Zoreline®	6,550	80%	55%	14.70%
Others	3,430	90%	75%	12.80%
Total contingent considerations for others	9,980			

The increase in fair value for the contingent consideration for the other earn outs (EUR 9,980k in H1 2020 compared to EUR 9,098k in 2019) is the result of a change of the timing effect.

2019 assumptions for the others (Myring® and Zoreline®):

	<i>Amount fair valued</i>	<i>R&D</i>	<i>Commercial</i>	<i>WACC</i>
Zoreline®	6,115	80%	55%	14.70%
Others	2,983	90%	75%	12.80%
Total contingent considerations for others	9,098			

6.13. Share-based payments

Roll forward of the number of warrants:

<i>Number of warrants</i>	<i>30 June 2020</i>	<i>31 December 2019</i>
Outstanding as of 1st January	1,307,825	1,238,989
Granted	-	165,223
Forfeited	-	(96,357)
Exercised	-	(30)
Expired	-	-
As of 31 December	1,307,825	1,307,825

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

	<i>Plan 2015</i>	<i>Plan 2018 (Grant 1 - 70%)</i>	<i>Plan 2018 (Grant 1 - 30%)</i>	<i>Plan 2018 (Grant 2 - 100%)</i>	<i>Plan 2018 (Grant 3 - 100%)</i>
Number of warrants granted	1,089 * (1,650 shares)	866,837	371,502	97,695	67,528
Exercise price per warrant	EUR 5,646	EUR 24.05-24.09	EUR 24.05-24.09	EUR 24.09-25.72	EUR 25.5-27.5
Expected dividend yield	-	-	-	-	-
Expected stock price volatility	45.30%	37.50%	37.50%	37.50%	37.50%
Risk-free interest rate	0.53%	0.36%	0.36%	0.36%	0.36%
Expected duration	8 years	5 years	5 years	5 years	5 years
Fair value at grant date	EUR 2,789k	EUR 6,705k	EUR 2,918k	EUR 753k	EUR 586k
Discount related to market condition			14.37%		

During the period, a charge of EUR 2,554k has been recognized at the consolidated statement of income.

In July and September 2020, the Company summoned two Extraordinary General Meetings during which the issuance of two warrant plans were approved: (i) a warrant plan for the benefit of LDA Capital Ltd, under which a maximum of 690,000 warrants were to be issued pursuant to the transaction announced by the Company on April 24, 2020 and (ii) another warrants plan for the benefit of reference shareholders ("Share Lending Warrants") for a maximum of 300,000 warrants.

6.14. Revenue and other operating income

Revenue

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

<i>Thousands of Euro (€)</i>	<i>30 June 2020</i>	<i>30 June 2019</i>
Product Sales	1,920	2,430
Out-licensing	587	15,865
Other	-	1,268
Total Revenues	2,507	19,563

The decrease in revenues is due to the fact that we did not recognize any out-licensing revenues on the backlog of signed contracts, nor did we sign any contract for Donesta® which is in line with our business development strategy.

Note that Mithra launched the commercial production of Myring™ for Europe, which is reported under the line Product Sales or product type "Generics".

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- Detail the nature, amount, timing as requested by IFRS 15; and
- Enable users to understand the relationship with revenue segment information provided in note 6.3 Segment information.

Disaggregation of revenue at June 2020:

Thousands of Euro (€)	Product sales	Out-licensing	Others	30 June 2020
Primary Geographic Markets				
Europe	1,370	27	-	
Outside Europe	549	560	-	
Total	1,919	587	-	
Product type				
Generics	1,919	587	-	
E4 contraception	-	-	-	
E4 Menopause	-	-	-	
Others	-	-	-	
Total	1,919	587	-	
Timing of transfer of goods and services				
At a point in time	1,919	587	-	
Over time	-	-	-	
Total	1,919	587	-	

Disaggregation of revenue at June 2019:

Thousands of Euro (€)	Product sales	Out-licensing	Others	30 June 2019
Primary Geographic Markets				
Europe	1,003	15,100	1,268	
Outside Europe	1,427	765	-	
Total	2,430	15,865	1,268	
Product type				
Generics	2,430	-	-	
E4 contraception	-	15,865	-	
E4 Menopause	-	-	-	
Others	-	-	1,268	
Total	2,430	15,865	1,268	
Timing of transfer of goods and services				
At a point in time	2,430	15,865	114	
Over time	-	-	1,154	
Total	2,430	15,865	1,268	

Revenue from out-licensing contracts

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

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

An analysis has been conducted in order to determine whether the single performance obligation was satisfied as at 30 June 2020.

Contract assets

The tables below present the roll forward of the related contract assets:

<i>Thousands of Euro (€)</i>	
Balance at 1 January 2020	62,217
Fair value loss through income statement	(3,311)
Revenue billed in 2020 already recognized in previous years	(5,500)
Other	(98)
Balance at 30 June 2020	53,308

As at 30 June 2020, the balance takes into account unbilled revenue for EUR 53.3 million (EUR 62.2 million end of 2019), among which EUR 15 million related to Gedeon Richter (decrease of EUR 5 million invoiced compared to 2019), EUR 8.1 million related to Mayne Pharma for Myring™ and EUR 30 million for Estelle®.

Amount at fair value of the Mayne shares receivable part

Regarding the contract assets, the variability associated with the Mayne share price gives rise to an embedded derivative so that in accordance with IFRS 9, the receivable should be classified as fair value through profit or loss.

Roll forward of contract assets related to Mayne shares at fair value through income statement after shares re-evaluation at 30 June 2020:

<i>Thousands of Euro (€)</i>	<i>Contract assets</i>
Balance at 1 January 2020	23,595
Additions	-
Fair value change through income statement	(3,311)
Balance at 30 June 2020	20,284

Contract liabilities

The contract liabilities are the result of some amounts already invoiced to customers but not recognized in revenue as the related performance obligations were not yet satisfied as at 30 June 2020. The details are as follows:

- Down-payments related to R&D services still to be performed for EUR 350k. EUR 760k have been recognized in 2018 so that EUR 350k are still booked in contract liabilities.
- Milestones received in the context of the Zoreline license agreement (EUR 3.6 million), whose recognition is contingent upon obtaining regulatory approval in the different countries of the partner territory.

As at 30 June 2020, no significant financing component was identified on any of the existing customer contracts.

<i>Contract liabilities</i>	<i>Thousands of Euro (€)</i>
Balance at 1 January 2020	4,056
Change in an estimate of the transaction price	-
Reclassification to revenue	-
Balance at 30 June 2020	4,056

Other operating income

<i>Thousands of Euro (€)</i>	30 June 2020	30 June 2019
R&D Tax credit	723	517
Other revenues	1,596	1,761
Other operating income	2,319	2,278

In June 2020, "Other revenues" mainly refers to R&D tax credit (EUR 723k), refundable government advances recognition mechanism (EUR 489k), to exemption from the withholding tax on professional income (EUR 276k) and to reinvoicing of services to partners (EUR 619).

For explanation on the item "R&D tax credit", refer to note 9.2.25 of the annual report 2019 as we applied for an investment deduction mechanism for energy efficient investments and R&D investments which have no impact or reduce the impact on the environment.

6.15. Leases

The decrease in right-of-use assets is mainly explained by the depreciation of EUR 1,567k and by the subsidy of EUR 719k that offsets the acquisition value of the Phase 1 fixture and equipment of the new additions.

The decrease of lease liabilities is the result of capital reimbursements completed during H1 2020 regarding lease suppliers. Due to Covid, Mithra obtained payment extensions for the reimbursement of a part of the lease liabilities.

6.16. Commitments

Dohme NV (previously Organon NV) /Merck patent dispute

Since 2008, Mithra is involved in a legal proceeding against Organon NV (now Merck SHARP and DOHME BV). The proceeding concerns the alleged patent infringement caused by the commercialization by Mithra and its partner Doc Pharma BVBA (now Mylan) of a generic drug named Heria. Currently, Organon is claiming for provisional damages of EUR 2 770k including actual loss of profit as well as the reimbursement of cost for establishing the infringement attorney's fees and expert's expenses. A first instance judgement was rendered on 11 December 2015 that concluded in a partial infringement of Organon's patent. An expert was appointed by the Court to advise on the damages suffered by Organon and Merck because of the partial infringement. A final report of the judicial expert dated November 22, 2019 assessed that damage at EUR 551k. That amount is, however, questionable in the light of several objective factors. The case is pending at the appeal level and the hearing has not yet been fixed. Exchanges of procedural documents are in progress.

6.17. Events after reporting period

In July 2020, Mithra announced that it has entered into a license and supply agreement (LSA) with Zentiva for the commercialization of its hormonal contraceptive ring Myring™ in France, Poland and the United Kingdom. Under the terms of this 7-year agreement, Zentiva will distribute Myring™ in these three European countries, where the total contraceptive rings market represents nearly EUR 13 million per year in total. Mithra will receive an upfront payment and will be eligible to receive milestone payments and recurring revenues based on minimum annual quantities (MAQ). Moreover, Mithra will manufacture Myring™ at its Contract Development and Manufacturing Organization facility in Belgium. This agreement is worth over EUR 2 million for Mithra over the contract period.

In July 2020, Mithra also announced that it has entered into a license and supply agreement (LSA) with Megalabs for the commercialization of its hormonal contraceptive ring Myring™ in Mexico. Under the terms of this agreement, Megalabs will distribute Myring™ in Mexico, where the contraceptive rings market is worth EUR 2,8 million per year. Mithra will receive an upfront payment and will be eligible to receive milestone payments and recurring revenues based on minimum annual quantities (MAQ). Moreover, Mithra will manufacture Myring™ at its Contract Development and Manufacturing Organization facility in Belgium.

In July and in September 2020, the Company summoned two Extraordinary General Meetings during which the issuance of two warrant plans was approved: (i) a warrant plan of maximum 690.000 warrants for the benefit of LDA Capital Ltd, as part of the transaction announced on April 24th 2020 and (ii) another warrant plan of maximum 300.000 warrants for the benefit of reference shareholders ("Share Lending Warrants").

Still in July 2020, Mithra announced commercial launch of Tibelia® in Canada. Mithra's product is marketed by Biosyent Pharma Inc. (TSX Venture Exchange RX) in Canada under the trademark name Tibelia®. The Canadian menopausal health market is currently valued at approximately CAD \$200 million (EUR 132 million) per year, with further growth potential as new products are introduced, offering a promising opportunity for Tibelia®. The agreement with BioSyent Pharma Inc. will generate additional revenues for Mithra through sales related milestone payments.

In August 2020, European authorities have approved the extension in the shelf life of the vaginal contraceptive ring Myring™ from 24 to 36 months, allowing distributors to optimize their supply chain management. In November 2019, Mithra already announced the first approval of advantageous modifications to Myring™ labelling, extending the shelf life from 18 to 24 months, and eliminating the requirement for special storage conditions. Previously, Myring™ needed to be refrigerated before dispensing to the patient, at a temperature between 2 °C and 8 °C, like the originator product. This additional extension of the shelf life from 24 to 36 months further reduces the impact on transport and storage costs.

In August 2020, Mithra announced the commercial launch of its vaginal contraceptive ring Myring™ in the Netherlands. Mithra's vaginal contraceptive ring will be distributed in the Netherlands by Novalon SA. With 315,000 vaginal rings sold per year, the Dutch contraceptive rings market is worth approximately EUR 2.75 million.

On the 5th of August, Mithra completed a capital increase, following the issuance of 159,800 new shares for a total amount of EUR 3,104,869 following the First Put Option Notice issued on May 29 2020 in the framework of the formal completion of Mithra's capital increase approved by the Board on May 22, 2020 according to the terms of the LDA Capital commitment agreement.

There has been no other subsequent event which occurred between the end of the six-month period ended on June 30, 2020 and the date of approval of these interim financial statements by the Board of Directors.

6.18. Financial Risk Management

In the first quarter of 2020, the Group has hedged with Foreign Currency Forward Contracts the USD exposure related to the backlog of license milestones to be collected in the coming years under the US License and Supply contract signed with Mayne Pharma (227.960k USD of regulatory and sales related).

The hedging contracts have been designated as Cash Flow hedges under IFRS 9 and are effective as of June 30th 2020.

The maturity table for the foreign currency hedges (forward sale of USD against EUR) is the following:

Time to maturity	Hedged Amounts (kUSD)	Average Hedge Rate
< 1 year	29 500	1.119
1-2 years	38 460	1.135
2-5 years	160 000	1.22
	227 960	1.191

Since June 30th, EURO has strengthened significantly towards USD, with the foreign currency spot rate increasing from 1,12 to 1,19. This has caused the market value of FX derivative hedges to increase from EUR -4 366k to EUR +7 154k as at 31st of August 2020. The impact at year end will of course depend of the EUR/USD spot rate at 31st December 2020.

6.19. Alternative performance measures

Mithra decided to use some alternative performance measures (APMs) that are not defined in IFRS but that provide helpful additional information to better assess how the business has performed over the period. Mithra decided to use REBITDA⁸ and EBITDA in order to provide information on recurring items, but those measures should not be viewed in isolation or as an alternative to the measures presented in accordance with IFRS.

REBITDA is an alternative performance measure calculated by excluding the non-recurring items and the depreciation & amortization from EBIT (operating loss) from the consolidated statement of income prepared in accordance with IFRS. The Group considers one-off items, share-based payments as non-recurring items.

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

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

Thousands of Euro (€)	30 June 2020	30 June 2019
Operational profit	32,840	(9,341)
Depreciation	2,820	2,460
Share-based payments	2,554	2,594
REBITDA	(27,465)	(4,287)
Share-based payments	(2,554)	(2,594)
EBITDA	(30,019)	(6,881)

⁸ Recurring earnings before interest, taxes, depreciation and amortization

III.

Statement of the responsible persons

III. Statement of the responsible persons

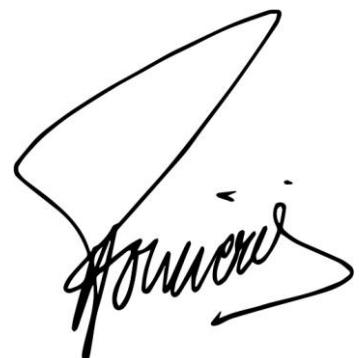
The board of directors of Mithra, represented by all its members, declares that, to its knowledge:

- The condensed financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, the financial position and the results of Mithra and of its consolidated entities; and
- The interim management report contains a fair description of the important events and main transactions between related parties which occurred during the first 6 months of the financial period and on their incidence on the condensed financial statements, as well as a description of the main risks and uncertainties for the remaining months of the financial period.

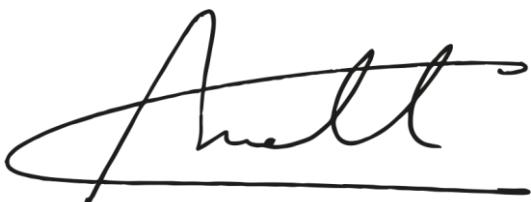
On behalf of the Board of Directors



ALYCHLO NV, represented by
Marc Coucke, Chairman



YIMA SRL, represented by
François Fornieri, Managing Director



CMM&C SPRL, represented by
Christophe Maréchal, CFO

IV.

Statutory auditor's report to the
Board of Directors on the review of
consolidated interim financial
information

IV. Statutory auditor's report

Statutory auditor's report to the Board of Directors of MITHRA PHARMACEUTICALS SA on the review of consolidated interim financial information for the six-month period ended 30 June 2020

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of *MITHRA PHARMACEUTICALS SA* as of 30 June 2020 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, as well as the explanatory notes. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Battice, September 23, 2020



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

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