

S.A. MITHRA PHARMACEUTICALS

**Statutory auditor's report
to the general meeting
on the annual accounts
for the year ended December 31, 2018**

Statutory auditor's report to the general meeting of MITHRA PHARMACEUTICALS S.A. on the annual accounts for the year ended December 31, 2018

In the context of the statutory audit of the annual accounts of MITHRA PHARMACEUTICALS S.A. (the Company), we hereby present our statutory auditor's report. It includes our report on the audit of the annual accounts as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of May 17, 2018, following the proposal formulated by the board of directors and issued upon recommendation of the audit committee. Our statutory auditor's mandate expires on the date of the general meeting deliberating on the annual accounts closed on December 31, 2020. We performed the statutory audit of the annual accounts of the Company for fourteen consecutive years.

Report on the audit of the annual accounts

Unqualified opinion

We have audited the annual accounts of the Company, which comprise the balance sheet as at December 31, 2018, the profit and loss account for the year then ended and notes to the annual accounts, characterised by a balance sheet total of 260.039.097 EUR and a profit and loss account showing a loss for the year of 14.384.208 EUR.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at December 31, 2018, as well as of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as applicable in Belgium. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the annual accounts' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current year. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries

Description of the matter

The Company has a significant amount of investments in subsidiaries and therefore needs to assess whether the value of such investments is not impaired.

We consider this area a key audit matter requiring high auditors' attention because of the potential significant impact on the financial statements and the fact that the impairment test contains key judgmental areas that are strongly affected by assumptions.

Procedures performed

Our audit procedures included, among others, the following:

- We have analysed and reviewed the Company's valuation of the investments in conjunction with the model used to test the intangible assets owned by the subsidiaries for impairment, including the significant underlying assumptions and checked whether an adequate valuation model was applied;
- We analyzed the consistency of the underlying data used in the valuation model and compared these with the latest Board approved business plan;
- We consulted a valuation expert in our firm to assess the valuation model and the applied discount rate;
- We considered all available information provided to us by the Company to assess potential additional factors that could trigger impairment.

Responsibilities of the board of directors for the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, 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.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the annual accounts of the current year, and are therefore the key audit matters. We describe these matters in our statutory auditor's report unless law or regulation precludes public disclosure about the matter.

Statutory auditor's report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the management report and the other information included in the annual report, the documents to be deposited in accordance with the legal and regulatory requirements, as well as for compliance with the legal and regulatory requirements regarding bookkeeping, with the Company Code and with the Company's by-laws.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (Revised in 2018) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report, the other information included in the annual report, certain documents to be deposited in accordance with the legal and regulatory requirements and compliance with certain provisions of the Company Code and of the Company's by-laws, as well as to report on these elements.

Aspects related to the management report

In our opinion, after having performed specific procedures in relation to the management report, the management report is consistent with the annual accounts for the same financial year, and it is prepared in accordance with articles 95 and 96 of the Company Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report contains any material misstatements, i.e. any information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

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

Statement related to the social balance sheet

The social balance sheet, to be deposited at the National Bank of Belgium in accordance with article 100, § 1, 6°/2 of the Company Code, includes, both in terms of form and content, the information required by the said Code, and does not present any material inconsistencies with the information that we have at our disposition during the performance of our mandate.

Statement related to independence

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

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the Company's by-laws.
- There are no transactions undertaken or decisions taken in breach of the by-laws or of the Company Code that we have to report to you.
- This report is in compliance with the contents of our additional report to the Audit Committee as referred to in article 11 of Regulation (EU) No 537/2014.
- As mentioned in the management report, certain members of the Board have declared a conflicting financial interest in the context of one Board meeting that occurred in 2018:

- On July 5, 2018, Mr. François Fornieri, acting for himself and as permanent representative of YIMA SPRL, reported a conflict of interest regarding the review of the remuneration of the management team. Mr. François Fornieri and YIMA SPRL are members of the management team and members of the Board. The financial consequences of this decision are the allocation of a supplementary monthly remuneration to YIMA SPRL for an amount of 15,000 EUR (excl. VAT);
- On July 5, 2018, Mrs Freya Loncin as permanent representative of AUBISQUE BVBA, member of the Board of Directors of the companies MITHRA PHARMACEUTICALS SA and CERES PHARMA SA, and Mr. Marc Coucke, as shareholder of the companies MITHRA PHARMACEUTICALS SA and CERES PHARMA SA, representing ALYCHLO NV, member of the Board of Directors of MITHRA PHARMACEUTICALS SA, declared a conflict of interests in the context of the negotiation regarding the sale of generic products (MyRing, Heria, Daphne) as well as a non-exclusive licence for the commercialization of Estelle on the Belux territory to the company CERES PHARMA NV. The financial consequence of this decision relates to the sales price paid to MITHRA PHARMACEUTICALS (20 millions EUR paid immediately) and to a potential earn-out of 20 millions EUR depending on the realization of objectives;
- On July 5, 2018, Mr. François Fornieri, as permanent representative of YIMA SPRL, Mr. Marc Coucke, as permanent representative of ALYCHLO NV, and Mr. Jean-Michel FOIDART, as permanent representative of EVA CONSULTING SPRL, declared a conflict of interests in the context of the decision to take regarding the granting of a new warrant plan ("Plan Warrant 2018") to some staff members of the company as well as to some members of the management team. The companies YIMA SPRL, ALYCHLO NV and EVA CONSULTING SPRL are members of the Board of Directors and potential beneficiary of the new warrant plan. The financial consequences of this decision are the allocation of warrants to the company YIMA SPRL, represented by Mr. François Fornieri, for the equivalent of 2 % of the company shares actually in the market, and to the company ALYCHLO NV, represented by Mr. Marc Coucke, for the equivalent of 0,1 % of the company shares actually in the market.

Battice, April 6, 2019



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