ASIT biotech

ANNUAL REPORT
2019

Leading an evolution in allergy therapeutics by creating a new generation of highly effective and efficient immunotherapy options

CONTENTS

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

OTHER

GENERAL

Letter from the CEO

Dear Shareholders,

With your support, we have started the year 2019 with a new team, with new ambitions, and with the perspective of a fundraising tour in order to fully complete our main objective of the year: the completion of gp-ASIT+™ Phase III clinical trial on due time.

It is unusual for a biotech to perform a Phase III trial. It is complex (more than 70 sites in our case), it is expensive, it requests an experimented clinical team, and it absorbs completely the ressources of an organization like ours. So, the new team had decided to put everything in place in order to secure the initiation of the Phase III before the pollen season, to establish good management of the trial during the season, to collect all the data for further consolidation, and to deliver the outcome before year end. Yes, our ambition has been limited to gp-ASIT+™ during this year, so we have put on hold the other preclinical development to secure our ambition.

A year ago, on that same Letter of the CEO of the 2018 Annual Report, I was referring to 4 major objectives for 2019:

- deliver results from the gp-ASIT+™ Phase III clinical trial, on time;
- prepare for market access in key countries for gp-ASIT+™;
- provide potential partners with solid data for co-development of hdm-ASIT+™ and pnt-ASIT+™; and
- establish a robust manufacturing engine for the commercialization of our products.

Our team has successfully reached each of those objectives:

- we have conducted and finished the Phase III clinical trial on November 25, 2019;
- we had in place solid partners for sales and marketing of the product in key European countries;
- we had partners aligned for co-development of a respiratory and food allergy pipeline;
- we have obtained GMP certification of the manufacturing process within 8 months after a successfull technology transfer.

In addition, most of you have been very supporting by contributing to our convertible note fundraising in July 2019 in order to secure full financement for finishing the Phase III clinical trial. I want to thank you here again for the trust and for the confidence you have re-expressed to the team.

But we have missed one key piece of our project: the positive outcome of the gp-ASIT+™ Phase III. The product candidate has demonstrated some efficacy, nevertheless the results of the Phase III clinical trial did not reach the primary endpoint as requested by the Regulatory Authorities.

We all have been very disappointed: the team, the experts, the sites, the patients, and of course you, all our shareholders.

As a consequence, the Board of the company has asked me to significantly reduce the organization and to work on the valorization of the company assets. Intellectual property (ie patents) and formulations under preclinical development (such as peanut-ASIT formulations) are proposed to potential partners in order to "rebond" on the unexpected end of the year 2019.

The 2020 year will be about the possible reconstruction of an allergy new biotech with partners bringing complementary technology platforms.

We are working on it and will certainly share with you the future marks of interest.

We are convinced that the assets of the Company represent a good base for new ambitions in the allergy field, which from a patient perspective is still expecting new treatments.

We will evaluate new potential avenues for continuing the ASIT allergy mission.

We will keep you informed about our potential new journey.

Michel Baijot

Chief Executive Officer

General information

Annual Report Overview

The Company has prepared its 2019 Annual Report in English and has not prepared a French translation of this Annual Report.

Availability of the Annual Report

To obtain a copy of the 2019 Annual Report free of charge, please contact:

ASIT biotech SA

Frank Hazevoets

7 Rue des Chasseurs Ardennais

4031 Liège

T +32 2 264 03 90

F +32 2 264 03 99

investors@asitbiotech.com

This Annual Report is also available from ASIT biotech's website at www.asitbiotech.com.

Forward Looking Statements

This Annual Report contains forward-looking statements and estimates made by the Company with respect to the anticipated future performance of ASIT biotech and the market in which it operates. Certain of these statements, forecasts and estimates can be recognized by the use of words such as, without limitation, "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will", "predicts", "projects" and "continue" and similar expressions. They include all matters that are not historical facts. Such statements, forecasts and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Actual events are difficult to predict and may depend upon factors that are beyond the Company's control. Therefore, actual results, the financial condition, performance or achievements of ASIT biotech, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements, forecasts and estimates. Factors that might cause such a difference include, but are not limited to, those discussed in the section "Risk Factors". Furthermore, forward-looking statements, forecasts and estimates only speak as of the date of the publication of this Annual Report. ASIT biotech SA disclaims any obligation to update any such forward-looking statement, forecast or estimates to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement, forecast or estimate is based, except to the extent required by Belgian law.

All statements are made, and all information is provided, as of the date of this Annual Report, except when explicitly mentioned otherwise.

Market and Industry Information

Information relating to markets and other industry data pertaining to the Company's business included in this Annual Report has been obtained from internal surveys, scientific publications, section association studies and government statistics. The Company accepts responsibility for having correctly reproduced information obtained from publications or public sources, and, in so far as the Company is aware and has been able to ascertain from information published by those industry publications or public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified information obtained from industry and public sources. Certain other information in this Annual Report regarding the industry reflects the Company's best estimates based on information obtained from industry and public sources. Information from Company's internal estimates and surveys has not been verified by any independent sources.

Company Information

The Company has the legal form of a company with limited liability (société anonyme/naamloze vennootschap), organised under the laws of Belgium. The Company was incorporated on May 23, 1997 for an indefinite duration. Pursuant to the provisions of the Belgian Code for Companies and Associations, the liability of the shareholders of the Company is in principle limited to the amount of their respective committed contribution to the capital of the Company. The Company is registered with the Crossroads Bank for Enterprises under number 460.798.795 (RLP: Liège).

The Company's registered office is located at Rue des Chasseurs Ardennais 7, 4031 Liège, Belgium and its telephone number is + 32 2 264 03 90. The Company's legal and commercial name was Biotech Tools until 5 August 2015. Since that date the legal and commercial name of the Company is ASIT biotech. The Company is not part of a group of companies and does not own a stake in a subsidiary. The Company incorporated the subsidiary Biotech Tools Factory SA in 2009 but this subsidiary was liquidated on June 26, 2015.

The Company has filed its deed of incorporation and must file its restated Articles of Association and all other deeds and resolutions that are to be published in the Belgian Official Gazette (Moniteur belge) with the clerk's office of the commercial court of Liège (Belgium), where such documents are available to the public. The Company is registered with the register of legal entities of Liège under company number 0460.798.795. A copy of the most recent restated Articles of Association, the reports of the board of directors and the minutes of the shareholders' meeting are also available on the Company's website (www.asitbiotech.com).

The Company prepares annual audited and EU - IFRS financial statements. All financial statements, together with the reports of the board of directors and the statutory auditors are filed with the National Bank of Belgium, where they are available to the public. Furthermore, as a company with shares listed and admitted to trading on Euronext Brussels and Paris, the Company published an annual financial report (including its financial statements and the reports of the board of directors and the statutory auditors) and an annual announcement prior to the publication of the annual financial report, as well as a half-yearly financial report on the first six months of its financial year. Copies of these documents are available on the Company's website (www.asitbiotech.com) and STORI, the Belgian central storage platform which is operated by the FSMA and can be accessed via its website (www.fsma.be).

The Company must also disclose price sensitive information and certain other information relating to the public. In accordance with the Belgian Royal Decree of November 14, 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, such information and

documentation has been made or will be made available through the Company's website, press release and communication channels of Euronext Brussels.

Articles of Association

Certain content in this Annual Report is derived from the Articles of Association, which were last amended on December 5, 2019. The content provided herein is only a summary and does not intend to provide a complete overview of the Articles of Association or the relevant provisions of Belgian law. Neither should it be considered as legal advice regarding these matters.

Corporate Purpose

The corporate purpose of the Company is set forth in Article 3 of its Articles of Association. The corporate purpose reads (in translation from the French original text) as follows:

"The purpose of the Company is, as well in Belgium as abroad, as well in its own name and for its own accounts as in the name or for the account of third parties:

- to develop new medical technologies, including research and development of products and process in the pharmaceutical and biotechnology fields, including immunotherapy, allergy and autoimmune diseases;
- the production and manufacturing of the results obtained by the researches and development activities;
- the marketing of products and process in the above mentioned fields;
- the development, sale, exploitation, use of results, marketing, license grant, licensing and management of all intellectual rights directly or indirectly related to the activities of the Company;
- training, information, publication, communication and edition on any supports relating to the above mentioned activities.

The Company can perform all so-called financial, movable and immovable transactions that, directly or indirectly, relate to the Company's corporate purpose or which may benefit this corporate purpose.

The Company can participate directly or indirectly in any business, company, association or institutions with a similar or related purpose, or which may benefit this corporate purpose or the development of its operations.

The Company can grant guarantees to any related company or event to third parties."

Statutory auditors

The Company has a college of statutory auditors composed of two auditors:

- **Mazars-Réviseurs d'Entreprises SCRL**, a civil company, having the form of a cooperative company (société cooperative / coöperatieve vennootschap) organized and existing under the laws of Belgium, with registered office at 77/4 avenue Marcel Thiry, 1200 Brussels, registered with the Crossroads Bank for Enterprises under number 428.837.889 and registered with the Institute of Statutory Auditors (Institut des Réviseurs d'Entreprises / Instituut van de Bedrijfsrevisoren) under number B00021, represented by Xavier Doyen, was appointed on June 14, 2018 for a term of 3 years, ending immediately

after the closing of the shareholder's meeting to be held in 2021, that will have deliberated and resolved on the financial statements for the financial year ended on December 31, 2020; and

- **RSM Réviseurs d'Entreprises SCRL**, a civil company, having the form of a cooperative company (société cooperative / coöperatieve vennootschap) organized and existing under the laws of Belgium, with registered office at 1151 chaussée de Waterloo, 1180 Brussels, registered with the Crossroads Bank for Enterprises under number 429.471.656 and registered with the Institute of Statutory Auditors (Institut des Réviseurs d'Entreprises / Instituut van de Bedrijfsrevisoren) under number B00033, represented by Luis Laperal, was appointed on June 13, 2019 for a term of 3 years, ending immediately after the closing of the shareholder's meeting to be held in 2022, that will have deliberated and resolved on the financial statements for the financial year ended on December 31, 2021.

STRATEGY AND BUSINESS REVIEW

Strategy and pipeline

ASIT biotech is a biopharmaceutical company whose mission is to lead an evolution in allergy therapeutics by creating a new generation of highly effective and efficient immunotherapy treatments for environmental and food allergies. Leveraging our proprietary ASIT+ platform, we intend to deliver a pipeline of best-in-class short course therapies that overcome the risks and limitations of current allergy immunotherapy treatments. Our breakthrough product candidates are intended to deliver recognizable improvement in the quality of life for patients, within weeks rather than months or years following treatment initiation.

Our first product candidate gp-ASIT+™ was developed for the treatment of allergic rhinitis due to grass pollen, an environmental allergy with the highest prevalence. It consists of a mixture of natural allergen fragments (peptides) obtained from a purified specific proteinic extract from Lolium perenne pollen. gp-ASIT+™ went through the full pre-clinical and clinical development process, including two phase III studies to demonstrate its safety and efficacy. About 1,000 patients were treated without major safety issues. The product candidate demonstrated also some efficacy, nevertheless the results of two Phase III studies did not reach the primary endpoint as required by the Regulatory Authorities (see further in this section under Environmental or respiratory allergies – gp-ASIT+™ titled "gp-ASIT+™" for more details).

We will now investigate the opportunity to partner our technology with (an)other player(s) in the field and to improve efficacy further by including in the formulation a carrier and/or an adjuvant in addition to the mixture of natural allergen fragments (peptides). The aim is to demonstrate a first the proof of concept in the food allergy field and more specifically in the highly attractive market of peanuts allergy.

The following table highlights the status of our development programs at the start of 2020:

Product	Pre-Clinical	Phase I	Phase II	Phase III	Comment
ENVIRONMENTAL/RESPIRATORY ALLERGIES					
gp-ASIT+™					Results of the Phase III study did not meet the primary endpoint
FOOD ALLERGIES					
pnt-ASIT+™					Subject to partnering, the pre-clinical package will be finalized

Allergy

Allergy is one of the most important diseases in the world and represents a major public health problem in terms of quality of life, days of work or school missed, total healthcare cost, and even mortality[1]. Allergy is the immune system's excessive sensitivity and over-response to an otherwise harmless foreign substance. That substance, which is called an allergen, is usually a protein that could be from plant pollen, a house dust

[1] World Allergy Organization, White Book on Allergy, Update 2013

mite or other insect, animal danders, or even a variety of foods, like peanuts, shellfish, eggs, and even milk. It can also be another chemical, such as an ingredient used in soaps and detergents.

The physiological mechanism for responding to each allergen is similar. For a variety of reasons, an initial exposure to an allergen (e.g., grass pollen) induces the production of specific IgE antibodies. These antibodies bind to mast cells (immune cells involved in the response to allergens) in preparation for subsequent rapid response. Each time the affected person has exposure to the same allergen (or even some other cross-reactive allergens), the mast cells are activated and release pro-inflammatory molecules like histamine, resulting in the common symptoms of an allergic reaction. This immediate reaction is followed by a cascade of additional reactions, involving various types of cells and chemical substances, which are responsible for a variety of harmful symptoms.

Depending on the allergen, those symptoms can be restricted to specific organs or they can be systemic, resulting ultimately in a syndrome called anaphylactic shock. For example, respiratory allergens, such as grass pollen, may commonly cause or exacerbate conditions like allergic rhinitis or asthma, manifesting via respiratory symptoms affecting the nose, eyes, throat, and lungs. Other environmental allergens will cause contact dermatitis, and inflammatory response affecting the skin. In contrast, some food (e.g., peanut) or insect (e.g., bee) related allergens may exhibit a range of symptoms affecting only a limited set of organs (e.g., throat, skin or digestive tract) or the total body (i.e., anaphylactic shock).

Current allergy treatments

Currently, there are three main treatment options for allergy:

- **Allergen avoidance** represents the first stage of treatment. However, in most cases, avoidance of the relevant allergen is impractical. In the context of food allergies, the only way to prevent an allergic reaction is to avoid the food, which in some cases is very difficult to achieve, especially for children.
- **Symptomatic drugs** are prescribed as first line therapy for environmental allergies; for food allergies, there are no approved symptomatic treatments. Treatment for allergic rhinitis mainly consists of antihistamines and intranasal corticosteroids, which are primarily generic or over-the-counter (OTC)[2]. However, the value of symptomatic drugs is limited because:
    1. they only provide temporary relief of symptoms, and do not address the underlying cause of the disease nor prevent the progression from rhinitis to asthma;
    2. they need to be used daily throughout the exposure period, and due to limited compliance, patients may suffer from acute exacerbations that impact productivity and quality of life; and
    3. they may cause side effects such as drowsiness.

  Global sales of symptomatic drugs for allergic rhinitis were estimated at about $12.2 billion in 2017, and expected to increase to about $14.3 billion by 2022, a CAGR of about 3.3%[3].
- **Allergy immunotherapy (*AIT*)** is the only treatment that seeks to restore the normal functioning of the immune system, switching the immune response against allergens from 'abnormal' to 'normal'. AIT requires administration of multiple doses of allergen, to build tolerance of the immune system and to reduce the severity of allergy symptoms over time. AIT is well established, and its indications,

[2] ARIA Guidelines, Management of Allergic Rhinitis and its Impact on Asthma, 2007
[3] Visiongain, Global Allergic Rhinitis Drugs Market 2018-2028, August 2018

contraindications, limits and practical aspects are well defined in numerous guidelines. AIT products are currently available in two forms:

1. **subcutaneous immunotherapy (*SCIT*)** is injected under the skin during a lengthy and inconvenient administration schedule that typically requires weekly or bi-weekly injections for 4 to 6 months followed by monthly injections for up to 5 years; or
2. **sublingual immunotherapy (*SLIT*)** is administered under the tongue every day, for a period of anywhere from 6 months (preseasonally for up to 3 years; for seasonal allergies) up to 3 years (continuously; for perennial allergies).

Current AIT utilizes crude and inconsistent whole allergen extracts from a variety of natural and recombinant sources. Their composition can vary significantly, and these extracts incorporate both the requisite allergens as well as an assortment of proteins, glycoproteins, carbohydrates and other substances that serve no purpose in the final product. Unfortunately, administration of these whole extracts carries the risk of systemic allergic reactions, which - in extreme cases - could lead to anaphylaxis and even death.

Consequently, as is the case with SCIT, AIT must be initiated in two phases: a careful dose escalation phase and a maintenance phase. The initial doses must be low, and the dose is progressively increased up to an efficacious maintenance dose. The maintenance dose is usually achieved after 18 to 27 weeks, at which point the maintenance dose must be administered every 4-6 weeks, with a maximum benefit after 2 to 5 years of treatment. This cumbersome and expensive treatment regimen is the reason why only 50% of patients accept AIT[4], and the reason that less than 25% of those starting a regimen complete the prescribed 3 years of treatment[5].

Worldwide, there are more than 4 million patients being treated with AIT, although the opportunity is much higher for a more convenient treatment regimen. About 3 million patients are treated in the US (of which, more than 95% is SCIT), and more than 1.3 million patients in Europe (which is equally split between SCIT and SLIT). Global sales of AIT are estimated at about €1 billion[6], and are expected to increase by about 10% per year.

ASIT platform

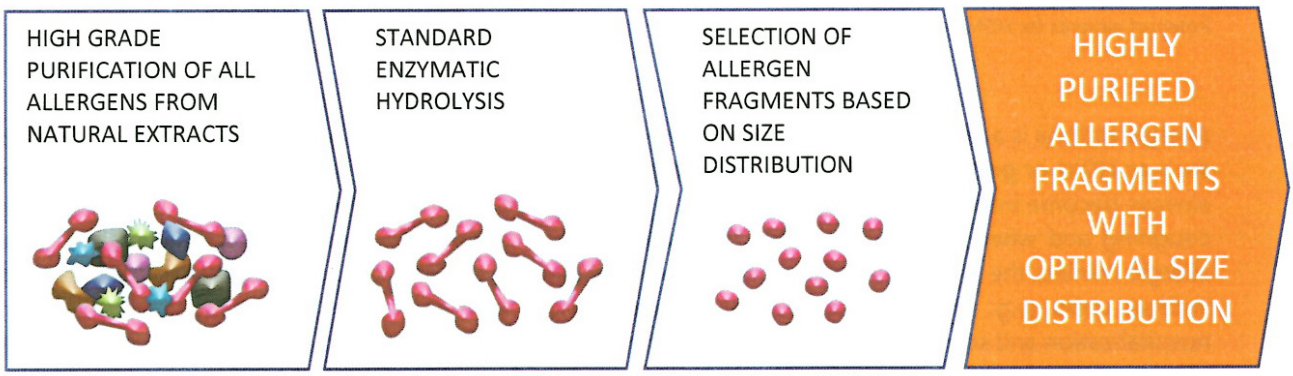
The ASIT+ allergy immunotherapy platform offers a validated and scalable manufacturing process and provides substantial competitive advantages over existing treatments:

- **delivery of a unique mixture of highly purified peptides** from different selected sizes, produced from natural sources of allergens
- **fast induction of blocking antibodies** while limiting the allergic reaction, resulting in an improved safety profile, a short course of treatment and improved patient improved acceptance, compliance and efficacy

[4] ALK-Abelló, Investor Relations Presentation, December 6, 2014
[5] Menno A. et al, J. Allergy Clin. Immunol. August 2013
[6] Stallergènes, Annual Report 2015

- production, characterization and quality control of active ingredients, providing **consistent & controllable product** at low cost of goods sold (COGS)

In contrast to current AIT options, the ASIT+ platform leverages a proprietary extraction of soluble components from natural sources of allergens and a standardized enzymatic hydrolysis in order to deliver a unique mixture of highly purified peptides (shown in the figure below). This process is applicable to all protein-based allergens.



To enhance efficacy, the Company will explore formulations including a specific carrier and/or an adjuvant in addition to the mixture of peptides.

Environmental or respiratory allergies – gp-ASIT+™

Allergic rhinitis is a common inflammatory condition caused by an allergic reaction to an inhaled allergen. While it primarily affects the upper airways, it can also affect the nose (i.e., runny nose, sneezing), and in some case, the eyes (i.e., conjunctivitis). It can be caused by exposure to seasonal allergens (e.g., grass or ragweed pollen) or perennial allergens (e.g., house dust mites). In the US and Europe, close to 1/4th of the population suffers from allergic rhinitis[7,8]. In both geographies, grass pollen is the most prevalent allergen, accounting for about 60% of patients[7,9]. Other important allergens include house dust mite (HDM; 52% in EU and 45% in US) tree pollen (40% in EU and 23% in US), ragweed (34% in EU and 49% in US), and animal dander (31% in EU). About 1 in 3 patients is sensitized to at least one indoor and one outdoor allergen.

Allergic rhinitis has a significant socio-economic impact to the patient, the patient's family and society. It affects multiple parameters, including quality of life, physical, psychological and social functioning, and has important financial consequences[1]. For example, in the US, annual out-of-pocket patient costs of $1,000 or more are not uncommon. Also, on any given day, about 10,000 children are absent from school in the US because of allergies[1].

An overview of the allergic rhinitis market can be found in the table below :

[7] Bauchau et al., Eur. Respir. J. 2004; 24: 758-64
[8] Nathan et al., Allergy Asthma Proc. 2008; 29: 600-8
[9] ALK-Abelló, Investors' Briefing, December 6 2012

Market			France, Italy, Spain
Patients with allergic rhinitis	11 million	42 million	23 million
Poorly controlled patients	2.8 million	7.2 million	3.2 million
Potential patients for grass pollen	1.4 million	3.6 million	1.6 million
Potential patients for HDM	1.4 million	3.6 million	1.6 million

Allergic asthma is a form of asthma caused by the exposure of the bronchial mucosa to an inhaled allergen, such as HDM or grass pollen. Asthma can be a potentially life-threatening illness in which the respiratory airways become inflamed and swollen, limiting airflow and resulting in shortness of breath, chest pressure, coughing and wheezing. An estimated 300 million people around the world suffer from asthma[1]. Like allergic rhinitis, the monetary costs of asthma are substantial and include both direct medical costs and indirect costs (e.g., absenteeism, decreased productivity). Asthma is the leading cause of children's' hospitalization and school absenteeism. Despite high diagnosis rates and effective management of episodic attacks, there is still a large unmet medical need for disease-modifying therapies that can reduce inflammation and prevent the irreversible airway remodeling.

About 90% of children with asthma have allergies, and about 50% of adults with asthma have allergies. Not surprisingly, AIT to certain allergens has been demonstrated to prevent the onset of allergic asthma. As a result of compelling data, in 2015, the European Medicines Agency (EMA) approved a SLIT by ALK-Abelló for the treatment of allergic asthma caused by HDM.

gp-ASIT+™

Our lead product, **gp-ASIT+™** consists of a mixture of natural allergen fragments (peptides) obtained from a purified specific protein extract from *Lolium perenne* (perennial ryegrass) pollen. The product has been optimized to omit larger peptide fragments, which might inadvertently bridge IgE and initiate an unwanted allergic reaction, while maintaining smaller peptides that are capable of activating the immune system to induce development of protective immunoglobulins specific to grass pollen (IgG4). Due to this specificity, gp-ASIT+™ can be administered via a very short treatment schedule, consisting of 4 treatment visits with 2 subcutaneous injections per visit, over a 3 week period, prior to allergen exposure. This results in rapid onset of action, improved acceptance and compliance, potentially leading to more patients being treated by immunotherapy than seen today with long-course treatments.

Gp-ASIT+™ has followed the full pre-clinical and clinical development path with 2 Phase III trials (BTT-gpASIT009 and ABT-gpASIT011). The product candidate was well tolerated and there were no major safety issues. The product candidate showed a certain degree of efficacy. Nevertheless, the primary endpoint defined by the regulatory authorities has not been reached.

In 2017, we reported the results of BTT-gpASIT009 (SS4 patients), a first Phase III double-blind, placebo-controlled clinical trial conducted across S7 sites in Belgium, Czech Republic, France, Germany, Italy and Spain. The primary objective of the study was to demonstrate the clinical efficacy of gp-ASIT+™ in real conditions on a large group of patients, when administered prior to a grass pollen season. The primary endpoint was the reduction of the Combined Symptom and Medication Score (*CSMS*)[10] - over the peak of

[10] Sum of the Rhinoconjunctivitis Total Symptom Score (RTSS) and the Rescue Medication Score (RMS)

the pollen season - in patients treated with 170 µg of gp-ASIT+™ compared to patients treated with placebo.

The results pointed to symptom improvement and medication intake reduction as well as to a successful modulation of the immune system in patients that received 8 subcutaneous injections of gp-ASIT+™ during 4 treatment visits over a 3 week period.

With respect to the primary endpoint, treatment with gp-ASIT+™ showed a 15.5% (peak season) to 17.9% (entire season) reduction in CSMS compared to placebo. Upon review of our results, the Paul-Ehrlich-Institut (*PEI*; Germany) concluded that the primary endpoint had reached statistical significance ($p<0.05$). However, because it missed the predefined 20% CSMS reduction threshold, BTT-gpASIT009 could not be regarded as a confirmatory study for immediate registration based on a single Phase III study. PEI advised us that an additional compelling Phase III study would be needed prior to considering a Marketing Authorization Application (*MAA*) in Germany.

At the end of 2018, we initiated patient recruitment for ABT-gpASIT011, a double-blind, placebo-controlled second Phase III clinical trial conducted across 70 sites in 6 countries: Belgium, Czech Republic, France, Germany, Hungary and Poland. The primary objective of the study is the demonstration of the clinical efficacy of gp-ASIT+™ formulation when administered prior to a grass pollen season. The primary endpoint is the reduction of the CSMS - over the peak of the pollen season - in patients treated with gp-ASIT+™ compared to patients treated with placebo.

Although our second Phase III trial appears to be similar in design to the first Phase III trial, we have implemented several key improvements in order to maximize our chances of a successful outcome, including improved selection of the right clinical trial sites (e.g., based on pollen history), improved selection of the right patients (e.g., based on historical data and on-site allergy testing) and optimal data collection (e.g., via use of electronic patient diaries).

The primary objective of the study was again a 0.30 absolute reduction in the CSMS in the treated group compared to placebo during the peak of the grass pollen season. The study results showed a 0.15 ($p=0.05$) absolute reduction in the CSMS, during the peak of the grass pollen season, and a 0.18 ($p=0.005$) absolute reduction in the CSMS during the entire grass pollen season, translating into a treatment effect of 7.4% and 9.8% respectively vs. 20% expected.

Both Phase III studies did not meet their respective primary endpoint. Further analysis allowed to identify a number of routes to improve the efficacy of the product candidate by changing the dose and/or regimen of injections but more in depth by exploring formulations including a specific carrier and/or an adjuvant in addition to the mixture of peptides as well as a better characterization of the retained peptides.

Food allergies – pnt-ASIT+™

Food allergy is an abnormal immune response to certain food substances that the body recognizes as harmful. Eight foods account for about 90% of all food-allergy reactions: cow's milk, eggs, peanuts, tree nuts, fish, shellfish, soybeans, and wheat[11]. The prevalence of IgE-mediated food allergies in the US is around 4% or at least 15 million people.[12] In Europe, between 11 and 26 million people are estimated to suffer from food allergy[13]. Allergic reactions are triggered following ingestion, inhalation or contact with foods,

[11] AAAAI, www.aaaai.org, Food Allergy
[12] Food Allergy Research & Resource Program (FARRP)
[13] Mills et al., Allergy. 2007; 62:717-22

particularly during cooking and can occur at the level of skin, gastrointestinal tract and respiratory tract. The most severe manifestation of food allergy is anaphylaxis. In the USA, it has been estimated that food allergy is responsible for 30,000 anaphylactic episodes per year, resulting in 3,000 hospitalisations and 100 deaths per year[14]. The main treatment for these unpredictable reactions is the self-administration of epinephrine intramuscularly.

The first immunotherapy products to induce tolerance for food allergies were submitted for regulatory approval in 2018. Those are Viaskin® Peanut, a patch introducing small amounts of peanut allergen via the skin (developed by DBV Technologies) and Palforzia, a powder that contains a precise dose of peanut flour (developed by Aimmune Therapeutics), both for the treatment of peanut allergy. In the meantime Palforzia has formally been approved by the Food and Drug Administration of the United States on January 31, 2020.

The drug is approved to mitigate allergic reactions, including anaphylaxis, that may occur with accidental exposure to peanuts. The drug is approved for people ages 4 through 17 with a diagnosis of peanut allergy. The drug would have to be taken indefinitely.

The approval was made on the basis of a randomized, double-blind, placebo-controlled study of more than 500 people who were allergic to peanuts. The patients were evaluated after six months of maintenance treatment, and success was measured by the percentage of participants who could tolerate an oral challenge with a single 600 milligram dose of peanut protein, the equivalent to two peanuts.

About 2 out of 3, or 67.2 percent of people taking Palforzia tolerated the 600 milligram dose compared with 4 percent of the placebo group.

Palforzia is not a cure so taking the drug still means avoiding peanuts. Nevertheless the drug can mean more peace of mind for children and parents who live in fear of accidental exposure.

Beginning treatment with Palforzia is not as simple as taking a pill once or twice a day. It involves three phases: initial dose escalation, up-dosing, and maintenance, according to the prescribing information. Because of the risks and complexity of the dosing, Palforzia can only be prescribed through a restricted program called Palforzia Risk Evaluation and Mitigation Strategy (REMS). The patient must be enrolled in the program; and the patient, parent, or guardian must be educated by a healthcare provider who has enrolled in the program. Patients will be taught how to monitor themselves with the initial dose escalation procedure as well as first dose of each up-dosing level.

The prevalent population of peanut allergy was estimated to be 8,7 million cases in the US, EU5 and Japan in 2018. The US accounts for the highest peanut allergy cases, followed by EU5 (Germany, France, Italy, Spain & UK) and Japan. Among the EU5 countries France had the highest prevalent patient population of peanut allergy, followed by Germany.

Aimmune Therapeutics is proposing a list price of $890 per month or $10.680 per year as treatment cost. The launch of this first treatment to peanut allergy will reshape the market completely as it clearly shows the opportunity to develop better and more affordable solutions for the patient.

pnt-ASIT+™

Our **pnt-ASIT+™** product candidate consists of a mixture of natural allergen fragments (peptides) obtained from a purified specific protein extract from *Arachis hypogaea* (peanut species Runner, Virginia and Spanish). The lead compound is being optimized to omit larger peptide fragments, which might bridge IgE and

[14] Sampson, N. Eng. J. Med. 2002: 346; 1294-9

initiate an unwanted allergic reaction, while maintaining smaller peptides that are capable of activating the immune system to induce development of immunoglobulins specific to peanut proteins.

pnt-ASIT+™ is in pre-clinical stage. The pre-clinical package is in progress with 2 product candidates for the time being. A number of pharmacology studies in mice were conducted both with the R&D batches as well as with the semi-industrial batches. The ex vivo studies on human cells testing basophil activation and T and B cell responses were conducted with the R&D batches and give interesting results. These studies should be performed with the semi-industrial batches as well. Nevertheless the safety studies and more specifically the reduced anaphylaxis potential in mice and general toxicity were already conducted with the semi-industrial batches. Subject to the outcome of the data of the ex vivo studies on human cells with the semi-industrial batches, the Company may initiate the process of a Phase I clinical study.

Given the outcome of the gp-ASIT+™, the Company will explore formulations including addition of a specific carrier and/or an adjuvant to the mixture of peptides and evaluate optimized treatment regimen in order to improve efficacy. Such new product candidates should be tested.

The global market potential for peanut AIT is estimated to peak around $5 billion[15]. pnt-ASIT+™ could take a significant share of this market if we can confirm the potential to offer a more convenient treatment schedule and a higher protection than the first-generation products recently launched in the market.

While today we are not actively developing the ASIT+ platform in other food allergies, it can be used to develop additional product candidates for allergens such as cow's milk, egg white and shellfish, among others.

Intellectual property

ASIT biotech has a very strong intellectual property portfolio in the allergy immunotherapy space based on the ASIT+ proprietary platform. Currently, the portfolio includes 11 active patent families, granted or under prosecution, covering a broad range of compositions of matter (i.e., a variety of allergens), methods of preparing the compositions, formulations, dosage regimens and uses. Our patent portfolio and all IP-related matters are managed by an external patent counsel in close collaboration with the Company.

Based on the current IP portfolio, our expectation is that gp-ASIT+™, hdm-ASIT+™ and pnt- ASIT+™ should have patent protection until at least 2027 with some patents already extending to 2032. There may be additional possibilities to extend patent protection (e.g. a supplementary protection certificate) or to receive additional data exclusivity in Europe and the US for biologics; at the appropriate time, the Company will explore such possibilities to maximize IP protection. We regularly monitor all our research efforts in view of possible novel inventions and patent applications.

[15] Global Data, Penaut Allergy, June 2018

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We are glad to present you our 2019 Annual Report related to the Company's EU – IFRS financial statements and the statutory financial statements for the fiscal year ended December 31, 2019.

The board of directors of the Company assumes responsibility for the content of this Annual Report. The board of directors declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Annual Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its content.

On behalf of the board of directors

Michel Baijot

Chief Executive Officer

Yves Désiront

Chairman

Business/financial and corporate highlights of 2019

Business highlights

Treatment of 650 patients in a second Phase III study with gp-ASIT+™ that did not meet the primary endpoint ("the below threshold efficacy result")

The study was done in 79 centers in 6 European countries (Belgium, Czech Republic, France, Germany, Hungary and Poland) who have a regular history of high pollen exposure. All patients were treated before the pollen season. The patients were being enrolled in accordance with an improved protocol based on the lessons learned from the first Phase III study. There were no major safety issues encountered, nevertheless the efficacy results did not meet the primary endpoint. The primary objective of the study was a 0.30 absolute reduction in the Combined Symptom and Medication Score (CSMS) in the treated group compared to placebo during the peak of the grass pollen season. The study results showed a 0.15 (p=0.05) absolute reduction in the CSMS, during the peak of the grass pollen season, and a 0.18 (p=0.005) absolute reduction in the CSMS during the entire grass pollen season, translating into a treatment effect of 7.4% and 9.8% respectively vs. 20% expected. See section STRATEGY AND BUSINESS REVIEW under Environmental or respiratory allergies – gp-ASIT+™ titled "gp-ASIT+™" for more details.

GMP certification for its manufacturing site in Liège, Belgium

In September 2019, the Company received the Good Manufacturing Practices (GMP) certification for its manufacturing site from the Federal Agency for Medicines and Health Products (FAMHP). This certification would have allowed ASIT biotech to manufacture in-house the active pharmaceutical ingredient of gp-ASIT+™ under GMP-compliant conditions for future clinical and commercial use.

Financial highlights

Placement of convertible notes (CNs2019) for a total amount of € 9.23 million

In July 2019, the Company completed a private placement of senior unsecured convertible notes for a total amount of € 9.23 million. These notes were divided into two parts with the aim of minimizing the dilution of existing shareholders and limiting the risks for investors. The first part of € 5.03 million (CNs2019 'A') was paid-up at issuance to cover the cash needs to the end of 2019 and the second part of € 4.20 million (CNs2019 'B') would be paid-up upon publication of all satisfactory primary endpoints from the latest phase III study. The proceeds were mainly dedicated to the Company's second Phase III study with gp-ASIT+™, in allergic rhinitis due to grass pollen. See Note 15.3 for more details.

Corporate highlights

Appointment of full time CFO

Frank Hazevoets is appointed as Chief Financial Officer in April 2019. Previously CFO at Promethera Biosciences, a private biopharmaceutical company targeting liver diseases, Frank Hazevoets has over 25 years' experience in defining and executing financial strategies for both listed and private companies, raising capital and creating value for shareholders. He held leading financial positions in Investment Banking (Director of Investment Banking at BBL/ING from 1999 to 2001), and the consumer-goods sector (Director Strategy and External Growth at AB InBev from 2001 to 2006). He then entered the life sciences industry as CFO and Company secretary at TiGenix (2006- 2012), a Belgian biopharmaceutical company recently acquired by Takeda, where he actively participated in the IPO, supported its funding and growth strategy as well as contributed to the first European marketing authorization obtained for its cell-based drug candidate in cartilage repair. Frank Hazevoets holds a Master degree in Business Economics and a Master degree in Engineering in Artificial Intelligence & Cognitive Science from the Katholieke Universiteit Leuven (K.U. Leuven).

Declaration of dissociation of a member of the board of directors at the General Assembly

One of the Company's directors, Mr Everard van der Straten, former CFO of ASIT biotech, whose functions and service agreement were terminated by decision of the board of directors on January 14, 2019, declared to dissociate itself from the decision of the Board of Directors to ratify the private placement of the convertible notes issued by ASIT biotech on June 28, 2019 (CNs2019). The other members of the board of directors (8 out of 9 at the time), unanimously, considered that, following the placement and creation of a book building by Bryan Garnier & Co Limited, acting as bookrunner, the private placement of the CNs2019 with an important discount compared to the stock market price, was carried out in accordance with the applicable provisions of the Belgian Companies Code and in accordance with the report of the board of directors of May 28, 2019 established according to Articles 583 and 596 of the Belgian Companies Code.

Important events after the accounting reference date

Following gp-ASIT+™ Phase III results, the Company has filed a request for judicial reorganization. Based on the extensive pre-clinical and clinical data sets across all of its programs, the Company firmly believes its technological platform can be adapted to any protein-based allergen, and that there is extensive value in further developing a pipeline against food allergens where the unmet need is the highest. Nevertheless, the gp-ASIT+™ program and other pre-clinical programs are placed on hold pending further discussions including potential partners.

The Company has obtained the benefit of the judicial reorganization by collective agreement in execution of a judgment delivered on February 11, 2020 by the Commercial Court of Liège in application of the law of August 11, 2017 inserting Book XX "Insolvency of Enterprises" in the Code of economic law (hereinafter the "Law"), as well as a suspension of payment expiring on June 11, 2020.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The length or severity of this pandemic cannot be predicted, but the Company currently anticipates that there may be a potential impact from COVID-19 on the planned closing activities of sites in the second Phase III study and on the anticipated partnering discussions.

Financial review of the year ending December 31, 2019

Discussion and analysis of the EU – IFRS financial statements

The EU - IFRS financial statements have been prepared in accordance with IFRS and have been drawn up by the board of directors on May 6, 2020. The financial statements will be communicated to the shareholders at the annual general shareholders' meeting on June 15, 2020.

Comparison of the years ended December 31, 2019 and 2018

EU - IFRS income statement and other comprehensive income (in € '000)

	2019	2018
Other operating income / (expenses)	1,070	557
Research and development expenses	(13,907)	(10,856)
General and administrative expenses	(3,114)	(2,468)
Operating loss for the period	**(15,951)**	**(12,767)**
Financial income	514	13
Financial expense	(219)	(1,570)
Loss for the period before taxes	**(15,656)**	**(14,324)**
Taxes	0	3
Loss for the period	**(15,656)**	**(14,321)**
Other comprehensive income		

Comprehensive loss for the period	**(15,656)**	**(14,321)**
Loss for the year		
Attributable to owners of the Company	(15,656)	(14,321)
Losses per share (in € per share)		
- basic and diluted	(0.77)	(0.86)

The other operating income for 2019 amounted to € 1.07 million compared to € 0.56 million in 2018. The Company recognized a higher amount of grants from the Walloon Region and a higher amount of R&D investment tax receivables.

R&D expenses in 2019 were at € 13.91 million compared to € 10.86 million in 2018. The increase was the result of higher costs in the second Phase III trial and the preparation of the second year of treatment. G&A expenses for the full year 2019 amounted to € 3.11 million compared to € 2.47 million over the same period last year. The increase is mainly attributed to higher staff costs in 2019 and to litigation provision. The significant increase in staff expenses is due to (i) overlap expenses between the new CEO and the previous CEO and the new CFO and the previous CFO ad interim and (ii) higher expenses for certain staff like the head of human resources and the head of commercial operations and licensing as they came only on board in the course of 2018.

The operating loss in 2019 was at € 15.95 million. Last year, the Company reported an operating loss of € 12.77 million.

The net financial result was € 0.29 million positive in 2019 whilst € 1.56 million negative in 2018 as the fair value of the convertible notes 2018 recognized in 2018 as a financial expense is reversed in 2019 as financial income. There was also a re-evaluation of the RCA HDM taken into account in 2019 as financial income. Taxes were negligible. As a result, the loss for the period amounted to € 15.66 million in 2019 compared to € 14.32 million in 2018.

The reported loss for the full year 2019 amounted to € 15.66 million or € 0.77 loss per share (on an undiluted basis). In 2018, the Company had a net loss of € 14.32 million, equivalent to a loss per share of € 0.86 (on an undiluted basis).

EU – IFRS statement of financial position (in € '000)

ASSETS	**Dec 31, 2019**	**Dec 31, 2018**
Property, plant and equipment	611	810
Right to use an asset	69	
Other long-term receivables	2,030	1,588
Non-current assets	**2,710**	**2,397**
Trade receivables	28	
Other receivables	366	280
Other current assets	53	418
Cash and cash equivalents	3,649	8,458
Current assets	**4,096**	**9,157**
Total assets	**6,806**	**11,554**

Total assets at the end of December 2019 amounted to € 6.81 million compared to € 11.55 million at the end of December 2018, mainly impacted by the current assets.

The current assets decreased from € 9.16 million to € 4.10 million at the end of December 2019. The decrease was mainly related to less cash and cash equivalents at year end.

The non-current assets increased from € 2.40 million to € 2.71 million at the end of December 2019. The increase was mostly related to the recognition of a tax credit, calculated as a percentage of the R&D expenditure exposed since 2014, partially offset by the decrease of the property, plant and equipment. The Company invested an amount of € 0.09 million for the laboratory and production equipment related to the production facility. The Company recorded an amount of € 0.30 million as net depreciation in 2019.

EQUITY AND LIABILITIES	**Dec 31, 2019**	**Dec 31, 2018**
Capital and reserves		
Capital	17,076	14,350
Share premium	38,630	37,034
Cost of capital increase	(2,365)	(2,317)
Share based payment reserve	386	344
Convertible notes 2018 specific reserve	666	290
Convertible notes 2019 equity component	317	
Accumulated deficit	(58,887)	(43,233)
Total equity attributable to shareholders	**(4,176)**	**6,468**
Liabilities		
Provision	132	
Financial debt	297	465
Leasing debt	10	
Non-current liabilities	**439**	**465**
Financial debt	40	25
Convertible notes	4,816	1,616
Leasing debt	63	
Trade payables	4,829	1,669
Other payables	795	1,311
Current liabilities	**10,543**	**4,621**
Total liabilities	**10,982**	**5,086**
Total equity and liabilities	**6,806**	**11,554**

Equity decreased from € 6.47 million at the end of December 2018 to € (4.18) million at the end of December 2019, as a result of the loss of 2019 for an amount of € 15.66 million (see above) only partially offset by an increase in (i) the net share capital and share premium of € 4.27 million, (ii) the recognition of specific reserves linked to the CNs2018 and the warrants of € 0.42 million an (iii) the recognition of an equity component linked to the CNs2019 of € 0.32 million.

Liabilities amounted to € 10.98 million in 2019 compared to € 5.09 million at the end of December 2018, representing an increase of €5.89 million. The increase in liabilities resulted mainly from the CNs2019 'A' and an increase in trade payables.

EU - IFRS statement of cash flows (in € '000)

	2019	2018
Cash flow from operating activities	(12,974)	(13,018)
Cash flow from investing activities	(95)	(371)
Cash flow from financing activities	8,260	19,722
Net increase/ (decrease) in cash and cash equivalents	**(4,809)**	**6,332**
Cash and cash equivalents at the beginning of the period	**8,458**	**2,126**
Cash and cash equivalents at the end of the period	**3,649**	**8,458**

Net cash used in operating activities amounted to € 12.97 million for the full year 2019 compared to € 13.02 million for the full year 2018. Net cash used in operating activities was in 2019 negatively impacted by the loss of the period for € 15.66 million, non-cash adjustments for an amount of € 0.54 million as well as financial income of € 0.29 million and positively impacted by changes in working capital for an amount of € 3.52 million mainly due to an increase in trade payables.

Net cash used in investing activities was limited and reached € 0.10 million in 2019, compared to € 0.37 million in 2018.

Net cash generated from financing activities amounted to € 8.26 million for the full year 2019 compared to € 19.72 million in 2018. In 2019, the Company raised € 8.38 million from the CNs2018 and the CNs2019 'A' net of transaction costs. There were also some reimbursements of RCA's and leasing debt for a total amount of € 0.12 million.

Discussion and analysis of the statutory financial statements

ASIT Biotech Income Statement BGAAP (in 000's €)

	2019	2018
Revenues	0	0
R&D capitalized expenses (own production)	1,090	1,160
Other operating income	804	642
Operating income	**1,894**	**1,802**
Cost of sales	0	0
Sundry expenses (G&A and R&D)	(2,912)	(2,831)
Payroll expenses	(1,525)	(1,434)
Depreciation charges	(15,559)	(13,034)
Provisions for risks and charges	(132)	
Other operating charges	(11)	(23)
Operating expenses	**(20,140)**	**(17,322)**
Financial income	643	191
Financial expense	(67)	(8)
Loss for the period before taxes and exceptional items	**(17,670)**	**(15,337)**
Exceptional income / (charges)	1	(2)
Taxes	0	3
Loss for the period	**(17,669)**	**(15,336)**

Since January 1, 2016, capitalization of R&D costs is not permitted anymore. The same restriction applies for the recognition of "own production" on payroll expenses related to research personnel. However, in order to be able to benefit from investment tax credit, tax regulation requires that an intangible asset is recognized. In order to reconcile these two views, accounting practice allows the capitalization of such expenses and or recognitions of own production, providing that the recognized asset is depreciated at once.

As of December 31, 2019, the Company has recognized and capitalized € 12.90 R&D expenses and € 1.09 million production for its own and has depreciated them at once for the full amount of € 13.99 million (included in the € 15.56 million depreciation charges).

As of December 31, 2018, the Company has recognized and capitalized € 9.63 million R&D expenses and € 1.16 million production for its own and has depreciated them at once for the full amount of € 10.79 million (included in the € 13.03 million depreciation charges).

Other operating income was related to the revenue recognition on the investments tax credit for the year 2019 for a total amount of € 0.56 million and a reduction of payroll withholding tax of € 0.24 million.

Sundry expenses for the full year 2019 amounted to € 2.91 million and were in line with those of 2018.

Payroll expenses increased slightly from € 1.43 million in 2018 to € 1.53 million in 2019.

Financial income for the full year 2019 amounted to € 0.64 million and is mainly related to the RCA HDM and RCA FOOD for an amount of respectively € 0.17 million and € 0.46 million.

ASIT Biotech Balance Sheet BGAAP (in 000's €)

ASSETS	**Dec 31, 2019**	**Dec 31, 2018**
Intangible assets	0	1,283
Property, plant and equipment	478	664
Other long-term receivables	16	18
Non-current assets	**494**	**1,965**
Receivables	394	280
Cash and cash equivalents	3,649	8,458
Deferred charges/Accrued income	2,431	2,397
Current assets	**6,474**	**11,135**
Total assets	**6,968**	**13,100**

Total assets at the end of December 2019 amounted to € 6.97 million compared to € 13.10 million at the end of December 2018.

Non-current assets decreased from € 1.97 million in 2018 to € 0.49 million at the end of full year 2019 due to the depreciation of the R&D amounts capitalized prior to 2016 and the depreciation of property, plant and equipment only partially offset by new investments.

Current assets decreased from € 11.14 million in 2018 to € 6.47 million at the end of 2019 mainly related to a lower amount of cash and cash equivalents at the end of 2019. Receivables amounted to € 0.39 million for the full year 2019 consisting of VAT receivable of € 0.21 million and the expected tax credit payment of

2014 of € 0.16 million. Deferred charges/Accrued income amounted to € 2.43 million at the end of 2019 and was mainly related to accrued income consisting of the tax credit for R&D investments of € 2.39 million.

EQUITY AND LIABILITIES	Dec 31, 2019	Dec 31, 2018
Capital and reserves		
Capital	17,076	14,350
Share premium	38,630	37,034
Other reserves	(59,996)	(42,327)
Capital subsidy	23	201
Total equity	**(4,267)**	**9,257**
Provision for risks and charges	132	
Provisions and deferred taxes	**132**	
Liabilities		
Other debt	388	863
Financial debt	5,091	
Trade payables	4,829	1,669
Social and taxes related liabilities	63	119
Other current liabilities	732	1,192
Total liabilities	**11,103**	**3,843**
Total equity and liabilities	**6,968**	**13,100**

Equity decreased from € 9.26 million at the end of December 2018 to € (4.27) million at the end of December 2019, as a result of (i) the gross share capital and share premium's increase amounting to € 4.32 million, (ii) the loss of 2019 for an amount of € (17.67) million (see above) and (iii) the amortization of the capital subsidy for an amount of € (0.18) million.

Total liabilities amounted to € 11.10 million in 2019 compared to € 3.84 million at the end of December 2018, representing an increase of € 7.26 million. The increase is mainly related to the CNs2019 'A' and the increase in trade payables.

Human Resources

The Company has always relied on a team of experienced professionals in all areas required to meet its strategic objectives including research and development, medical and regulatory, manufacturing, business development, product development, infrastructure, intellectual property and finance.

As of December 31, 2018, the Company had a total of 20 permanent employees (full time equivalents) and 8 self-employed contractors. About 75% of the personnel works in research and development activities (including clinical development and manufacturing), with the remainder in G&A functions.

As of December 31, 2019, the Company has laid off almost all its employees and stopped the contracts with most of the self-employed contractors following the below threshold efficacy results in the second Phase III trial. These people were doing their notice period. At the date of this Annual Report, only the CEO and the CFO are still working for the Company.

Going concern

At the end of November 2019, the Company announced the below threshold efficacy result of its lead product gp-ASIT+™ in a second Phase III trial. As a result, the Company has no equity financing instruments available for the time being. The CNs2019 'B' will not be paid-up as this was conditional upon positive results of the second phase III trial, the CNs2018 cannot be called as the share price is significantly below € 1.1368 (with a duration until beginning of February 2020) and finally the Warrants 2 with a strike price of € 3.83 are out of the money.

Immediately following these results, the Company has taken all measures required to minimize the future operating expenses. Nevertheless, in case of no additional funding, the level of cash shortfall shall amount to € 9.60 million for a period of at least 12 months after the publication of this Annual Report.

The Company has filed a request for judicial reorganization on December 19, 2019 that was granted on February 11, 2020. As a result the Company has obtained a suspension of payment of its debt until June 11, 2020. The total current debt and the provision for risk and charges amounts to € 11.05 million. The suspension of payment could be extended to maximum 18 months under exceptional circumstances.

Hence, these events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Even though the Company is currently not able to satisfy all financial liabilities and working capital needs, the board of directors is of the opinion that the continuity of the Company is an appropriate assumption. Indeed, the Company has on the one side obtained the protection of the judicial reorganization and is on the other side actively working, among other actions, on evaluating its assets and in finding a partner so additional long-term financing could be secured. The board of directors believes that a plan of judicial reorganization proposing the conditions under which the Company's creditors will be repaid will be presented in due course and that such partnering and funding activities do have reasonable chances of success.

Group structure

At the date of this Annual Report, the Company does not have any subsidiaries nor branches. The Company had a subsidiary named Biotech Tools Factory SA, but this subsidiary was liquidated at June 26, 2015.

Risk factors

The risk factors relating to the Company and its activities are detailed in the section RISK FACTORS.

Capital increases, decreases and issuance of financial instruments

The Company launched in 2018 as well as in 2019 a private placements of convertible notes.

Conversion of convertible notes 2018 ("CNs2018")

In July 2018, the Company announced the private placement of CNs2018 with warrants attached for a total amount of maximum € 12.00 million. In the course of 2019 1,404 warrants were exercised resulting in the creation of 1,404 CNs2018 for a total amount of € 3,510,000. In the course of 2019, 1,729 CNs2018 were converted into shares resulting in 3,495,744 new shares at an average issuance price of € 1.2365 per share.

As a result the share capital was increased with € 2,73 million and the share premium with € 1,60 million.

Issuance of convertible notes 2019 ("CNs2019")

In July 2019, ASIT biotech completed a private placement of CNs2019 for a total amount of € 9.23 million. These notes were divided into two parts with the aim of minimizing the dilution of existing shareholders and limiting the risks for investors. The first part of € 5.03 million, the CNs2019 'A', was paid-up at issuance to cover the cash needs to the end of 2019 and the second part of € 4.20 million, the CNs2019 'B', would be paid-up upon publication of all satisfactory primary endpoints from the latest phase III study. The first part could be converted into equity by the CN2019 holders in case of positive phase III data. In case of negative results, the amount as well as the interests of 3% on an annual base, should be paid back at December 31, 2020.

Given the below threshold efficacy results of the second phase III trial, no conversion of the CNs2019 'A' was realized and the CNs2019 'B' will not be paid-up at all. The CNs2019 'A' became a debt instrument. The nominal amount as well as the interest have to be paid back at December 31, 2020.

In June 2019, the Company issued 1,076,140 warrants (641,900 on June 5, 2019 and 434,240 on June 28, 2019) giving the right to subscribe, under certain conditions, to new shares of the Company. The term of certain warrants was extended until June 30, 2020. More details are available in the section CORPORATE GOVERNANCE under Shares and Shareholders titled "Changes in share capital".

Given the below threshold results of the second phase III trial, the strike price of all existing warrants is significantly above the actual stock price. No warrants were exercised in the course of 2019.

At December 31, 2019, the Company's share capital amounted to € 17.08 million (€ 17,076,221.26) and is fully paid-up. It is represented by 21,892,592 ordinary shares without nominal value and representing the same pro rata fraction of the share capital.

Use of authorized capital

On June 8, 2017, the Company's Shareholders' Meeting has authorized the board of directors to increase the share capital of the Company within the framework of the authorized capital with a maximum of € 9.99 million (€ 9,988,758).

Since this authorization, the board of directors has used the authorized capital in a number of circumstances. Additional information can be found in the section CORPORATE GOVERNANCE under Shares and

shareholders titled "changes in share capital". At the date of this Annual Report, the balance of unused authorized capital is € 5.12 million.

Research and development

Given the nature of the Company, the cost of R&D is substantial. In 2019 almost all efforts have been focused on the second Phase III trial using gp-ASIT+™ for the treatment of allergic rhinitis due to grass pollen, including the internalization of the manufacturing of the active ingredient of gp-ASIT+™.

The Company obtained the results of the second Phase III on November 25, 2019. Unfortunately the primary endpoint was not reached. The Company received the GMP certification for its manufacturing site.

In 2019 the R&D expenses represented an amount of € 13.99 million compared to € 10.79 million in 2018 (according to the statutory accounts in BGAAP).

Corporate governance

The Company's Corporate Governance Charter and related policies are detailed in the section CORPORATE GOVERNANCE.

Other information

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

The audit committee consists of at least three directors. As provided by article 7:99 of the Belgian Code of Companies and Associations ('BCC') all members of the audit committee are non-executive directors. According to the Belgian Code of Companies and Associations, at least one member of the audit committee must be independent and must have the necessary competence in accounting and auditing. At the date of this Annual Report the following directors have been appointed as members of the audit committee: RE Finance Consulting, represented by Mr. Yves Désiront, SFPI SA, represented by Mr. François Fontaine and Mr. Everard van der Straten. The three members are all non-executive directors and Mr. Yves Désiront is considered as independent director based on the new corporate governance charter, the CGC2020 (see section CORPORATE GOVERNANCE under Board of directors titled "Independent director"). The three members of this committee have a very good expertise in audit and finance. Their profile and professional experience are summarized in the section CORPORATE GOVERNANCE under Board of directors titled "Composition of the board of directors".

Environment, health and safety

In accordance with the Walloon Decree of March 11, 1999 regarding environmental permits, the laboratory of the Company in Liège is of class 3. Class 3 facilities are facilities with the lowest environmental impact and, as a result, their operation does not require the granting of an environmental permit but requires the filing of an application with the municipality on whose territory the facility is located.

On September 2, 2015, the Company electronically filed an environmental declaration for its laboratory with the municipality of Liège. On September 10, 2015, the declaration was deemed inadmissible and rectifications of pure form were required (e.g. not all chemical products referred to in the declaration are classified under the prescribed category). The Company filed an amended declaration on October 27, 2015

with the municipality of Liège. Given that the municipality did not oppose to the declaration within the 15-day period starting with the filing of the declaration, the declaration has become final and the Company can validly exercise its activities in the Liège premises.

All the waste rejected by the Company is managed by a specialised company and does not raise any environmental or health and safety concerns.

Material contracts

Contracts with CMOs

The Company has built its own GMP production capacity and hence is not dependent anymore of CMOs for the manufacturing, packing and labelling of its active pharmaceutical ingredients (***API***), the most important component of its formulated products.

The Company has entered into contracts with CMOs for the manufacturing, packing and labelling of its formulated products. The Company has granted free licenses over its IP rights, limited to the execution of the contracts with CMOs, and subject to IP rights clauses preserving the Company's IP rights.

The Company has entered into a framework service agreement (***FSA***) dated April 28, 2015 with a CMO for the manufacture of novel APIs, and for production process validation relating to these APIs. Considering the important exchange of know-how required for the execution of this agreement, the FSA includes the following clauses:

- a confidentiality clause, whereby the CMO is refrained from disclosing and using, for any other purpose than the execution of the FSA, any confidential information; this clause shall remain in force for a period of ten years after the termination of the FSA;
- an intellectual property rights clause, reserving to the Company all proprietary rights with respect to the products and the results of the execution of the contract;
- an exclusivity clause, preventing the CMO from performing any project in the Company's field as defined in the FSA for its own or any third party benefit; this prohibition shall remain in force until 31 December 2027;
- restrictions on subcontracting, whereby the CMO's option to subcontract all or part of its obligations under the contract with the Company is subject to the Company's prior written approval; and
- a change of control clause, that grants the Company the right to put an end to the contract in case of change of control affecting the CMO, subject to a three-month notice.

The FSA is valid for a fixed period of six years, and it can only be terminated without cause subject to a two-year prior written notice. Under the FSA, the CMO is granted, during the term of the FSA, an exclusive right to deliver (i) the services with respect to the APIs developed and commercialised by the Company in Europe and (ii) services that are similar to those performed under the FSA for any other biological active ingredients developed and commercialised by the Company in Europe, unless the CMO is not capable of delivering these services against normal market conditions.

Contracts with CROs

The Company has entered into a master service agreement with ICON on March 8, 2018 ("Agreement"). ICON has terminated this Agreement on February 25, 2020 according to clause 5.2.3. According to section 5.4, ICON has provided a draft Wind-Down Agreement to cover wind-down activities which are absolutely

necessary from ICON's perspective under the Agreement to ensure patient safety and data integrity. Completion of the clinical study report, finalization of the development safety update report and related study completion tasks are not included in the Wind-Down Agreement. ICON is only prepared to consider undertaking these additional services if agreement has been reached between the parties in relation to treatment of all outstanding amounts owed to ICON. ICON wants also upfront payment of any and all costs associated with this Wind-Down Agreement. ICON will separately submit its invoices for all work and services performed up to the termination date, including invoices for pass through costs as received by ICON for the study. The current estimate for these costs is € 1.2 million. Discussions with ICON are still ongoing at the date of this Annual report.

RISK FACTORS

The risks and uncertainties that the Company believes are material are described below. However, these risks and uncertainties may not be the only ones faced by the Company and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known, or those that management currently believes to be immaterial, may also affect the Company's business, financial condition and results of operations. The Annual Report also contains forward-looking statements that involve risks and uncertainties.

If any of the risks described below materializes, the Company's business, results of operations, financial condition and prospects could be materially adversely affected and the Company's ability to continue as a going concern could even be endangered. In that case, the value of the Company's shares could decline, and Shareholders could lose all or part of their investment. The Company has taken - and will continue to take - measures to control these risks as most efficiently as possible. However, there is no guarantee that these measures are adequate and complete to deal with all eventualities. Therefore, it cannot be completely excluded that some of these risks will occur and could affect, among others, the Company's business, turnover, financial position and results.

Risks related to financial position

The Company has a history of operating losses and an accumulated deficit and may never become profitable.

The Company has incurred significant operating losses since it was founded in 1997. Its accumulated deficit in the statement of financial position as at December 31, 2019 under IFRS rules amounts to € 58,89 million. These losses reflect the investments in research and development, in manufacturing capacities, in pre-clinical testing, in clinical development of product candidates and the costs incurred from general and administrative expenses. The board of directors applied several times the procedure prescribed under article 7:228 and 7:229 of the Belgian Code for Companies and Associations (art. 633/634 of the Belgian Companies Code). The last time was at the board of directors of February 21, 2020, when an extraordinairy shareholders meeting was convened (and later postponed due to the coronavirus crisis). If a company's net assets book value is lower than half of its share capital amount, article 7:228 of the Belgian Code for Companies and Associations requires the convening of a shareholders' meeting within two months after the date at which the loss was (or should have been) determined. This meeting would then decide on the going concern or winding up of the company. The Company also obtained the benefit of the judicial reorganization, and is today protected against its creditors.

Subject to finding a partner, the Company intends to continue to conduct research and development, pre-clinical testing and clinical development of product candidates, and to start sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in the Company incurring further significant losses for the next several years.

There can be no assurance that the Company will earn revenues or achieve profitability, which could impair the Company's ability to sustain operations or obtain any required additional funding.

The Company will need substantial additional funding, which may not be available on acceptable terms when needed, if at all.

As at December 31, 2019, the cash position of the Company amounted to € 3.65 million. The Company has no equity financing instruments available for the time being. The CNs2019 'B' cannot be called as the primary endpoint of the second phase III trial was not reached, the CNs2018 cannot be called as the share price is significantly below 1.1368 and the duration is until February 2020 and finally the Warrants 2 with a strike price of € 3.83 are out of the money.

At the date of this Annual Report, the Company is under judicial reorganization (see next risk factor for more details) and has stopped all pre-clinical and clinical activities except required activities for closing the second phase III trial. The Company has proposed a budget to the Commercial Court of Liège that is available on its website and will propose a reorganization plan to its creditors in the coming months. The Company is of the opinion that it does not have sufficient working capital to cover its working capital needs for a period of at least 12 months following the date of publication of this Annual Report. The level of the cash shortfall is expected to be € 9.60 million.

As the Company expects that its product candidates will not generate revenues before a relatively long period, it anticipates that it will have to raise new funds before the commercialization of its lead product candidate. The Company's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which it may have no or limited control, and the Company cannot guarantee that additional funds will be available to it when necessary on commercially acceptable terms, if at all. If the necessary funds are not available, the Company may need to seek funds through partnership arrangements that may require it to reduce or relinquish significant rights to its research programs and product candidates, to grant licenses on its technologies to partners or third parties or enter into new types of collaboration agreements. The terms and conditions of these arrangements and agreements could be less favorable to the Company than those it might have obtained in a different context.

If adequate funds are not available on commercially acceptable terms when needed, the Company may be forced to delay, reduce or terminate the development or commercialization of all or part of its research programs or product candidates or it may be unable to take advantage of future business opportunities.

The Company is actively seeking for a partner and plans to proceed to new capital increases together with this partner in order to meet its cash needs.

In addition, even if the Company achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. It is likely that the Company will experience fluctuating revenues, operating results and cash flows. As a result, period-to-period comparisons of financial results are not necessarily meaningful and results of operations in prior periods should not be relied upon as an indication of future performance.

The Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company has obtained the benefit of the judicial reorganization by collective agreement in execution of a judgment delivered on February 11, 2020 by the Commercial Court of Liège in application of the law of August 11, 2017 inserting Book XX "Insolvency of Enterprises" in the Code of economic law (hereinafter the "Law"), as well as a suspension of payment expiring on June 11, 2020. According to the Law, ASIT biotech will draft a plan of judicial reorganization explaining its proposal regarding the conditions under which the Company's creditors will be repaid. This plan should be deposit in the central solvency register at least 20 days prior to May 26, 2020 audience where it will be submitted to the approval of the Company's creditors, unless an extension of the judicial reorganization procedure would be requested.

Risks related to product development

The Company's future commercial potential depends to a material extent on the success of its lead product candidate, gp-ASIT+™, for the treatment of rhinoconjunctivitis induced by grass pollen. If the Company is unable to obtain marketing authorization for gp-ASIT+™, or experiences significant delays in doing so, this would have a material adverse effect on its business.

Currently, the Company does not have marketing authorization for any of its product candidates. The Company has invested a significant portion of its financial and other resources in the development of its lead product candidate gp-ASIT+™. The Company has completed a Phase III clinical study for gp-ASIT+™ in Europe (BTT-gpASIT009) and submitted the results to the German regulatory authority, the Paul-Ehrlich-Institute ("PEI") in view of its marketing authorization application for commercialization of gp-ASIT+™ in Germany. The PEI considered the results of the BTT-gpASIT009 study as supportive and required an additional compelling pivotal study be completed before considering marketing authorization application.

Accordingly, the Company has completed a second Phase III clinical study with gp-ASIT+™ in Europe (ABT-gpASIT011). The top line results of the study were known and communicated on November 25, 2019. Unfortunately the primary endpoint of this study was not reached.

The primary objective of the study was a 0.30 absolute reduction in the Combined Symptom and Medication Score (CSMS) in the treated group compared to placebo during the peak of the GP season. The study results showed a 0.15 (p=0.05) absolute reduction in the CSMS, during the peak of the GP season, and a 0.18 (p=0.005) absolute reduction in the CSMS during the entire GP season, translating into a treatment effect of 7.4% and 9.8% respectively vs. 20% expected.

The outcome of this clinical study with gp-ASIT+™ could negatively affect the development and commercialization of Company's other product candidates, which in turn would have a material adverse effect on the Company's business, results of operations and/or financial condition.

Clinical studies are highly uncertain and any failure or delay in completing such studies for any of the Company's product candidates may prevent it from obtaining regulatory authorization or commercializing product candidates on a timely basis, or at all, which would require the Company to incur additional costs and would delay the generation of any product revenue.

Preclinical and clinical trials are expensive and time-consuming, and their results are highly uncertain. The Company, its collaborative partners or other third parties may not successfully complete product candidate development and, in particular, the manufacturing, the preclinical development and clinical development of the product candidates.

Several factors could result in the failure or delay in completion of a clinical study, or require amendments to the initially designed clinical study protocol, including, but not limited to:

- delays in obtaining regulatory approval to launch clinical studies for its new ASIT+ product candidates;
- delays in reaching agreement on acceptable terms with prospective contract research organizations and contract manufacturing organizations;
- delays in securing clinical trial sites;
- inability to monitor patients adequately during or after treatment;
- problems with investigators or patient compliance with study protocol;

- difficulties in obtaining supply of clinical trial materials, including skin prick test and conjunctival provocation test solutions;
- delay in recruiting patients to participate in the study before natural exposure to allergens;
- difficulties in obtaining appropriate clinical trial insurances;
- lack of intensity of the pollen season, which may impact the outcome of clinical trials and reduce the conclusiveness of results;
- screening of patients not fully in line with inclusion criteria; and
- risk of not obtaining the primary endpoint.

In particular, additional risk factors specific to clinical studies in the field of respiratory and food allergy indications could result in the failure or delay in completion of a clinical study, such as (i) difficulty in predicting real life effectiveness from individual provocation tests used in early stage clinical development, (ii) difficulty to recruit patients participating in the study in due time in case of requirement of natural exposure to allergens, (iii) variability of the patients' natural exposure to allergens during late stage clinical development of product candidates and (iv) difficulty to define the most appropriate inclusion criteria for the patients.

Such delays and difficulties result in increased costs and delay the Company's ability to obtain regulatory approval and could jeopardize the continuity of the Company.

The Company has now conducted two phase III trials for gp-ASIT+™. There were no major safety issues encountered, nevertheless the efficacy results did not meet the primary endpoint.

If serious adverse side effects are identified for any product candidate, the Company may need to abandon or limit its development of that product candidate, which may delay or prevent marketing approval, or, if approval is received for the product candidate, require it to be taken off the market, require it to include safety warnings or otherwise limit its sales.

Serious rare unforeseen side effects from any of the Company's product candidates could arise either during clinical development or, if approved by Competent Regulatory Authorities, after commercializing the products. All of the Company's product candidates are still in clinical or preclinical development or discovery. While the Company's preclinical and clinical studies for gp-ASIT+™ have demonstrated an acceptable safety profile, the results from future trials or from trials with other product candidates may not support this conclusion. The results of future clinical studies may show that the Company's product candidates cause undesirable or unacceptable side effects or even death, which could interrupt, delay or halt clinical studies, and result in delay, or failure to obtain, marketing approval from Competent Regulatory Authorities, or result in marketing authorization from Competent Regulatory Authorities with restrictive label warnings impacting sales and increasing risk of potential product liability claims. Moreover, as larger numbers of patients are enrolled in late-stage clinical studies for the Company's product candidates, the risk that uncommon or low frequency but significant side effects are identified may exist. Finally, it cannot be excluded that side-effects, which had not materialized during clinical development, do not arise upon commercialization of the Company's product candidate and affect such commercialization.

If any of the Company's product candidates receive marketing approval and the Company or others identify undesirable or unacceptable side effects caused by such products afterwards:

- Competent Regulatory Authorities may withdraw approvals of such product;

- Competent Regulatory Authorities may require the addition of labelling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- the Company may be required to conduct additional clinical studies;
- the Company may be subject to limitations on how it may promote the product;
- the Company may be subject to litigation or product liability claims; and
- the Company's reputation may be impaired.

Any of these events could prevent the Company or any potential future partners from achieving or maintaining market acceptance of the relevant product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent the Company from generating significant revenue from the sale of its products.

The Company has now conducted two phase III trials for gp-ASIT+™. There were no major safety issues encountered, nevertheless the efficacy results did not meet the primary endpoint.

Failure to successfully identify, develop and commercialize additional products could impair the Company's ability to grow. In particular, the Company may not be successful in efforts to use and expand its technology platform, ASIT+, to build a pipeline of product candidates and develop marketable products.

A key element of the Company's long-term growth strategy is the capacity to develop and market additional products arising out of the same ASIT+ technology platform. The success of this strategy depends partly upon the Company's ability to develop promising product candidates. Although the results of two phase III studies for gp-ASIT+™ were not satisfactory, the Company is of the opinion that its peptide based technology platform ASIT+ could be successfully used in other allergy indications, especially food allergies. Besides this the Company will also explore the use of specific carriers and/or adjuvants to the mixture of peptides to enhance the efficacy of its product candidates.

The Company may not be successful in its efforts to use and expand ASIT+ to build a pipeline of product candidates through partnerships or to develop approved or marketable products. In addition, all product candidates are prone to risks of failure typical of pharmaceutical product development, including the possibility that a product candidate may not be suitable for clinical development as a result of its harmful side effects, limited efficacy or other characteristics that indicate that it is unlikely to be a product that will receive approval by Competent Regulatory Authorities and achieve market acceptance.

If the Company does not successfully develop and commercialize product candidates based upon its ASIT+ technology platform, the Company may not be able to create or market a product or generate revenues in the future, which would adversely affect its business, prospects, financial condition and results of operations.

Risks related to product commercialization

Even if the Company obtains regulatory approval, the commercial success of the Company's product candidates will depend on the degree of market acceptance of its products among physicians, patients, payers and the medical community.

Market acceptance will depend on a variety of factors, many of which are beyond the Company's control, including, but not limited to:

- the wording of the product label;
- the acceptance by physicians, patients and payers of products as safe, effective and cost-effective;
- the relative convenience, ease of use, ease of administration and other perceived advantages over alternative products;
- the prevalence and severity of side effects;
- the limitations, precautions or warnings listed in the summary of product characteristics, patient information leaflet, package labelling or instructions for use;
- the cost of treatment compared to alternative treatments, and the extent to which the Company's products are approved for inclusion and reimbursed by managed care organizations;
- the designation as first-line, second-line, third-line or last-line therapy;
- the slow implementation by EU Member States other than Germany of 2001/83/EC on the Community code relating to medicinal products for human use (the ***Medicinal Products Directive***), organizing the shift of industrially manufactured AIT products from named patient products (NPPs) to products authorized on the basis of a marketing authorization based on a fully documented file;
- the level of preference for sublingual administration;
- the shift from use of self-prepared AIT products to approved ones requiring fewer injections; and
- the preference by physicians to mix several allergens to treat polysensitized allergic patients.

The commercial success of the Company's product candidates could be negatively affected if the allergy immunotherapy market does not develop as foreseen by the Company.

A material change in either the addressable patient population or in the treatment approach for immunotherapy could introduce an element of uncertainty or even result in a candidate pool for ASIT+ products that is lower than the Company's conservative projections. This could negatively affect the commercial success of the Company. Furthermore, the anticipated use of innovative new agents such as the novel ASIT+ products may not garner physician preference share as conveyed through extensive market research. The commercial success of the Company's product candidates could be impaired if the subcutaneous immunotherapy (SCIT) market does not develop well compared to the sublingual immunotherapy (SLIT) market, or if the Company's product candidates do not find a place within the market. In the event that physician prescribing patterns do not materially evolve, or if payers amend reimbursement and market access decision making to the detriment of new SCIT approaches, then the commercial opportunity and ASIT+ sales potential would be negatively impacted.

The Company may face significant competition and technological change which could limit or eliminate the market opportunity for its product candidates.

The market for pharmaceutical products is highly competitive. The Company may, amongst others, face the following competition challenges:

- the fields in which the Company operates are characterized by technological change and innovation; competitors of the Company include established pharmaceutical companies like ALK-Abello, Stallergènes, Allergopharma and Allergy Therapeutics, and other innovative biotechnology companies like Biomay, Anergis, and Aimmune Therapeutics, which are currently developing technologies and products that can be equally or more effective, and/or more economical than any current or future

product candidates of the Company; for example, it cannot be excluded that technological advances such as new active ingredients like synthetic peptides or recombinant allergens or new administration routes like sublingual tablets or transdermal patches could have a higher market penetration;

- some of the Company's competitors have substantially greater financial, research and development resources than the Company and greater marketing and business power allowing them to accelerate the discovery and development of product candidates that could make the Company's product candidates less competitive;
- any new product that competes with an approved product must demonstrate, at the end of clinical development, compelling results in terms of efficacy, convenience, tolerability and safety in order to be commercially successful; accordingly, the Company's competitors may receive approval from Competent Regulatory Authorities prior to the Company; competitive advantages of competitors' products could limit the demand and the price of the Company's product candidates;
- the Company will not achieve its business plan if the acceptance of the Company's products is limited by price competition. The launch of competitive pharmaceutical products, particularly after the Company's intellectual property protection or data exclusivity period expires, may result in reduction in sales volumes or sales prices for the Company's products, which could materially adversely affect its business, prospects, financial condition and results of operations.

The price setting and the availability and level of adequate reimbursement by third parties, such as insurance companies, governmental and other payers is uncertain and may impede on the Company's ability to generate sufficient operating margins to offset operating expenses.

The Company's commercial performance will depend in part on the conditions for setting the sales price of its products by the relevant public commissions and bodies and the conditions of their reimbursement by the health agencies or insurance companies in the countries where the Company intends to market its products. Pressure on sales prices and reimbursement levels is intensifying owing in particular to:

- price controls imposed by many countries;
- the increasing reimbursement limitations of some products under budgetary policies, and
- the heightened difficulty in obtaining and maintaining a satisfactory reimbursement rate for medicines.

Obtaining adequate pricing decisions that would generate return on the investment incurred for the development of product candidates developed by the Company is therefore uncertain. The Company's ability to manage its expenses and cost structure to adapt to increased pricing pressure is untested and uncertain. All of these factors will have a direct impact on the Company's ability to make profits on the products in question. The partial/no reimbursement policy of medicines could have a material adverse effect on the business, prospects, financial situation, earnings and growth of the Company.

Risks related to regulatory environment

Nearly all aspects of the Company's activities are subject to substantial regulation. No assurance can be given that any of the Company's product candidates will fulfil regulatory compliance. Failure to comply with such regulations could result in delays, suspension, refusals, fines and withdrawal of approvals.

The international pharmaceutical and medical technology industry is highly regulated by government bodies (the ***Competent Regulatory Authorities***) that impose substantial requirements covering nearly all aspects of the Company's activities. Competent Regulatory Authorities notably include the European Medicine Agency (EMA) and all national Competent Authorities in the EU, the Food and Drug Administration (FDA) in the US, and other Competent Authorities in other relevant markets.

There can be no assurance that product candidates of the Company will fulfil the criteria required to obtain necessary regulatory clearance to access the market. Also, at this time, the Company cannot guarantee or know the exact nature, precise timing and detailed costs of the efforts that will be necessary to complete the remainder of the development of its research programs and product candidates. Each Competent Regulatory Authority may impose its own requirements, may discontinue an approval, may refuse to grant approval, or may require additional data before granting approval, not-withstanding that approval may have been granted by one or more other Competent Regulatory Authorities. No assurance can be given that clinical trials will be approved by Competent Regulatory Authorities or that products will be approved for marketing by Competent Regulatory Authorities in any pre-determined indication or intended use. Competent Regulatory Authorities may disagree with the Company's interpretation of data submitted for their review. Even after obtaining approval for clinical trials or marketing, products will be subject to ongoing regulation and evaluation of their benefit/safety or risk/performance ratio.

Even if the Company completes the necessary preclinical and clinical studies, it cannot predict when or if it will obtain regulatory approval to commercialize any of its product candidates or if the conditions attached to such approval may be more stringent than the Company expects.

The Company cannot commercialize a product candidate for sale in a jurisdiction until the appropriate Competent Regulatory Authorities have reviewed and approved it. Even if the product candidates demonstrate safety and efficacy in clinical studies, such regulatory agencies may not complete their review processes in a timely manner, or the Company may not be able to obtain regulatory approval. Regulatory agencies also may approve a treatment candidate for fewer or more limited indications than requested or may grant approval subject to the performance of post-marketing studies. If the Company does not obtain regulatory approval to commercialize a product candidate, or if such approval is delayed, the Company's business, results of operations and/or financial condition could be materially adversely affected.

If the Company obtains regulatory approval for a product candidate, the product will remain subject to ongoing regulatory obligations.

If the Company obtains regulatory approval in a jurisdiction for a product, it will remain subject to ongoing regulatory obligations. In addition, Competent Regulatory Authorities may still impose significant restrictions on the indicated uses or marketing of the product or impose on-going requirements for potentially costly post-approval studies or post-market surveillance. If the Company would conduct clinical tests of its products with other therapeutic products (combination therapy), the Company's products would be exposed to any risk identified in relation to such other therapeutic products. Advertising and promotional materials must comply with Competent Regulatory Authorities or other applicable rules and are subject to Competent Regulatory Authorities review, in addition to other potentially applicable laws and legislation globally. In addition, Competent Regulatory Authorities may not approve the labelling claims or advertisements that are necessary or desirable for the successful commercialization of the Company's products.

The costs of compliance with applicable on-going regulations, requirements, guidelines or restrictions could be substantial, and failure to comply could result in sanctions, including fines, injunctions, civil penalties, denial of applications for marketing authorization of its products, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal

prosecutions, any of which could significantly increase the Company's or its collaborative partners' costs or delay the development and commercialization of its product candidates.

The occurrence of any event or penalty described above may delay commercialization of the Company's products, increase costs and materially adversely affect the Company's business, prospects, financial condition and results of operation.

The Company is subject to inspection and shall be subject to market surveillance by Competent Regulatory Authorities for compliance with regulations that prohibit promotion of the Company's products for a purpose or indication other than those for which approval has been granted.

While a product manufacturer may not promote a product for such "off label" use, doctors are allowed, in the exercise of their professional judgment in the practice of medicine, to use a product in ways not approved by Competent Regulatory Authorities. Off-label marketing regulations are subject to varying evolving interpretations. Competent Regulatory Authorities have broad enforcement power, and a failure by the Company or its collaboration partners to comply with applicable regulatory requirements can, among other things, result in recalls or seizures of products, operating and production restrictions, withdrawals of previously approved marketing applications, total or partial suspension of regulatory approvals, refusal to approve pending applications, warning letters, injunctions, penalties, fines, civil proceedings, criminal prosecutions and imprisonment.

Risks related to intellectual property

The Company may not be able to obtain, maintain, defend or enforce intellectual property rights covering its product candidates, which could adversely affect its ability to compete effectively.

The Company's commercial success depends, to a large extent, on its ability to obtain, maintain, defend and enforce its patents and other intellectual property rights covering its product candidates. The Company's research programs and product candidates are covered by several patents and patent applications, which are owned by the Company. The Company cannot guarantee that it will be in a position in the future to develop new patentable inventions or that the Company will be able to obtain patent rights from patent offices or maintain these patent rights against third-party challenges to their validity, scope and/or enforceability.

The Company cannot guarantee that it is or has been the first to conceive an invention and to file a patent or a patent application, notably given the fact that patent applications are not published in most countries before an 18-months period from the date of the filing. Because patent law in the biopharmaceutical industry is highly uncertain, there can be no assurance that the technologies used in the Company's research programs and product candidates are patentable, that patents will be granted from pending or future applications, or that patents will be broad enough to provide adequate and commercially meaningful protection against competitors with similar technologies or products, or that patents granted will not be successfully challenged, circumvented, invalidated or rendered unenforceable by third parties, hence enabling competitors to circumvent or use them and depriving the Company from the protection it may expect against competitors. If the Company does not obtain patents in respect of its technologies or if the patents of the Company are invalidated (for example, as a result of the discovery of prior art), third parties may use the technologies without payment to the Company. In addition, a third party's ability to use unpatented technologies is enhanced by the fact that the published patent application contains a detailed description of the relevant technology. The Company cannot guarantee that third parties, contract parties

or employees will not claim ownership rights over the patents or other intellectual property rights owned or held by the Company.

Finally, the enforcement of patents and other intellectual property is costly, time consuming and highly uncertain. The Company cannot guarantee that it will be successful in preventing the misappropriation of its patented inventions, know-how and other intellectual property rights, and failure to do so could significantly impair the ability of the Company to effectively compete.

The Company may not be able to protect its intellectual property rights throughout the world.

Filing, prosecuting and defending patents on all of the Company's product candidates throughout the world would be prohibitively expensive to the Company. Competitors may use the Company's technologies in jurisdictions where the Company has not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where the Company has patent protection but where enforcement is not as well developed as in the US or EU. These products may compete with the Company's products in jurisdictions where the Company does not have any issued patents and the Company's patent claims, or other intellectual property rights, may not be effective or sufficient to prevent them from so competing. Proceedings to enforce the Company's patent rights in foreign jurisdictions could result in substantial cost and divert the Company's efforts and attention from other aspects of its business. The inability of the Company to protect and/or enforce its intellectual property rights throughout the world could have a material adverse effect on its business, prospects, financial condition and results of operations. At the date of this Annual Report, the Company does not face proceedings regarding the enforcement of its intellectual property.

Intellectual property rights do not necessarily address all potential threats to the Company's competitive advantage.

The degree of future protection afforded by the Company's intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect the Company's business or permit it to maintain its competitive advantage. The following examples are illustrative:

- the Company relies on proprietary know-how to protect its research programs, product candidates and ASIT+ platform; know-how does not benefit from intellectual property rights protection and is difficult to maintain; the Company uses reasonable efforts to maintain its know-how, but it cannot assure that its partners, employees, consultants, advisors or other third parties will not willfully or unintentionally disclose proprietary information to competitors;
- others may be able to make products that are similar to the Company's product candidates but that are not covered by the claims of the Company's patents;
- others may independently develop similar or alternative technologies or duplicate any of the Company's technologies without infringing the Company's intellectual property rights;
- pending patent applications may not lead to issued patents;
- issued patents may not provide the Company with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by the Company's competitors;
- the Company's competitors might conduct research and development activities in countries where the Company does not have patent rights and then use the information learned from such activities to develop competitive products for sale in its major commercial markets;

- the Company may not develop or in-license additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on the Company's business.

Should any of these events occur, they could significantly harm the Company's business, prospects, financial condition and results of operation.

Intellectual property infringement claims from third parties would be time-consuming and costly to defend and may result in liability for damages or prevent the Company from commercializing its products.

The Company's success will depend in part on its ability to operate without infringing on or misappropriating the intellectual property rights of others. The Company cannot guarantee that its activities will not infringe on the patents or other intellectual property rights owned by others. The Company may expend significant time and effort and may incur substantial costs in litigation if it is required to defend against patent or other intellectual property right suits brought against the Company regardless of whether the claims have any merit. If the Company is found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Company's cash flow and financial position. The Company may also be required to cease development, use or sale of the relevant research program, product candidate or process or it may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all. Even if the Company is able to obtain a license, it could be non-exclusive, thereby giving its competitors access to the same technologies licensed to the Company and could require the Company to make substantial royalty payments. The Company may be unable to develop or commercialize a product, product candidate or research program, or may cease some of its operations, which may have a material adverse effect on the Company's business.

There can be no assurance that the Company's efforts to search for existing proprietary rights before embarking on a research and development program with respect to a particular product candidate, method, process or technology will uncover all relevant third party rights relating to such product, method, process or technology. The Company may spend significant time and effort and may incur substantial costs if required to defend against any infringement claims or to assert its intellectual property rights against third parties. The risk of such a procedure by a third party may increase in view of the Company making public announcements regarding one or more of its research programs and product candidates. The Company may not be successful in defending its rights against such procedures or claims and may incur as a consequence thereof significant losses, costs or delays in its intended commercialization plans as a result thereof.

If the Company is not able to prevent disclosure of its trade secrets, know-how or other proprietary information, the value of its technology and product candidates could be significantly diminished.

The Company relies on trade secret protection to protect its interests in its know-how or other proprietary information and processes for which patents are difficult to obtain or enforce or which are difficult to reverse engineer, all of which constitute confidential information. The Company may not be able to protect its confidential information adequately. The Company has a policy of requiring its consultants, employees, contract personnel, advisers and third-party partners to enter into invention transfer, non-disclosure and non-compete agreements. However, no assurance can be given that the Company has entered into appropriate agreements with all of its consultants, contract personnel, advisers, third-party partners or other parties that have had access to the Company's confidential information. There is also no assurance that such

agreements will provide for a meaningful protection of confidential information in the event of any unauthorized use or disclosure of information.

Furthermore, the Company cannot provide assurance that any of its employees, consultants, contract personnel or third-party partners, either accidentally or through willful misconduct, will not cause serious damage to its programs and/or its strategy, by, for example, disclosing confidential information to its competitors. It is also possible that confidential information could be obtained by third parties as a result of breaches of physical or electronic security systems of the Company, its consultants, advisers, third-party partners or other parties that have had access to its confidential information. Any disclosure of confidential data into the public domain or to third parties could allow the Company's competitors to learn confidential information and use it in competition against the Company. In addition, others may independently discover the Company's confidential information. Any action to enforce the Company's rights against any misappropriation or unauthorized use and/or disclosure of confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

Risks related to third parties

The Company has obtained significant funding from the Brussels-Capital and Walloon Regions. The terms of the agreements signed with the Regions may hamper the Company to partner part or all its products and restrict the Company's ability to determine the location of its premises.

The Company has entered into funding agreements with the Brussels-Capital Region (the *Brussels Grants*) and the Walloon Region (the *Walloon Grants*) to finance its research and development programs.

According to the terms of the Brussels Grants, the Company would be required to ensure the industrial and commercial development is in the interest of the economy, employment and the environment in the Brussels-Capital Region. The sale of patents or know-how and licensing to companies located outside the Brussels-Capital Region must meet the same recovery goals. The Brussels-Capital Region may request the Company for partial or total repayment of subsidies received if the Company breached its commitment. The Company may not be able to reimburse these grants pursuant to the terms of these contracts, or such repayment could affect the funding of its clinical and scientific activities. The Company agreed to pursue activity on the territory of the Brussels-Capital Region in the 10 years following the end date of the agreements granting subsidies (i.e., until March 2018).

The Company has also decided to partially finance some of its development program of its house dust mite product candidate as well as food allergy product candidates with funding from the Walloon Region, and as a result, the Company is bound by the terms and conditions of the Walloon Grants. The Walloon Grants are dedicated to support specific research projects, and their terms may limit the Company's ability to conduct research with third parties in the field of such research projects and prohibit the granting of any other rights relating to the Company's findings of such research projects to third parties. Also, the Company needs to obtain the consent of the Walloon Region for any transfer, out-licensing or sale to a third party of any or all of the research projects related results, which may reduce the Company's ability to partner or sell part or all of its products.

Furthermore, when research projects partially funded by the Walloon Region will enter into their phase of use (meaning the phase following the research phase and during which the Company will use the results of the research projects for commercial purposes), the Company will have to start reimbursing the funding received on an annual basis. Such phase of use of the results arising from the research project regarding

house dust mite allergy started in 2017. The reimbursement will be divided into a fixed part (for an amount of € 25,000 for 2019) and a variable part dependent upon the Company's turnover. The Company may not be able to reimburse such funding under the terms of the agreements or such reimbursement may jeopardize the funding of its clinical and scientific activities.

In addition, if the Company decides not to enter into the phase of use with respect to the research projects, it must transfer all property rights relating to the findings of the research projects to the Walloon Region. In such case, the Company would also be prohibited from conducting any research for any third party relating to the research projects for a period of 72 months following the Company's decision not to enter into the phase of use.

The above commitments are binding contractual undertakings of the Company. If the Company does not respect its contractual undertakings, the Company could be held liable for breach of contract.

The Company is dependent on certain key third party suppliers.

Currently the Company works with one clinical research organization ("CRO") who has coordinated the second clinical phase III study. If such third party stops to provide the required services, the Company could fail to maintain or to achieve satisfactory regulatory compliance.

The Company may be unable to purchase raw materials and process media such as natural sources of allergens provided by third party suppliers for the manufacturing of the product candidates.

Access to raw materials and process media necessary for active ingredients manufacturing is essential for sustainability and profitability of the Company's operations. Failure to obtain access to such raw materials and process media could have a negative impact on the development of the Company's activities.

The Company is dependent on its suppliers to secure the supply of the required raw materials and process media. No long-term renewable contracts and framework agreements have at this stage been executed with the suppliers. Should the Company's existing suppliers cease operations or reduce or eliminate production of these raw materials or process media, access to these materials may become impossible.

The Company may need to rely on partners for the commercialization and distribution of its products in certain or all regions.

The Company's product candidates are being developed with the intention of a commercial launch in a number of key countries. The Company currently has no commercial, marketing and sales organization in place and has never marketed a product and has therefore limited experience in the fields of sales, marketing and distribution. The Company has assessed the possibility to deploy its own sales and distribution organization in key markets. However, it might be possible that the Company will need to rely for the commercial launch and distribution of its products on license and/or supply deals with partners in certain regions. Such partners have not been identified, and there can be no assurance that the Company will ever identify such partners or find a profitable agreement with such partners. Therefore, its products might not be commercialized in all markets that the Company currently targets. When the selected partners are not successful in commercializing the Company's products or the Company is not successful in collaborating with an appropriate partner, it will suffer from a reduction in volumes sold, revenues and cashflows from the relevant product in the relevant market.

The Company's dependence on partners for the commercialization of its products in certain or all the regions results in a number of risks, including, but not limited to, the following:

- the Company may not be able to control the amount or timing of resources that partners devote to the Company's products;

- the willingness or ability of the Company's partners to complete their obligations under the Company's collaboration arrangements may be materially adversely affected by business combinations or significant changes in a partner's business strategy; and/or
- the Company may experience delays in, or increases in the costs of, the marketing of the Company's products due to the termination or expiration of collaborative arrangements.

If any of these risks were to materialize, the Company's ability to commercialize one or more of its products could be impaired and its business, prospects, financial condition and results of operations could be materially adversely affected.

Risks related to structure and operations

The Company could fail to achieve or maintain high standards of manufacturing in accordance with Good Manufacturing Practices and other manufacturing regulations.

The Company must continuously adhere to (current) Good Manufacturing Practices and corresponding manufacturing regulations of Competent Regulatory Authorities. In complying with these regulations, the Company and its third-party suppliers must expend significant time, money and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. The Company may also be compelled to look for alternative suppliers that comply with such requirements. The failure to comply with these requirements could result in an enforcement action against the Company, including the seizure of products need to be expressed for sub-contracted manufacturing. Any of these third-party suppliers and the Company also may be subject to audits by the Competent Regulatory Authorities. In order to limit the risks in that respect the Company imposes very strict contractual obligations to suppliers and ensures a follow-up of their activities and respect of their regulatory requirements. In particular, a formal and systematic qualification process is enforced, including periodic on-site qualification audits and implementation of binding corrective action plans, under the terms of quality agreements or similar contractual terms. All material and services providers are currently operating under this model.

The Company is highly dependent on its current management team and more specifically on its CEO and CFO.

With the restructuring of the Company and the lay-off of most of the personnel, the Company is highly dependent on its CEO and CFO and their capabilities to evaluate the assets of the Company and in the meantime to guarantee the continuity of the Company.

Moreover in case the Company could continue its activities, the hire of new highly qualified personnel on acceptable terms or at all could be difficult as competition for skilled personnel in the biotechnology and pharmaceutical industries is intense and the turnover rate can be high.

The Company has limited experience in sales, marketing and distribution.

Since its inception, the Company's activities have mainly been limited to staffing, business planning, raising capital, developing products and technologies, identifying potential product candidates and undertaking preclinical and clinical studies. The Company has not yet demonstrated its ability to obtain marketing authorization for its products or conduct sales and marketing activities necessary for successful product commercialization, and no clear price strategy has yet been determined. In addition, given its limited

operating history, the Company may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors.

The Company has currently neither marketing nor sales capacity. The Company is considering the possibility to set up its own marketing and sales force when clinical results confirm the possibility that a first product candidate can be marketed. In such a case, the Company would have to acquire marketing skills and develop its own sales and marketing infrastructure, and would need to incur additional expenses, mobilize management resources, implement new skills and set up the appropriate organizational structure to market the relevant product(s). The Company may not be able to attract qualified sales and marketing personnel on acceptable terms in the future and therefore may experience constraints that will impede the achievement of its commercial objectives.

If the Company is not successful in transitioning its current research and development to the commercialization of product candidates or incurs greater costs than expected in this respect, the Company's business, prospects, financial condition and results of operation could be materially adversely affected.

Growth may trigger significant demands on the Company's management and resources.

The Company expects to experience future growth in the number of its employees and the scope of its operations in connection with the continued development and commercialization of its current and potential new product candidates. If the Company is unable to integrate successfully such additional employees or operations, or to hire the necessary additional qualified employees in a sufficient number and in a timely manner, this may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's employees, principal investigators, consultants and partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards.

Misconduct by employees, independent contractors, principal investigators, consultants, collaborative partners and vendors could include intentional failures to comply with Competent Regulatory Authorities' regulations, to provide accurate information to Competent Regulatory Authorities or to comply with manufacturing standards the Company has established.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements.

Misconduct could also involve scientific data fraud, or the improper use of information obtained in the course of clinical studies, which could result in regulatory sanctions and serious harm to the Company's reputation. It is not always possible to identify and deter misconduct, and the precautions the Company takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company and the Company is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of significant fines or other sanctions, and its reputation.

Other risks

If any product liability lawsuits are successfully brought against the Company or any of its partners, the Company may incur substantial liabilities and may be required to limit commercialization of its product candidates.

The Company could face the risk of substantial liability for damages if its product candidates were to cause adverse side effects in clinical trials or once they are on the market. The Company may not be able to accurately predict the possible side effects that may result from the use of its product candidates. Product liability claims may be brought against the Company or its partners by participants enrolled in clinical trials, practitioners, researchers and other health/research professionals or others using, administering or selling any of the Company's future approved products. If the Company cannot successfully defend itself against any such claims, it may incur substantial liabilities. Regardless of their merit or eventual outcome, liability claims may result in:

- decreased demand for the Company's future approved products;
- injury to the Company's reputation;
- withdrawal of clinical trial participants;
- termination of clinical trial sites or entire trial programs;
- increased regulatory scrutiny;
- loss of funding and other financing;
- significant litigation costs;
- substantial monetary awards to or costly settlement with patients or other claimants;
- product recalls or a change in the indications for which they may be used;
- loss of revenue;
- diversion of management and scientific resources from the Company's business operations; and
- the inability to commercialize product candidates.

The Company is subject to an investigation by the Belgian Financial Services and Markets Authority.

The Belgian Financial Services and Markets Authority (FSMA), opened an investigation against the Company on September 12, 2017. Such investigation was related to whether the Company had failed to timely disclose inside information to the market in relation to a scientific advice as received by the Paul Ehrlich Institut. The scientific advice was received on June 8, 2017 and disclosed by a press release on June 19, 2017 (7 working days or 11 calendar days later). The Company could be forced to pay an administrative fine. Further, any future allegations (based on other facts and circumstances) that the Company failed to comply with applicable securities laws, whether or not true, may subject it to fines, claims and/or sanctions, which could impair its ability to offer its securities or restrict trading in its securities. The occurrence of any of the foregoing could have a material adverse effect on the trading price of its securities and its business.

The Company or third parties upon whom the Company depends may be adversely affected by natural disasters and/or global health pandemics, and its business, financial condition and results of operations could be adversely affected.

The occurrence of unforeseen or catastrophic events, including extreme weather events and other natural disasters, man-made disasters, or the emergence of epidemics or pandemics, depending on their scale, may cause different degrees of damage to the national and local economies and could cause a disruption in the Company's operations and have a material adverse effect on its financial condition and results of operations. Man-made disasters, pandemics, and other events connected with the regions in which the Company operates could have similar effects. If a natural disaster, health pandemic, or other event beyond its control occurred that prevented the Company from using all or a significant portion of its office and/or lab spaces, damaged critical infrastructure, such as its manufacturing facilities or its manufacturing facilities of its third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult for the Company to continue its business for a substantial period of time.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this Annual Report, Belgium, where the Company operates, has been impacted by temporary closures. The length or severity of this pandemic cannot be predicted, but the Company currently anticipates that there may be a potential impact from COVID-19 on the planned closing activities of the second Phase III study.

CORPORATE GOVERNANCE

This section summarizes the rules and principles by which the Company's corporate governance is organized, and which are contained in the Belgian Code of Companies and Associations, other relevant legislation, the Company's articles of association and the corporate governance charter of the Company.

Corporate Governance Charter

The Company applied for the fiscal year 2019 its corporate governance charter ("CGC") that was in line with the Belgian corporate governance code of 2009 ("Code 2009"), the CGC2009. The Company has adopted its CGC with the new Belgian corporate governance code of 2020 ("Code 2020") at March 25, 2020, the CGC2020. The CGC2020 is applicable for the fiscal year 2020 and at the date of this Annual Report.

The CGC describes the main aspects of the corporate governance of the Company, including its governance structure, the terms of reference of the board of directors and its committees and other important topics. The CGC must be read together with the articles of association.

The Company complies with the corporate governance principles contained in the Belgian corporate governance code of 2009 for the fiscal year 2019 and in the Belgian corporate governance code of 2020 for the fiscal year 2020. Nevertheless, the Company believes that certain deviations from its provisions are justified in view of the Company's situation. These deviations are the following:

- The Company intends to award stock based incentives to its non-executive directors, upon advice of the remuneration and nomination committee. This is contrary to provision 7.7 of the Code 2009 and to provision 7.5 of the Code 2020 that provides that non-executive directors should not be entitled to performance-related remuneration such as (amongst others) stock related long-term incentive schemes. The Company justifies this as it allows to limit the portion of remuneration in cash that it would otherwise need to pay to attract or retain (internationally) renowned experts with the most relevant skills, knowledge and expertise, and as it is customary for directors active in companies in the biotech and life industry, and as the portion of the remuneration payable in warrants is limited;
- Giving its limited size after the below threshold results of the second Phase III study, the Company has not retained the following provision under the new Code2020 to be considered as independent director : "Not be receiving, or having received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a patrimonial nature from the company or a related company or person, apart from any fee they receive or have received as a non-executive board member";
- For the same reason, the Company has not retained a three year period for certain provisions under the Code2020 to be considered as independent director. This is for each provision specifically indicated in the section below under Board of directors titled "Independent directors".

What constitutes good corporate governance will evolve with the changing circumstances of a company and with the standards of corporate governance globally and must be tailored to meet those changing circumstances. The board of directors intends to update the CGC as often as required to reflect changes to the Company's corporate governance.

The articles of association and the CGC are made available on the Company's website (www.asitbiotech.com) and can be obtained free of charge at the Company's registered office.

Board of directors

Powers and Responsibilities

The Company has opted for a "one tier" governance structure whereby the board of directors is the ultimate decision making body, with the overall responsibility for the management and control of the Company and is authorized to carry out all actions that are considered necessary or useful to achieve the Company's purpose. The board of directors has all powers except for those reserved to the shareholders' meeting by law or the articles of association.

Pursuant to the CGC, the role of the board of directors is to pursue the long term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The board of directors decides on the Company's values and strategy, its risk appetite and key policies. The board of directors is assisted by a number of committees in relation to specific matters. The committees advise the board of directors on these matters, but the decision making remains with the board of directors as a whole.

The board of directors appoints and removes the chief executive officer ("*CEO*"). The role of the CEO is to implement the mission, strategy and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. The CEO reports directly to the board of directors.

Pursuant to the Belgian Code of Companies and Associations the board of directors must consist of at least one director. Pursuant to the articles of association, the board of directors must consist of a maximum of nine directors. The CGC provides that the composition of the board of directors should ensure that decisions are made in the corporate interest. It should be determined on the basis of diversity, as well as complementary skills, experience and knowledge. Pursuant to the Code 2009 and Code 2020, at least half of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the BCC (for the Code 2009) and in the Code on Corporate Governance (for the Code 2020). Pursuant to Article 7:86 of the Belgian Code of Companies and Associations, at least one third of the members of the board of directors must be of the opposite gender.

The directors are appointed for a term of no more than three years by the shareholders' meeting. They may be re-elected for new terms. Proposals by the board of directors for the appointment or re-election of any director must be based on a recommendation by the remuneration and nomination committee. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next shareholders' meeting. The shareholders' meeting can dismiss the directors at any time.

Pursuant to the Company's articles of association, the shareholders owning, individually or jointly, at least 15% of the share capital of the Company have the right to propose the names of two candidates for a position of director. Unless recommended otherwise by the remuneration and nomination committee of the Company, the shareholders' meeting shall appoint one of those two candidates as director.

At the date of this Annual Report, two groups of shareholders owning jointly more than 15% of the share capital have proposed the appointment of directors. M. Everard van der Straten has been appointed as director upon the proposal of M. Rodolphe de Spoelberch, M. Marc Nollet, Mrs. Martine van der Rest, Espad-Services SA (M. Everard van der Straten) and Teck-Finance SA (M. Everard van der Straten). La Société Fédérale de Participations et d'Investissement (SFPI) SA (represented by M. François Fontaine) and Noshaq

SA (represented by M. Marc Foidart until 17 September 2018 and by Philippe De Geer at the date of this Annual Report) have been appointed as directors upon the proposal of Société Fédérale de Participations et d'Investissement (SFPI) SA, Noshaq SA, Spinventure SA, Brustart SA, Epimède SA and Société Régionale d'Investissement de Bruxelles (SRIB) SA. These groups of shareholders are not acting in concert as defined by Belgian law.

In January 2019, M. Everard van der Straten informed the Company that the agreement between M. Rodolphe de Spoelberch, Espad-Services SA (M. Everard van der Straten) and Teck-Finance SA (M. Everard van der Straten) was terminated.

The board of directors meets whenever the interests of the Company so require or at the request of two or more directors. In principle, the board of directors will meet sufficiently regularly and at least five times per year. The decisions of the board of directors are made by a simple majority of the votes cast. The chairman of the board of directors does not have a casting vote.

Chairman

The board of directors elects a chairman from among its non-executive members on the basis of his knowledge, skills, experience and mediation strength. M. Louis Champion, replaced by its company ZOPAMAVI SAS at June 13, 2019, was appointed chairman of the board of directors from December 18, 2018 until the moment of its resignation on January 16, 2020. From that moment onwards, RE Finance Consulting SA, duly represented by M. Yves Désiront, is appointed chairman.

Independent Directors

Until December 31, 2019, a director only qualifies as an "independent director" if he meets at least the criteria set out in Article 526ter of the BCC, which can be summarized as follows:

- not being an executive member of the board of directors, exercising a function as a member of the executive management or as a person entrusted with daily management of the Company, or a company or person affiliated with the Company, and not having been in such a position during the previous five years before his nomination;
- not having served for more than three terms as a non-executive director of the board of directors, without exceeding a total term of more than twelve years;
- not being an employee of the senior management (as defined in article 19, 2° of the Belgian Act of 20 September 1948 regarding the organization of the business industry) of the Company, or a company or person affiliated with the Company and not having been in such a position for the previous three years before his nomination;
- not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the Company, or a company or person affiliated with the Company, other than any bonus or fee (tantièmes) he or she receives or has received as a non-executive member of the board of directors;
- not holding (directly or via one or more companies under his or her control) any shareholder rights representing 10% or more of the Company's Shares or of a class of the Company's Shares (as the case may be), and not representing a shareholder meeting this condition;

- if the shareholder rights held by the director (directly or via one or more companies under his or her control) represent less than 10%, the disposal of such Shares or the exercise of the rights attached thereto may not be subject to contracts or unilateral undertakings entered into by the director. The director may also not represent a shareholder meeting this condition;
- not having, or having had within the previous financial year, a significant business relationship with the Company or a company or person affiliated with the Company, either directly or as partner, shareholder, member of the board of directors, member of the senior management (as defined in article 19, 2° of the aforementioned Belgian Act of 20 September 1948) of a company or person who maintains such a relationship;
- not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the Company or a company or person affiliated with the current or former statutory auditor of the Company;
- not being an executive director of another company in which an executive director of the Company is a non-executive member of the board, and not having other significant links with executive directors of the Company through involvement in other companies or bodies; and
- not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the board of directors, a member of the executive management, a person charged with the daily management, or a member of the senior management (as defined in article 19, 2° of the aforementioned Belgian Act of 20 September 1948) of the Company, or a company or person affiliated with the Company, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.

Under the new CGC 2020, which is applicable as from its approval by the board of directors in March 2020, the definition of "independent director" is slightly amended. According to Article 3.5 of the CGC 2020, in order to be appointed as an independent board member, considering the limited size of the company, a board member must meet the following criteria:

1. Not be an executive or exercising a function as a person entrusted with the daily management of ASIT Biotech or a related company or person, and not have been in such a position over the previous six months[16]. Alternatively, no longer enjoying stock options of ASIT Biotech related to this position;
2. Not have served for a total term of more than twelve years as a non-executive board member;
3. Not be an employee of the senior management (as defined in article 19,2° of the law of 20 September 1948 regarding the organization of the business industry) of ASIT Biotech or a related company or person, and not have been in such a position over the previous six months[17]. Alternatively, no longer enjoying stock options of ASIT Biotech related to this position;
4. (a) Not hold shares, either directly or indirectly, either alone or in concert, representing globally one tenth or more of the ASIT Biotech's capital or one tenth or more of the voting rights in ASIT Biotech at the moment of appointment;
   (b) Not having been nominated, in any circumstances, by a shareholder fulfilling the conditions covered under (a);
5. Not maintain, nor have maintained in the past year before their appointment, a significant business relationship with ASIT Biotech or a related company or person, either directly or as partner,

[16] The Code2020 provides for a 3 years period. As indicated above, this change has been made considering the limited size of the company.
[17] The Code2020 provides for a 3 years period. As indicated above, this change has been made considering the limited size of the company.

shareholder, board member, member of the senior management (as defined in article 19,2° of the law of 20 September 1948 regarding the organization of the business industry) of a company or person who maintains such a relationship;

6. Not be or have been within the last three years before their appointment, a partner or member of the audit team of ASIT Biotech or person who is, or has been within the last three years before their appointment, the external auditor of ASIT Biotech or a related company or person;
7. Not be an executive of another company in which an executive of ASIT Biotech is a non-executive board member, and not have other significant links with executive board members of ASIT Biotech through involvement in other companies or bodies;
8. Not have, in ASIT Biotech or a related company or person, a spouse, legal partner or close family member to the second degree, exercising a function as board member or executive or person entrusted with the daily management or employee of the senior management (as defined in article 19,2° of the law of 20 September 1948 regarding the organization of the business industry), or falling in one of the other cases referred to in 1. to 8. above, and as far as point 2. is concerned, up to three years after the date on which the relevant relative has terminated their last term.

The resolution appointing the director must mention the reasons on the basis of which the capacity of independent director is granted. In the absence of guidance in the law or case law, the board of directors has not further quantified or specified the aforementioned criteria set out in article 526ter of the BCC. Furthermore, in considering a director's independence, the criteria set out in the CGC will also be taken into consideration. The Company is of the view that the independent directors comply with each of the relevant criteria of the BCC and the CGC. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

As of December 31, 2019, three are independent directors.

Composition of the board of directors

As of December 31, 2019, the board of director is composed of 9 directors.

Name	Position	Term[18]
ZOPAMAVI SAS (represented by Louis Champion)	Chairman / Independent Director	2021
Michel Baijot	Managing Director (Executive) / CEO	2021
Harry Welten	Independent Director	2020
François Meurgey	Director (non-executive)	2020
Everard van der Straten Ponthoz	Director (non-executive)	2020
RE Finance Consulting SA (represented by Yves Désiront)	Director (non-executive)	2020
SFPI SA (represented by François Fontaine)	Director (non-executive)	2020
NOSHAQ PARTNERS SAS (represented by Philippe Degeer)	Director (non-executive)	2020
Jean-Paul Prieels	Independent Director	2022

As of the date of this Annual Report, the board of directors is composed of 9 directors.

[18] The term of the mandates of the directors will expire immediately after the annual shareholder's meeting held in the year set forth in this column.

ZOPAMAVI SAS has resigned as director on January 16, 2020. SFH Sprl, represented by Frank Hazevoets was opted-in as director on February 21, 2020, replacing ZOPAMAVI SAS.

Harry Welten and Jean-Paul Prieels have indicated that they will resign at the next shareholders' meeting.

Considering the new definition of "independent director", which is applicable since the approval of the new CGC2020 by the board of directors in March 2020, François Meurgey and RE Finance Consulting SA (represented by Yves Désiront) can be considered as "independent directors" as from that date.

The profile and professional experience of each of the Directors is summarized hereafter:

Louis Champion (resigned at January 16, 2020) obtained a master's degree in medical school of Lyon (France) and a MBA from INSEAD. He spent his entire professional career in the healthcare sector, mostly in biologicals. He started his career at Pasteur-Mérieux-Connaught (currently SANOFI Pasteur) in the 90's, reporting to the CEO and setting up the strategic marketing group. From 1995 to 2000, he served as general manager of the Brazilian subsidiary. In 2000, he joined Stallergènes, a allergy-focused pharmaceutical company listed on the Paris Stock exchange, as COO, strongly contributing to the company's growth and development until 2011. In 2011, as chairman and CEO, he led the turn-around of IPSanté, a leading health homecare company in France, which successfully underwent a secondary LBO in 2016. On behalf of the shareholders, he retained the chairmanship of the holding company of Elivie/IPSanté.

Michel Baijot is a bioengineer PhD. He is a life science executive bringing over 25 years of experience in building biologicals businesses with significant contribution to strategy, licensing, M&A and technology transfer. His positions with biotech and pharmaceutical companies, and his tangible achievements, reflect an in-depth knowledge of the business environment in both developed and emerging markets. He is currently president of White Fund and board director of OncoRadiomics. His previous positions include executive director Europe at Serum Institute of India, head of Cipla Global Vaccine, chief business officer at Janssen/Crucell, VP Worldwide Strategic Alliances and Business Development at GlaxoSmithKline Biologicals and VP Business Development at Innogenetics. He was chairman of the Belgian Biotech Association for 5 years.

Harry Welten (will resign at the next shareholders' meeting) holds a degree in banking and finance, a degree in economics and business administration and an MBA (Hons.) from Columbia University, New York. He spent more than twenty years in international senior executive functions, fifteen of which have been as CFO in a number of biotechnology companies, both private and public. He has been involved in IPO's, mergers and acquisitions and raised more than CHF 320 million from private and public investors. He serves as chairman and board member of several biotech companies. Harry is also a member of the foundation council of HBM Fondation.

François Meurgey is working as independent consultant in pharmaceutical product strategic marketing. He has spent more than twenty-five years in the biopharmaceutical industry, almost equally divided between Europe and the United States, and between operational and staff functions. He has held important sales and marketing positions at Eli Lilly (director of global marketing for Prozac®), Merck & Co. (senior director of Asia-Pacific marketing) and UCB (vice president of Global Marketing), among others. He also teaches regularly at ESSEC in Paris, the ULB in Brussels, the Scandinavian International Management Institute (SIMI) in Copenhagen, and Columbia University Graduate Schools of Business and Public Health in New York. He is a graduate of Reims Management School, received an MS in International Relations from Université de Paris-Sorbonne and holds an MBA from the Stern School of Business at New York University.

Everard van der Straten Ponthoz holds a master's degree in applied economics from Solvay Business School. He started a short career as auditor with Arthur and Anderson & Co, he was the managing director

of Metallochimique Group until March 2007 and then member of the Board of Metallum Group until December 2008. Since that time, Mr. van der Straten has acted as a business angel for SME's.

Yves Désiront obtained a master's degree as Ingénieur Commercial in Business Administration and Technology Interface from I.C.H.E.C. Brussels in 1994. He is the managing partner of a private equity fund based in Luxembourg and is acting, since October 2015, as group CFO of BGP Investment, a Luxembourg real estate group. Previously, he acted as group CFO of Orco Property Group. Prior to this, he served in various functions at Groupe Bruxelles Lambert and Générale de Banque.

François Fontaine obtained a master's degree in law and tax sciences. He has been a general counselor at the Belgian Federal Investment and Participation Company (SFPI) since December 2009. He is in charge of investment projects in the fields of new technologies, biomedical, real estate, waste, water treatment and energy sector. He was previously advisor to the tax unit of the Walloon Region in charge of the implementation and transfer of regional taxes.

Philippe Degeer is Industrial engineer (Haute Ecole Libre Mosane – HELMo Gramme) and holder of an MBA from the London Business School. He first worked for a SME in Liège and then developed his career within the American multinational Goodyear Dunlop. After becoming vice president of the group in Europe, Africa and the Middle East, he oversaw the implementation of innovation processes, international development policies as well as BtoB and BtoC marketing strategies. He has implemented corporate governance oriented towards investment and growth. He has also participated in the development of various partnerships, mergers, acquisitions and technology transfers.

Jean-Paul Prieels (will resign at the next shareholders' meeting) received his PhD in Biochemistry from the University of Brussels. He worked at GSK for over 23 year, having most recently served as senior vice president of R&D for GSK Vaccines and formerly worked at Smith Kline RIT. Jean-Paul joined the pharmaceutical sector after spending 13 years in academia (ULB, Duke University, ICP-UCL) and 3 years at Oléofina, a subsidiary of Petrofina. In 2011, he left GSK for the biotechnology industry to serve as founder, investor, board member and scientist. He currently serves as a director of several biotech companies.

At the date of this Annual Report, none of the directors and the members of the executive committee had at any time within at least the past five years:

- had any conviction in relation to fraudulent offences; or
- been adjudged bankrupt or entered into an individual voluntary arrangement; or
- been a director of any company at any time of, or within 12 months preceding, any receivership, compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- had his assets from the subject of any receivership or has been a partner of a partnership at the time of, or within 12 months preceding, any assets thereof being the subject of a receivership; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority; or
- ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Functioning of the board of directors in 2019

In the course of 2019, the board of directors met 11 times.

Name	Number of meetings attended
Louis Champion/ZOPAMAVI SAS[19]	11 / 11
Michel Baijot	11 / 11
François Meurgey	10 / 11
Everard van der Straten	10 / 11
RE Finance Consulting	11 / 11
SFPI	6 / 11
NOSHAQ PARTNERS SCRL [20]	10 / 11
Harry Welten	10 / 11
Jean-Paul Prieels[21]	5 / 5

Committees

The board of directors has established two board committees that are responsible for assisting the board of directors and making recommendations in specific fields:

- the audit committee (in accordance with article 526bis of the BCC/7:99 of the Belgian Code for Companies and Associations and provision 5.2 of the Code 2009 and provision 4.10 of the Code2020); and
- the remuneration and nomination committee (in accordance with article 526quater of the BCC and provision 5.3 and 5.4 of the Code 2009 and provision 4.17 of the Code 2020).

The terms of reference of these board committees are primarily set out in the CGC.

Audit committee

The audit committee consists of at least three directors. As provided by article 7:99 of the Belgian Code for Companies and Associations all members of the audit committee are non-executive directors and at least one member is an independent director. According to article 7:99 of the Belgian Code for Companies and Associations, at least one member of the audit committee must be independent and must have the necessary competence in accounting and auditing.

As of December 31, 2019, the audit committee is composed of 3 directors.

[19] Replacement of Louis Champion by its company ZOPAMAVI SAS at June 13, 2019.
[20] Replacement of Meusinvest by NOSHAQ PARTNERS SCRL effective December 18, 2018 as decided at the extraordinary shareholders meeting at November 14, 2019.
[21] Jean-Paul Prieels is appointed Board member at June 13, 2019.

Name	Position
Harry Welten	Chairman - independent director
NOSHAQ PARTNERS, represented by Philip Degeer	Member - non-executive director
François Meurgey	Member – non-executive director

The audit committee of the board of directors is composed exclusively of non-executive directors, of which one is an independent director.

The members of the audit committee must have sufficient expertise in financial matters to discharge their functions. The chairperson of the audit committee is competent in accounting and auditing as evidenced by his previous and current roles. According to the board of directors, the other members of the audit committee also satisfy this requirement, as evidenced by the different senior management and director mandates that they have held in the past and currently hold.

The role of the audit committee is to supervise and review the financial reporting process, the internal control and risk management systems and the internal audit process of the Company. The audit committee monitors the audit of the statutory and EU - IFRS financial statements, including the follow-up questions and recommendations by the statutory auditors. The audit committee also makes recommendations to the board of directors on the selection, appointment and remuneration of the external auditors and monitors the independence of the external auditor.

In principle, the audit committee meets as frequently as necessary for the efficiency of the operation of the audit committee, but at least four times a year. The members of the audit committee have full access to the management and to any other employee to whom they may require access in order to carry out their responsibilities.

In the course of 2019, the audit committee met 5 times.

Name	Number of meetings attended
Harry Welten	5 / 5
NOSHAQ PARTNERS, represented by Philip Degeer	5 / 5
François Meurgey	4 / 4
RE Finance Consulting, represented by Yves Désiront	1 / 1

Due to the changes in the composition of the board of directors, and considering the new definition of "independent director", which is applicable since the approval of the new CGC2020 by the board of directors in March 2020, the following directors have been appointed as members of the audit committee at the date

of the Annual Report and are the ones who reviewed this Annual Report during their meeting of April 16, 2020 :

Name	Position
RE Finance Consulting, represented by Yves Désiront	Member – independent director
SFPI, represented by François Fontaine	Member – non-executive director
Everard van der Straten	Member – non-executive director

Remuneration and nomination committee

The remuneration and nomination committee consists of at least three directors. All members of the remuneration and nomination committee are non-executive directors. According to article 7:100 of the Belgian Code for Companies and Associations, the remuneration and nomination committee must consist of a majority of independent directors. The remuneration and nomination committee is chaired by the person appointed by the board of directors amongst its members.

As of December 31, 2019, the remuneration and nomination committee is composed of 3 directors.

Name	Position
ZOPAMAVI SAS, represented by Louis Champion	Chairman - independent director
SFPI, represented by François Fontaine	Member - non-executive director
François Meurgey	Member – non-executive director

Pursuant to article 7:100 of the Belgian Code for Companies and Associations, the remuneration and nomination committee must have the necessary expertise on remuneration policy, which is evidenced by the experience and previous roles of its current members. The CEO participates to the meetings of the remuneration and nomination committee in an advisory capacity each time the remuneration of the management is being discussed.

The role of the remuneration and nomination committee is to make recommendations to the board of directors with regard to the appointment of directors, make proposals to the board of directors on the remuneration policy and individual remuneration for directors and members of the executive management, and to submit a remuneration report to the board of directors. In addition, the remuneration and nomination committee each year submits the remuneration report to the annual shareholders' meeting.

In principle, the remuneration and nomination committee meets as frequently as necessary for the efficiency of the operation of the committee, but at least three times a year.

In the course of 2019, the nomination and remuneration committee met 6 times.

Name	Number of meetings attended
ZOPAMAVI SAS, represented by Louis Champion	6 / 6
SFPI SA, represented by François Fontaine	6 / 6
François Meurgey	5 / 6

Due to the changes in the composition of the board of directors, and considering the new definition of "independent director", which is applicable since the approval of the new CGC2020 by the board of directors in March 2020, the following directors have been appointed as members of the remuneration and nomination committee at the date of the Annual Report:

Name	Position
NOSHAQ PARTNERS, represented by Philip Degeer	Member - non-executive director
SFPI SA, represented by François Fontaine	Member - non-executive director
François Meurgey	Member – independent director

Executive Management

The board of directors 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/directiecomité) under article 524bis of the BCC.

During the course of 2019, the Company's executive management team was composed of the following persons:

Name	Function
Michel Baijot	Chief Executive Officer (CEO)
Frank Hazevoets[22]	Chief Financial Officer (CFO)
Béatrice De Vos[23]	Chief Medical Officer (CMO)
Philippe Ghem	Head of Commercial Operations and Licensing

[22] From April 10, 2019 onwards, to replace Yves Désiront who was CFO ad interim
[23] From September 9, 2019 onwards, to replace Gilles Della Corte former CMO

Vincent Bille	Head of Technical Operations
Remy von Frenckell	Head of Clinical Development
Martine Draguet	Head of Regulatory Affairs and Quality Assurance
Marie-Pierre Baumont[24]	Head of Human Resources

The following section contains brief biographies of the members of the executive management team:

Michel Baijot, Chief Executive Officer: please refer to the board of directors section.

Frank Hazevoets, Chief Financial Officer: Frank Hazevoets joined the Company as CFO in April 2019. He brings more than 25 years of experience in shaping and executing strategy and in building value for company shareholders. After spending 10 years in the banking (corporate finance) sector, he has worked for 15 years in the fast moving consumer goods and life sciences industries, of which 10 years were in CFO roles. Notably, Frank was a director of strategy and external growth at AB InBev from 2001 to 2006, CFO and company secretary of TiGenix from 2006 to 2012, and CFO of Promethera Biosciences from 2014 to 2019. He holds a Master of Engineering (Cum laude) and a Master of Business Economics (Cum fructu) from the Katholieke Universiteit Leuven.

Beatrice de Vos, Chief Medical Officer: Beatrice De Vos, MD, has an impressive track record in clinical development and regulatory affairs of drugs, vaccines, and cell and immune therapies at leading companies. Most recently she was CMO at Promethera Biosciences; prior to that she was vice president Global Scientific and Medical Affairs at Sanofi, and vice president Medical Affairs at GlaxoSmithKline. She joined ASIT biotech in September 2019 as chief medical officer.

Philippe Ghem, Head of Commercial Operations and Licensing: Philippe Ghem has served as the Company's head of commercial operations and licensing since April 2018. He is a graduated commercial engineer from the Solvay Business School, and holder of a license in business and marketing from HEC Saint Louis (now ICHEC, Brussels), He brings over 20 years of commercial expertise in the pharmaceutical industry (retail, hospital, vaccines, devices) gained in various sales and marketing positions with multiple multinational large pharmaceutical companies (Abbott GSK, Novartis) and specialty pharmaceutical companies (Coloplast, Grunenthal). In his more recent positions, he was also regularly involved in market access and business development activities, in addition to sales, marketing, and commercial operations.

Vincent Bille, Head of Technical Operations: Vincent Bille joined the Company in 2016 to manage the manufacturing of ASIT's products. He holds a PhD in biochemistry from the university of Namur and a master's in business administration (IAG) from the Catholic University of Louvain-La-Neuve, He started his career at UCB as head of the peptide department within the contract manufacturing division and became director commercial operations, North America and general manager US. He was then director sales & business development for Lonza in the US and Europe. In 2007, he founded Marble Pharma Consult sprl, which provides consultancy services in externalized development and manufacturing operations.

Remy von Frenckell, Head of Clinical Development: Remy von Frenckell joined the Company in November 2016 as a consultant. He is a civil engineer in chemistry and holds a PhD in experimental biomedical sciences. He has more than 35 years of experience in drug development in academia (University of Liège) and in the pharmaceutical industry (BMS, UCB). He has more than 150 publications in peer reviewed journals. In his extensive career and after 15 years in academia, he started in the pharmaceutical industry as associate director biostatistics and data management at BMS, then joined UCB as vice president

[24] From July 29, 2019 onwards, to replace Vincent Theunissen former Head of Human Resources

statistics, data management, outcomes research, and finally EORTC (European Organization for Research and Treatment of Cancer) as director methodology & operations.

Martine Draguet, Head of Regulatory Affairs and Quality Assurance: Martine Draguet brings 30 years of experience in pharmaceutical regulatory affairs. After 10 years in academic research, she joined the pharmaceutical industry where she has developed and implemented international and regional regulatory strategies for several blockbuster drug products. Since 2010, Martine has consulted with pharmaceutical companies to,develop and/or implement their regulatory/quality strategy. Martine, is a qualified pharmacist and industrial pharmacist (QP) and holds a PhD, both from University of Louvain (UCL). She joined ASIT biotech in November 2014 as a consultant and is now head of regulatory affairs and quality assurance.

Marie Pierre Beaumont, Head of Human Resources: Marie Pierre has over 30 years' experience in human resources. She spent most of her career working in retail companies, including GIB group and IKEA, but also spent some time as a self-employed consultant in human resources and social relations in smaller organizations. Marie has a degree in psychology and education sciences from the University of Liège. She joined ASIT biotech in August 2019.

As of the date of this Annual Report, the Company's executive management team is only composed of the CEO and CFO.

Shares and shareholders

Share capital and shares

On the date of this Annual Report, the share capital of the Company amounts to €17,076,221.76 and is fully paid-up. It is represented by 21,892,592 shares without nominal value and representing the same pro rata fraction of the share capital.

On the date of this Annual report, 728,936 warrants are outstanding which give right to subscribe to 960,200 shares. Reference is made to Note 14 for more details.

On the date of the Annual Report, 25 CNs2018 are outstanding and 67 CNs2019 'A'. The CNs2019 'A' are deemed to be a debt instrument accounted for at amortized cost given the below threshold efficacy results of the second phase III trial announced end of November 2019. Reference is made to Notes 15.2 and 15.3 for more details.

History of share capital

The history in the Company's share capital since its incorporation can be summarized as follows:

Date	Transaction	Increase or reduction of share capital (EUR)	Share capital after transaction (EUR)	Aggregate number of shares after transaction
23 May 1997	Incorporation	29,747.22	29,747.22	1,200
30 September 1998	Capital increase in cash	278,88	308,627.43	5,460
24 October 2000	Capital increase in cash	2,032,736.82	2,341,364.26	12,529
20 May 2005	Capital increase through conversion of bonds	123,936.85	2,465,301.11	12,960

20 May 2005	Capital increase in cash	1,107,272.73	3,572,573.87	16,545
8 June 2006	Capital increase in cash	664,502.00	4,237,075.84	18,698
31 May 2007	Capital increase in cash	5,210,000.00	9,447,075.84	38,212
19 November 2009	Capital increase in cash	1,417,110.82	10,864,186.66	43,944
		+ 1,583,017.98 (issue premium)	+ 1,583,017.98 (issue premium)	
7 March 2011	Capital increase in cash	2,082,393.02	12,946,579.68	52,367
		+ 2,326,205.18 (issue premium)	+ 3,909,391.84 (issue premium)	
18 January 2012	Capital increase in cash	1,346,167.35	14,292,747.03	57,812
		+ 1,503,745.65 (issue premium)	+ 5,412,968.81 (issue premium)	
23 December 2014	Capital increase through incorporation of the issue premiums	5,412,968.81	19,705,715.84	57,812
23 December 2014	Capital reduction by absorbing carried forward losses	- 19,699,539.49	6,176.35	57,812
23 December 2014	Capital increase in cash	7,086,960.00	7,093,136.35	70,936
23 December 2014	Capital increase through conversion of 3,275 bonds issued on 28 April 2013	854,100.00	7,947,236.35	74,211
23 December 2014	Capital increase through conversion of 7,648 bonds issued on 23 May 2014	2,596,800.00	10,544,036.35	81,859
23 December 2014	Capital increase through conversion of 3,182 bonds issued on 15 October 2014	1,081,100.00	11,625,135.35	85,041
8 January 2016	Stock-split	-	-	8,504,100
12 May 2016	Capital increase in cash	4,579,462.46	16,204,598.81	11,854,100
		+ 18,870,537.54 (issue premium)		
12 May 2016	Capital increase through conversion of 413 bonds issued on 5 August 2015	1,233,994	17,438,592.81	12,756,800
		+ 2,896,006 (issue premium)		
28 December 2016	Capital increase through the exercise of 493 subscription rights	67,393.28	17,505,986.09	12,806,100
		+ 190,642.92 (issue premium)		
8 June 2017	Capital reduction by absorbing carried forward losses	- 7,517,228.09	9,988,758.00	12,806,100
25 January 2018	Capital increase in cash and through subscription of 2,456,444 new shares	1,916,026.32	11,904,784.32	15,262,544
		+ 7,492,154.20 (issue premium)		
23 February 2018	Capital increase in cash, subscription of 543,556 new shares and the exercise of 626,146 Warrants 1	912,367.56	12,817,151.88	16,432,246
		+ 3,567,591.1 (issue premium)		
16 March 2018	Capital increase in cash further to the exercise of 41,726 Warrants 1	32,546.28	12,849,698.16	16,473,972
		+ 127,264.3 (issue premium)		
15 June 2018	Capital increase in cash further to the exercise of 296,954 Warrants 1 and 56,097 Warrants 2	275,379.78	13,125,077.94	16,827,023
		+ 1,076,805.55 (issue premium)		
4 July 2018	Capital increase in cash further to the exercise of 182,769 Warrants 1	142,559.82	13,267,637.76	17,009,792
		+557,445.45 (issue premium)		
13 July 2018	Capital increase through conversion of 38 bonds issued on 10 July 2018	22,565.40	13,290,203.16	17,038,722
		+72,434.93 (issue premium)		

2 August 2018	Capital increase through conversion of 63 bonds issued on 10 July 2018	41,779.14 +115,717.51 (issue premium)	13,331,982.30	17,092,285
6 September 2018	Capital increase through conversion of 482 bonds issued on 10 July 2018	323,303.76 +881,696.24 (issue premium)	13,655,286.06	17,506,777
4 October 2018	Capital increase through conversion of 253 bonds issued on 10 July 2018	172,488.42 +460,011.58 (issue premium)	13,827,774.48	17,727,916
8 November 2018	Capital increase through conversion of 254 bonds issued on 10 July 2018	254,616.18 +380,383.82 (issue premium)	14,082,390.66	18,054,347
29 November 2018	Capital increase through conversion of 130 bonds issued on 10 July 2018	145,731.30 +179,268.70 (issue premium)	14,228,121.96	18,241,182
6 December 2018	Capital increase through conversion of 115 bonds issued on 10 July 2018	121,419.48 +166,080.52 (issue premium)	14,349,541.44	18,396,848
10 January 2019	Capital increase through conversion of 148 bonds issued on 10 July 2018	190,075.86 +179,924.14 (issue premium)	14,539,617.30	18,640,535
7 February 2019	Capital increase through conversion of 358 bonds issued on 10 July 2018	562,007.16 +332,992,84 (issue premium)	15,101,624.46	19,361,057
7 March 2019	Capital increase through conversion of 38 bonds issued on 10 July 2018	37,736.40 +17,263,60 (issue premium)	15,139,360.86	19,409,437
4 April 2019	Capital increase through conversion of 325 bonds issued on 10 July 2018	510,371.16 +302,128.84 (issue premium)	15,649,732.02	20,063,759
2 May 2019	Capital increase through conversion of 67 bonds issued on 10 July 2018	97,602.18 +69,897.82 (issue premium)	15,747,334.20	20,188,890
6 June 2019	Capital increase through conversion of 145 bonds issued on 10 July 2018	228,244.38 +134,255.62 (issue premium)	15,975,578.58	20,481,511
4 July 2019	Capital increase through conversion of 27 bonds issued on 10 July 2018	46,177.56 + 21,322.44 (issue premium)	16,021,756.14	20,540,713
1 Aug 2019	Capital increase through conversion of 74 bonds issued on 10 July 2018	126,934.08 + 58,065.92 (issue premium)	16,148,690.22	20,540,713
3 Oct 2019	Capital increase through conversion of 226 bonds issued on 10 July 2018	387,597.60 + 177,402.40 (issue premium)	16,536,287.82	21,200,369
7 Nov 2019	Capital increase through conversion of 110 bonds issued on 10 July 2018	188,685.90 + 86,314.10 (issue premium)	16,724,973.72	21,442,274
5 Dec 2019	Capital increase through conversion of 227 bonds issued on 10 July 2018	351,248.04 + 216,251.96 (issue premium)	17,076,221.76	21,892,592

Changes in share capital

In principle, changes to the share capital are decided by the shareholders. The shareholders' meeting may at any time decide to increase or reduce the share capital of the Company. Such resolution must satisfy the quorum and majority requirements that apply to an amendment of the articles of association.

The extraordinary general meeting of June 28, 2019 decided:

- with immediate effect, to extend until June 30, 2020 the term of the Warrants 2 issued by the Company on December 7, 2017 and the period during which they may be exercised, as well as to make them freely transferable. At the date of this report, 1,091,498 Warrants 2 are still outstanding (representing a total exercise price of € 4,180,437.34 at the price of 3.83 €/share if fully exercised) entitling their holders to participate to subsequent share capital increases for the same amount;
- to proceed with the issuance of a maximum of 159 nominative convertible notes, the CNs2019, giving the right to subscribe, under certain conditions, to new shares of the Company, and to set the terms and conditions of the said convertible notes, as described and in accordance with what is provided for in the report of the board of directors, established in accordance with articles 583 and 596 of the Company Code, and in particular the maturity date of these notes, i.e. December 31, 2020, and to approve in particular, in accordance with article 556 of the Company Code, the early conversion clause in the event of a change of control of the Company or in the event of a public takeover bid on the Company's shares. A total amount of € 5,025,000 has been subscribed (part A) and € 4,200,000 has been committed to be subscribed (part B) subject to positive results of the second phase III with gp-ASIT+™. At the date of this Annual Report, no notes were converted into new shares;
- with immediate effect, to cancel 2,549 existing unallocated warrants, issued by the Company on 15 October 2014, of which 625 were for persons other than members of the Company's staff and 1,924 were for members of the Company's staff;
- the issuance of 434,240 warrants giving the right to subscribe, under certain conditions, to new shares of the Company, determination of the terms and conditions of the warrants and approval of the related warrants plan 2019;
- in accordance with article 554, paragraph 7 of the Company Code, to approve the proposal to grant warrants to the non-executive directors of the Company to the extent and in accordance with the principles and modalities provided for in the special report of the board of directors and in the warrants plan 2019.

Subject to the same quorum and majority requirements, the shareholders' meeting may authorize the board of directors, within certain limits, to increase the Company's share capital without any further approval of the shareholders. This is the so-called authorized capital. This authorization needs to be limited in time (i.e., it can only be granted for a renewable period of maximum five years) and in scope (i.e., the authorized capital may not exceed the amount of the registered capital at the time of the authorization).

On June 8, 2017, the Company's shareholders' meeting authorized the board of directors to increase the share capital of the Company within the framework of the authorized capital with a maximum of € 9,988,758.

Since then, the board of directors has used the authorized capital in the following circumstances:

- issue of 1,000,000 warrants on June 28, 2017 for a capital amount of € 780,000 (excluding issue premium - the amount of the accounting par value being € 0.78 per share). These warrants were issued for the purpose of being allocated to employees, management and the board of directors as shareholding rights under the law of March 26, 1999. These 1,000,000 warrants were canceled by decision of the board of directors of June 15, 2018;

- issue of 1,250,000 warrants on June 15, 2018 for an amount of € 975,000 (excluding issue premium - the amount of the accounting par value being € 0.78 per share). These warrants were issued for the purpose of being allocated to employees, management and the board of directors as shareholding rights under the law of March 26, 1999. The exercise price of these warrants is the lowest between (a) the average course of the share during the 30 days preceding the offer of the warrants and (b) the latest course of closing preceding the offer date, it being understood that the exercise price of the warrants granted to the beneficiaries who are not members of staff may not be lower than the average share price during the 30 days preceding the day on which the emission started. At the date of this Annual Report, 345,000 of these warrants have been allocated and 579,999 warrants were cancelled by decision of the board of directors of June 5, 2019 (see below); and

- issue of 240 CNs2018 convertible into shares on July 10, 2018. A total amount of € 12,000,000 has been subscribed. At the date of this Annual Report, 4,882,800 new shares for a capital amount of € 3,808,854.00 were created (excluding issue premium - the amount of the accounting par value being € 0.78 per share) and the outstanding CNs2018 for an amount of € 50,000 are able to give rise to the issue of a maximum of 43,983 new shares for a capital amount of € 34,306.74 (excluding issue premium – the amount of the accounting par value being € 0.78 per share).

- The board of directors' meeting of June 5, 2019 decided:

    - The extension of the exercise period of warrants, issued by the Company on October 15, 2014 and granted in 2014 and subject to the "2014 incentive Plan" as well as those granted in 2015 and subject to of the "2015 incentive plan" until June 30, 2020;
    - with immediate effect, to cancel 579,999 existing unallocated warrants, issued by the Company on June 15, 2018, of which 289,999 were for persons other than members of the Company's staff and 290,000 were for members of the Company's staff;
    - the issuance of 641,900 warrants for a capital amount of € 500,682 (excluding issue premium - the amount of the accounting par value being € 0.78 per share). giving the right to subscribe, under certain conditions, to new shares of the Company, as well as the determination of the terms and conditions of these warrants and the approval of the related warrants plan (the « Warrants Plan 2019 »).

The Company's shareholders' meeting decided that the board of directors, when exercising its powers under the authorized capital, will be authorized to restrict or cancel the statutory preferential subscription rights of the shareholders (within the meaning of article 7:188 and following of the Belgian Code for Companies and Associations). This authorization includes the restriction or suppression of preferential subscription rights for the benefit of one or more specific persons (whether or not employees of the Company). The authorization is valid for a term of five years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad).

At the date of this Annual Report, the balance of unused authorized capital is € 5,122,584.48.

Notification of significant shareholdings

The articles of association of the Company do not impose any additional notification obligations other than the notification obligations required in accordance with Belgian law. The voting rights of the major shareholders of the Company differ in no way from the rights of other shareholders of the Company.

On November 30, 2018, the Company has been informed of a concerted action agreement between two shareholders (3T Finance SA for 3.72% and Chagral Invest for 2.25%) who were acting in concert. On January 4, 2019, the Company has been informed again that this concerted action agreement was finished.

In December 2018, two groups of shareholders owning jointly more than 15% of the share capital have proposed the appointment of directors. M. Everard van der Straten has been appointed as director upon the proposal of M. Rodolphe de Spoelberch, M. Marc Nollet, Mrs. Martine van der Rest, Espad-Services SA (M. Everard van der Straten) and Teck-Finance SA (M. Everard van der Straten). SFPI SA (represented by M. François Fontaine) and Noshaq SA (represented today by M. Philippe Degeer) have been appointed as directors upon the proposal of Société Fédérale de Participations et d'Investissement (SFPI) SA, Noshaq SA, Spinventure SA, Brustart SA, Epimède SA and Société Régionale d'Investissement de Bruxelles (SRIB) SA. Pursuant to these agreements, these shareholders are not acting in concert as defined by Belgian law. In January 2019, M. Everard van der Straten informed the Company that the agreement between M. Rodolphe de Spoelberch, , Espad-Services SA (M. Everard van der Straten) and Teck-Finance SA (M. Everard van der Straten) was terminated.

Pursuant to the Belgian Law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (Loi relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la négotiation sur un marché règlementé et portant dispositions diverses/Wet op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten to de verhandeling op een gereglementeerde markt en houdende diverse bepalingen) (the ***Transparency Law***), implementing in Belgian law Directive 2004/109/EC, a notification to the Company and to the FSMA is required by all natural and legal persons in the following instances:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the holding of voting securities upon first admission of them to trading on a regulated market;
- the passive reaching of a threshold;
- the reaching of a threshold by persons acting in concert or a change in the nature of an agreement to act in concert;
- where a previous notification concerning the voting securities is updated;
- the acquisition or disposal of the control of an entity that holds the voting securities; and
- where the Company introduces additional notification thresholds in its Articles of Association, in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on at intervals of 5% or, as the case may be, the additional thresholds provided in the Articles of Association.

The notification must be made as soon as possible and at the latest within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification. No shareholder may cast a greater number of votes at a Shareholders' Meeting of the Company than those attached to the rights or securities it has notified in accordance with the Transparency Law at least 20 days before the date of the shareholders' meeting, subject to certain exceptions.

The form on which such notifications must be made, as well as further explanations, can be found on the website of the FSMA (www.fsma.be).

Shareholders

The chart below provides an overview of the shareholders that have notified the Company of their ownership of securities of the Company. This overview is based on the most recent transparency declaration:

Shareholder	Number of shares declared in transparency declaration	Percentage of shares at December 31, 2019
Rodolphe de Spoelberch	1,786,841	8.16 %
SFPI	1,353,243	6.18%
SRIW SA and SOFIPOLE SA[25]	921,711	4.21 %
EPIMEDE SA	914,347	4.18 %
SRIB and BRUSTART[26]	861,114	3.93 %
3T Finance SA	671,074	3.07%
Chagral Invest SA	406,913	1.86%

Statement required by Article 34 of Royal Decree of 14 November 2007

According to Article 34 of the Royal decree of 14 November 2007, the Company hereby discloses the following items, elements which by their nature would have consequences in case of a public take-over bid on the Company:

- The share capital of the Company amounts to € 17,076,221.76 and is fully paid-up. It is represented by 21,892,592 shares.
- The Company's Articles of Association do not contain any other restriction on the transfer of shares.
- There are no agreements between the shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights (except for those mentioned under notification of significant shareholdings).
- There are no holders of any shares with special voting rights.
- There is no external control over the employee incentive plans; warrants are granted directly to the beneficiary.
- Each shareholder of the Company is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws.
- The rules governing the appointment and replacement of Board members and amendment to articles of association are set out in the Company's articles of association and in the Company's corporate governance charter.
- The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares to "avoid imminent and serious danger to the Company". The Company's articles of association do not provide for any other specific mechanisms against public takeover bids.

[25] SOFIPOLE SA is controlled by SRIW within the meaning of Article 5 of the BCC

[26] BRUSTART is a 100% subsidiary of SRIB

Internal control and risk management systems

The role of the executive directors and of the executive management team is to develop and maintain an adequate control system to assure:

- the realization of the Company objectives;
- the reliability of financial information;
- the adherence to applicable laws and regulations; and
- monitoring of the internal and external impact of the risks identified by its committees, and the management of the risks identified.

The audit committee has a guiding, supervisory and monitoring role with respect to the executive directors and the executive management team, as regards the development, maintenance and execution of internal controls. The audit committee also (i) assists the board of directors in respect of control issued in general; and (ii) acts as the interface between the board of directors and the external auditors of the Company when needed.

No internal audit role has been assigned at this point in time as the size of the Company does not justify a permanent role in this respect. In case needed, internal audit activities will be outsourced from time to time whereby the audit committee will determine frequency of these audits and select topics to be addressed.

Risk analysis

The risks and uncertainties that the Company believes are material are described in a separate section RISK FACTORS.

Financial risk management

Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Companys main sources of cash inflows at current are obtained through capital increases, subsidies, recoverable cash advances from government and convertible notes.

Interest rate risk

The Company has basicly no interest rate risk as the CNs2018 bear no interests and the CNs2019 'A' have a fixed interest rate of 3%. Also the turnover independent reimbursements (30%) related to the RCA HDM are carrying a fixed interest rate.

Counterparty risk

As part of the CNs2018 and CNs2019, the Company is exposed to a counterparty risk. Under this plan, the parties taking part to it are committed, under certain conditions, to subscribe to notes to be issued by the Company. The Company together with the placement agency is carefully monitoring subcribers to is financial instruments.

Foreign exchange risk

The Company may be exposed to foreign currency risks through its operating activities. To date, certain purchase transactions are undertaken in Swiss francs (CHF), in British Pounds (GBP) and in US Dollars (USD). However, the magnitude of purchases in foreign currencies is currently limited, meaning that the Company's exposure to fluctuation of the exchange rate of the concerned currencies into Euro is limited. The Company has not entered into any hedging arrangements.

Market risk

The Company is exposed to the evolution of its stock price. The Company can oblige the CNs2018 holders to exercise at least 1 of the 19 subscription rights attached to each of the CN2018 every 30 calendar days. This right of the Company is however suspended if, and for the duration of, the stock price falls under € 1.1368.

Market abuse

With a view to preventing market abuse (insider dealing and market manipulation), the board of directors has established a dealing code. The dealing code describes the declaration and conduct obligations of directors, members of the executive management, certain other employees and certain other persons with respect to transactions in shares or other financial instruments of the Company. The dealing code sets limits on carrying out transactions in shares of the Company and allows dealing by the above mentioned persons only during certain windows. The dealing code is attached to the CGC. The dealing code was amended by the board of directors on February 22, 2019, to expressly prohibit any equity lending from an insider without the prior approval of the board of directors.

As a Belgian listed company and with a view to ensure that investors in shares of the Company have available all information necessary to ensure the transparency, integrity and good functioning of the market, the board of directors has established an information disclosure policy. The information disclosure policy aims to ensure that inside information of which the Company is aware is immediately disclosed to the public. In addition, the information disclosure policy is aimed at ensuring information that is disclosed is fair, precise and sincere, and enables the holders of shares in the Company and the public to assess the influence of the information on the Company's position, business and results.

Remuneration report

Remuneration policy for the board of directors

Only the non-executive directors shall receive a fixed remuneration in consideration of their membership or chairmanship of the board of directors and board committees.

The non-executive directors do not in principle receive any performance related remuneration, nor will any option or warrants be granted to them in their capacity as director. However, upon advice of the Nomination and Remuneration Committee, the board of directors may deviate from the latter principle in the board's reasonable opinion the granting of any performance related remuneration would be necessary to attract or retain directors with the most relevant experience and expertise.

The nomination and remuneration committee recommends the level of remuneration for directors, including the chairperson of the board, subject to the approval by the board of directors and, subsequently, by the shareholders' meeting.

The nomination and remuneration committee benchmarks directors' compensation 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 directors' remuneration has been last determined by the shareholders' meeting of June 13, 2019.

The remuneration policy for directors is the following:

- a fixed annual fee of € 60,000 is granted to the chairman of the board of directors;
- a fixed annual fee of € 30,000 is granted to each independent director (not cumulative with the fees granted to the chairman);
- a fixed annual fee of € 30,000 is granted to each non-executive director who is not representing one or more shareholders (not cumulative with the fees granted to the chairman);
- an additional fixed annual fee of € 5,000 is granted to the chairperson of the audit committee and the nomination and remuneration committee;
- an additional fixed annual fee of € 3,000 is granted to the members of the audit committee and the nomination and remuneration committee;

The above remuneration policy became effective on January 1, 2019.

Apart from the above, all directors are entitled to a reimbursement of out-of-pocket expenses actually incurred to participate to board meetings.

Following the Company's request for judicial reorganization, all board members decided to not receive any payment as from the January 1, 2020.

Remuneration of the members of the board of directors in 2019

The following fees have been granted to the members of the board of directors for the performance of their mandate during the 2019 financial year:

Name	Fee (Euro)
Louis Champion	60,000
Michel Baijot	-
François Meurgey	30,000
Everard van der Straten	
Jean-Paul Prieels[27]	15,000
RE Finance Consulting	
NOSHAQ PARTNERS	
SFPI	
Harry Welten	30,000

Warrants were granted to directors throughout 2019:

[27] Jean-Paul Prieels is appointed Board member on June 13, 2019.

Name	Warrants Units	Strike (EUR)
Louis Champion	77,640	1.2324
Michel Baijot	300,000	1.3310
François Meurgey	1,320	1.2324
Harry Welten	38,820	1.2324
Jean-Paul Prieels	38,820	1.2324

Remuneration of the audit committee in 2019

The following fees have been granted to the members of the audit committee for the performance of their mandate during the financial year 2019:

Name	Fee (Euro)
Harry Welten	5,000
NOSHAQ PARTNERS	3,000
François Meurgey	3,000

Remuneration of the nomination and remuneration committee in 2019

The following fees have been granted to the members of the nomination and remuneration committee for the performance of their mandate during the financial year 2019:

Name	Fee (Euro)
Louis Champion	5,000
François Meurgey	3,000
SFPI	3,000

Remuneration policy for management

The remuneration of the members of the management is determined by the board of directors upon recommendation by the nomination and remuneration committee. The remuneration of the CEO is based on the conditions provided by a services agreement effective from January 1, 2019.

The remuneration of the management is designed to attract, retain and motivate managers.

At this stage, the board has not established a clear remuneration policy for the members of the management and their remuneration has been arrested on a case-by-case basis.

If it is decided by the board of directors to grant warrants or shares to the members of the management, the essential conditions of the concerned plan will be prior approved by the shareholders' meeting.

Remuneration of management

In accordance with Article 3:6 of the Belgian Code for Companies and Associations, this remuneration report includes the amount of the remuneration of, and any other benefits granted to, the Company's CEO, on a broken-down basis.

In the financial year 2019, ASIT biotech paid a total remuneration of € 389,506 to CAGAM Innovative Healthcare Consulting SPRL in his capacity of CEO. This includes:

- A fixed remuneration of € 300,000;
- A variable component of € 75,000 in relation to the realization of objectives for 2019;
- Other of € 14,506 (km allowance).

The total remuneration paid to the executive management team (excluding the CEO and the directors that were CFO in 2019) amounted to € 1,108,814 in 2019. This includes:

- A fixed remuneration of € 1,078,317;
- A variable component of € 26,250 in relation to the realization of objectives for 2019;
- Other of € 4,247 (car and group insurance).

Espad Services SA, a company controlled by Mr. Everard van der Straten Ponthoz, was the CFO of the Company until end of January 2019. In 2019, a total amount of € 2,500 was paid to Espad-Services SA in that respect.

YD Advisory and Services sprl SA, a company controlled by Mr. Yves Désiront, was the CFO ad interim of the Company from January 2019 to July 2019. In 2019, a total amount of € 104,568 was paid to YD Advisory and Services SPRL in that respect.

All members of the executive management are engaged on the basis of a service agreement, except Mr. Vincent Theunissen. The contracts with all members of the executive management can be terminated at any time, subject to certain pre-agreed notice periods not exceeding 12 months, which may, at the discretion of the Company, be replaced by a corresponding compensatory payment. Except for the CEO and the Head of Commercialization and licensing, the employment or services agreements executed between the Company and the members of the management do not provide for any variable remuneration related to the performance of the Company.

Grégory Nihon (Compliance Officer) has an employment contract with ASIT biotech. The employment contract is for an indefinite term and may be terminated at any time by the Company, subject to a notice period and a severance payment in accordance with applicable law. At the date of this Annual Report, Gregory Nihon has left the Company.

Remuneration of the statutory auditors

The Company has a college of statutory auditors composed of two auditors: Mazars-Réviseur d'Entreprises SCRL represented by Xavier Doyen and RSM Réviseurs d'Entreprises SCRL represented by Luis Laperal.

In 2019, the total amount of the remuneration paid to the statutory auditors was € 59,740, i.e. € 25,000 for the audit of the accounts and € 34,740 for specific missions.

Securities held by directors and management

The table below provides an overview of the number of shares, warrants and convertible notes held by the directors and executive management at December 31, 2019:

Name	Number of shares	Number of warrants[28]	Number of Warrants 2	Number of CNs2019[29]
3T Finance SA (related to Yves Désiront)	671,074	-	-	6
Michel Baijot	-	300,000	-	
François Meurgey	28,415	38,820	-	
Everard van der Straten (through companies)	340,036	50,000	104,439	
SFPI SA (represented by François Fontaine)	1,353,243	-	-	6
NOSHAQ SA (represented by Philippe Degeer)	391,100	-	-	15
Louis Champion	-	77,640	-	
Harry Welten	-	88,820	-	
Jean Paul Prieels	-	38,820	-	
Hazevoets Frank	-	150,000		
Béatrice De Vos	-	17,500	-	
Rémy von Frenckell	100		-	
Vincent Bille	340	6,600	-	

Conflict of interest and related parties

Potential conflicts of interest

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interests with the Company. Any director with conflicting financial interests (as contemplated by article 7:96 of the Belgian Code for Companies and Associations) on any matter before the board of directors must bring it to the attention of both the statutory auditors and fellow directors and take no part in any deliberations or voting related thereto. The CGC contains the procedure for transactions between the Company and the directors which are not covered by the legal provisions on conflicts of interest. The CGC contains a similar procedure for transactions between the Company and members of the management.

All directors have declared that they are not under a position of potential conflicts of interests between any duties to the Company and their private interests and/or other duties.

In 2019, during four board meetings decisions were taken that required the application of the conflict of interests' procedure pursuant to article 7:96 of the Belgian Code for Companies and Associations. The relevant parts of the minutes are copied below (English translations).

Minutes of the board of January 14, 2019

The chairman indicates that the board of directors must discuss the remuneration package and the terms and conditions of the services agreement of Mr. Michel Baijot, new CEO of the Company.

Mr. Michel Baijot declares *"I wish to inform the board of directors of the Company that I have directly or indirectly a financial interest that may be conflicting with the interests of the Company with regard to the decision of the present resolution. This interest that may be in conflict with the interest of the Company results from the fact that I am a director of the Company and that the board of directors is called to deliberate on my*

[28] The number of warrants of the 2014 plan are multiplied by 100 to see the number of shares that could be obtained
[29] One CN2019 represents an investment of € 75,000

remuneration and of the terms and conditions of my services agreement in my capacity as CEO". Michel Baijot then leaves the room.

The board of directors then decides the following:

1. the legal counsel of the Company must issue a draft services agreement between the Company and Mr. Michel Baijot as soon as possible and provide a copy to the remuneration committee and to Mr. Michel Baijot;
2. Mr. Michel Baijot must indicate his approval/disapproval on the draft services agreement to Mr. Louis Champion;
3. Mr. Yves Désiront must prepare and provide to the remuneration committee a clear update (not in the form of an excel sheet) on the existing warrants issued by the Company.

Mr. Everard van der Straten repeats that he does not intend to remain as CFO of the Company. The chairman suggests that Mr. Yves Désiront fill in the position ad interim.

The chairman indicates that the board of directors must then make a decision in this regard.

Mr. Everard van der Straten and Mr Yves Désiront declare "*We wish to inform the board of directors of the Company that we have directly or indirectly a financial interest that may be conflicting with the interests of the Company with regard to the decision of the present resolution. This interest that may be in conflict with the interest of the Company results from the fact that Mr. Everard van der Straten is a director of the Company and Mr. Yves Désiront the permanent representative of the director RE Finance Consulting SA, and that the board of directors is called to deliberate on the replacement of Mr. Everard van der Straten by Mr. Yves Désiront as CFO*".

The board of directors decides, by unanimous vote, to appoint Mr. Yves DESIRONT, or any management company indicated by him, as new CFO ad-interim of the Company and to terminate the services agreement of Mr. Everard van der Straten. The remuneration package of the CFO ad-interim will be the same as Mr. Everard van der Straten (1.250€/day).

The board of directors notes that this decision is necessary considering the decision of Mr. Everard van der Straten to terminate his function as CFO and that the terms and conditions of this replacement provide for normal and usual market conditions and guarantees for similar operations carried out in similar circumstances. In particular, the amount of remuneration is consistent with market practices based on expected services provided, and also takes into account the risks assumed by all parties as well as the cash of the Company (current and forecast). The board of directors also notes that this replacement plays a vital and necessary role in the development of the Company, so that it is is fully justified. For these reasons, the board of directors believes that the replacement of the current CFO by Mr. Yves Désiront is in line with the corporate interest of the Company.

Minutes of the board of February 22, 2019

The chairman indicates that the board of directors must approve the remuneration package and the terms and conditions of the services agreement of Mr. Michel Baijot, new CEO of the Company.

Mr Michel Baijot declares *"I wish to inform the board of directors of the Company that I have directly or indirectly a financial interest that may be conflicting with the interests of the Company with regard to the decision of the present resolution. This interest that may be in conflict with the interest of the Company results from the fact that I am a director of the Company and that the board of directors is called to deliberate on my remuneration and of the terms and conditions of my services agreement in my capacity as CEO".*

The board of directors decides, by unanimous vote, to delegate to the remuneration and nomination Committee the approval of Mr. Michel Baijot's remuneration package and services agreement. The board of directors also validates, by unanimous vote, the cash advance that was made by the Company to Mr. Michel Baijot before his remuneration package and services agreement are formally approved.

Minutes of the board of March 28, 2019

The chairman indicates that the Company intends to sign a service agreement with YD ADVISORY AND SERVICES SPRL, represented by its managing director, Mr. Yves Désiront, regarding its function as CFO

Mr. Yves Désriont declares *"I wish to inform the board of directors of the Company that RE FINANCE CONSULTING SA has directly or indirectly a financial interest that may be conflicting with the interests of the Company with regard to the decision of the present resolution. This interest that may be in conflict with the interest of the Company results from the fact that I am the permanent representative of RE FINANCE CONSULTING SA, director of the Company, and that the board of directors is called to deliberate on the remuneration and on the terms and conditions of the services agreement of YD ADVISORY AND SERVICES SPRL, of which I am the managing director, in its capacity as interim CFO, and that I, Mr. Yves Désiront, control those two companies and have financial interests in those companies".*

The board of directors decides, by unanimous vote, to approve the signature of the services agreement between the Company and YD ADVISORY AND SERVICES SPRL, represented by its managing director Mr. Yves Désiront as it is compliant with the corporate purpose, corporate interest and legal speciality of the Company.

The chairman indicates that the Company intends to sign a service agreement with CAGAM INNOVATIVE HEALTHCARE CONSULTING SPRL, represented by its managing director, Mr. Michel Baijot, regarding its function as CEO.

Mr. Michel Baijot declares *"I wish to inform the board of directors of the Company that I have directly or indirectly a financial interest that may be conflicting with the interests of the Company with regard to the decision of the present resolution. This interest that may be in conflict with the interest of the Company results from the fact that I am a director of the Company and that the board of directors is called to deliberate on the terms and conditions of the services agreement and objectives for 2019 of CAGAM INNOVATIVE HEALTHCARE CONSULTING SPRL, of which I am the managing director, in its capacity as CEO, and that I, Michel BAIJOT, control and have financial interests in this company".*

The board of directors decides, by unanimous vote, to approve (i) the signature of the services agreement with CAGAM INNOVATIVE HEALTHCARE CONSULTING SPRL, represented by its managing director Mr. Michel Baijot as attached in Appendix 7 and (ii) CAGAM INNOVATIVE HEALTHCARE CONSULTING SPRL' objectives for 2019 as attached in Appendix 8, subject to the rephrasing of the objectives related to the fundraising. The board of directors mandates the remuneration and nomination committee to finalize CAGAM INNOVATIVE HEALTHCARE CONSULTING SPRL' objectives for 2019.

Minutes of the board of June 13, 2019

The chairman explains that the remuneration and nomination committee decided to suggest to the Board to approve the way warrants will be allocated to Mr. Michel Baijot and Mr. Frank Hazevoets in their quality as CEO and CFO of the Company.

Mr. Michel Baijot declares *"I wish to inform the board of directors of the Company that I have directly or indirectly a financial interest that may be conflicting with the interests of the Company with regard to the decision of the present resolution. This interest that may be in conflict with the interest of the Company results from the fact that I am a director of the Company, and that the board of directors is called to deliberate on the way the warrants I will receive shall be allocated".*

The board of directors decides, by unanimous vote of the Board members present at this meeting:

- regarding the allocation of the second set of warrants to Michel Baijot and Frank Hazevoets, to offer them the two solutions in writing ;
- regarding the allocation of the 641,900 warrants issued on June 5, 2019, to proceed as described above, i.e. formal approval by the board of the list prepared and presented by the CEO.

Other mandates

In the five years preceding the date of this Annual Report, the directors have held the following directorships and memberships of administrative, management or supervisory bodies and/or partnerships (apart from their functions within the Company):

Director	Current mandate	Past mandate
Louis Champion	Santé Compagnie Iltoo Theradial Ipso Idomed	N/A
Michel Baijot	White Fund OncoRadiomics	Serum Institute of India IRE-Elit
Yves Désiront	BeBurger SA RE Finance Consulting SA Noho SA Pyrocore SA Pyrocore Ltd Sadioc SGPS SA 3T Finance SA 3t Portugal SGPS SA 3t PT Investimentos SGPS SA Tree Digital Factory SAS Sailsense Analytics SA Visiomed Group SA FPB Advisory & Services SPRL YD Advisory & Services SPRL	FYP SA D&R Cambre SA TedyBear, SAS IMI – Imagens Médicas Integradas, SA BGP AM GmbH Nabul Construmat SL Subsidiaries of Orco Property Group

Director	Current mandate	Past mandate
François Meurgey	Oukelos SPRL Eyed Pharma SA	N/A
Everard van der Straten	Espad-Services SA Teck Finance SA LBI Investissements SA REM 624 Recymet SA Chawiti SCI Altro Real Estate (ARE) SA Wilink SA	Strafer SA Unijep SA Altro SA
Philippe Degeer	Lasea SA Diagenode SA ETT Endotools	Amos SA Eyed Pharma SA
Jean-Paul Prieels	Leukocare Nouscom Themis Bone Therapeutics NCardia PDC Line Paracrine Biologicals European Vaccine Initiative	Vaximm DNALytics Masthercell Abivax Ogeda Okairos Q Biologicals Immune Health
Harry Welten	Novaremed AG Virometix AG Proteomedix AG BiognoSYS AG Horizon Pharma GmbH Anokion SA Welten&Welten AG Juvabis AG	Kuros Biosciences AG Anokion SA Kanyos Bio Inc Topadur AG
François Fontaine	Certi-fed Fluxys SA Fund+ Accessia Pharma SA Bioxodes Epimede Theodorus Nucleis Comet sambre Comet traitement BioDiscovery 5 SWDE IRE-Elit Auxin Texere Faktory II PDC-Line White Fund	Credibe Sopima

Related party transactions

The Company has not entered into transactions with its principal shareholders. The Company has entered into transactions with companies relating to directors. More specifically, the Company has entered into the following service agreements with companies related to the directors:

- A service agreement executed with ESPAD-SERVICES SA, a company linked to Mr. Everard van der Straten Ponthoz, relating to services of CFO of the Company since September 21, 2015: the consideration for these services is a daily fee of € 1,250. This contract was terminated on 31 January 2019.
- A service agreement executed with YD Advisory & Services SPRL, a company linked to Mr. Yves Désiront, relating to services of CFO ad interim of the Company since January 15, 2019: the consideration for these services is a daily fee of € 1,250.
- A service agreement executed with CAGAM Innovative Healthcare Consulting SPRL, a company linked to Mr. Michel Baijot, relating to services of CEO of the Company since January 1, 2019; the consideration for these services is a yearly fee of € 300,000 and a maximum variable remuneration of 25%.

Other than those transactions the Company has not entered into any related party transactions with any shareholders or directors or any persons or entities affiliated with any of the shareholders or directors.

FINANCIAL STATEMENTS

EU - IFRS financial statements

General Information

On May 6, 2020, the board of directors generated the financial statements and the statutory financial statements of the Company with respect to the financial year ended on December 31, 2019.

The financial statements of the Company with respect to the financial years ended December 31, 2018 and December 31, 2019 were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union (***IFRS***). They have all been audited by the auditors.

This Annual Report, together with the complete version of the statutory financial statements of the Company with respect to the financial year ended on 31 December 2019, the management report of the board of directors on the EU - IFRS financial statements and the statutory financial statements, and the auditors' report on the statutory financial statements are made available on the website of ASIT biotech (www.asitbiotech.com) and can be obtained free of charge.

Certain financial information in this Annual Report has been subject to rounding adjustments and currency conversion adjustments. Accordingly, the sum of certain data may not be equal to the expressed total.

Statement by the board of directors

In accordance with Article 12 §2 3°, a) and b) of the Royal Decree of 14 November 2007 on the obligations of the issuers of financial instruments admitted to trading on a regulated market, the board of directors of the Company states that, to the best of his knowledge:

- the annual financial statements prepared in accordance with the applicable accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of ASIT biotech SA; and
- the management report includes a fair review of the development and performance of the business and the position of ASIT biotech SA and of the undertakings included in the consolidation, together with a description of the principal risks and uncertainties that it faces.

IFRS Audited EU – IFRS financial information of the Company for the last 2 years

EU - IFRS statement of financial position (in € '000)

	Note	31/12/2019	31/12/2018
ASSETS			
Property, plant and equipment	7	611	810
Right to use an asset	7	69	
Other long-term receivables	8	2,030	1,588
Non-current assets		**2,710**	**2,397**
Trade receivables	9	28	-
Other receivables	10	366	280
Other current assets	11	53	418
Cash and cash equivalents	12	3,649	8,458
Current assets		**4,096**	**9,157**
Total assets		**6,806**	**11,554**
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	13	17,076	14,350
Share premium	13	38,630	37,034
Cost of capital increase	13	(2,365)	(2,317)
Share based payment reserve	14	386	344
Convertible notes specific reserve	15	666	290
Convertible notes – equity component	15	317	
Accumulated deficit		(58,887)	(43,233)
Total equity attributable to shareholders		**(4,176)**	**6,468**
LIABILITIES			
Provision	16	132	
Financial debt	15	297	465
Leasing debt	7	10	-
Non-current liabilities		**439**	**465**
Financial debt	15	40	25
Convertible notes	15	4,816	1,616
Leasing debt	7	63	
Trade payables	17	4,829	1,669
Other payables	18	795	1,311
Current liabilities		**10,543**	**4,621**
Total liabilities		**10,982**	**5,086**
Total equity and liabilities		**6,806**	**11,554**

EU - IFRS income statement and other comprehensive income (in € '000)

	Note	31/12/2019	31/12/2018
Other operating income / (expenses)	19	1,070	557
Research and development expenses	20	(13,907)	(10,856)
General and administrative expenses	21	(3,114)	(2,468)
Operating loss for the period		**(15,951)**	**(12,767)**
Financial income	23	514	13
Financial expense	24	(219)	(1,570)
Loss for the period before taxes		**(15,656)**	**(14,324)**
Taxes	25	-	3
Loss for the period		**(15,656)**	**(14,321)**
Other comprehensive income			
Comprehensive loss for the period		**(15,656)**	**(14,321)**
Loss for the year			
Attributable to owners of the Company		*(15,656)*	*(14,321)*
Losses per share *(in € per share)*			
- basic and diluted	30	*(0,77)*	*(0,86)*

EU - IFRS statement of changes in equity (in € '000)

	Share capital	Share premium	Share-based payment reserve	Cost of capital increase	Convertible notes reserve	Convertible notes Equity component	Accum. deficit	Total equity attributable to the owners of the Company
As at December 31, 2017	**9,989**	**21,957**	**270**	**(2,102)**	-		**(28,915)**	**1,199**
Capital increases	4,361	15,077		(215)	290			19,513
- In cash	*2,340*	*9,150*		*(215)*				*11,275*
- Exercise of warrants	*939*	*3,671*						*4,610*
- Conversion of notes	*1,082*	*2,256*			*290*			*3,628*
Loss of the year							(14,321)	(14,321)
Share-based payment			74					74
As at December 31, 2018	**14,350**	**37,034**	**344**	**(2,317)**	**290**		**(43,233)**	**6,468**
Capital increases	2,727	1,596		(48)	376			4,651
- In cash								
- Exercise of warrants								
- Conversion of notes	*2,727*	*1,596*		*(48)*	*376*			*4,651*
Convertible notes – Equity component						317		317
Loss of the year							(15,656)	(15,656)
Share-based payment			43					43
As at December 31, 2019	**17,076**	**38,630**	**386**	**(2,365)**	**666**	**317**	**(58,887)**	**(4,176)**

EU - IFRS statement of cash flows (in € '000)

	Note	2019	2018
Loss of the period		**(15,656)**	**(14,321)**
Adjustments			
Other income - Tax credit on R&D activities	19	*(605)*	*(443)*
Other income – Grant recognized in accordance with IAS20	19	*(460)*	*(125)*
Loss on disposal of property, plant and equipment			*4*
Depreciation on property, plant and equipment	7	*296*	*253*
Amortization on right to use an asset	7	*49*	-
Provision for risks and charges		*132*	-
Share-based payments	14	*43*	*73*
Financial (income) / expense		(295)	1,557
Changes in working capital			
Trade receivables, other receivables and other current assets		*412*	*(376)*
Other non-current liabilities, trade payables and other payables		*3,109*	*360*
Cash flow from operating activities		**(12,974)**	**(13,018)**
Purchase of property, plant and equipment	7	(97)	(371)
(Increase) / Decrease of long-term deposits		(2)	
Revenue from current assets		**4**	-
Cash flow from investing activities		**(95)**	**(371)**
Capital increases (net of transaction costs)		-	15,885
Proceeds from issuance of convertible notes (net of transaction costs)	15	8,385	3,719
Proceeds from recoverable cash advances	15	-	125
Reimbursement of recoverable cash advances	15	(25)	(13)
Reimbursement of leasing debt		(52)	-
Other elements		(48)	-
Interests received		4	9
Interests paid		(4)	(2)
Cash flow from financing activities		**8,260**	**19,722**
Net increase / (decrease) in cash and cash equivalents		**(4,809)**	**6,332**
Cash and cash equivalents at the beginning of the period	12	**8,458**	**2,126**
Cash and cash equivalents at the end of the period	12	**3,649**	**8,458**

Notes to the EU-IFRS Financial Statements

Note 1. General information

ASIT biotech SA, a company incorporated in Belgium with registered office at Rue des Chasseurs Ardennais 7, 4031 Liège (Belgium) is a biopharmaceutical company focused on the development and commercialization of a range of immunotherapy products candidates for the treatment of allergies.

These product candidates are being developed using the Company's innovative technology, ASIT+, allowing the production, the characterization and the quality control of new active ingredients. These new active ingredients are highly purified natural allergen fragments (peptides), allowing a faster injection regimen with higher doses, resulting in a short course treatment improving patient compliance.

The lead product candidate gp-ASIT+™ for the treatment of grass pollen allergy did not meet the primary endpoint in a second phase III study and the product candidate pnt-ASIT+™ for the treatment of peanut allergy is in preclinical stage.

The Company is at the date of authorization of the financial statements in judicial reorganization and is in the process of partnering its main assets.

The Company has so far been funded by a combination of private investors, funds from regional and national authorities, by funds collected as a result of the IPO that took place in May 2016, and in 2018 and 2019 through the issuance of (convertible) notes. In addition, several grants and recoverable cash advances have been awarded to the Company to support its R&D activities.

The financial statements have been authorized on May 6, 2020 by the board of directors of the Company.

Note 2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements of the Company for the year ended 31 December 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting standards Board (IASB) and as adopted by the European Union. Annual accounts have been prepared in accordance with IFRS for the first time for the accounting period ending 31 December 2015.

2.2 Principal accounting policies

The principal accounting policies for preparing the financial statements are summarized below.

2.3 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets or liabilities. All entries are made at historical cost, with the exception of the share-based payments (not accounted for in Belgian GAAP, the recoverable cash advances and the derivatives embedded in the convertible notes; which are fair valued.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on

the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following standards and interpretations are published, issued but are not yet effective and have not been applied to the IFRS financial statements of the Company. Some may or may not affect the preparation of future annual reports. The Company will assess full impact of these standards in due course:

Texts endorsed by EFRAG:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (applicable as from 1/1/2020);
- Amendments to IAS 1 and IAS 8 : Definition of Material (applicable as from 1/1/2020);
- Amendments to References to the Conceptual Framework in IFRS Standards (applicable as from 1/1/2020)

Texts not yet endorsed by EFRAG:

- IFRS 17 Insurance contracts (applicable as from 1/1/2023). The standard dealing with insurance contracts is not applicable to the Company;
- Amendments to IFRS 3 Business Combinations (applicable as from 01/01/2020); The Company is not involved in any Business Combination;
- Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-Current (issued in January 2020; no effective date determined yet).

It is not expected that the application of the above mentioned IFRS standards, interpretations and amendments will have a significant impact on the financial statements.

At the exception of the first-time application of the IFRS 16 – Leases, the Company consistently used the same accounting policies and throughout all periods presented in its IFRS financial statements.

2.4 Foreign currency translation

The financial statements are presented in Euro (EUR; €) which is the Company's functional and presentation currency. All values are rounded to the nearest thousand ('000' €; K€), except when otherwise indicated.

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rates prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous periods, are recognized in the income statement.

2.5 Intangible assets

Research and development costs

Research costs are expensed as incurred. Development costs are recognized as intangible assets, if and only if, all of the following conditions are met:

- 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 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.

At this stage, the Company is of the opinion that none of the projects currently undergone meet the recognition criteria.

Other intangible assets

Purchased intangible assets, such as patents, licenses and purchased IT, are capitalized if it can be demonstrated that such assets will generate future economic benefits for the Company.

Intangible assets are amortized in accordance with the expected pattern of consumption of future economic benefits derived from each asset. Specifically, intangible assets are amortized on a straight line basis over their estimated useful life.

The Company has at this stage no intangible asset carried on the statement of financial position.

2.6 Property, plant and equipment

Property, plant and equipment are initially recorded in the statement of financial position at their acquisition cost, which includes the costs directly attributable to the acquisition and installation of the asset. Any government grant received with respect to the acquisition of property, plant and equipment is deducted from the acquisition cost of the related asset.

Property, plant and equipment are recorded at their historical cost less accumulated depreciation and impairment, if any.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. The estimated useful life of each category of property, plant and equipment is as follows:

IT and laboratory & manufacturing equipment	3 to 10 years
Leasehold improvements	The shorter of rent duration and 10 years
Other	10 years

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, which is the difference between the net disposal proceeds and the carrying amount of the asset, is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of intangible assets and property, plant and equipment

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If an indication of impairment exists, or when annual impairment testing is required (in the case of goodwill and intangible assets with an indefinite useful life), the Company estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of the assets or cash-generating units (*CGU*) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and is written down to its recoverable amount.

In assessing value in use, the estimated 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.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognized for the asset in prior years. Such reversal is recognized in the income statement.

As the Company currently does not generate significant cash-inflows, it is to be noted that the recoverable amount of an asset is determined on basis of its fair value less cost of disposal.

2.7 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at

fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

A. Financial assets

The Company has only loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include trade receivables and other receivables which are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Derecognition

A financial asset is derecognized when the contractual rights to receive cash flows from the asset have expired or when the Company transferred its rights to receive cash flows and substantially all risks and rewards of ownership of the financial asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognized a collateralized borrowing for the proceeds received.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has a negative impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the income statement.

B. Financial liabilities

All financial liabilities are initially recorded at fair value, net of directly attributable transaction costs, if any.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as financial cost in the income statement.

The Company's financial liabilities include non-current liabilities (financial debt) and current liabilities (financial debt, trade and other payables).

Derecognition

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income statement.

C. Compound financial instruments

A compound financial instrument is a non-derivative financial instrument issued by the Company that contains both a liability and an equity component (e.g. notes issued that are convertible into a fixed number of shares).

When initially accounting for a compound financial instrument the Company:

- Identifies the various components of the instrument;
- Determines the fair value of the liability component (see here-after); and
- Determines the equity component as the residual amount, being the issue proceeds of the instrument less the liability component.

The liability component of a compound financial instrument is determinend at the fair value of a similar liability / debt that does not have an associated equity conversion feature. Practically this is done by determining the net present value of all potentially contractually determined future cash flows under the instrument, discounted at the rate of interest applied by the market at the time of issue to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option.

The equity component of a compound financial instrument is thus a residual.

Transaction costs incurred for the issuance of a compound financial instrument are allocated to the liability and equity components on a *pro rata* basis.

Subsequently, the equity component that has been credited direct to equity is not remeasured. The liability component is re-measured in accordance with IFRS 9 meaning that if the financial instruments is not classified as at fair value through profit or loss, it will be accounted for at amortized cost applying the effective interest rate method.

D. (Embedded) Derivatives

Certain debt instruments of the Company contain embedded derivatives such as conversion (or non-conversion) features of issued or committed convertible bonds. Such identified derivatives are separated from the host instrument and fair valued with the change in fair value recognized in the income statement.

The fair value of such derivatives is determined on the basis of a valuation technique which belongs to the Level 3 category of the fair value hierarchy.

Specifically; for the Convertible Plan, the following matters are taken into consideration when determining the fair value of the different conversion (or non-conversion features):

- whether some features under the control of the Company have an economic value or not for the Company considering its business model;
- an estimation of the convertible bonds that will be ultimately issued under the plan;
- the conversion price features;

When issued bonds or notes are converted into shares of the Company; the portion of the fair value of the related converted bonds or notes are re-classified within equity under a specific reserve and no gain or loss is recognized at conversion.

2.8 Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received, net of transaction costs.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term deposits with a maturity of or less than 3 months, and which are subject to an insignificant risk of changes in value.

2.10 Income taxes

Income taxes include current income tax and deferred income tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. Tax rates and tax laws that are considered to determine the amount of tax assets or liabilities are those that are enacted or substantially enacted, at the reporting date.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.11 Employee benefits

A. Short-term employee benefits

Short-term employee benefits include salaries and social security taxes, paid vacation and bonuses. They are recognized as expenses for the period in which employees perform the corresponding services. Outstanding payments at the end of the period are presented within current liabilities (other payables). As the Company employs several scientists dedicated to research activities; it enjoys a relief from personal withholding taxes. This incentive is not presented as other income but as a deduction of the payroll expenses.

B. Post-employment benefits

Post-employment benefits include pensions and retirement benefits for employees, which are covered by contributions of the Company.

The Company has set up a pension scheme for its employees. Under such scheme, the Company pays contributions based on salaries to an insurance company responsible for paying out pensions and social security benefits, in accordance with the laws and agreements applicable in Belgium.

In Belgium, the pension plans are by law subject to minimum guaranteed rate of return, which was until recently 3.25% on employer contributions (for premiums until 31 December 2015) and between 1.75% and 3.75% for subsequent premiums (depending on the evolution of the OLO 10 years rate).

In theory, such pension scheme shall be treated in accordance with IAS 19 "Employee Benefits" as a defined benefit plan. The Company accounts for those plans as defined contribution plans and compare the "walk away liability" or the vested rights at reporting date with the fair value of the plan assets. If the vested rights are higher as compared to the fair value of the plan asset, a liability is recognized for the shortage at the reporting date. Outstanding payments at the end of the period, if any, are presented within current liabilities (other payable).

However, considering that (i) the Company is still in its start-up phase (ii) the current employees of the Company will remain or not within the Company depending on the outcome of the Phase III testing and (iii) the fact that the pension scheme is "young" and concerns a limited number of employees; the Company is of the opinion that the impact of accounting for the pension scheme as a "defined contribution plan" in place of a "defined benefit plan" is not material.

2.12 Share-based compensation

There are several equity-settled share-based compensation plans in place. The fair value of the employee (or Director) services received in exchange for the grant of stock options or warrants is determined at the grant date using a Black & Scholes valuation model.

The total amount to be expensed over the vesting period, if any, with a corresponding increase in the "share-based payment reserve" within equity, is determined by reference to the fair value of the stock options or warrants granted, excluding the impact of any non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of stock options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the stock options or the warrants are exercised.

When warrants granted under a share-based compensation plan are not exercised and have expired, the amount previously recognized under the share-based payment reserve is reclassified to the caption accumulated deficit, within equity.

2.13 Provisions

A provision is set up by the Company if, at the reporting date, the Company has a present obligation, either legal or constructive, as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

2.14 Grants – Recoverable cash advances

Government grants are recognized if there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The Company receives the support from the Regional Government under the form of recoverable cash advances. Recoverable cash advances are aimed at supporting specific development programs.

When a recoverable cash advance agreement is signed with the Walloon Region, the Company determines the fair value of the amount it will have to reimburse and accounts for it as a financial liability. To determine this fair value, the Company estimates future cash outflows it will have to support considering (i) the probability that the Company will notify the regional government whether it will decide or not to exploit the results of the research phase (ii) the estimation of the timing and the probability of the future sales and (iii) an appropriate discount rate.

Subsequently, at each closing date, the financial liability is accounted at amortized cost using the effective interest rate method considering the initial discount rate. When doing so, the Company reviews at least annually – or more frequently if there are indicators, either positive or negative, the estimation of the timing and the probability of the future sales of the products benefiting from the support of the Walloon Region and, if necessary, adjust the amount of the financial liability accordingly either upwards or downwards against financial expense or income respectively.

Any difference between the cash advance and the fair value of the liability is considered as a government grant and until the cash is received from the Walloon Region a receivable towards the Walloon Region is accounted for.

When the grant is received, it is at first deferred within "Other Payables" under the caption "Deferred Grant Income". Subsequently, the grant is recognized in the income statement under the caption "Other Income" when the amount can be measured reliably, being when the costs eligible to benefit from the support of the Walloon Region are submitted and accepted by the Walloon Region.

2.15 Grants relating to the acquisition of property, plant and equipment

Government grants are recognized if there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Such grants are presented as a reduction of the acquisition cost of the related asset.

2.16 Tax Credit relating to R&D expenditures

R&D expenditures of the Company can benefit – subject to the fulfillment of certain conditions – from the so-called Tax-Credit mechanism. This mechanism grants the Company a reduction of its current tax payable for an unlimited period and hence reduces the tax payments, if any. If the Company does not have enough current tax to be paid to benefit from this reduction, the Company will receive in cash, the amount of the Tax-Credit after five years. This Tax-Credit is accounted for in accordance with IAS 20 Government Grants and not IAS 12 Income Taxes (i.e. a receivable is recognized for the amount of the Tax-Credit that the Company is entitled to receive in the future and the counterpart is accounted for within "Other Income" in the income statement). So far, eligible years for the Tax Credit are 2014, 2015, 2016, 2017, 2018 and 2019.

2.17 Leases

Lease arrangements are accounted for in accordance with IFRS 16 "Lease Contracts" as from January 1, 2019. When applying IFRS 16 for the first time, the Company applied the simplified retrospective approach i.e. as if the lease contracts were entered into as at January 1, 2019. As a consequence; no restatement of the comparatives figures has been carried out and there is no impact on the opening equity as at January 1, 2019.

The Company does not apply IFRS 16 to lease contracts with a lease term shorter than one year (renewal options considered) and to lease contracts of assets having an insignificant value.

In accordance with IFRS 16, at commencement of a lease arrangement; a right-to-use the asset subject of the lease arrangement is accounted for and a leasing debt is recognized to reflect the obligation of the Company to pay the lease over the non-cancellable term of the lease. The initial amount accounted for corresponds to the present value of the lease payments to be made over the non-cancellable lease term. Subsequently; the right-to-use the related asset is depreciated over the non-cancellable lease term.

2.18 Borrowing costs

Borrowing costs are expensed as incurred as there is no qualifying asset for which capitalization of borrowing costs may be required.

2.19 Revenue

As of today, the Company has only incidental revenue. The Company will develop accounting policies when it will begin to generate material revenues.

2.20 Segments

To date, all Company's activities relate to research and development and, as a consequence, there is only one operating segment. The reporting to the decision maker is currently done at the global level.

Assets of the Company are located in the country of domicile per 31 December 2018.

Note 3. Capital management

Capital comprises equity attributable to shareholders, borrowings and cash and cash equivalents. The Company's policy is to maintain a strong capital base in order to maintain investor confidence in its capacity to support the future development of its operations. The Company's objectives when managing capital are to maintain sufficient liquidity to meet its working capital requirements and fund capital investment in order to safeguard its ability to continue operating as a going concern.

The Company monitors capital regularly to ensure that the legal capital requirements are met and may propose capital increases to the shareholders' meeting to ensure the necessary capital remains intact.

Note 4. Management of financial risks

4.1 Financial risk factors

The Company's activities expose it to a variety of financial risks such as liquidity risk. The Company's finance department identifies and evaluates the financial risks in co-operation with the operating units.

4.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities may expose it to changes in foreign currency exchange rates and interest rates. The Company is not exposed to any equity price risk or commodity price risk as it does not invest in these classes of investments.

The Company is also exposed to the evolution of its stock price as the convertible plan put in place in July 2018 foresees that if the stock price of the Company falls below € 1.1368 the investor is not obliged to subscribe to the notes that the Company intended to issue under this plan.

4.3 Foreign exchange risk

The Company may be exposed to foreign currency risks through its operating activities. To date, certain purchase transactions are undertaken in Swiss francs (CHF), in British Pounds (GBP) and in US Dollars (USD). However, the magnitude of purchases in foreign currencies is currently limited; meaning that the Company's exposure to fluctuation of the exchange rate of the concerned currencies into Euro is limited. In the future, as the developments progress and particularly in view of the commercialization of the product candidates, the foreign exchange risk may significantly increase, especially the foreign exchange risk linked to the USD.

4.4 Counterparty risk

As part of the Convertible Plan put in place in July 2018 and 2019, the Company is exposed to a counterparty risk. Under this plan, the parties taking part to it are committed, under certain conditions, to subscribe to notes to be issued by the Company. If a counterpart has not the economic ability to subscribe to such issuance of notes, the Company will not succeed in obtaining the committed financing.

4.5 Liquidity risk

The Company's main sources of cash inflows are obtained through capital increases, convertible notes, grants and recoverable cash advances. Cash is invested in low risk investments such as short-term bank deposits or savings accounts. The Company mainly makes use of liquid investment in current accounts (in Euro) or short-term deposit accounts.

The ability of the Company to maintain adequate cash reserves to support its activities in the short and medium term is highly dependent on the Company's ability to raise additional funds. As a consequence, the Company is exposed to significant liquidity risk in the short and medium term.

Analysis of contractual maturities of financial liabilities at December 31 is as follows:

	2019						2018			
(In EUR 000)	Convertible notes	Financial debt	Leasing debt	Trade payables	Other payables	Provision	Convertible notes	Financial debt	Trade payables	Other payables
Less than 1 month				4,829	795		1,616		1,669	1,311
Less than 1 year	4,816	40	63					25		
1 - 5 years		209	10			132		380		
More than 5 years		88						85		
TOTAL	**4,816**	**337**	**73**	**4,829**	**795**	**132**	**1,616**	**490**	**1,669**	**1,311**

Note 5. Fair value

The carrying amount of cash and cash equivalents, trade receivables, other receivables and other current assets approximate their value due to their short-term character.

The carrying value of financial debts, trade payables and other payables approximates their fair value due to the short-term character of these instruments.

The fair value of financial debts (non-current and current) is evaluated based on their interest rates and maturity date. These instruments have fixed interest rates, or no interest rate and their fair value measurements are subject to changes in interest rates. The fair value measurement is classified as level 2.

The fair value measurement of the derivatives embedded in the convertible bonds is classified as level 3.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The value of financial assets and liabilities is summarized in the following table (in 000's €):

	Carrying value		***Fair value***	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Financial Assets				
Other long-term receivables	2,030	1,588	2,030	1,588
Trade and other receivables	394	280	394	280
Other current assets	53	418	53	418
Cash and cash equivalents	3,649	8,458	3,649	8,458
Financial liabilities				
Recoverable cash advance	337	490	337	490
Convertible notes	4,816	1,616	4,816	1,616
Leasing debt	73		73	
Provision	132		132	
Trade and other payables	5,624	2,980	5,624	2,980

Note 6. Critical accounting estimates and assumptions

When preparing the financial statements, judgments, estimates and assumptions are made that affect the carrying amount of certain assets, liabilities and expenses. These include the going concern assessment, the share-based payment transactions, the accounting for research and development expenses, the recoverable cash advances received, the accounting treatment of convertible notes and deferred taxes. These judgments, estimates and assumptions have been reviewed for each year and are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant under the then prevailing economic conditions. Changes in such conditions might accordingly result in different estimates in the Company's future EU - IFRS financial statements.

6.1 Critical judgements

The financial statements have been prepared on a going concern basis.

At the end of November 2019, the Company announced the below threshold efficacy result of its lead product gp-ASIT+™ in a second phase III trial. As a result, the Company has no equity financing instruments available for the time being. The CNs2019 'B' will not be paid-up as this was conditional upon positive results of the second phase III trial, the CNs2018 cannot be called as the share price is significantly below € 1.1368 (with a duration until beginning of February 2020) and finally the Warrants 2 with a strike price of € 3.83 are out of the money.

Immediately following these results, the Company has taken all measures required to minimize the future operating expenses. Nevertheless, in case of no additional funding, the level of the working capital shortfall shall amount to € 9.60 million for a period of at least 12 months after the publication of this Annual Report.

The Company has filed a request for judicial reorganization on December 19, 2019 that was granted on February 11, 2020. As a result the Company has obtained a suspension of payment of its debt until June 11, 2020. The total current financial and commercial debt amounts to € 11.06 million. The suspension of payment could be extended to maximum 18 months under exceptional circumstances.

Hence, these events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Even though the Company is currently not able to satisfy all financial liabilities and working capital needs, the board of directors is of the opinion that the continuity of the Company is an appropriate assumption. Indeed, the Company has on the one side obtained the protection of the judicial reorganization and is on the other side actively working, among other actions, on validating its assets and in finding a partner so additional long-term financing could be secured. The board of directors believes that a plan of judicial reorganization proposing the conditions under which the Company's creditors will be repaid will be presented in due course and that such partnering and funding activities do have a reasonable chance of success.

6.2 Critical accounting estimates and assumptions

Share-based payments

The Company has several equity-settled, share-based payment plans in place. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the option plan. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Research and development expenses

In line with market, the Company is of the opinion that research and development expenditures do not meet the capitalization criteria until successful completion of Phase III is achieved. Accordingly, no research and development asset has been recognized in the financial statements of the Company, yet.

Deferred tax assets

As a result of significant losses incurred by the Company, the Company enjoys tax losses that can be carried forward. However, no deferred tax asset has been recognized at this stage, as it cannot be demonstrated that the tax losses will be compensated by future taxable income in the foreseeable future.

Recoverable cash advances and government grants

The Company benefits from recoverable cash advances granted by the Walloon Region. Recoverable cash advances are aimed at supporting specific development programs and typically functions as follows:

- An agreement is concluded with the Regional Government consisting in three distinct phases being a research phase, a decision phase and an exploitation phase.

- During the research phase, the Walloon Region supports part of the costs incurred by the Company for a specific development program (up to 55% of an agreed budget). At the start of the program, the Walloon Region, makes a first down-payment of 30% of the agreed budget (the so-called "avance fonds de roulement"). During the Research Phase; which typically lasts two years, the Walloon Region pays additional amounts to the Company, as the program is realized by the Company. The additional payments are made on basis of costs statements submitted by the Company and accepted by the Walloon Region.
- At the end of the research phase, there is a decision phase of six months, allowing the Company to decide whether or not it will exploit the results of the research phase.
- If the Company decides not to exploit the results of the research phase, it has to notify the Region and transfer to the Region the rights associated with the research phase. Accordingly, the advances received are not to be reimbursed at all.
- If the Company, decides to exploit the results of the research phase, it will enter into the exploitation phase. Such decision triggers the following obligations towards the regional government:
    - 30% of the total cash advance received has to be reimbursed unconditionally in accordance with a reimbursement plan (typically covering a period of ten years);
    - The Company has to pay to the regional government royalties based on the sales that will be generated by the products that have benefited from the cash advance (and this for a period of up to ten years);
    - The maximum amount the Company may have to pay in accordance with this mechanism is capped to twice the total amount of the cash advance received.

A recoverable advance is thus in substance a financial liability of the Company towards the Walloon Region. The determination of the amount of the financial liability is subject to a high degree of subjectivity and requires the Company to make estimates of the future sales it will derive in the future from the products that benefited from the support of the Walloon Region. Based on these estimates, it may be concluded that the amount of the cash advance that the Company will receive from the Walloon Region exceeds the amount of the financial liability estimated by the Company. In such a situation, the difference is considered as a government grant.

Convertible notes – issued in 2018

When determining the fair value of the derivatives embedded under the convertible notes plan, management had to make different assumptions and estimates:

- It has been considered that all committed notes under the plan will be issued meaning that during the life of the plan the stock price of the Company will not be lower than €1.1368;
- It has been determined that the Company will not make use of the possibility to redeem the notes in cash instead than issuing new shares;
- It has been estimated that no time-value has to be considered in determining the fair value of the conversion features as the estimated average life time of the notes is no longer than twelve-months;
- It has been determined adequate to recognize the total fair value of the conversion feature immediately; thus inducing a "Day 1 loss" as the conversion feature of the convertible notes plan al-lows the note holder to exercise its right to subscribe to notes and to convert them into shares at any moment, but

not later than twelve months after issuance of the notes. Finally, the transaction costs supported by the Company when setting up this plan, being € 481,480 have been expensed immediately.

When preparing the 2019 financial statements of the Company, management reviewed the key assumptions relating to this plan. As the efficacy results of the second phase III study did not meet the primary endpoint, as announced end of November 2019, the stock price of the Company dropped significantly below € 1,1368. As a result it is assumed that the remaining notes will not be issued anymore and the fair value of the conversion feature at balance sheet date had no value anymore.

Convertible notes – issued in 2019

In July 2019 the Company raised € 5,025,000 through the issuance of convertible notes. When analyzing the conversion features of these convertible notes the Company concluded that the convertibles notes consist in a compound financial instrument.

Accordingly an equity component and a liability component have been determined for the convertible notes.

The liability component has been estimated at € 4,697,936 by calculating the net present value of a liability of similar amount and term discounted at 8%; representing the interest rate that the market would have charged to the Company at the time of issuance of the notes considering a.o. the credit status of the Company. The equity component is thus € 327,064 being the residual between the gross proceeds of € 5,025,000 and the liability component of € 4,697,936.

Transaction costs of € 150,000 incurred have been allocated on a *prorate basis* to the equity component (€ 9,763) and to the liability component (€ 140,237).

As at December 31, 2019, the equity component remains unchanged whereas the liability component is re-measured by applying the effective interest rate method.

Note 7. Property, plant and equipment and right to use an asset

7.1 Property, plant and equipment

Property, plant and equipment are summarized in the following table (in 000's €):

	ICT Equipment	Lab Equipment	Furniture and fixtures	Leasehold improvement	Total
Net book value end 2017	**32**	**561**	**60**	**36**	**691**
2018					
Acquisitions	12	358	1	0	367
Depreciation	(12)	(218)	(19)	(4)	(253)
Net book value	**32**	**704**	**42**	**32**	**810**
2019					
Acquisitions	4	90	3	0	97
Depreciation	(10)	(262)	(20)	(4)	(296)
Net book value	**26**	**532**	**25**	**28**	**611**

	ICT Equipment	Lab Equipment	Furniture and fixtures	Leasehold improvement	Total
Cost	154	1,498	132	52	1,836
Accumulated depreciation	(128)	(966)	(107)	(24)	(1,225)
Net book value	**26**	**532**	**25**	**28**	**611**

In 2019 and 2018, lab equipment was acquired for a total amount of € 90,000 respectively € 358,000, mainly for the production unit based in Liège.

The yearly depreciation charge amounts to € 296,000 in 2019 and € 253,000 in 2018.

7.2 Right to use an asset

The right to use an asset caption relates to the rental agreement of the Liège premises. The non-cancellable lease term ends in February 2021. This lease arrangement is accounted for in accordance with "IFRS 16 Lease Contracts" as from January 1, 2019. In applying IFRS 16 for the first-time, the Company applied the simplified retrospective approach i.e. as if the lease contract was entered into as at January 1, 2019.

As at January 1, 2019, a right-to-use an asset has been accounted for an amount of € 118,089 with a similar leasing debt. The initial amount accounted for corresponds to the net present value of the lease payments to be made over the remaining non-cancellable lease term. When determining the net present value of the lease payments a 8% discount rate has been applied. The right-to-use the asset is amortized on a straight-line basis over the remaining non-cancellable lease term. In 2019 an amortization charge of € 49,204 has been accounted for. As at December 31, 2019, the related leasing debt amounts to € 73,000 out of which € 10,000 is classified as non-current.

Note 8. Other long-term receivables

Other long-term receivables are summarized in the following table (in 000's €):

	31/12/2019	31/12/2018
Deposits	16	18
Tax credit related to R&D expenditures	2,014	1,570
Total other long-term receivables	**2,030**	**1,588**

Considering the activities of the Company, ASIT biotech is eligible to benefit from a cash refund from the tax authorities, notwithstanding the taxable position of the Company, calculated as a percentage of the expenditures made by the Company for certain R&D activities. The receivable recognized with respect to this incentive, amounts to € 2,014 (000's) and relates to expenditures made since 2015. For 2019, an amount of € 562 (000's) is recognized. The receivable relating to R&D expenditures made in 2014 will fall due in 2020 and is included in Other receivables (current).

Note 9. Trade receivables

Trade receivables are summarized in the following table (in 000's €):

	31/12/2019	31/12/2018
Credit notes to be received	28	0
Total trade receivables	**28**	**0**

Note 10. Other receivables

Other receivables are summarized in the following table (in 000's €):

	31/12/2019	31/12/2018
VAT receivable	207	276
Other	159	4
Other receivables	**366**	**280**

As at December 31, 2019, the other receivables include the tax-credit incentive relating to the R&D activities of 2014.

Note 11. Other current assets

Other current assets relate to prepaid expenses and accrued income which amount to €53,000 as at December 31, 2019 and € 418,000 as at December 31, 2018. The significant amount in 2018 mainly relates to the advance payment to the CRO to cover certain third-party operating costs of the gp-ASIT+™ second Phase III study.

Note 12. Cash and cash equivalents

Cash and cash equivalents are summarized in the following table (in 000's €):

	31/12/2019	31/12/2018
Savings accounts	2,473	7,592
Current accounts	1,176	866
Total cash and cash equivalents	**3,649**	**8,458**

Note 13. Capital, share premium and cost of capital increase

As at December 31, 2017, the share capital of the Company amounted to € 9,988,758 represented by 12,806,100 shares without nominal value.

In the course of 2018, 13 capital increases were realized. As a result 5,590,748 new shares were issued and the share capital increased to € 14,349,541 represented by 18,396,848 shares. The share premium amounted to € 37,034,040.

In the course of 2019, 11 capital increases were realized. As a result 3,495,744 new shares were issued and the share capital increased to € 17,076,221 represented by 21,892,592 shares at December 31, 2019. The share premium amounted to € 38,629,860.

A full detail of the history of capital can be found in the section CORPORATE GOVERNANCE under Shares and shareholders titled "History of share capital".

Note 14. Share based compensation

Over the years, the Company has set up various warrants' plans, which have been accounted in accordance with IFRS 2 "Share-based payments".

As at December,31 2019, only some of the warrants granted under the 2014, 2015 and 2016 incentive plans are still outstanding as well as certain warrants granted in the course of 2018. In the course of 2019, two new warrant plans have been set up.

14.1 2014 Warrant Plan

On October 15, 2014, the shareholders' meeting of the Company approved the issuance of 5,300 warrants. These warrants are valid until 30 October 2024. The shareholders' meeting granted a special proxy to the board of directors of the Company in order to (i) identify the beneficiaries, (ii) offer the issued warrants to workers of the Company (employees, managers or directors) and (iii) to determine the exercise price of the concerned warrants before each offer subject to the approval of the auditor. It being understood that the beneficiaries shall be workers of the Company, the exercise price shall be equal to the market value of the underlying shares at the time of the offer and that a maximum of 2,000 warrants will be offered to beneficiaries who are not employees of the Company but exercise their services as self-employed.

These warrants have been allocated in the context of 4 different incentive plans:

	Number of distributed warrants	Number of accepted warrants	Number of lost warrants (reallocable)[30]	Number of outstanding warrants	Exercise price (€)[31]	Expiry date
2014 Incentive Plan	2,400	2,145	0	2,145	300.0	30/06/2020
2015 Incentive Plan	1,700	1,160	1,160	0	540.0	30/06/2020
2016 Incentive Plan	800	765	574	191	577.5	16/11/2022
2018 Incentive Plan	625	625	625	0	381.0	15/03/2023
Total	**5,525**	**4,695**	**2,359**	**2,336**		

[30] In the event where allocated warrants can no longer be exercised by a beneficiary due to the termination of its contractual relations with the Company, the said warrants will be automatically re-transferred to the Company which can use them for a potential new allocation.

[31] It being understood that pursuant to the stock split, the exercise of a warrant will give right to 100 shares, the exercise price remaining unchanged.

2014 Incentive Plan

On October 15, 2014, the Board of Directors decided to offer 2,400 warrants to beneficiaries on the basis of a plan characterized as follows: (i) exercise price of € 300 per warrant, (ii) each warrant giving the right to subscribe to one share, it being understood that further to the stock-split approved on January 8, 2016, each warrant gives the right to subscribe to one hundred shares instead of one share, the conversion price of the warrant remaining unchanged, (iii) the warrants are granted for free, (iv) no vesting conditions, and (v) an exercise period between November 1, 2014 and October 30, 2019.

2,145 warrants have been accepted by employees, directors and members of the scientific committee.

As at December 31, 2019, 2,145 warrants were still outstanding under the 2014 plan entitling their holders to subscribe to 214,500 new shares of the Company. On June 5, 2019, a board of directors' resolution extended the exercise period of the warrants under this Incentive Plan until June 30, 2020.

2015 Incentive Plan

On March 10, 2015, April 14, 2015 and May 19, 2015, the board of directors decided to offer 1,700 warrants to beneficiaries and approved a warrants plan characterized as follows: (i) exercise price of € 540 per warrant, (ii) each warrant giving the right to subscribe to one share, it being understood that further to the stock-split approved on January 8, 2016, each warrant gives the right to subscribe to one hundred shares instead of one share, the conversion price of the warrant remaining unchanged, (iii) the warrants are granted for free (iv) attendance requirement, (v) no vesting conditions, and (vi) an exercise period between June 1, 2017 and April 30, 2020.

Contrary to the previous plans, the 2015 Plan foresees an employment condition. Accordingly, the fair value of the plan is expensed over the vesting period.

As at December 31, 2019, no warrants allotted within this plan were still outstanding.

2016 Incentive Plan

On November 7, 2016, the board of directors decided to offer 800 warrants to beneficiaries and approved a warrants plan characterized as follows: (i) exercise price of € 577.5 per warrant, (ii) each warrant gives right to subscribe to one-hundred shares, (iii) the warrants are granted for free, (iv) attendance requirement, (v) vesting of 33% *per annum* (exclusively for good leavers), and (vi) an exercise period between January 1, 2020 and November 16, 2022.

765 warrants have been accepted, and as a result of departures of beneficiaries of this plan, as at 31 December 2019, 191 warrants allotted within this plan were still outstanding, giving the right to subscribe to a total of 19,100 new shares.

March 2018 Incentive Plan

On March 7, 2018, the board of directors decided to offer 625 warrants and approved a warrants plan characterized as follows: (i) exercise price of € 381 per warrant, (ii) each warrant gives the right to subscribe to one-hundred shares, (iii) the warrants are granted for free, (iv) an exercise period between 2022 and 2023, (v) attendance requirement, and (vi) vesting of 33% *per annum* (exclusively for good leavers).

As at December 31, 2019, no warrants allotted within this plan were still outstanding.

14.2 2018 Warrant Plan

On June 15, 2018, the board of directors decided, under the authorized capital, to issue 1,250,000 warrants to be allotted to personnel members, managers and board of directors' members, on the basis of a plan characterized as follows: (i) an exercise price that is the lowest between (a) the average course of the share during the 30 days preceding the offer of the warrants and (b) the latest course of closing preceding the offer date, it being understood that the exercise price of the warrants granted to the beneficiaries who are not members of staff may not be lower than the average share price during the 30 days preceding the day on which the emission started (ii) each warrant gives the right to subscribe to one new share, (iii) an exercise period of 10 years for employees and 5 years for non-salaried employees, (iv) the warrants are granted for free, and (v) the warrants are subject to a three-years and six-months employment condition:

- if at the end of the first calendar year following the warrants' offering (i.e. as at 31 December 2019), a beneficiary of the warrants is still employed by the Company, 33% of the granted warrants are considered as acquired by the beneficiary;
- if at the end of the second calendar year following the warrants' offering (i.e. as at 31 December 2020), a beneficiary of the warrants is still employed by the Company, 66% of the granted warrants are considered as acquired by the beneficiary; and
- if at the end of the third calendar year following the warrants' offering (i.e. as at 31 December 2021), a beneficiary of the warrants is still employed by the Company, all of the granted warrants are considered as acquired by the beneficiary.

At 31 December 2019, 345,000 of these warrants have been allocated, and 120,000 warrants are outstanding.

	Number of distributed warrants	Number of accepted warrants	Number of lost warrants (reallocable)	Number of outstanding warrants	Exercise price (€)	Expiry date
2018 Incentive Plan	345,000	345,000	225,000	120,000	3.65	31/12/2023
Total	**345,000**	**345,000**	**225,000**	**120,000**		

14.3 2019 Warrant Plan – Plan approved by the board of directors

On June 5, 2019, the board of directors decided, under the authorized capital, to issue 641,900 warrants to be allotted to personnel members, managers and board of directors' members, on the basis of a plan characterized as follows: (i) each warrant could be exercised for one share (ii) the warrants are granted for free, i.e. no consideration is due upon the grant of the warrants, (iii) the warrants have a term of five years since the grant, (iv) the warrants can be exercised during two specified periods and (v) the warrants are subject to a three-years vesting period.

At December 31, 2019, 300,000 of these warrants have been allocated, and 300,000 warrants are outstanding.

14.4 2019 Warrant Plan – Plan approved by the extraordinary general meeting

On June 28, 2019, the extraordinary general meeting decided to issue 434,240 warrants to be allotted to personnel members, managers and board of director members on the basis of a plan characterized as follows: (i) each warrant could be exercised for one share (ii) the warrants are granted for free, i.e. no consideration is due upon the grant of the warrants, (iii) the warrants have a term of five years since the grant, (iv) the warrants can be exercised during two specified periods and (v) the warrants are subject to a three-years vesting period.

At December 31, 2019, 434,240 of these warrants have been allocated and accepted, and 306,600 warrants are outstanding.

	Number of distributed warrants	Number of accepted warrants	Number of lost warrants (reallocable)	Number of outstanding warrants	Exercise price (€)	Expiry date
2019 Incentive Plan	300,000	300,000	0	300,000	1.3310	31/12/2024
2019 Incentive Plan	459,240	434,240	127,640	306,600	1.2324	31/12/2024
Total	**759,240**	**734,240**	**127,640**	**606,600**		

Accounting for share-based payment

The fair value of each option or warrant is estimated on the date of grant using the Black & Scholes model and the following assumptions:

Plan 2014 – 2014 allotment	
Number of warrants granted	2,145
Exercise price	€ 300
Expected dividend yield	0%
Expected stock price volatility	35%
Risk-free interest rate	0.30%
Expected duration	5 years
Forfeiture rate	0%
Fair Value	€ 199,000

Plan 2014 - 2016 allotment	
Number of warrants granted	800
Exercise price	€ 577.5
Expected dividend yield	0%
Expected stock price volatility	35%
Risk-free interest rate	%
Expected duration	5 years
Forfeiture rate	0%
Fair Value	€ 119,000

Plan 2018	
Number of warrants granted	345,000
Exercise price	€ 3.65
Expected dividend yield	0%
Expected stock price volatility	35%
Risk-free interest rate	-%
Expected duration	5 years
Forfeiture rate	0%
Fair Value	€ 383,000

Plan 2019 (plan approved by the board of directors)	
Number of warrants granted	300,000
Exercise price	€ 1.3310
Expected dividend yield	0%
Expected stock price volatility	35%
Risk-free interest rate	-0.57%
Expected duration	4 years
Forfeiture rate:	0%
Fair Value	€ 105,985

Plan 2019 (plan approved by the extraordinary general meeting)	
Number of warrants granted	434,240
Exercise price	€ 1.2324
Expected dividend yield	0%
Expected stock price volatility	35%
Risk-free interest rate	-0.67%
Expected duration	4 years
Forfeiture rate:	0%
Fair Value	€ 141,277

The share-based expense accounted for relating to the various warrant plans in place amounted to €43,000 in 2019 and € 73,000 in 2018.

Note 15. Financial debts

The financial debts relate to the recoverable cash advances received from the Walloon Region (see 15.1) and to the (convertible) notes issued in 2018 and 2019 (see 15.2). They are summarized in the following table (in 000's €):

	31/12/2019	31/12/2018
Non-current cash advances received	297	465
Current cash advances received	40	25
Convertible notes 2018	50	1,616
Convertible notes 2019 'A'	4,766	-
Total	**5,153**	**2,106**

15.1 Recoverable cash advances received

House dust mite allergy recoverable cash advance (RCA HDM)

In December 2015, the Walloon Region granted a subsidy consisting in a refundable advance amounting to € 1,254,000 for the development of the house dust mite treatment. The Company received € 314,000 in December 2015 and € 815,000 in 2016. The balance of € 125,000 was received in the course of 2018.

The refundable cash advance covers a maximum of 55% of eligible expenses incurred by the Company during a research phase of two years for the development of the house dust mite treatment. This cash advance is not bearing any interest. Pursuant to that agreement, a decision from the Company, between 2017 and 2026 to proceed with the commercialization of the product resulting from the subsidized R&D program would trigger the non-revocable repayment of 30% of the advance granted for an amount of € 376,000. In addition, the Walloon Region is entitled to the payment of a fee equivalent to 0.12 % of the sales amount during the first 120 months of commercial exploitation. The total amount payable by the Company to the Walloon Region is capped to twice the initial refundable advance amount or € 2,508,000 considering the first repayment of 30%.

Given the below threshold efficacy results of its product candidate for the treatment of grass pollen allergy based on a mix of peptides only, management has revised its forecast of expected sales of the product candidate to treat house dust mite allergy and hence reduced its obligations to pay royalties during the first 120 months of commercial exploitation. Potential sales are now expected to start in 2026. Accordingly the amount of the recoverable cash advance has been reviewed downwards by € 128,000 to € 336,513 as at December 31, 2019.

Food allergies recoverable cash advance (RCA FOOD)

The Company was granted on January 12, 2017 a refundable cash advance of about € 6,000,000 from the Walloon Region to finance 55% of its food allergy drug development program. The conditions attached to this grant are in substance similar to the ones for the house-dust mite program as described above; except of the fact that the percentage of the royalties to be paid during the exploitation phase is set to 0.11% of the future sales of the related product. The total amount to be paid by the Company to the Walloon Region is capped to twice the amount that the Company will enjoy from the Walloon Region. If the Company decides to exploit the results of the research program currently undertaken; in 2019 and beyond; this would trigger the obligation for the Company to reimburse 30% of the cash advance (and this over a ten-years period). Royalties' payments will only occur if the Company is able to bring the product designed up to commercialization.

With respect to this agreement, it has been considered that no debt had to be recognized as the Company has at this stage no view whether the outcome of the research phase will be fruitful or not, and whether it will decide to pursue with the exploitation of the results of the research phase or not. Accordingly, the amount of this cash advance, is accounting-wise treated as a government grant in accordance with IAS 20.

15.2 Convertible notes 2018 (CNs2018)

On July 10, 2018, the Company raised € 12,000,000 through a private placement of convertible notes, the CNs2018. The net proceeds of this offering were aimed at supporting the clinical development of the product candidates of the Company and especially the second Phase III study in Europe of its lead product gp-ASIT+™ for the treatment of grass pollen allergy.

In this context, the Company issued 240 CNs2018 at an issuance price of € 2,500 each and 4,560 subscription rights to subscribe to 4,560 additional CNs2018 under certain terms and conditions. The CNs2018 do not bear any coupon and have a maturity date of twelve months as from issuance. The CNs2018s are convertible into ordinary shares at the holders' convenience before maturity or are automatically converted on the maturity date at the conversion price. The conversion price of the CNs2018 is equal to 92% of the volume-weighted average price over the trading day preceding the holder's request of conversion or maturity date, providing that such price may not be lower than € 1.1368, which is higher than the par value of the company's shares, being € 0.78. Upon conversion of the CNs2018, the new shares issued shall immediately bear the same rights of all other existing shares and may be traded on the Euronext stock exchanges in Brussels and Paris. The Company has the right to redeem the CNs2018 at a price of € 2.600 instead of issuing new shares.

The subscription of one CN2018 gave the right to any subscriber to receive, for free, nineteen subscription rights. Each CNs2018 can be converted into new shares of the Company. Each subscription right gives the right to subscribe to one new CN2018 at any time during a period of 19 months after their issuance, at an exercise price of € 2,500 per CN2018. The Company may, however, oblige the holders of those subscription rights to exercise at least 1 of the 19 subscription rights every 30 calendar days. This right of the Company is however suspended if, and for the duration of, the stock price falls under € 1.1368.

A total of € 12 million has been committed during the offering that took place, payable to the company in 20 equal tranches over a period of 20 months.

Considering the fact that the CN2018 will be converted into a variable number of shares, in accordance with IFRS such notes are considered as debt instruments. In 2018, at inception of the plan, it has been considered to treat the different conversion (or non-conversion) features as derivatives and to fair value them considering the following assumptions:

- The estimation of the number of CNs2018 that will be ultimately issued, considering the fact that if the stock price of the share of the Company is lower than € 1.1368, the CN2018 holders are not obliged to subscribe;
- The conversion price of the CNs2018, which is equal to 92% of the volume-weighted average price over the trading day preceding the CN2018 holder's request of conversion or maturity date;

It is appropriate to recognize the total fair value of the conversion feature immediately, thus inducing a "Day 1 loss" as the conversion feature of the CNs2018 plan allows the CN2018 holder to exercise its right to subscribe to CNs2018 and to convert them into shares at any moment, but not later than twelve months after issuance of the CNs2018.

The possibility for the Company to redeem the CNs2018 at a price of € 2,600 instead of issuing new shares has no value considering the current business model of the Company as the cash collected through the issuance of the CNs2018 is necessary to support the activities of the Company and it is considered that the Company could make use of this possibility.

As part of this plan, the Company incurred € 481,480 of transaction costs which have been expensed immediately as financial expenses.

When CNs2018 are converted into new shares, the related portion of the fair value of the conversion features is accounted for in a specific reserve under the equity section.

In 2018, a total of 1,680 CNs2018 were subscribed for a total amount of € 4.20 million. Out of these 1,680 CNs2018, 1,335 were converted into ordinary shares of the Company. Accordingly, as at December 31, 2018, 345 CNs2018 were still outstanding.

In 2019, a total of 1,404 CNs2018 were subscribed for a total amount of € 3.51 million and a total of 1,729 CNs2018 were converted into shares. As at December 31, 2019, 20 CNs2018 were still outstanding.

Given the below threshold of the efficacy results of the second phase III trial and the stock price now significantly below the € 1.1368, the holders of the remaining subscription rights are deemed to be freed from their commitment to further subscribe to CNs2018. Accordingly, the remaining balance of the fair value of the conversion feature of the plan that was initially recognized at inception of the plan has been reversed through the statement of comprehensive income for an amount of € 377,391.

The financial statement of the Company has been impacted as follows in 2018 and 2019 (in €):

Total amount of CNs2018 to be drawn	12,000,000
Remaining CNs2018 to be issued when applicable	(7,800,000)
Proceeds from the issuance of CNs2018 in 2018	**4,200,000**
Nominal value of CNs2018 converted into new shares	(3,337,500)
Fair value of the conversion feature recognized in income statement	1,043,478
Fair value of the conversion feature in equity at conversion	(290,217)
Amount in the statement of financial position	1,615,761
Proceeds from the issuance of CNs2018 in 2019	**3,510,000**
Nominal value of CNs2018 converted into new shares	(4,322,500)
Reversal of outstanding fair value of conversion feature	(377,391)
Fair value of the conversion feature in equity at conversion	(375,870)
Amount in the statement of financial position	50,000

15.3 Convertible notes 2019 (CNs2019)

In July 2019, the Company completed a private placement of convertible notes for a total amount of € 9,225,000, the CNs2019. These notes were divided into two parts with the aim of minimizing the dilution of existing shareholders and limiting the risks for investors. The first part of € 5,025,000 was paid-up at issuance to cover the cash needs to the end of 2019 and the second part of € 4,200,000 would be paid-up upon publication of all satisfactory primary endpoints from the latest phase III study.

As a result 67 CNs2019 were issued and paid-up immediately, the CNs2019 'A'. As the conversion features of these CNs2019 'A' allowed for the conversion of the notes into a fixed number of shares; the net proceeds of € 4,875,000 (as € 150,000 of issuance costs have been supported by the Company) have been apportioned between an equity component (€ 317,301) and a liability component (€ 4,557,699) at initial recognition of the notes.

The conversion feature of the CNs2019 'A' is subject to the outcome of the results of the latest phase III study, which have been announced in November 2019. As these results are below the efficacy threshold, in accordance with the terms of the notes; the notes are not to be converted into shares but will be reimbursed at maturity (i.e. December 31, 2020) and are bearing a 3% annual interest rate. As at December 31, 2019 an amount of € 208,101 has been accrued corresponding to the interest charge calculated at the

effective interest rate of the notes meaning that the notes are carried at the balance sheet for an amount of € 4,765,801.

The issuance of the 56 CNs2019 'B' is contingent on the positive results of the latest phase III study and accordingly will not be issued.

Note 16. Provision

Provision amounted to € 132 ('000) and is related to a litigation provision with the former CEO of the Company. See also Note 26 for more information.

Note 17. Trade payables

Trade payables as at the end of each financial year can be presented as follows (in 000's €):

	31/12/2019	31/12/2018
Payables	3,251	1,255
Invoices to be received	1,578	414
Total	**4,829**	**1,669**

The significant increase in trade payables is mainly due to a postponement of payments of invoices received in the months of November and December 2019. With the CRO, the invoices to be received for expenses made by third-parties for the second phase III trial were estimated.

Note 18. Other payables

Other payables can be presented as follows (in 000's €):

	31/12/2019	31/12/2018
Withholding taxes	(2)	0
Social security	(12)	15
Holiday pay accrual	77	134
Deferred grant income	732	1,192
Total	**795**	**1,311**

The other payables comprise a deferred grant income of € 732 ('000) as at December 31, 2019 (€ 1,192,000 as at 31 December 2018) related to recoverable cash advances from the Walloon Region for research projects (RCA HDM and RCA FOOD). Under the RCA FOOD, the Company received an amount of € 1,650,142 as working capital. In 2018 € 458,373 and in 2019 € 459,907 was recognized as other income meaning that an amount of € 731,862 was accounted for among deferred grant at December 31, 2019.

Note 19. Other income and expenses

In 2019 other income amounted to € 1,081,653 and other expenses amounted to € 11,884. The other income consisted of the following items:

- grants from the Walloon Region for an amount of € 459,907 (RCA FOOD);
- the recognition of R&D investment tax receivable for 2019 for an amount of € 562,357 (described in Note 8);
- an additional amount of € 42,346 regarding the R&D investment tax receivable for 2014 as the tax authorities have applied the applicable tax rate of that year, i.e. 33.99%, instead of the tax rate applicable since 2018 of 29.58% at which the receivable was prudently booked;
- other immaterial items for € 17,043.

In 2018 other income amounted to € 570,549 and other expenses amounted to € 13,750. The other income consisted of the following items:

- grants from the Walloon Region for an amount of € 125,401 (RCA HDM);
- the recognition of R&D investment tax receivables for an amount of € 442,724;
- other immaterial items for € 2,424.

Note 20. Research and development expenses

Research and development costs can be summarized as follows (in 000's €):

	31/12/2019	31/12/2018
Staff costs	(2,121)	(1,922)
Share-based payment	(36)	(29)
Studies & analyses	(10,220)	(6,862)
Laboratory supplies	(393)	(735)
Depreciation and amortization	(274)	(202)
Rent	(265)	(155)
Patents	(140)	(204)
Facilities	(125)	(283)
External advice	(115)	(249)
Other	(218)	(215)
Total research and development costs	**(13,907)**	**(10,856)**

R&D expenses in 2019 amounted to € 13,907 ('000) compared to € 10,856 ('000) in 2018. The increase can be almost entirely attributed to higher study and analyses expenses related to the second phase III trial (treatment of the patients during the first year and preparation of the second year of treatment of those patients).

Note 21. General and administrative expenses

General and administrative expenses can be summarized as follows (in 000's €):

	31/12/2019	31/12/2018
Staff costs	(1,377)	(947)
Share-based payment	(7)	(44)
External advice	(1,069)	(1,125)
Facilities	(118)	(53)
ICT	(17)	(13)
Depreciation and amortization expense	(72)	(51)
Laboratory supplies		(1)
Rent	(87)	(49)
Other	(368)	(185)
Total general and administrative expenses	**(3,114)**	**(2,468)**

G&A expenses in 2019 amounted to € 3,114 ('000) compared to € 2,468 ('000) in 2018. The increase is mainly attributed to higher staff costs in 2019 and to the litigation provision. The significant increase in staff expenses is due to (i) overlap expenses between the new CEO and the previous CEO and the new CFO and the previous CFO ad interim and (ii) higher expenses for certain staff like the head of human resources and the head of commercial operations and licensing as they came only on board in the course of 2018.

Note 22. Staff benefits

Staff benefits can be summarized as follows (in 000's €):

	31/12/2019	31/12/2018
Remuneration	(3,318)	(2,595)
Social charges	(86)	(88)
Fringe benefits	(71)	(111)
Pension scheme	(48)	(52)
Share-based payment	(43)	(73)
Holiday pay accrual	57	8
Other	(32)	(30)
Total staff benefits	**(3,540)**	**(2,941)**

The social charges as reported above include an amount of € 225,602 (negative amount) of relief of payment of the personal withholding taxes for 2019 (€ 197,060 in 2018).

The pension scheme expense recognized in the EU - IFRS income statement relates to the contributions made by the Company under the pension scheme in place and amounts to € 48,000 in 2019 (€ 52,000 in 2018). Considering the fact that in Belgium, the pension plans are by law subject to minimum guaranteed rate of return, there is a risk that the Company may have to pay additional contributions related to past services. However, in the case at hand, the Company has taken up insurance to cover any potential shortfall.

Therefore, the risk of any liability is considered remote by the Company. At December 31, 2019 and 2018, no such net liability was recognized in the balance sheet as the minimum guaranteed reserves equal the fair value of the plan assets or the underfunding is immaterial. At the date of the financial statements, and according to actuarial calculation from the Company's insurer, an additional amount of € 4,342 would need to be paid by the Company in order to meet the minimum guaranteed reserves. As this amount is immaterial, it has not been accounted for as at December 31, 2019.

Note 23. Financial income

Financial income can be summarized as follows (in 000's €):

	31/12/2019	31/12/2018
Interests	0	0
Re-evaluation of the RCA HDM	128	-
Reversal fair value conversion feature	377	-
Other	9	13
Total financial income	**514**	**13**

See Notes 15.1 and 15.2 for more details.

Note 24. Financial expense

Financial expense can be summarized as follows (in 000's €):

	31/12/2019	31/12/2018
Interests on CN2019 'A'	(208)	-
Convertible notes – transaction costs	-	(481)
Fair value of conversion feature	-	(1,043)
Un-discounting of RCA liabilities	-	(37)
Exchange differences	(4)	(5)
Other	(7)	(2)
Total financial expense	**(219)**	**(1,570)**

See Note 15.3 for more details.

Note 25. Taxes

Tax expense for the year can be reconciled to the accounting loss as follows (in 000's €):

	31/12/2019	31/12/2018
Loss before taxes	(15,656)	(14,321)
Income tax credit calculated at 29.58%	4,631	4,236
Effect of unused tax losses not recognized as deferred tax asset	(4,631)	(4,236)
Income tax expense (profit) recognized in income statement		

The tax rate used in the reconciliation is the corporate tax rate of 29.58 % applicable in Belgium for 2019 and 2018.

Unrecognized deferred tax assets

Due to the uncertainty surrounding the Company's ability to realize taxable profit in the future, the Company has not recognized any deferred tax assets on tax losses that can be carried forward and on notional interest deductions. Tax losses of the Company that can be carried forward amount to approximately € 66.0 million as at December 31 2019 and € 49.0 million as at December 31, 2018. Tax losses that can be carried forward are determined on the basis of the statutory financial statements and local Belgian tax rules. Accordingly, the yearly variations in tax losses carried forward cannot be compared to the IFRS results for the same period. In Belgium, tax losses can be carried forward indefinitely.

Note 26. Contingencies

In April 2019, the former CEO Mr. Thierry Legon initiated a legal procedure against the Company in order to obtain from the latter the payment of a termination indemnity corresponding to two years of remuneration calculated on the basis of the fixed and variable remuneration paid by the Company to Mr. Legon for the last two years before the termination and of the lost warrants. The Company considers that the amount of such indemnity should be equal to zero or at a maximum capped at an amount of € 209 ('000). € 77 ('000) is already paid in Q1 2019, as a result a provision of € 132 ('000) is accounted for. In any event, any amount to be paid will be paid according to the plan approved withing the framework of the judicial reorganization. As a result the outcome will have no additional adverse significant impact on the Company's financial position.

In the course of 2018, the FSMA also opened an investigation against the Company following a late publication of the results of the first Phase III and, more specifically, of a breach of Article 17 of the EU Regulation of the European Parliament and of the Council of April 16, 2014 on market abuse. The procedure is ongoing.

Note 27. Commitments

There are no commitments related to capital expenditures at the balance sheet date.

Note 28. Related party transactions

The Company doesn't have any subsidiaries.

The Company has not entered into transactions with its principal shareholders. The Company has entered into transactions with companies relating to directors. Please see the section CORPORATE GOVERNANCE under Conflict of interest and related parties titled "Related party transactions" for a description of such transactions. Other than those transactions the Company has not entered into any related party transactions with any shareholders or directors or any persons or entities affiliated with any of the shareholders or directors.

28.1 Remuneration of key management

The remuneration of the senior management consists of the remuneration of the former and actual CEO (in 000's €):

	31/12/2019	31/12/2018
Short-term remuneration & compensation	467	219
Share based payment	10	50
Total	**477**	**269**

No loans or other guarantees have been given to a member of the executive management team.

28.2 Transactions with non-executive directors and shareholders

Non-executive Directors are remunerated. They are entitled to receive a compensation of € 157,000 in 2019 and € 122,000 in 2018 for their participation on the board of directors.

Note 29. Events after the balance sheet date

Following gp-ASIT+™ Phase III below threshold efficacy results, the Company has filed a request for judicial reorganization. Based on the extensive pre-clinical and clinical data sets across all of its programs, the Company firmly believes its technological platform can be adapted to any protein-based allergen, and that there is extensive value in further developing a pipeline against food allergens where the unmet need is the highest. Nevertheless, the gp-ASIT+™ program and other pre-clinical programs are placed on hold pending further discussions including potential partners.

The Company has obtained the benefit of the judicial reorganization by collective agreement in execution of a judgment delivered on February 11, 2020 by the Commercial Court of Liège in application of the law of August 11, 2017 inserting Book XX "Insolvency of Enterprises" in the Code of economic law (hereinafter the "Law"), as well as a suspension of payment expiring on June 11, 2020.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The length or severity of this pandemic cannot be predicted, but the Company currently anticipates that there may be a potential impact from COVID-19 on the planned closing activities of sites in the second Phase III study and on the anticipated partnering discussions.

Note 30. Earnings per share

The Company has warrants and convertible notes that may be settled in common shares of the Company which are anti-dilutive considering the loss of the year. As such the basic and diluted earnings per share are equal. The basis for the basic and diluted earnings per share is the net loss for the year attributable to the owners of the Company.

	31/12/2019	31/12/2018
Loss for the year attributable to the owners of the Company (in 000's €)	(15,656)	(14,321)
Weighted average number of shares for basic and diluted loss per share	20,350,447	16,717,100
Loss per share basic and diluted (in € per share)	**(0.77)**	**(0.86)**

Note 31. Auditors' fees

The Company has a college of statutory auditors composed of two auditors: Mazars-Réviseur d'Entreprises SCRL represented by Xavier Doyen and RSM Réviseurs d'Entreprises SCRL represented by Luis Laperal.

In 2019, the total amount of the remuneration paid to the statutory auditors was € 49,740 (€ 25,000 for the review of the accounts and € 34,740 for specific missions).

Statutory Auditor's Report

See next pages.

ASIT BIOTECH SA

JOINT STATUTORY AUDITORS' REPORT TO THE GENERAL MEETING OF ASIT BIOTECH SA ON THE EU-IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

In the context of the statutory audit of the EU-IFRS financial statements of your company (the Company), we hereby present our joint statutory auditors' report. It includes our report on the audit of the EU-IFRS financial statements 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 14 June 2018 as far as Mazars Réviseurs d'Entreprises is concerned and by the general meeting of 13 June 2019 as far as RSM Réviseurs d'Entreprises is concerned, following the proposal formulated by the board of directors 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 31 December 2020 as far as Mazars Réviseurs d'Entreprises is concerned and on the date of the general meeting deliberating on the annual accounts closed on 31 December 2021 as far as RSM Réviseurs d'Entreprises is concerned. We have performed the statutory audit of the EU-IFRS financial statements of the Company for 5 consecutive years as far as Mazars Réviseurs d'Entreprises is concerned and for 15 consecutive years as far as RSM Réviseurs d'Entreprises is concerned.

REPORT ON THE EU-IFRS FINANCIAL STATEMENTS

Disclaimer of opinion

We were engaged to audit the EU-IFRS financial statements of the Company, which comprise the statement of financial position as at 31 December 2019, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the financial statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a statement of financial position total of K€ 6.806 and for which the statement of profit and loss and other comprehensive income shows a loss for the year of K€ 15.656.

Because of the significance of the matter described in the "Basis for disclaimer of opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Therefore, we do not express an opinion on the EU-IFRS financial statements.

Basis for disclaimer of opinion

As indicated in note 6.1, the board of directors decided to maintain the accounting rules for going concern in the context of the judicial reorganization procedure granted by judgement of 11 February 2020 of the Commercial Court of Liège, the aim of this procedure being to preserve the going concern of the Company's activities.

The Court set the expiry date of the moratorium at 11 June 2020 and the date of the creditors' vote at 26 May 2020. At the date of this report, the steps taken by the board of directors to draw up the reorganization plan could not be finalized.

As a result, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the adequacy of the going concern accounting principle. The value of the Company's assets and liabilities as at December 31, 2019 is therefore affected by fundamental uncertainties, the impact of which we are unable, at the date of this report, to quantify on the Company's assets, financial position and results.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the EU-IFRS financial statements of the current year. These matters were addressed in the context of our audit of the EU-IFRS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the "Basis for disclaimer of opinion" section of our report, we have determined the matter described below to be the key audit matter.

Research and development expenses

Reference to annual report: Notes 2.5, 6.2, 19

Description of the key audit matter

The company has incurred research and development expenses relating to allergy treatment projects (grass pollen, mites, ragweed, etc.).

Development costs are capitalized as intangible assets if technical, commercial and financial feasibility criteria are met.

At the end of the financial year and in accordance with the market, the Company is of the opinion that none of the projects in progress meets the capitalization criteria since Phase III has not been completed.

We have focused on this item because research and development represents a significant amount and the determination of the appropriate accounting treatment requires some judgment.

How we addressed the key audit matter during the audit

Our procedures for verifying research and development expenses include:

- gain an understanding of current projects and associated expenses incurred to date;
- external confirmation of the primary provider related to scientific research during the period to verify the nature and amount of the expense and ensure that the classification as research expense was appropriate;
- meet with management to understand the current stage of development until December 31, 2019 ;
- based on this work, we appreciated the management's assessment of whether the development costs met the capitalization criteria or not.

Responsibilities of the board of directors for the preparation of the EU-IFRS financial statements

The board of directors is responsible for the preparation of EU-IFRS financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of EU-IFRS financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the EU-IFRS financial statements, the board of directors is responsible for assessing the 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.

Joint statutory auditor's responsibilities for the audit of the EU-IFRS financial statements

Our responsibility is to conduct an audit on the EU-IFRS financial statements in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. For the execution of our control, we respect the legal, regulatory and normative framework applicable to the audit of financial statements. The scope of the audit does not include an assurance on the future viability of the Company or on the efficiency or effectiveness with which the Board of Directors has conducted or will conduct the Company's operations. However, because of the significance of the matter described in the "Basis for disclaimer of opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the EU-IFRS financial statements.
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 identify 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 EU-IFRS financial statements 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.

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 on the EU-IFRS financial statements and for the other information included in the annual report.

Responsibilities of the joint statutory auditors

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material respects, the management report on the EU-IFRS financial statements and the other information included in the annual report, as well as to report on these matters.

Aspects related to the management report on the EU-IFRS financial statements and to other information included in the annual report

In our opinion, after having performed specific procedures in relation to the management report and except for the possible impact of the matter described in the section "Basis for disclaimer of opinion", the management report is consistent with the EU-IFRS financial statements for the same financial year and is prepared in accordance with articles 3:5 et 3:6 of the Code of companies and associations.

In the context of our audit of the EU-IFRS financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report on the EU-IFRS financial statements and the other information included in the annual report on the EU-IFRS financial statements, namely:

- Key Figures EU-IFRS financial statements
- Corporate governance

contain a material misstatement, i.e. information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed and except for the possible impact of the matter described in the section "Basis for disclaimer of opinion", we have no material misstatements to report.

Statement related to independence

Our audit firms and our networks did not provide services which are incompatible with the statutory audit of EU-IFRS financial statements, and our audit firms remained independent of the Company throughout the course of our mandate.

The fees related to additional services which are compatible with the statutory audit of EU-IFRS financial statements as referred to in article 3:65 of the Code of companies and associations are correctly disclosed and itemized in the notes to the EU-IFRS financial statements.

Other statements

This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Brussels, 7 May 2020

MAZARS RÉVISEURS D'ENTREPRISES SC
Statutory auditor
Represented by

Xavier DOYEN

RSM RÉVISEURS D'ENTREPRISES SC
Statutory auditor
Represented by

Luis LAPERAL

Statutory financial statements

The information included in this section is an extract from the statutory accounts that will be submitted to the annual shareholders' meeting of June 15, 2020 and that will be filed with the Belgian National Bank and does not include all information as required by Articles 98 and 100 of the BCC.

ASIT biotech balance sheet BGAAP (in 000's €)	31/12/2019	31/12/2018
ASSETS		
Intangibles assets	0	1,283
Property plant & equipment	478	664
Other LT receivables	16	18
Non-current assets	**494**	**1,965**
Receivable	394	280
Cash & cash equivalents	3,649	8,458
Deferred charges / Accrued income	2,431	2,397
Current assets	**6,474**	**11,135**
TOTAL ASSETS	**6,968**	**13,100**
EQUITY AND LIABILITIES		
Capital	17,076	14,349
Share premium	38,630	37,034
Other reserves	(59,996)	(42,327)
Capital Subsidy	23	201
Capital & Reserves	**(4,267)**	**9,257**
Provision for risks and charges	132	
Provisions and deferred taxes	**132**	
Other debt	388	863
Financial debt	5,091	-
Trade payables	4,829	1,669
Social and taxes related liabilities	63	119
Other current liabilities	732	1,192
Accrued charges		
Liabilities	**11,103**	**3,843**
TOTAL EQUITY AND LIABILITIES	**6,968**	**13,100**

ASIT biotech income statement BGAAP (in 000's €)	31/12/2019	31/12/2018
Revenues	0	0
R&D capitalize expenses (own production)	1,090	1,160
Other operating income	804	642
Operating Income	**1,894**	**1,802**
Cost of sales	0	0
Sundry expenses (G&A and R&D)	(2,912)	(2,831)
Payroll expenses	(1,525)	(1,434)
Depreciation charges	(15,559)	(13,034)
Provisions for risks and charges	(132)	-
Other operating charges	(11)	(23)
Operating Expenses	**(20,140)**	**(17,322)**
Financial income	643	191
Financial charges	(67)	(8)
Result before taxes & exceptional	**(17,670)**	**(15,337)**
Exceptional Income (+) / Charges (-)	1	(2)
Taxes	0	3
Net Result for the period	**(17,669)**	**(15,336)**

A disclaimer of opinion on the going concern, has been issued by the statutory auditors on May 7, 2020 about the financial statements dated December 31, 2019 as the plan of judicial reorganization has not been deposited in the central solvency register and approved before the issue of their opinion.

Accounting Policies (Belgian GAAP)

The valuation rules have been prepared in accordance with the provisions of Chapter II of the Belgian Royal Decree of January 30, 2001 relating to the implementation of the Belgian Companies Code (Koninklijk besluit tot uitvoering van het wetboek van vennootschappen / Arrêté royal portant exécution du code des sociétés). However, being recognize as a "small company", whatsoever the date of acquisition is, one full year of amortizations and depreciations is recognized in the year of acquisition.

Formation expenses and costs relating to capital increases

These expenses, included the issuance costs, historically were recognized as assets and were amortized by 20% annually.

Intangible fixed assets

Research and development costs

As from the accounting year 2016 research costs are no more recognized as intangible assets. However, in order to comply with the legislation relating to the granting of tax credit, research costs are in first instance booked as intangible assets then directly fully depreciated in the income statement. The amounts recognized as intangible assets in the years 2014 and 2015 are depreciated over 5 years.

Development costs are recognized as intangible assets if it is probable that the assets developed will generate future economic benefits and if the development costs can be measured reliably. Development costs are amortized on a straight-line basis over their estimated useful life from the moment that they are available for use.

In the case the recoverable amount of the capitalized research and development costs is no longer justified by expected future economic benefits an impairment should be recorded. Impairment losses on intangible fixed assets are shown in the extraordinary charges.

Patents, licenses and similar rights

These costs are capitalized at purchase value or, if lower, at their useful value and are depreciated on a straight-line basis over a period of 5 years.

Tangible fixed assets

These assets are capitalized and depreciated on a straight-line basis:

- IT equipment: over a period of 5 years;
- Installations: over a period of 10 years;
- Miscellaneous Equipment & Furniture: over a period of 5 years;
- Laboratory equipment: over a period of 5 years;
- Leasehold improvements: in the line with the lease agreement period;
- Leasing: in the line with the lease agreement period.

In the event where the carrying value exceeds the recoverable value, the Company should record additional or exceptional depreciations.

Financial fixed assets

These assets are capitalized at purchase value excluding any miscellaneous costs.

The value of shares and participations are impaired in case of reduction in value as a result of the situation, the profitability or the prospects of the Company related to those shares of participation. Impairment is recorded in the income statement as extraordinary charge.

The value of long-term receivables is reduced in case the recoverability becomes uncertain at its due date.

Inventories

Inventories are valued at their acquisition cost (weighted average, LIFO or FIO) or at the market value, whatever the lowest.

Amounts receivable

The amounts receivable do not carry any interest and are capitalized at their nominal value.

Treasury placements

Placements with financial institutions are valued at their purchase value. Additional costs relating to the purchase of these assets are expensed as incurred.

Reductions in value are recorded in the event where the realization value at the date of the closing of the financial year is below the purchase value.

Debts (payable after one year – payable within one year)

All debts are capitalized at their nominal value at the date of the closing of the financial year.

The interests relating to the outstanding debts are accrued on the regularization accounts if not paid yet during the year. Interest expenses are presented with the financial expenses.

Regularization accounts

Regularization accounts on the assets side

These accounts include:

- The pro rata parts of the charges incurred during the financial year or during a previous financial year but that are related to one or more subsequent financial years.
- The pro rata parts of the proceeds that will only be received during a subsequent financial year but that relate to a previous financial year.

Regularization accounts on the liabilities side

These accounts include:

- The pro rata parts of the charges that will only be paid during a subsequent financial year but that relate to a previous financial year.
- The pro rata parts of the proceeds received during the financial year or a previous financial year but that relate to one or more subsequent financial years.

Currencies

The amounts receivable and debts in other currencies are converted at the applicable exchange rate at the date of the closing of the financial year.

Currency losses are recorded in the income statement.

Pro forma statutory financial statements assuming discontinuity

The Company is in judicial reorganization and has prepared its statutory annual accounts on a going concern. Reference is made to Note 6.1 for more details.

Nevertheless, these events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Therefore, the Company has prepared, to the best of its knowledge, a pro forma balance sheet and a pro forma income statement in discontinuity.

Pro forma ASIT biotech balance sheet (in 000's €)		**31/12/2019**
ASSETS		
Intangibles assets		0
Property plant & equipment	1	239
Other LT receivables	2	0
Non-current assets		**239**
Inventories		
Receivable		394
Cash & cash equivalents		3,649
Deferred charges / Accrued income	3	348
Current assets		**4,391**
TOTAL ASSETS		**4,630**
EQUITY AND LIABILITIES		
Capital		17,076
Share premium		38,630
Other reserves		(62,687)
Capital Subsidy	4	0
Capital & Reserves		**(6,981)**
Provision for risks and charges		132
Provisions and deferred taxes		**132**
Other debt		388
Financial debt		5,091
Trade payables		4,829
Social and taxes related liabilities	5	139
Other current liabilities	4/5	1,032
Accrued charges		
Liabilities		**11,479**
TOTAL EQUITY AND LIABILITIES		**4,630**

Pro forma ASIT biotech income statement (in 000's €)		31/12/2019
Revenues		0
R&D capitalize expenses (own production)		1,090
Other operating income		804
Operating Income		**1,894**
Cost of sales		0
Sundry expenses (G&A and R&D)		(2,912)
Payroll expenses	5	(1,601)
Depreciation charges	1/2/4	(15,536)
Provisions for risks and charges		(132)
Other operating charges	3-5	(2,650)
Operating Expenses		**(22,831)**
Financial income		643
Financial charges		(67)
Result before taxes & exceptional		**(20,361)**
Exceptional Income (+) / Charges (-)		1
Taxes		0
Net Result for the period		**(20,360)**

The following adjustments were made to prepare the pro forma balance sheet and income statement in discontinuity at December 31, 2019.

1.

The recoverable value of the lab equipment in discontinuity was estimated to be lower than the carrying value as certain lab equipment is stored in GMP circumstances and certain lab equipment is process specific for the Company. An additional depreciation of € 239 ('000) was considered as appropriate.

2.

It was assumed that the deposits for the leased buildings will not be paid back as certain refurbishments will be required. As a result the other LT receivables were put at zero.

3.

The R&D tax credits were partially written off. Only the R&D tax credits of 2014 of € 159 ('000) and 2015 of € 302 ('000) were retained on the balance sheet. As a result the accrued income became € 348 ('000).

4.

The Company has received part of an investment premium, i.e. € 57 ('000) amortized over a period of 5 year. This premium was conditional upon an employment threshold of 22,06 FTE by September 2020. It was assumed that this advance has to be paid back.

5.

The Company has calculated the lay-off cost of all staff, both employees and self-employed contractors and provisioned these amounts in the balance sheet.

OTHER

Definitions

Annual Report	The 2019 annual report approved by the board of directors of the Company on May 6, 2020
Articles of Association	the articles of association of the Company
Brussels Grant	the grants received by the Company from the Brussels-Capital Region and further described under the section Risks Related to Third Parties
CGC	the corporate governance charter of the Company
CNs2018	In July 2018, the Company completed a private placement of convertible notes for a total amount of € 12.00 million. The Company issued 240 convertible notes at an issuance price of € 2,500 each and 4,560 subscription rights to subscribe to 4,560 additional convertible notes under certain terms and conditions. See Note 15.2 for more details
CNs2019	In July 2019, the Company completed a private placement of convertible notes for a total amount of € 9,23 million. These notes were divided into two parts, 'A' and 'B', with the aim of minimizing the dilution of existing shareholders and limiting the risks for investors. As a result 67 convertible notes were issued and paid-up immediately, the CNs2019 'A'. The conversion feature of these CNs2019 'A' is subject to the outcome of the results of the latest phase III study, meaning that in case of positive results the CNs2019 'A' would be converted into a variable number of shares and in case of a negative result the CNs2019 'A' would be reimbursed at December 31, 2020. The issuance of the 56 CNs2019 'B' is contingent on the positive results of the latest phase III study. See Note 15.3 for more details
Code on Corporate Governance	the Belgian Code on corporate governance of 2009 for the fiscal year 2019 and of 2020 for the fiscal year 2020
Company	ASIT biotech SA
Competent Regulatory Authorities	the government bodies regulating the international pharmaceutical and medical technology industry and competent ethical committees, including the FDA, the EMA, national regulatory authorities in the EEA and other regulatory authorities in relevant markets.
Financial Statements	the audited EU - IFRS financial information of the Company as of and for the years ended 31 December 2019 and 2018
FTT Directive	the EU directive to be adopted on FTT
Medicinal Products Directive	Directive 2001/83/EC on the Community code relating to medicinal products for human use
Regulatory Regulations	regulatory laws and regulations with which the Company has to comply
Shares	the shares of the Company

Shareholders	the shareholders of the Company
Shareholders' Meeting	the general shareholders' meeting of the Company
SME	small company within the meaning of article 15 of the BCC
Stock Based Plans	the 2014 Plan, the 2015 Plan, the 2016 Plan, the 2018 Plan and the 2019 Plan
Takeover Law	the Belgian law of 1 April 2007 relating to public tender offers (Loi relative aux offres publiques d'acquisition/Wet op de openbare overnamebiedingen)
Takeover Royal Decree	the Belgian Royal Decree of 27 April 2007 on public takeover bids (Arrêté royal sur les offres publiques d'acquisition/Koninklijk besluit op de openbare overnamebiedingen)
Transparency Law	the Belgian Law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (Loi relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la negotiation sur un marché règlementé et portant dispositions diverses/Wet op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten tot de verhandeling op een gereglementeerde markt en houdende diverse bepalingen)
Walloon Grant	the refundable cash advance received by the Company from the Walloon Region and further described under the section RISK FACTORS under Risk related to third parties and Note 15.1
Warrants 1	warrants approved during the shareholders' meeting held on December 7, 2017 enabling the subscription to a new share at the price of € 3.83 per share, and expiring on June 30, 2018
Warrants 2	warrants approved during the shareholders' meeting held on December 7, 2017 enabling the subscription to a new share at the price of € 3.83 per share, initially expiring on December 31, 2019, and extended until June 30, 2020

Glossary

AIT	Allergy Immunotherapy
API	Active pharmaceutical ingredient
ASIT	Allergen Specific Immunotherapy
ASIT+	Improved Antigen Specific Immuno Therapy
BCC	Belgian Companies Code
CEO	Chief executive officer
CFO	Chief financial officer
CGU	Cash generating units
CMO	Contract Manufacturing Organisation for a company/Chief Medical Officer for a person
COGS	Cost of goods sold
CSMS	Combined Symptom and Medication Score
CRO	Contract Research Organisation
CTD	Common technical document
DP	Drug product
DS	Drug substance
EEA	European Economic Area
EMA	European Medicine Agency
EU	European Union
EUR	Euro, also shown as €
FDA	US Food and Drug Administration
FSA	Framework service agreement
FSMA	Belgian Financial Services and Markets Authority
FTT	Financial transaction tax
GCP	Good Clinical Practices
GMP	Good Manufacturing Practices
gp-ASIT+	the ASIT+ product candidate developed by the Company for the treatment of grass pollen allergy by subcutaneous injections
HDM	House dust mite
hdm-ASIT+	the ASIT+ product candidate developed by the Company for the treatment of house dust mite allergy by subcutaneous injections
IASB	International Accounting Standards Board

IFRS	International Financial Reporting Standards
IgE	Immunoglobulin E
IND	Investigational New Drug Application
IP	Intellectual property
MAA	Marketing Authorisation Application
PCT	Patent Corporation Treaty
PEI	Paul Ehrlich Institute (the German National Regulatory authority)
pnt-ASIT+	the ASIT+ product candidate developed by the Company for the treatment of peanut allergy by subcutaneous injections
R&D	Research and development
RMS	Rescue Medication Score
RTSS	Rhinoconjunctivitis Total Symptom Score
SCIT	Subcutaneous Immunotherapy
SLIT	Sublingual Immunotherapy
US	United States of America
USD	United States Dollar, also shown as $
VAT	Value added tax

Financial calendar

Release of Annual Results 2019

May 7, 2020

Publication of Annual Report 2019

May 7, 2020

Shareholder's Meetings

June 15, 2020

Release of Half Year Results 2020

September 18, 2020

ASIT biotech

Contact

ASIT biotech and the Stock Exchange

The Company is listed on Euronext Brussels and Paris since May 2016.

EURONEXT: ASIT

ISIN: BE0974289218

Total outstanding shares: 21,892,592 (as of 31 December 2019)

Industry: HealthCare

Sector: Pharmaceuticals & Biotechnology

Subsector: Biotechnology

CONTACT

ASIT biotech SA

7 Rue des Chasseurs Ardennais

4031 Liège

+32 2 264 03 90

investors@asitbiotech.com

MORE INFORMATION ON

www.asitbiotech.com

INVESTOR RELATIONS

Frank Hazevoets

+32 2 264 03 90

ASIT
LISTED
EURONEXT