



ANNUAL REPORT

2020

A listed biopharmaceutical company protected under the judicial reorganization procedure



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GENERAL

Letter from the CEO

Dear Shareholders,

The year 2020 is characterized by the search for protection of the Company against its creditors and by the search for a business partner.

The Company has obtained the benefit of the judicial reorganization by collective agreement on February 11, 2020 and has obtained several times an extension of its reprieve until February 11, 2021. In January 2021, the Company has filed its judicial reorganization plan.

The search for a partner was a rollercoaster. In September 2020, the Company has signed a non-binding heads of agreement with another player active in the field of allergy treatments. In October 2020 the Company had to announce that the partnership did not materialize. In January 2021 another non-binding heads of agreement was signed with DMS Group who wanted to contribute its imaging business to ASIT. In March 2021 the negotiations were stopped by DMS Group. Nevertheless, we were able to resume the negotiations and on April 16, 2021 we were able to sign a binding contribution agreement subject to a number of conditions precedent, including the final homologation of the restructuring plan.

During this difficult period, we were able to count on the support of both our shareholders and creditors. At the extra-ordinary shareholders meeting of May 26, 2020, more than 95% of the shareholders present or represented have voted in favour of the continuity of the Company's activities and at the hearing of February 3, 2021 an overwhelming majority of ASIT biotech's creditors present or represented approved the judicial reorganization plan (93% in numbers and 98% in value terms). The plan was also homologated by the Court of Liège. Unfortunately one creditor, the Walloon Region, has appealed the judgement approving the restructuring plan. So we are not there yet. The hearing will take place on June 15, 2021.

In case the restructuring plan will be homologated and the shareholders will approve the transaction with DMS Group, ASIT Biotech will be able to continue its activities in the healthcare sector with an existing revenue stream and without the need for immediate financing. The closing of the transaction is expected in the autumn of this year.

We will keep you informed about further developments on our challenging journey.



Frank Hazevoets

Chief Executive Officer

General information

Annual Report Overview

The Company has prepared its 2020 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 2020 Annual Report free of charge, please contact:

ASIT biotech SA

Frank Hazevoets

7 Rue des Chasseurs Ardennais

4031 Liège

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frank.hazevoets@biotech.be

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 envisaged transaction of the Company with DMS Group, 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 (0) 471 56 35 33. 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 May 26, 2020. 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-Révisers 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 Manhattan Office Tower, Bolwerklaan - Avenue du Boulevard 21 b8, 1210 Brussels, registered with the Crossroads Bank for Enterprises under number 428.837.889 and registered with the Institute of Statutory Auditors (Institut des Révisers 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.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We are glad to present you our 2020 Annual Report related to the Company's EU – IFRS financial statements and the statutory financial statements for the fiscal year ended December 31, 2020.

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

Frank Hazevoets

Chief Executive Officer

Yves Désiront

Chairman

Strategic shift

ASIT biotech was a biopharmaceutical company whose mission was 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 intended 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 were intended to deliver recognizable improvement in the quality of life for patients, within weeks rather than months or years following treatment initiation.

Unfortunately our lead product gp-ASIT+™, developed for the treatment of allergic rhinitis due to grass pollen, did not meet the primary endpoint in a second Phase III study. As a result the Company had to protect itself against its creditors and had to look for a business partner. Today a binding agreement with DMS Group is signed to contribute the imaging business of DMS Group to ASIT biotech. This binding agreement is subject to a number of conditions precedent.

Highlights of 2020

Seeking protection against its creditors

The Company has obtained the benefit of the judicial reorganization procedure by collective agreement ("PRJ") on February 11, 2020 and has obtained several times an extension of its reprieve until February 11, 2021.

Looking for a partner

In September 2020, the Company has signed a non-binding heads of agreement with another partner active in the field of allergy treatments. In October 2020 the Company had to announce that the partnership did not materialize.

Both the PRJ as well as the search for a partner continued in 2021 (see Important events after the accounting reference date).

Change of CEO

Mid October, Michel Baijot has decided to step down as CEO and Frank Hazevoets was appointed CEO.

Important events after the accounting reference date

The Company has filed its judicial reorganization plan on January 11, 2021. The plan was approved by the creditors on February 3, 2021. The Court of Liège has homologated the plan on February 9, 2021. One creditor, the Walloon Region, has appealed the judgement approving the restructuring plan. The hearing is expected to take place in June 2021. If the plan is not approved by the Court of Appeal of Liège, the Company will have to slightly amend its plan to take into account the Court's judgment.

In January 2021 another non-binding heads of agreement was signed with DMS Group who wanted to contribute its imaging business to ASIT. In March 2021 the negotiations were stopped by DMS Group. Nevertheless the negotiations were resumed in April, leading to a binding contribution agreement that was signed on April 16, 2021, subject to a number of conditions precedent including the final homologation of the restructuring plan.

The Company has decided in January 2021 to stop the phase of use of the research project house dust mite (RCA 7239 HDM). The Company has also decided in January 2021 not to extend the duration of the research project FOOD so the convention (RCA 7655 FOOD) came to an end. It will also not enter into the phase of use. The Walloon Region was informed by both decisions. As a result the debt position of the Company will be impacted. The reimbursement amounts of the RCA 7239 HDM accounted for a total amount of € 338,100 (excluding interests) will be reduced to € 41,517 (€ 40,000 excluding interests). The cash advances of the RCA 7655 FOOD accounted for a total amount of € 731,724 are expected to be reduced to € 329,414. The final amount is subject to final approval of the Walloon Region of the expenses and related invoices accepted to be expected shortly after the PRJ. The reimbursements of 2019 and 2020 will be due and are expected to be € 26,415.

The Company is in the process to transfer all property rights and results relating to the findings of both research projects to the Walloon Region.

Financial review of the year ending December 31, 2020

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 April 29, 2021. The financial statements will be communicated to the shareholders at the annual general shareholders' meeting on June 10, 2021.

Comparison of the years ended December 31, 2020 and 2019

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

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|
| Other operating income / (expenses) | 92 | 1,070 |
| Research and development expenses | 53 | (13,907) |
| General and administrative expenses | (1,043) | (3,114) |
| Operating loss for the period | (897) | (15,951) |
| Financial income | 74 | 514 |
| Financial expense | (539) | (219) |
| Loss for the period before taxes | (1,362) | (15,656) |
| Taxes | 0 | 0 |
| Loss for the period | (1,362) | (15,656) |
| Other comprehensive income | | |
| Comprehensive loss for the period | (1,362) | (15,656) |
| Loss for the year | | |
| Attributable to owners of the Company | (1,362) | (15,656) |
| Losses per share (in € per share) | | |
| - basic and diluted | (0.06) | (0.77) |

The operating loss for 2020 amounted to € 0.90 million compared to € 15.95 million for 2019. The Company stopped all R&D operating activities in the allergy field besides the closing activities of the phase III study, resulting in significantly lower research and development expenses and lower general and administrative expenses. The Company was also able to avoid certain study related expenses that prudently were foreseen in 2019 as invoices to be received, leading to a small positive result in research and development expenses.

The net financial result was € 0.46 million negative in 2020 whilst € 0.29 million positive in 2019.

The reported loss for the full year 2020 amounted to € 1.36 million or € 0.06 loss per share (on an undiluted basis). In 2019, the Company had a net loss of € 15.66 million or € 0.77 loss per share (on an undiluted basis).

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

| ASSETS | <u>Dec 31, 2020</u> | <u>Dec 31, 2019</u> |
|-------------------------------|----------------------------|----------------------------|
| Property, plant and equipment | 129 | 611 |
| Right to use an asset | 0 | 69 |
| Other long-term receivables | 1,917 | 2,030 |
| Non-current assets | 2,046 | 2,710 |
| Trade receivables | 0 | 28 |
| Other receivables | 233 | 366 |
| Other current assets | 8 | 53 |
| Cash and cash equivalents | 2,851 | 3,649 |
| Current assets | 3,092 | 4,096 |
| Total assets | 5,138 | 6,806 |

Total assets at the end of December 2020 amounted to € 5.14 million compared to € 6.81 million at the end of December 2019, mainly impacted by a decrease in property, plant and equipment and cash and cash equivalents.

| EQUITY AND LIABILITIES | <u>Dec 31, 2020</u> | <u>Dec 31, 2019</u> |
|--|----------------------------|----------------------------|
| Capital and reserves | | |
| Capital | 17,076 | 17,076 |
| Share premium | 38,630 | 38,630 |
| Cost of capital increase | (2,365) | (2,365) |
| Share based payment reserve | 90 | 386 |
| Convertible notes 2018 specific reserve | 666 | 666 |
| Convertible notes 2019 equity component | 317 | 317 |
| Accumulated deficit | (60,049) | (58,887) |
| Total equity attributable to shareholders | (5,635) | (4,176) |
| Liabilities | | |
| Provision | 132 | 132 |
| Financial debt | 293 | 297 |
| Leasing debt | 0 | 10 |
| Non-current liabilities | 405 | 439 |
| Financial debt | 90 | 40 |
| Convertible notes | 5,292 | 4,816 |
| Leasing debt | 0 | 63 |
| Trade payables | 4,252 | 4,829 |
| Other payables | 733 | 795 |
| Current liabilities | 10,367 | 10,543 |
| Total liabilities | 10,772 | 10,982 |
| Total equity and liabilities | 5,138 | 6,806 |

Equity decreased from € (4.18) million at the end of December 2019 to € (5.64) million at the end of December 2020, mainly as a result of the loss of 2020 for an amount of € 1.36 million (see above).

Liabilities amounted to € 10.77 million in 2020 compared to € 10.98 million at the end of December 2019, representing a decrease of €0.21 million. The decrease in liabilities resulted mainly from the decrease in trade payables partially offset by the increase in convertible notes.

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

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|
| Cash flow from operating activities | (1,377) | (12,974) |
| Cash flow from investing activities | 638 | (95) |
| Cash flow from financing activities | (59) | 8,260 |
| Net increase/ (decrease) in cash and cash equivalents | (798) | (4,809) |
| Cash and cash equivalents at the beginning of the period | 3,649 | 8,458 |
| Cash and cash equivalents at the end of the period | 2,851 | 3,649 |

Net cash used in operating activities amounted to € 1.38 million for the full year 2020 compared to € 12.97 million for the full year 2019. Net cash used in operating activities was in 2020 significantly lower as the Company had no R&D operating activities anymore besides the closing activities of the phase III study.

Net cash generated in investing activities reached € 0.64 million in 2020 and was related to proceeds from sales of property, plant and equipment and tax credits on R&D activities effectively received. Cash flow from financing activities was negligible in 2020. The net decrease in cash was limited to € 0.80 million in 2020.

Discussion and analysis of the statutory financial statements

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

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|
| Revenues | 0 | 0 |
| R&D capitalized expenses (own production) | 0 | 1,090 |
| Other operating income | 26 | 804 |
| Operating income | 26 | 1,894 |
| Cost of sales | 0 | 0 |
| Sundry expenses (G&A and R&D) | (874) | (2,912) |
| Payroll expenses | (124) | (1,525) |
| Depreciation charges | (120) | (15,559) |
| Provisions for risks and charges | 0 | (132) |
| Other operating charges | (1) | (11) |
| Operating expenses | (1,119) | (20,140) |
| Financial income | 97 | 643 |
| Financial expense | (181) | (67) |
| Loss for the period before taxes and exceptional items | (1,177) | (17,670) |
| Exceptional income / (charges) | (85) | 1 |
| Taxes | 0 | 0 |
| Loss for the period | (1,262) | (17,669) |

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, 2020, the Company has not recognized and capitalized any R&D costs.

Expenses were significant lower as the Company stopped all R&D operating activities in the allergy field, resulting in a loss for 2020 of € 1.26 million compared to € 17.67 million.

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

| ASSETS | <u>Dec 31, 2020</u> | <u>Dec 31, 2019</u> |
|---------------------------------|----------------------------|----------------------------|
| Intangible assets | 0 | 0 |
| Property, plant and equipment | 130 | 478 |
| Other long-term receivables | 16 | 16 |
| Non-current assets | 146 | 494 |
| Receivables | 291 | 394 |
| Cash and cash equivalents | 2,851 | 3,649 |
| Deferred charges/Accrued income | 1,908 | 2,431 |
| Current assets | 5,050 | 6,474 |
| Total assets | 5,196 | 6,968 |

Total assets at the end of December 2020 amounted to € 5.20 million compared to € 6.97 million at the end of December 2019. mainly impacted by a decrease in property, plant and equipment, cash and cash equivalents and accrued income.

| EQUITY AND LIABILITIES | <u>Dec 31, 2020</u> | <u>Dec 31, 2019</u> |
|--------------------------------------|----------------------------|----------------------------|
| Capital and reserves | | |
| Capital | 17,076 | 17,076 |
| Share premium | 38,630 | 38,630 |
| Other reserves | (61,258) | (59,996) |
| Capital subsidy | 0 | 23 |
| Total equity | (5,552) | (4,267) |
| Provision for risks and charges | 132 | 132 |
| Provisions and deferred taxes | 132 | 132 |

| | | |
|--------------------------------------|---------------|---------------|
| Liabilities | | |
| Other debt | 390 | 388 |
| Financial debt | 5,242 | 5,091 |
| Trade payables | 4,252 | 4,829 |
| Social and taxes related liabilities | 0 | 63 |
| Other current liabilities | 732 | 732 |
| Total liabilities | 10,616 | 11,103 |
| | | |
| Total equity and liabilities | 5,196 | 6,968 |

Equity decreased from € (4.27) million at the end of December 2019 to € (5.38) million at the end of December 2020, mainly as a result of the loss of 2020 for an amount of € 1.09 million (see above).

Liabilities amounted to € 10.56 million in 2020 compared to € 11.10 million at the end of December 2019, representing a decrease of € 0.54 million. The decrease in liabilities resulted mainly from the decrease in trade payables partially offset by the increase in financial debt.

Human Resources

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.

As of December 31, 2020, only the CEO is still working for the Company.

Going concern

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

Immediately following the below threshold efficacy result of its lead product gp-ASIT+™ in a second phase III trial end 2019, the Company has taken all measures required to minimize the future operating expenses.

The Company has also filed a request for judicial reorganization on December 19, 2019 that was granted on February 11, 2020 with several extensions obtained until February 11, 2021. As a result the Company has obtained a suspension of payment of its PRJ-debt. The Company has filed a restructuring plan on January 11, 2021 that was approved on February 3, 2021 by the creditors and homologated by the Court on February 9, 2021. One creditor, with an outstanding PRJ-debt of 41.517 EURO, has appealed the decision. The hearing is expected to take place in June 2021.

The Company has signed a binding agreement with DMS Group on April 16, 2021 whereby DMS Group will contribute its Imaging business unit to ASIT biotech in return for new ASIT biotech shares. This agreement is subject to a number of conditions precedent including the homologation of the restructuring plan.

The creditor's appeal has created a certain degree of uncertainty for the homologation of the restructuring plan and as the homologation is a condition precedent for the binding agreement with DMS Group, these events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, the board of directors is of the opinion that the continuity of the Company is an appropriate assumption as it is confident that the restructuring plan will be homologated and the conditions precedent realised. If the plan is not approved by the Court of Appeal of

Liège, the Company will have to slightly amend its plan to take into account the Court's judgment. If the Court of Appeal approves the plan, it will be definitively applicable (subject to an appeal in cassation).

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 did no capital increase nor decrease and did not issue any financial instruments in the course of 2020. No warrants were exercised.

At December 31, 2020, the Company's share capital amounted to € 17.08 million (€ 17,076,221.76) 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 actual situation of the Company, the cost of R&D is minimal.

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

At the date of this Annual Report the following directors are members of the audit committee: RE Finance Consulting, represented by Mr. Yves Désiront and SFPI SA, represented by Mr. François Fontaine. The two members are both non-executive directors. There is no independent director for the time being giving the specific situation of the Company. The two 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 was 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 was managed by a specialised company and did not raise any environmental or health and safety concerns.

The Company has no labs anymore since January 1, 2021.

Material contracts

The Company has no material contracts anymore.

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. As the Company has stopped all R&D operating activities related to the allergy field, the Company expects that the risks related to product development, to product commercialization, to regulatory environment, to intellectual property and to structure and operations have lost most of their relevance. Nevertheless, the reader is invited to look at the annual report of 2019 for having a look at the risks mentioned. 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, 2020 under IFRS rules amounts to € 60,05 million. These losses reflect the previous 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 extraordinary shareholders meeting was convened that took place on May 26, 2020. 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 procedure, and is today protected against its creditors.

The Company has stopped all R&D operating activities in the allergy field. Nevertheless, as a stock listed company it will further incur certain general and administrative expenses and hence will incur further 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. In case the transaction with DMS Group would materialize (closing is expected in the autumn of 2021 and earlier if

possible), the Company would generate revenues (in 2020 the revenues of the Imaging business unit of DMS Group amounted to about € 32 million).

The Company has a limited cash position with no financing instruments available for the time being.

As at December 31, 2020, the cash position of the Company amounted to € 2.85 million. The Company has no equity financing instruments available for the time being.

At the date of this Annual Report, the Company is under judicial reorganization (see next risk factor for more details). The Company has proposed a reorganization plan to its creditors that was accepted by the creditors and homologated by the Court of Liège in February 2021. The Walloon Region has appealed the approval. The hearing is foreseen in June 2021.

Based on the binding agreement with DMS Group and the expressed intention in writing of certain creditors to opt for the conversion scenario in the restructuring plan, the Company expects that it does 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. Nevertheless in case the restructuring plan needs to be adjusted, a new vote is required and there is a theoretical risk that the creditors voted in favor of the plan would not do anymore.

In addition, even if the Company achieves profitability after the transaction with DMS Group 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 February 11, 2021. According to the Law, ASIT biotech has submitted a judicial reorganization plan explaining its proposal regarding the conditions under which the Company's creditors will be repaid. This plan was approved by the creditors on February 3, 2021 and homologated by the Court of Liège on February 9, 2021. The Walloon Region appealed the approval. The hearing is foreseen in June 2021. If the Court of Appeal confirms the decision of the Court of Liège, the case is closed and the plan will be definitively applicable (subject to an appeal in cassation). If the Court of Appeal overturns the decision, the Company will have to modify its restructuring plan that needs to be voted again by the creditors and homologated by the Court of Liège.

The Company has signed a binding agreement with DMS Group but there is still a risk that one or more condition precedents are not met.

Although the signed contribution agreement is binding for both DMS Group and the Company, there is still a possibility that the closing of the envisaged transaction does not happen in case one or more of the conditions precedent do not materialize and are not waived by the parties. The Company does not control the realization of the conditions precedent.

The Company has obtained R&D tax credits. There is a risk that the Company would lose these R&D tax credits in case of a change of control.

The Company has made significant R&D investments which, pursuant to Belgian income tax law provisions, have entitled the Company to claim the benefit of R&D tax credits.

The transaction with DMS Group would involve a major change in the shareholding of the Company and would therefore trigger the application of articles 207 and 292, §2 of the Belgian income tax code. These provisions foresee that in the event of a change of control of a company, tax losses carried forward (but also other tax latencies) and R&D tax credits are only maintained by the company to the extent this change of control meets legitimate economic or financial needs.

Based on the common definition that the concept of legitimate economic or financial needs has received from tax authorities, including the Ruling Commission, courts and tribunals, and based on the envisaged transaction, there is a risk that, in the event of a tax audit following the transaction, tax authorities could challenge the existence of such legitimate needs.

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 € 40,000 for 2020) 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.

The Company has decided in January 2021 to stop the phase of use of the research project house dust mite (RCA 7239 HDM) and not to enter into the phase of use with respect to the research projects FOOD (RCA 7655 FOOD). It must transfer all property rights and results relating to the findings of the research projects to the Walloon Region. The Company is also 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, it could be held liable for breach of contract.

Other risks

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 transaction with DMS Group.

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 ("CGC") of the Company.

Corporate Governance Charter

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.

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 2020 for the fiscal year 2020, except regarding independent directors (the Company has no independent director, due to its limited size). 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, which is not the case for the Company, due to its limited size.

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, one group of shareholders owning jointly more than 15% of the share capital have proposed the appointment of directors. La Société Fédérale de Participations et d'Investissement (SFPI) SA (represented by M. François Fontaine) and Noshag 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, Noshag SA, Spinventure SA, Brustart SA, Epimède SA and Société Régionale d'Investissement de Bruxelles (SRIB) SA. This group of shareholders is not acting in concert as defined by Belgian law.

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

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 months¹. 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 months². 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, 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;

¹ The Code2020 provides for a 3 years period. As indicated above, this change has been made considering the limited size of the company.

² The Code2020 provides for a 3 years period. As indicated above, this change has been made considering the limited size of the company.

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. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

As of December 31, 2020, there are no independent director, due to the limited size of the Company.

Composition of the board of directors

As of December 31, 2020, the board of director is composed of 6 directors.

| Name | Position | Term ³ |
|---|-------------------------------------|-------------------|
| RE Finance Consulting SA (represented by Yves Désiront) | Chairman / Director (non-executive) | 2023 |
| Michel Bajjot | Director (non-executive) | 2021 |
| François Meurgey | Director (non-executive) | 2023 |
| SFPI SA (represented by François Fontaine) | Director (non-executive) | 2023 |
| NOSHAQ PARTNERS SAS (represented by Philippe Degeer) | Director (non-executive) | 2023 |
| SFH (represented by Frank Hazevoets) | Managing Director (Executive) / CEO | 2021 |

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

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.

Michel Bajjot 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

³ 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.

and VP Business Development at Innogenetics. He was chairman of the Belgian Biotech Association for 5 years.

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.

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.

Frank Hazevoets holds a Master of Engineering (Cum laude) and a Master of Business Economics (Cum fructu) from the Katholieke Universiteit Leuven. 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 before joining ASIT biotech first as CFO and now as CEO.

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 2020

In the course of 2020, the board of directors met 11 times.

| Name | Number of meetings attended |
|-----------------------|-----------------------------|
| RE Finance Consulting | 10 / 11 |
| Michel Bajjot | 11 / 11 |
| François Meurgey | 11 / 11 |
| SFPI | 10 / 11 |
| NOSHAQ PARTNERS SCRL | 10 / 11 |
| SFH | 8 / 8 |

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, 2020, the audit committee is composed of 2 directors and none of them is independent.

| Name | Position |
|---|---------------------------------|
| RE Finance Consulting, represented by Yves Désiront | Member - non-executive director |
| SFPI, represented by François Fontaine | Member – non-executive director |

The audit committee of the board of directors is composed exclusively of non-executive directors.

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 2020, the audit committee met 3 times.

| Name | Number of meetings attended |
|---|-----------------------------|
| SFPI, represented by François Fontaine | 3 / 3 |
| RE Finance Consulting, represented by Yves Désiront | 3 / 3 |

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, 2020, the remuneration and nomination committee is composed of 3 directors, none of them being independent due to the limited size of the Company.

| Name | Position |
|---|---------------------------------|
| NOSHAQ PARTNERS, represented by Philip Degeer | Member - non-executive 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 2020, the nomination and remuneration committee met 3 times.

| Name | Number of meetings attended |
|---|------------------------------------|
| NOSHAQ PARTNERS, represented by Philip Degeer | 3 / 3 |
| SFPI SA, represented by François Fontaine | 3 / 3 |
| François Meurgey | 3 / 3 |

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 7.104 of the BCC.

As of December 31, 2020, the Company's executive management was composed of :

| Name | Function |
|------------------------------|-------------------------------|
| Frank Hazevoets ⁴ | Chief Executive Officer (CEO) |

For a brief biography we refer to the board of directors section.

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, 171,320 warrants are outstanding which give right to subscribe to 171,320 shares. Reference is made to Note 14 for more details.

⁴ From December, 2020 onwards, to replace Michel Bajot who was CEO until mid October

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 |
| | | 1,417,110.82 | 10,864,186.66 | 43,944 |
| 19 November 2009 | Capital increase in cash | + 1,583,017.98 (issue premium) | + 1,583,017.98 (issue premium) | |
| | | 2,082,393.02 | 12,946,579.68 | 52,367 |
| 7 March 2011 | Capital increase in cash | + 2,326,205.18 (issue premium) | + 3,909,391.84 (issue premium) | |
| | | 1,346,167.35 | 14,292,747.03 | 57,812 |
| 18 January 2012 | Capital increase in cash | + 1,503,745.65 (issue premium) | + 5,412,968.81 (issue premium) | |
| | | 5,412,968.81 | 19,705,715.84 | 57,812 |
| 23 December 2014 | Capital increase through incorporation of the issue premiums | | | 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 |
| | | 4,579,462.46 | 16,204,598.81 | 11,854,100 |
| 12 May 2016 | Capital increase in cash | + 18,870,537.54 (issue premium) | | |
| | | 1,233,994 | 17,438,592.81 | 12,756,800 |
| 12 May 2016 | Capital increase through conversion of 413 bonds issued on 5 August 2015 | + 2,896,006 (issue premium) | | |
| | | 67,393.28 | 17,505,986.09 | 12,806,100 |
| 28 December 2016 | Capital increase through the exercise of 493 subscription rights | + 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 + 7,492,154.20 (issue premium) | 11,904,784.32 | 15,262,544 |
| 23 February 2018 | Capital increase in cash, subscription of 543,556 new shares and the exercise of 626,146 Warrants 1 | 912,367.56 + 3,567,591.1 (issue premium) | 12,817,151.88 | 16,432,246 |
| 16 March 2018 | Capital increase in cash further to the exercise of 41,726 Warrants 1 | 32,546.28 + 127,264.3 (issue premium) | 12,849,698.16 | 16,473,972 |
| 15 June 2018 | Capital increase in cash further to the exercise of 296,954 Warrants 1 and 56,097 Warrants 2 | 275,379.78 + 1,076,805.55 (issue premium) | 13,125,077.94 | 16,827,023 |
| 4 July 2018 | Capital increase in cash further to the exercise of 182,769 Warrants 1 | 142,559.82 +557,445.45 (issue premium) | 13,267,637.76 | 17,009,792 |
| 13 July 2018 | Capital increase through conversion of 38 bonds issued on 10 July 2018 | 22,565.40 +72,434.93 (issue premium) | 13,290,203.16 | 17,038,722 |
| 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 | | 97,602.18 | 15,747,334.20 | 20,188,890 |

| | | | | |
|-------------|---|---------------------------------|---------------|------------|
| | Capital increase through conversion of 67 bonds issued on 10 July 2018 | +69,897.82 (issue premium) | | |
| | | 228,244.38 | 15,975,578.58 | 20,481,511 |
| 6 June 2019 | Capital increase through conversion of 145 bonds issued on 10 July 2018 | +134,255.62 (issue premium) | | |
| | | 46,177.56 | 16,021,756.14 | 20,540,713 |
| 4 July 2019 | Capital increase through conversion of 27 bonds issued on 10 July 2018 | + 21,322.44 (issue premium) | | |
| | | 126,934.08 | 16,148,690.22 | 20,540,713 |
| 1 Aug 2019 | Capital increase through conversion of 74 bonds issued on 10 July 2018 | + 58,065.92 (issue premium) | | |
| | | 387,597.60 | 16,536,287.82 | 21,200,369 |
| 3 Oct 2019 | Capital increase through conversion of 226 bonds issued on 10 July 2018 | + 177,402.40 (issue premium) | | |
| | | 188,685.90 | 16,724,973.72 | 21,442,274 |
| 7 Nov 2019 | Capital increase through conversion of 110 bonds issued on 10 July 2018 | + 86,314.10 (issue premium) | | |
| | | 351,248.04 | 17,076,221.76 | 21,892,592 |
| 5 Dec 2019 | Capital increase through conversion of 227 bonds issued on 10 July 2018 | + 216,251.96 (issue premium) | | |

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.

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.

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.

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 négociation sur un marché réglementé et portant dispositions diverses/Wet op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten to de verhandeling op een gereguleerde 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, 2020 |
|--------------------------------------|---|---|
| Rodolphe de Spoelberch | 1,786,841 | 8.16 % |
| SFPI | 1,353,243 | 6.18% |
| SRIW SA and SOFIPOLE SA ⁵ | 921,711 | 4.21 % |
| EPIMEDE SA | 914,347 | 4.18 % |
| SRIB and BRUSTART ⁶ | 861,114 | 3.93 % |
| Chagral Invest SA | 406,913 | 1.86% |

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

⁶ BRUSTART is a 100% subsidiary of SRIB

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.

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 Company's 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 basically 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 Convertible Plan put in place in July 2018 and 2019, the Company has been exposed to a counterparty risk. Under this plan, the parties taking part to it were committed, under certain conditions, to subscribe to notes to be issued by the Company. If a counterpart had not the economic ability to subscribe to such issuance of notes, the Company would have not succeeded in obtaining the committed financing.

Foreign exchange risk

The Company was exposed to foreign currency risks through its operating activities. To date, certain purchase transactions were 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.

Market risk

The Company is not exposed to the evolution of its stock price as it will not do a capital increase and the exchange ratio with DMS Group is independent of the stock price.

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.

Following the Company's request for judicial reorganization, all board members decided to not receive any payment as from the January 1, 2020. No warrants were granted in the course of 2020.

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 2020, ASIT biotech paid a total remuneration of € 240,885 to CAGAM Innovative Healthcare Consulting SRL in his capacity of CEO until October 15, 2020 and € 25,000 to SFH SRL in his capacity of CEO from December 2020 onwards. This includes:

- A fixed remuneration of € 262,000;
- A variable component of € 0;
- Other of € 3,885 (km allowance).

The total fixed remuneration paid to the executive management team (excluding the CEO) amounted to € 265.650. There was no variable component.

All members of the executive management are engaged on the basis of a service agreement. 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. Only the CEO services agreement provide for a variable remuneration related to the performance of the Company.

Remuneration of the statutory auditors

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

In 2020, the total amount of the remuneration paid to the statutory auditors was € 25,000 for the audit of the accounts.

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, 2020:

| Name | Number of shares | Number of warrants | Number of Warrants 2 | Number of CNs2019 ⁷ |
|--|------------------|--------------------|----------------------|--------------------------------|
| 3T Finance SA (related to Yves Désiront) | - | - | - | 6 |
| Michel Baijot | - | - | - | - |
| François Meurgey | 28,415 | 21,320 | - | - |
| SFPI SA (represented by François Fontaine) | 1,353,243 | - | - | 6 |
| NOSHAQ SA (represented by Philippe Degeer) | 391,100 | - | - | 15 |
| Hazevoets Frank | - | 150,000 | - | - |

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

⁷ One CN2019 represents an investment of € 75,000

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 2020, during two 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.

Minutes of the board of January 6, 2020

The Chairman explains that two points were discussed at the Remuneration committee : the 2019 bonus and the 2020 Remuneration/retaining package of Michel Baijot.

Michel Baijot, in his capacity as director then declares to the other members of the Board :

"Sirs, I wish to inform the Board 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 is called to deliberate on my 2019 Bonus and my 2020 package". He then leaves the conference call. In accordance with article 523 of the Companies Code, Michel Baijot will inform the statutory auditors about the existence of this conflict of interests.

All directors present, except for Mr. van der Straten, approve the allocation of 100% of the bonus to Michel Baijot.

All directors present, except for Mr. van der Straten, approve the 2020 package of Michel Baijot as suggested by the RemCo (i.e. the same fixed remuneration as in 2019 and a bonus equal to 25% of the fixed remuneration, half of it being linked to the presence within the Company until the end of the PRJ procedure + 1 month and the other half being linked to the management of the JRP from a shareholders' point of view (maximization of value).

Minutes of the board of November 9, 2020

The Chairman indicates that the Board of Directors must approve the remuneration package and the terms and conditions of the services agreement of Mr. Frank Hazevoets, new CEO of the Company.

Prior to the Board's deliberation, Mr. Frank Hazevoets orally declares to the other members of the Board of Directors: *"Sirs, 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".*

In accordance with article 7:96 of the Belgian Companies and Associations Code (conflict of interest), Mr. Frank Hazevoets will inform the statutory auditor about the existence of this conflict of interests. Mr. Frank Hazevoets then leaves the room.

The Remuneration and Nomination Committee indicates that it met to decide on the service agreement of Mr. Frank Hazevoets and his salary package. It indicates that the following proposal has been drawn up:

A fixed remuneration of 25,000 EUR/month is granted to him, on the basis of a full-time occupation under the following conditions:

- Priority focus for ASIT ;
- If he were to start another activity, 2 consequences would be associated with it: reduction of salary up to the same amount - priority remains for ASIT;
- No possibility of implementing a notice request process before the closing date of the PRJ => post-PRJ, there should remain duties to be performed.

A variable remuneration linked to the valorization of the assets of the Company.

The Board of Directors decides, by unanimous vote, to delegate to the Remuneration and Nomination Committee the approval of Mr. Frank Hazevoets's remuneration package and services agreement.

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 |
|------------------|---|---|
| Michel Baijot | White Fund Radiomics Antelope Diagnostics | Serum Institute of India IRE-Elit |
| Yves Désiront | BeBurger SA Noho.C are SPRL Pyrocore SA Pyrocore Ltd 3T Finance SA 3t Portugal SGPS SA 3t PT Investimentos SGPS SA Tree Digital Factory SAS Sailsense Analytics SA FPB Advisory & Services SPRL YD Advisory & Services SPRL | FYP SA D&R Cambre SA Re Finance Consulting SA TedyBear, SAS IMI – Imagens Médicas Integradas, SA BGP AM GmbH Sadioc SGPS SA Visiomed Group SA |
| François Meurgey | Oukelos SPRL Eyed Pharma SA UniD Manufacturing | N/A |
| Philippe Degeer | Lasea SA Diagenode SA ETT Endotools | N/A |

| Director | Current mandate | Past mandate |
|-------------------|--------------------|--------------|
| François Fontaine | Certi-fed | |
| | Fluxys SA | |
| | Fund+ | |
| | Accessia Pharma SA | |
| | Bioxodes | |
| | Epimede | |
| | Theodorus | |
| | Nucleis | Credibe |
| | Cometambre | Sopima |
| | Comet traitement | Factory |
| | BioDiscovery 5 | IRE-Elit |
| | SWDE | |
| | Industrya | |
| | Auxin | |
| | Texere | |
| | OncoDNA | |
| PDC-Line | | |
| White Fund | | |
| Kurma diagnostic | | |

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 SFH SRL, a company linked to Mr. Frank Hazevoets, relating to services of CEO of the Company since December 1, 2020; the consideration for these services is a yearly fee of € 300,000 and a variable remuneration linked to the valorization of the assets of the Company.
- A service agreement executed with CAGAM Innovative Healthcare Consulting SRL, a company linked to Mr. Michel Bajjot, relating to services of CEO of the Company since January 1, 2019 and ending on November 15, 2020; the consideration for these services was 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 April 29, 2021, 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, 2020.

The financial statements of the Company with respect to the financial years ended December 31, 2019 and December 31, 2020 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 2020, 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 | 31/12/2020 | 31/12/2019 |
|--|------|----------------|----------------|
| ASSETS | | | |
| Property, plant and equipment | 7 | 129 | 611 |
| Right to use an asset | 7 | - | 69 |
| Other long-term receivables | 8 | 1,917 | 2,030 |
| Non-current assets | | 2,046 | 2,710 |
| Trade receivables | 9 | - | 28 |
| Other receivables | 10 | 233 | 366 |
| Other current assets | 11 | 8 | 53 |
| Cash and cash equivalents | 12 | 2,851 | 3,649 |
| Current assets | | 3,092 | 4,096 |
| Total assets | | 5,138 | 6,806 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Capital | 13 | 17,076 | 17,076 |
| Share premium | 13 | 38,630 | 38,630 |
| Cost of capital increase | 13 | (2,365) | (2,365) |
| Share based payment reserve | 14 | 90 | 386 |
| Convertible notes specific reserve | 15 | 666 | 666 |
| Convertible notes – equity component | 15 | 317 | 317 |
| Accumulated deficit | | (60,049) | (58,887) |
| Total equity attributable to shareholders | | (5,635) | (4,176) |
| LIABILITIES | | | |
| Provision | 16 | 132 | 132 |
| Financial debt | 15 | 273 | 297 |
| Leasing debt | 7 | - | 10 |
| Non-current liabilities | | 405 | 439 |
| Financial debt | 15 | 90 | 40 |
| Convertible notes | 15 | 5,292 | 4,816 |
| Leasing debt | 7 | - | 63 |
| Trade payables | 17 | 4,252 | 4,829 |
| Other payables | 18 | 733 | 795 |
| Current liabilities | | 10,367 | 10,543 |
| Total liabilities | | 10,772 | 10,982 |
| Total equity and liabilities | | 5,138 | 6,806 |

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

| | Note | 31/12/2020 | 31/12/2019 |
|--|------|----------------|-----------------|
| Other operating income / (expenses) | 19 | 92 | 1,070 |
| Research and development expenses | 20 | 53 | (13,907) |
| General and administrative expenses | 21 | (1,043) | (3,114) |
| Operating loss for the period | | (897) | (15,951) |
| | | | |
| Financial income | 23 | 74 | 514 |
| Financial expense | 24 | (539) | (219) |
| Loss for the period before taxes | | (1,362) | (15,656) |
| Taxes | 25 | - | - |
| Loss for the period | | (1,362) | (15,656) |
| Other comprehensive income | | | |
| Comprehensive loss for the period | | (1,362) | (15,656) |
| | | | |
| Loss for the year | | | |
| <i>Attributable to owners of the Company</i> | | (1,362) | (15,656) |
| | | | |
| Losses per share (in € per share) | | | |
| - basic and diluted | 30 | (0,06) | (0,77) |

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, 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) |
| Loss of the year | | | | | | | (1,362) | (1,362) |
| Share-based payment | | | (296) | | | | 200 | (97) |
| As at December 31, 2020 | 17,076 | 38,630 | 90 | (2,365) | 666 | 317 | (60,049) | (5,635) |

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

| | Note | 2020 | 2019 |
|--|------|----------------|-----------------|
| Loss of the period | | (1,362) | (15,656) |
| Adjustments | | | |
| <i>Other income - Tax credit on R&D activities</i> | 19 | (359) | (605) |
| <i>Other income – Grant recognized in accordance with IAS20</i> | 19 | - | (460) |
| <i>Net losses / (gains) on disposal of property, plant and equipment</i> | 19 | 221 | |
| <i>Depreciation on property, plant and equipment</i> | 7 | 117 | 296 |
| <i>Amortization on right to use an asset</i> | 7 | 59 | 49 |
| <i>Provision for risks and charges</i> | | - | 132 |
| <i>Share-based payments</i> | 14 | (97) | 43 |
| Financial (income) / expense | | 478 | (295) |
| Changes in working capital | | | |
| <i>Trade receivables, other receivables and other current assets</i> | | 204 | 412 |
| <i>Other non-current liabilities, trade payables and other payables</i> | | (639) | 3,109 |
| Cash flow from operating activities | | (1,377) | (12,974) |
| Purchase of property, plant and equipment | 7 | - | (97) |
| Proceeds from sales of property, plant and equipment | 7 | 175 | |
| Tax credit on R&D activities received | 10 | 462 | |
| (Increase) / Decrease of long-term deposits | | - | (2) |
| Revenue from current assets | | - | 4 |
| Cash flow from investing activities | | 638 | (95) |
| Proceeds from issuance of convertible notes (net of transaction costs) | 15 | - | 8,385 |
| Reimbursement of recoverable cash advances | 15 | - | (25) |
| Reimbursement of leasing debt | | (57) | (52) |
| Other elements | | - | (48) |
| Interests received | | - | 4 |
| Interests paid | | (2) | (4) |
| Cash flow from financing activities | | (59) | 8,260 |
| Net increase / (decrease) in cash and cash equivalents | | (798) | (4,809) |
| Cash and cash equivalents at the beginning of the period | 12 | 3,649 | 8,458 |
| Cash and cash equivalents at the end of the period | 12 | 2,851 | 3,649 |

Notes to the EU-IFRS Financial Statements

Note 1. General information

ASIT biotech was a biopharmaceutical company whose mission was 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 intended 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 were intended to deliver recognizable improvement in the quality of life for patients, within weeks rather than months or years following treatment initiation.

Its lead product gp-ASIT+™, developed for the treatment of allergic rhinitis due to grass pollen, did not meet the primary endpoint in a second Phase III study. 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. Today a binding agreement with DMS Group is signed. As a result, DMS Group will contribute its imaging business to ASIT biotech in return for new shares of ASIT biotech.

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 April 29, 2021 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 2020 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, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (applicable as from 1/1/2021);
- Amendments to IFRS 4: Insurance Contracts – deferral of IFRS 9 (applicable as from 1/1/2021). The standard dealing with insurance contracts is not applicable to the Company;
- Amendments to IFRS 16 : Leases Covid 19-Related rent concessions (issued on May 28, 2020);
- Amendments to IFRS 3 : Business Combinations (issued on October 22, 2018);

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 issued on May 14, 2020, to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, contingent liabilities and contingent assets and Annual Improvements 2018-2020 (applicable as from 1/1/2022);
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively).

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.

Additionally, on February 12, 2021 Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies and Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates have been issued by the IASB and will be applicable as from 1/1/2023.

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.

As at December 31, 2020 the Company has no project; either research or development; going on.

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 recognizes 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 determined 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 instrument 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 were 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 it 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).

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 taking into consideration (i) that all employees left the Company in 2020 and (ii) the average employee seniority with the Company was rather low.

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

Until now, all Company's activities were related to research and development and, as a consequence, there was 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 2020.

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.

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 has also been exposed to the evolution of its stock price as the convertible plan put in place in July 2018 foresaw that if the stock price of the Company fell below € 1.1368 the investor was not obliged to subscribe to the notes that the Company intended to issue under this plan.

4.3 Foreign exchange risk

The Company was exposed to foreign currency risks through its operating activities. To date, certain purchase transactions were 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.

4.4 Counterparty risk

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

4.5 Liquidity risk

The Company's main sources of cash inflows were obtained through capital increases, convertible notes, grants, recoverable cash advances and R&D tax credits. There is a risk that the Company would lose these R&D tax credits in case of a change of control.

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 Company's outstanding debt is significantly higher than its outstanding cash. The Company has obtained the benefit of the judicial reorganization by collective agreement protection against its creditors. The PRJ-debt amounts to € 9.946 (000). The proposed repayment of this PRJ-debt is outlined in the restructuring plan as approved by the creditors and homologated by the Court. As one creditor has appealed the decision, the Company has to wait for the outcome of the appeal first. The ability of the Company to maintain adequate cash reserves will be highly dependent on the Company's ability to realise the restructuring plan.

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

| (In EUR 000) | 2020 | | | | 2019 | | | | |
|-------------------|-------|-----------------|------------------------|-----------|-------|-----------------|---------------|------------------------|-----------|
| | Bonds | Financial debts | Trade & Other payables | Provision | Bonds | Financial debts | Leasing debts | Trade & Other payables | Provision |
| Less than 1 month | 5.292 | | 4.985 | | | | | 5.624 | |
| Less than 1 year | | 90 | | 132 | 4.816 | 40 | 63 | | |
| 1 - 5 years | | 217 | | | | 209 | 10 | | 132 |
| More than 5 years | | 56 | | | | 88 | | | |
| TOTAL | 5.292 | 363 | 4.985 | 132 | 4.816 | 337 | 73 | 5.624 | 132 |

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 €):

| <i>(In EUR 000)</i> | <i>Carrying value</i> | | <i>Fair value</i> | |
|-----------------------------|------------------------------|----------|--------------------------|----------|
| | 31-12-20 | 31-12-19 | 31-12-20 | 31-12-19 |
| Other long term receivable | 1.917 | 2.030 | 1.917 | 2.030 |
| Trade and other receivable: | 233 | 394 | 233 | 394 |
| Other current assets | 8 | 53 | 8 | 53 |
| Cash and cash equivalents | 2.851 | 3.649 | 2.851 | 3.649 |
| Recoverable cash advances | 363 | 337 | 363 | 337 |
| Bonds | 5.292 | 4.816 | 5.292 | 4.816 |
| Leasing debts | | 73 | | 73 |
| Provision | 132 | 132 | 132 | 132 |
| Trade and other payables | 4.985 | 5.624 | 4.985 | 5.624 |

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.

Immediately following the below threshold efficacy result of its lead product gp-ASIT+™ in a second phase III trial end 2019, the Company has taken all measures required to minimize the future operating expenses.

The Company has also filed a request for judicial reorganization on December 19, 2019 that was granted on February 11, 2020 with several extensions obtained until February 11, 2021. As a result the Company has obtained a suspension of payment of its PRJ-debt. The Company has filed a restructuring plan on January 11, 2021 that was approved on February 3, 2021 by the creditors and homologated by the Court on February 9, 2021. One creditor, with an outstanding PRJ-debt of 41.517 EURO, has appealed the decision. The hearing is expected to take place in June 2021.

The Company has signed a binding agreement with DMS Group on April 16, 2021 whereby DMS Group will contribute its Imaging business unit to ASIT biotech in return for new ASIT biotech shares. This agreement is subject to a number of conditions precedent including the homologation of the restructuring plan.

The creditor's appeal has created a certain degree of uncertainty for the homologation of the restructuring plan and as the homologation is a condition precedent for the binding agreement with DMS Group, these events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, the board of directors is of the opinion that the continuity of the Company is an appropriate assumption as it is confident that the restructuring plan will be homologated and the conditions precedent realised. If the plan is not approved by the Court of Appeal of Liège, the Company will have to slightly amend its plan to take into account the Court's judgment. If the Court of Appeal approves the plan, it will be definitively applicable (subject to an appeal in cassation).

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.

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 partly a financial liability of the Company towards the Walloon Region and partly a grant (if it is estimated that the amount initially received from the Walloon Region will eventually exceed the financial liability estimated by the Company). The amount of the financial liability that the Company recognized in its previous financial statements was thus subject to a high degree of subjectivity and required a.o. the Company to make estimates of the future sales it may derive in the future from the products that benefited from the support of the Walloon Region. Considering that the Company announced in November 2019 the below threshold efficacy result of its lead product gp-ASIT+™ in a second phase III trial, the assumptions the Company considered with respect to the royalties to be paid in the future, which were based on an estimation of potential sales in 2026 and 2027, may not materialize in the future.

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 allowed 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 has 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 was 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 consisted 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 and 2020, 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 2018 | 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 |
| 2020 | | | | | |
| Disposals | (13) | (340) | (10) | (2) | (364) |
| Depreciation | (7) | (92) | (13) | (5) | 117 |
| Net book value | 6 | 100 | 2 | 21 | 129 |
| Cost | 147 | 964 | 129 | 52 | 1,292 |
| Accumulated depreciation | (141) | (864) | (127) | (31) | (1,163) |
| Net book value | 6 | 100 | 2 | 21 | 129 |

In 2020 there is no acquisition of items of property, plant & equipment. Lab equipment of the GMP facility was sold. These disposals resulted in proceeds of € 175.000 and led to a net loss on disposals of € 232.000 (included in other income & expenses – see note 19).

In 2019 lab equipment was acquired for a total amount of € 90,000.

The yearly depreciation charge amounts to € 117.000 in 2020 and € 296,000 in 2019.

7.2 Right to use an asset

As at December 31, 2019, the right to use an asset caption relates to the rental agreement of the Liège premises. This lease arrangement has been 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; assuming that the lease was presumed to end in February 2021 considering the non-cancellable lease term. 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 2020 an amortization charge of € 59,045 has been accounted for (€ 49,204 in 2019).

Considering the fact that the R&D projects undertaken by the Company have been stopped, the Company agreed with the landlord to early terminate the lease of the Liège building as at December 31, 2020. Accordingly, the lease has been derecognised in the financial statements as at December 31, 2020. This derecognition led to a gain of €11.000, included within “other income” (see note 19).

Note 8. Other long-term receivables

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|---------------------|---------------------|
| Deposits | 16 | 16 |
| Tax credit related to R&D expenditures | <u>1,900</u> | <u>2,014</u> |
| Total other long-term receivables | <u>1,917</u> | <u>2,030</u> |

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 € 2,078 (000's) and relates to expenditures made over the years 2016 until 2019. The receivable relating to the 2016 eligible activities will fall due in 2021 and has been recognized for an amount of € 178 (000's) among other current receivables.

The amount the Company ultimately receives with respect to the R&D tax credit may differ depending on the way the Company intends to claim this tax credit as it is possible to enjoy a “one-shot”, but in total lower, refund or a refund spread over several years.

In the 2020 financial statements, the Company reviewed its estimation of the amounts to be received and this led to an additional amount of € 286 ('000), mainly for the years 2016 and 2017, being recognized and accounted for as other income.

There is a risk that the Company would lose these R&D tax credits in case of a change of control.

Note 9. Trade receivables

Trade receivables are nihil as at December 31, 2020 and consisted solely of credit notes to be received for €28,000 as at December 31, 2019.

Note 10. Other receivables

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--------------------------|-------------------|-------------------|
| VAT receivable | 54 | 207 |
| Other | <u>178</u> | <u>159</u> |
| Other receivables | <u>233</u> | <u>366</u> |

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

As at December 31, 2020, the other receivables include the tax-credit incentive relating to the R&D activities of 2016.

During the year 2020, the Company received the tax-credit incentive relating to the R&D activities of 2014 for an amount of €160,000 and of 2015 for an amount of €302,000. Considering the amounts initially accounted for this led to a gain of € 72.525 accounted for as other income.

Note 11. Other current assets

Other current assets relate to prepaid expenses and accrued income which amount to €8,000 as at December 31, 2020 and €53,000 as at December 31, 2019.

Note 12. Cash and cash equivalents

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|---------------------|---------------------|
| Savings accounts | 1,796 | 2,473 |
| Current accounts | <u>1,055</u> | <u>1,176</u> |
| Total cash and cash equivalents | <u>2,851</u> | <u>3,649</u> |

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

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.

Capital is unchanged in 2020 compared to 2019.

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 2020, only some of the warrants granted under the 2018 plan and under the 2019 plan approved by the Extraordinary Shareholders' meeting are outstanding.

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:

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. As none of the warrant has been exercised as at June 30, 2020, the share-based payment reserve relating to this plan and amounting to € 199,269 has been re-classified within "Accumulated deficit" as at December 31, 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. As at December 31, 2020, as a consequence of the departure of the beneficiaries of this plan; no warrant allotted within this plan are outstanding. Accordingly; an amount of € 56,596 previously expensed and accounted within the share-based payment reserve as at end 2019, has been reversed in the 2020 income statement.

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 were outstanding. Considering departures in 2020, as at 31 December 2020, 20,000 warrants are outstanding. As a consequence an amount of € 33,017 previously expensed and recognized within the share-based payment reserve has been reversed in the 2020 income statement.

| | 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 | 325,000 | 20,000 | 3.65 | 31/12/2023 |
| Total | 345,000 | 345,000 | 325,000 | 20,000 | | |

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 were outstanding.

During the year 2020 all beneficiaries of this plan left the Company and as a result no warrants are outstanding as at December 31, 2020. The amount previously expensed relating to this plan and accounted for within the "share-based payment reserve" amounts to € 20,790 and has been reversed in the 2020 income statement.

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 were outstanding. As at December 31, 2020, 151.320 warrants are outstanding. For this plan, a net charge of € 13,267 has been accounted for in the 2020 income statement.

| | 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 | 300,000 | - | 1.3310 | 31/12/2024 |
| 2019 Incentive Plan | 459,240 | 434,240 | 282,920 | 151,320 | 1.2324 | 31/12/2024 |
| Total | 759,240 | 734,240 | 582,920 | 151,320 | | |

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 | € 106,000 |

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 | € 141,000 |

The share-based expense accounted for relating to the various warrant plans in place amounted to €43,000 in 2019. As a consequence of the departure of almost all personnel in 2020 most warrants have been forfeited. The accounting of the different plans resulted in a positive amount of € 97,000 in the income statement.

The following table provides an overview of the 2020 impact on the financial statements of the different plans:

| In € '000' | Income statement – Negative expense / (expense) | Transfer from Share- Based payment reserve to accumulated deficit |
|---|---|---|
| 2014 Incentive Plan | | 200 |
| 2015 Incentive Plan | 56 | |
| 2018 Incentive Plan | 33 | |
| 2019 Incentive Plan – approved by the B.o.D | 21 | |
| 2019 Incentive Plan – approved by the E.G.M | (13) | |
| Total | 97 | 200 |

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 €):

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|------------------------------------|-------------------|-------------------|
| Non-current cash advances received | 273 | 297 |
| Current cash advances received | 90 | 40 |
| Convertible notes 2018 | 50 | 50 |
| Convertible notes 2019 'A' | 5,242 | 4,766 |
| Total | 5,655 | 5,153 |

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 covered 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. This assumption has been maintained in the preparation of the 2020 financial statements. Should no sale at all take place as from 2026, the amount of the recoverable cash advance would have to be reviewed downwards by € 69,000 as at December 31, 2020.

As no amount has been paid by the Company in 2020 with respect to the RCA HDM liability and considering the impact of the undiscounting in 2020 of the liability as at December 31, 2019 for an amount of € 26,921, the liability as at December 31, 2020 amounts to € 363,434.

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 will not 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. As at December 31, 2020 an amount of € 732.000 has been accounted for among other payables as a grant received but deferred (see note 18).

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 following conditions were attached to the CNs2018:
- The CNs2018 did not bear any coupon and had a maturity date of twelve months as from issuance.
- The CNs2018s were convertible into ordinary shares at the holders' convenience before maturity or were automatically converted on the maturity date at the conversion price being 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.
- The Company had 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 subscription right gave 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 had the possibility, however, to 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 was however suspended if, and for the duration of, the stock price falling 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 were considered as debt instruments and at inception of the plan, to treat the different conversion (or non-conversion) features as derivatives and to fair value them.

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. This has not changed over 2020.

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 in 2019.

The financial statement of the Company was impacted as follows in 2019 (in €):

| | |
|---|------------------|
| Amount in the statement of financial position as at January 1, 2019 | 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 |

No movement took place in 2020.

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' was 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 are to 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 which has been estimated at 10% considering the above mentioned issuance costs, meaning that the notes were carried at the balance sheet for an amount of € 4,765,801. In 2020 a further amount of € 476,445 has been accrued resulting in the notes being carried in the statement of financial position for an amount of € 5,242,246. These notes have not been reimbursed as at December 31, 2020.

As the issuance of the 56 CNs2019 'B' was contingent on the positive results of the latest phase III study, these notes 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 €):

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|-------------------------|---------------------|---------------------|
| Payables | 4,167 | 3,251 |
| Invoices to be received | 85 | 1,578 |
| Total | <u>4,252</u> | <u>4,829</u> |

The trade payables mainly consist of expenses made by third-parties for the second phase III trial. The invoices to be received are reduced significantly as part of the invoices were received and the amount of the payables increased accordingly and as part of the invoices did not had to be issued as certain study related expenses, prudently foreseen in 2019, were avoided.

Note 18. Other payables

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|-----------------------|-------------------|-------------------|
| Withholding taxes | | (2) |
| Social security | (57) | (12) |
| Holiday pay accrual | - | 77 |
| Investment grant | 58 | |
| Deferred grant income | 732 | 732 |
| Total | <u>733</u> | <u>795</u> |

The Company did receive in the past an investment grant for the Liège building for a total amount of € 58 ('000). This grant was initially accounted for as a deduction of the acquisition cost of the related assets. As at December 31, 2020 the employment condition attached to this grant is not met, the grant is considered to be re-imbursable.

The other payables comprise a deferred grant income of € 732 ('000) as at December 31, 2020 and 2019 related to the 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. No change took place in 2020.

Note 19. Other income and expenses

In 2020 other income amounted to € 380,368 and consisted of the following:

- Additional income recognized with respect of R&D investment tax receivable for an amount of € 358,808 (see notes 8 and 10);
- Gains on disposal of items of property, plant & equipment for an amount of € 10,026;
- A gain on the de-recognition of the lease contract of the Liège building for an amount of € 11,534.

In 2020 other expenses amounted to € 288,504 and consisted of the following:

- Losses on disposal of items of property, plant & equipment for a total amount of € 242,204;
- € 45,695 relating to the investment grant of the Liège Building that is reimbursable as the Company does not fulfill anymore the employment condition associated with this grant;
- Other immaterial items for € 605.

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;
- 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.

Note 20. Research and development expenses

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|-------------------|-------------------|
| Staff costs | (152) | (2,121) |
| Share-based payment | 45 | (36) |
| Studies & analyses | 485 | (10,220) |
| Laboratory supplies | (15) | (393) |
| Depreciation and amortization | (119) | (274) |
| Rent | (20) | (265) |
| Patents | (120) | (140) |
| Facilities | (23) | (125) |
| External advice | - | (115) |
| Other | (27) | (218) |
| Total research and development costs | <u>53</u> | <u>(13,907)</u> |

R&D expenses in 2019 amounted to € 13,907 ('000).

R&D expenses in 2020 amounted to only € 53 ('000). Main drivers are the Staff costs (see note 22) and the studies & analysis expenses. The Company has stopped all activities in the allergy field and just finalized its ongoing obligations under the Phase III study. The Company was also able to avoid certain study related expenses that prudently were foreseen in 2019 as invoices to be received. As a result, the amount of Studies & analysis is € 485 ('000) in positive instead of € 136 ('000) in negative.

Note 21. General and administrative expenses

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------------------|-------------------|
| Staff costs | (534) | (1,377) |
| Share-based payment | 53 | (7) |
| External advice | (306) | (1,069) |
| Facilities | (85) | (118) |
| ICT | (12) | (17) |
| Depreciation and amortization expense | (57) | (72) |
| Rent | (26) | (87) |
| Other | (75) | (368) |
| Total general and administrative expenses | <u>(1,043)</u> | <u>(3,114)</u> |

G&A expenses in 2019 amounted to € 3,114 ('000); whereas it amounts to only € 1,043 ('000) in 2020 as a consequence of the reduction of the activities of the Company.

Note 22. Staff benefits

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|-----------------|-------------------|-------------------|
| Remuneration | (734) | (3,318) |
| Social charges | 1 | (86) |
| Fringe benefits | (12) | (71) |
| Pension scheme | (16) | (48) |

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|-----------------------------|---------------------|-----------------------|
| Share-based payment | 97 | (43) |
| Holiday pay accrual | 77 | 57 |
| Other | (2) | (32) |
| Total staff benefits | <u>(589)</u> | <u>(3,540)</u> |

Staff benefits decreased significantly as the Company has put to an end its research & development projects in 2020. As a result all employees left the Company during the course of 2020. This led a.o. to the cancellation of warrants granted to employees in the past years (and accounting wise to the reversal of amounts previously expensed in this respect) and to the reversal of the holiday pay accrual outstanding as at December 31, 2019.

The social charges as reported above include an amount of € 31,020 (negative amount) of relief of payment of the personal withholding taxes for 2019 (€ 225,602 in 2019).

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 € 16,000 in 2020 (€ 48,000 in 2019). 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, 2020 and 2019, 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 € 1,805 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, 2020.

Note 23. Financial income

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------------------|-------------------|
| Interests | | 0 |
| Re-evaluation of the RCA HDM | | 128 |
| Reversal fair value conversion feature | | 377 |
| Other | 74 | 9 |
| Total financial income | <u>74</u> | <u>514</u> |

Financial income mainly consists of exchange and payment differences in 2020.

See Notes 15.1 and 15.2 for more details for 2019.

Note 24. Financial expense

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|-----------------------------------|---------------------|---------------------|
| Interests on CN2019 'A' | (476) | (208) |
| Un-discounting of RCA liabilities | (27) | - |
| Exchange differences | (27) | (4) |
| Other | (9) | (7) |
| Total financial expense | <u>(539)</u> | <u>(219)</u> |

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 €):

| | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Loss before taxes | (1,362) | (15,656) |
| Income tax credit calculated at 25% - 29.58% | 340 | 4,631 |
| Effect of unused tax losses not recognized as deferred tax asset | (340) | (4,631) |
| Income tax expense (profit) recognized in income statement | - | - |

The tax rate used in the reconciliation is the corporate tax rate of 25% and 29.58 % applicable in Belgium respectively for 2020 and 2019.

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 € 72.9 million as at December 31 2020 and € 62.2 million as at December 31, 2019. 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 within 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 October 2020, a former employee initiated a legal procedure against the Company. No provision has been taken into account.

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 €):

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------------------|-------------------|
| Short-term remuneration & compensation | 266 | 467 |
| Share based payment | 23 | 10 |
| Total | <u>398</u> | <u>477</u> |

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

In 2020, the non-executive Directors are not remunerated. In 2019, they were entitled to receive a compensation of € 157,000 in 2019 for their participation on the board of directors.

Note 29. Events after the balance sheet date

The Company has filed its judicial reorganization plan on January 11, 2021. The plan was approved by the creditors on February 3, 2021. The Court of Liège has homologated the plan on February 9, 2021. One creditor, the Walloon Region, has appealed the judgement approving the restructuring plan. The hearing is expected to take place in June 2021. If the plan is not approved by the Court of Appeal of Liège, the Company will have to slightly amend its plan to take into account the Court's judgment.

In January 2021 another non-binding heads of agreement was signed with DMS Group who wanted to contribute its imaging business to ASIT. In March 2021 the negotiations were stopped by DMS Group. Nevertheless the negotiations were resumed in April, leading to a binding contribution agreement that was signed on April 16, 2021, subject to a number of conditions precedent including the final homologation of the restructuring plan.

The Company has decided in January 2021 to stop the phase of use of the research project house dust mite (RCA 7239 HDM). The Company has also decided in January 2021 not to extend the duration of the research project FOOD so the convention (RCA 7655 FOOD) came to an end. It will also not enter into the phase of use. The Walloon Region was informed by both decisions. As a result the debt position of the Company will be impacted. The reimbursement amounts of the RCA 7239 HDM accounted for a total amount of € 338,100 (excluding interests) will be reduced to € 41,517 (€ 40,000 excluding interests). The cash advances of the RCA 7655 FOOD accounted for a total amount of € 731,724 are expected to be reduced to € 329,414. The final amount is subject to final approval of the Walloon Region of the expenses and related invoices accepted to be expected shortly after the PRJ. The reimbursements of 2019 and 2020 will be due and are expected to be € 26,415.

The Company is in the process to transfer all property rights and results relating to the findings of both research projects to the Walloon Region.

Note 30. Earnings per share

The Company has warrants 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.

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------------------|-------------------|
| Loss for the year attributable to the owners of the Company (in 000's €) | (1,362) | (15,656) |
| Weighted average number of shares for basic and diluted loss per share | 21,892,592 | 20,350,447 |
| Loss per share basic and diluted (in € per share) | (0.06) | (0.77) |

Note 31. Auditors' fees

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

In 2020, the total amount of the remuneration paid to the statutory auditors was € 25,000 for the review of the accounts.

Statutory Auditor's Report



ASIT BIOTECH SA

JOINT STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ASIT BIOTECH SA ON THE EU-IFRS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

In the context of the statutory audit of the EU-IFRS financial statements of Asit Biotech (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 6 consecutive years as far as Mazars Réviseurs d'Entreprises is concerned and for 16 consecutive years as far as RSM Réviseurs d'Entreprises is concerned.

REPORT ON THE EU-IFRS FINANCIAL STATEMENTS

Unqualified opinion

We have audited the EU-IFRS financial statements, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 show a statement of financial position total of K€ 5.138 and for which income statement and other comprehensive income shows a loss for the year of K€ 1.362.

In our opinion, the EU-IFRS financial statements give a true and fair view of the equity and financial position as at 31 December 2020, as well as of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the '*Joint statutory auditor's responsibilities for the audit of the EU-IFRS financial statements*' section in this report. We have complied

with all the ethical requirements that are relevant to the audit of EU-IFRS financial statements in Belgium, including those concerning independence.

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

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

Material uncertainty related to going concern

We draw your attention to the note 6.1 in the financial statements, which indicates that one creditor has appealed the homologation decision of the restructuring plan rendered by the Court in February 2021 and that the binding contribution agreement with DMS Group signed on April 16, 2021 whereby DMS Group will contribute its Imaging business unit to ASIT biotech in return for new ASIT biotech shares, is subject to a number of conditions precedent including the final homologation of the restructuring plan. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. Apart from the material uncertainty as described in the "Material uncertainty related to going concern" section of our report, we have not determined any other key audit matter to be communicated in our opinion.

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

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the Company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the Company's business has been conducted or will be conducted. Our responsibilities regarding the application by the Board of Directors of the going concern basis of accounting are described below.

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

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

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

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, 30 April 2021

MAZARS REVISEURS D'ENTREPRISES SCRL
Statutory auditor
Represented by

RSM REVISEURS D'ENTREPRISES SCRL
Statutory auditor
Represented by

Digitaal ondertekend
door DOYEN XAVIER
MARIE
Datum: 30/04/2021
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naam van Luis Laperal
(l.laperal@rsmbelgium.be)
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wachtwoord: 995993

Xavier DOYEN

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 10, 2021 and that will be filed with the Belgian National Bank and does not include all information as required by Articles 3.10 and 3.12 of the BCC.

ASIT biotech balance sheet BGAAP (in 000's €)

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Intangibles assets | 0 | 0 |
| Property plant & equipment | 130 | 478 |
| Other LT receivables | 16 | 16 |
| Non-current assets | 146 | 494 |
| Receivable | 291 | 394 |
| Cash & cash equivalents | 2,851 | 3,649 |
| Deferred charges / Accrued income | 1,908 | 2,431 |
| Current assets | 5,050 | 6,474 |
| TOTAL ASSETS | 5,196 | 6,968 |
| EQUITY AND LIABILITIES | | |
| Capital | 17,076 | 17,076 |
| Share premium | 38,630 | 38,630 |
| Other reserves | (61,258) | (59,996) |
| Capital Subsidy | 0 | 23 |
| Capital & Reserves | (5,552) | (4,267) |
| Provision for risks and charges | 132 | 132 |
| Provisions and deferred taxes | 132 | 132 |
| Other debt | 390 | 388 |
| Financial debt | 5,242 | 5,091 |
| Trade payables | 4,252 | 4,829 |
| Social and taxes related liabilities | 0 | 63 |
| Other current liabilities | 732 | 732 |
| Accrued charges | | |
| Liabilities | 10,616 | 11,103 |
| TOTAL EQUITY AND LIABILITIES | 5,196 | 6,968 |

| ASIT biotech income statement BGAAP (in 000's €) | 31/12/2020 | 31/12/2019 |
|---|-------------------|-------------------|
| Revenues | 0 | 0 |
| R&D capitalize expenses (own production) | 0 | 1,090 |
| Other operating income | 26 | 804 |
| Operating Income | 26 | 1,894 |
| Cost of sales | 0 | 0 |
| Sundry expenses (G&A and R&D) | (874) | (2,912) |
| Payroll expenses | (124) | (1,525) |
| Depreciation charges | (120) | (15,559) |
| Provisions for risks and charges | 0 | (132) |
| Other operating charges | (1) | (11) |
| Operating Expenses | (1,119) | (20,140) |
| Financial income | 97 | 643 |
| Financial charges | (181) | (67) |
| Result before taxes & exceptional | (1,177) | (17,670) |
| Exceptional Income (+) / Charges (-) | (85) | 1 |
| Taxes | 0 | 0 |
| Net Result for the period | (1,262) | (17,669) |

An unmodified opinion with a separate section "material uncertainty related to going concern" has been issued by the statutory auditors on April 30, 2021 about the statutory financial statements dated December 31, 2020.

Accounting Policies (Belgian GAAP)

The valuation rules have been prepared in accordance with the provisions of Chapter II of the Belgian Royal Decree of April 29, 2019 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.

OTHER

Definitions

| | |
|-------------------------------------|---|
| Annual Report | The 2020 annual report approved by the board of directors of the Company on April 29, 2021 |
| 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 |
| Financial Statements | the audited EU - IFRS financial information of the Company as of and for the years ended 31 December 2020 and 2019 |
| Medicinal Products Directive | Directive 2001/83/EC on the Community code relating to medicinal products for human use |
| PRJ | Procedure of Judicial Reorganization. ASIT biotech has obtained the benefit of the judicial reorganization by collective agreement in execution of the judgment delivered on February 11, 2020 by the Commercial Court of Liège ¹ 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 11th June 2020. According to the Law, ASIT biotech has established a plan of judicial reorganization explaining its proposal regarding the conditions under which the Company's creditors will be repaid. This plan was deposited in |

| | |
|-------------------------------|--|
| | the central solvency register at January 11, 2021 and was submitted to the approval of the Company's creditors at February 3, 2021. |
| PRJ-debt | The debt that falls under the PRJ for a total amount of 9.946.515 EURO |
| 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 |
| 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 négociation sur un marché réglementé et portant dispositions diverses/Wet op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten tot de verhandeling op een gereguleerde 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

| | |
|------------------|--|
| 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 |
| EUR | Euro, also shown as € |
| FSMA | Belgian Financial Services and Markets Authority |
| 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 |
| IP | Intellectual property |
| PCT | Patent Corporation Treaty |
| pnt-ASIT+ | the ASIT+ product candidate developed by the Company for the treatment of peanut allergy by subcutaneous injections |
| R&D | Research and development |
| US | United States of America |
| USD | United States Dollar, also shown as \$ |

Financial calendar

Release of Annual Results 2020

April 30, 2021

Publication of Annual Report 2020

April 30, 2021

Shareholder's Meetings

June 10, 2021

Release of Half Year Results 2021

September 17, 2021

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 2020)

Industry: HealthCare

Sector: Pharmaceuticals & Biotechnology

Subsector: Biotechnology

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