

Allergy immunotherapy as simple ASIT can be...



INTERIM FINANCIAL REPORT

AS OF JUNE 30, 2020

TABLE OF CONTENT

- I. INTERIM MANAGEMENT REPORT 4**
 - 1. CORPORATE INFORMATION 4
 - 2. BUSINESS UPDATE..... 4
 - 3. FINANCIAL UPDATE 5
 - 4. PRINCIPAL RISKS AND UNCERTAINTIES..... 6
 - 5. OUTLOOK FOR THE SECOND HALF OF 2020..... 6
- II. INTERIM CONDENSED IFRS FINANCIAL STATEMENTS FOR THE PERIOD ENDING JUNE 30, 2020 8**
 - 1. MAIN FIGURES..... 8
 - 2. GENERAL INFORMATION 13
 - 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 13
 - a. *Basis of preparation*..... 13
 - b. *Significant accounting policies* 14
 - c. *Significant estimates*..... 14
 - 4. OPERATING SEGMENT INFORMATION 16
 - 5. FAIR VALUE..... 16
 - 6. GOING CONCERN 17
 - 7. R&D AND GENERAL & ADMINISTRATIVE EXPENSES..... 18
 - 8. RELATED PARTY TRANSACTIONS..... 18
 - 9. EVENTS AFTER JUNE 30, 2020 19
- III. RESPONSIBILITY STATEMENT 21**
 - 1. RESPONSIBILITY STATEMENT 21
- IV. REPORT OF THE STATUTORY AUDITORS ON THE LIMITED REVIEW OF THE IFRS CONDENSED FINANCIAL STATEMENT 23**



ASIT biotech SA

*A limited liability company (société anonyme) incorporated under Belgian law,
with its registered office at 7, rue des Chasseurs Ardennais – 4031 Angleur (enterprise number BE
0460.798.795)*

INTERIM FINANCIAL REPORT AS OF JUNE 30, 2020

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

ASIT biotech SA (hereinafter “**ASIT biotech**” or the “**Company**”) has prepared its interim financial report in French and in English. In case of discrepancies between both versions, the English version shall prevail

I. INTERIM MANAGEMENT REPORT

I. Interim management report

1. CORPORATE INFORMATION

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

ASIT biotech is a limited liability company with registered office located at 4031 Angleur (Liège), 7 rue des Chasseurs Ardennais since May 2019.

2. BUSINESS UPDATE

End 2019 the Company's second Phase III trial in grass pollen allergy with gp-ASIT+™, its first-generation product candidate, did not meet the primary endpoint. As a consequence, the Company sought protection against its creditors (procedure of judicial reorganization or "PRJ") and the Board has asked to significantly reduce the organization and to work on the valuation of the Company's assets. Further analysis allowed to identify a number of routes to improve the efficacy of the product candidate by changing the dose and/or regimen of injections but more in depth by exploring formulations including a specific carrier and/or an adjuvant in addition to the mixture of peptides as well as a better characterization of the retained peptides ("the Findings").

ASIT obtained the benefit of the judicial reorganization by collective agreement on February 11, 2020 for 4 months as well as an extension on June 9, 2020 for an additional 4 months until October 11.

At the EGM of May 26, 2020, more than 95% of the shareholders present or represented at the meeting voted in favour to continue the activities of the Company.

The Company has signed a non-binding term sheet with a partner to create a new group in the allergy field as communicated in a press release dated September 20, 2020.

3. FINANCIAL UPDATE

The Company has a cash position of € 2.9 million and € 11,1 million outstanding liabilities at 30/06/2020 as highlighted in the financial statements.

Interim condensed Statement of financial position under IFRS

Assets

Total assets as at 30 June 2020 amounted to € 5,6 million to be compared with total assets of € 6,8 million as at 31 December 2019. The decrease is mainly explained by use of cash during the first half of 2020 to support the operating expenses of the Company.

The cash position at 30/06/2020 was € 2.9 million compared to € 3.6 million as at 31 December 2019.

The non-current assets of the Company primarily include Property, plant and equipment for € 0.5 million (mainly laboratory equipment) and Other long-term receivables for € 1.8 million (mainly the tax-credit relating to the R&D activities for the years 2016 through 2020).

The other current assets, besides cash and cash equivalents, mainly include Other receivables for € 0.4 million (VAT to be recovered and the tax-credit relating to the R&D activities for the year 2015).

Equity and liabilities

Shareholders' equity amounted to € - 5,5 million as at 30 June 2020 whereas as at 31 December 2019 it represented € - 4,2 million. The decrease is due by the loss of the six-month period amounting to € 1,3 million.

As of 30 June 2020, the Company's share capital of € 17,076,221.76 was represented by 21,892,592 shares and the par value (*pair comptable*) is 0.78 €.

As for the liabilities, the Company accounted € 5,0 million of Convertible notes, € 4,8 million of Trade payables (including invoices to be received for € 0.8 million), € 0.7 million of Other Payables, € 0.3 million Financial debt and a provision of € 0.1 million.

Interim condensed Statement of Comprehensive Income under IFRS

The Loss for the period was € 1.3 million at 30/06/2020 compared to € 7.8 million at 30/06/2019. After the below threshold efficacy results of the second Phase III study, the Company has limited its activities to a strict minimum and reduced its expenses significantly during the first half of the year 2020.

Interim condensed Statement of Cash Flows under IFRS

Cash used in operating activities amounted to € 0.8 million during the first half of 2020 compared to € 7.9 million during the first half of 2019, mainly due to reductions of the R&D and G&A expenses (see previously).

No investment and additional financing took place during the first half of 2020.

4. PRINCIPAL RISKS AND UNCERTAINTIES

For a detailed description of the risks associated to the activities of the Company, we refer to the annual report 2019 available on the Company's website.

5. OUTLOOK FOR THE SECOND HALF OF 2020

The Company has important milestones to materialize in the second half of 2020:

- To obtain a second extension of its PRJ
- To obtain the approval of its creditors on a plan for reimbursement of its deferred debt;
- To close the transaction with the partner to be in a position to develop a new generation of allergy products based on the Findings;
- To refinance the combination based on the new equity story;

**II. INTERIM CONDENSED IFRS
FINANCIAL STATEMENTS FOR THE
PERIOD ENDING JUNE 30, 2020**

II. Interim condensed IFRS financial statements for the period ending June 30, 2020

1. MAIN FIGURES

Interim Condensed Statement of financial position for the period ending on June 30, 2020

EUR '000'

	<u>30/06/2020</u>	<u>31/12/2019</u>
ASSETS		
Non-current assets		
Property, plant and equipment.....	489	611
Right to use an asset.....	39	69
Other long term receivables.....	1,820	2,030
	<u>2,349</u>	<u>2,710</u>
Current assets		
Trade receivables	-	28
Other receivables	385	366
Other current assets.....	18	53
Cash and cash equivalents.....	2,860	3,649
	<u>3,263</u>	<u>4,096</u>
Total assets	<u>5,612</u>	<u>6,806</u>

	<u>30/06/2020</u>	<u>31/12/2019</u>
EQUITY AND LIABILITIES		
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	194	386
Convertible notes - specific reserve.....	666	666
Convertible notes – equity component.....	317	317
Accumulated deficit	<u>(60,006)</u>	<u>(58,887)</u>
Total equity attributable to shareholders	<u>(5,487)</u>	<u>(4,176)</u>
LIABILITIES		
Non-current liabilities		
Provision	132	132
Financial debt	308	297
Leasing debt.....	-	10
	<u>440</u>	<u>439</u>
Current liabilities		
Financial debt	40	40
Convertible notes.....	5,048	4,816
Leasing debt.....	46	63
Trade payables	4,827	4,829
Other payables	697	795
	<u>10,658</u>	<u>10,543</u>
Total liabilities	<u>11,099</u>	<u>10,982</u>
Total equity and liabilities	<u>5,612</u>	<u>6,806</u>

Interim condensed Statement of Comprehensive Income for the six-month period ending on June 30, 2020

EUR '000'

	30/06/2020	30/06/2019
Revenue.....	-	-
Other operating income / (expense)	16	859
Cost of goods sold.....	-	-
Research and development expenses.....	(413)	(6,885)
General and administrative expenses.....	(711)	(1,783)
Operating loss for the period	(1,108)	(7,809)
Financial income	75	8
Financial expense	(288)	(23)
Loss for the period before taxes	(1,321)	(7,824)
Taxes	3	-
Loss for the period	(1,318)	(7,824)
Other comprehensive income.....	-	-
Comprehensive loss for the period	(1,318)	(7,824)
Loss for the year		
Attributable to shareholders	(1,318)	(7,824)
Earnings per share		
(in EUR per share)		
- basic and diluted	(0,06)	(0,40)

Interim Condensed Statement of changes in equity on June 30, 2020

EUR '000'

	Share capital	Share premium	Share-based payment reserve	Cost of capital increase	Convertible notes reserve	Convertible notes Equity component	Accumulated deficit	Total equity attributable to the owners of the Company
As at January 1, 2019	14,350	37,034	344	(2,317)	290		(43,233)	6,468
Conversion of notes	1,626	1,036		(48)	232			2,846
Loss of the period							(7,824)	(7,824)
Share-based payment			85					85
As at June 30, 2019	15,976	38,070	429	(2,365)	522		(51,057)	1,575
As at January 1, 2020	17,076	38,630	386	(2,365)	666	317	(58,887)	(4,176)
Loss of the year							(1,318)	(1,318)
Share-based payment			(192)				199	7
As at June 30, 2020	17,076	38,630	194	(2,365)	666	317	(60,006)	(5,487)

Interim Condensed Statement of cash flows for the six-month period ending on June 30, 2020

EUR '000'

	<u>30/06/2020</u>	<u>30/06/2019</u>
Loss of the period	(1,318)	(7,824)
Adjustments		
Tax credit on R&D activities	(12)	(272)
Other income - Grant recognised in accordance with IAS 20.....		(460)
Depreciation on property, plant and equipment & Amortization Right to use an asset.....	148	167
Provisions for risks & charges		132
Loss / (Gain) on disposal of property, plant and equipment	(4)	-
Share-based payments expense.....	7	85
Financial (income) / expense (excl. translation differences)	250	15
Changes in working capital		
Trade receivables, other receivables and other current assets.....	267	(32)
Other non-current liabilities, trade payables and other payables.....	(102)	339
Cash flow from operating activities	(764)	(7,851)
Investing activities		
Purchase of property, plant and equipment		(86)
Proceeds from disposal of property, plant and equipment.....	6	
Revenue from current assets.....		4
(Increase) /Decrease of long-term receivables.....		1
Cash flow from investing activities	6	(81)
Financing activities		
Capital increase.....		
Costs of capital increase.....		(48)
Proceeds from issuance of convertible bonds (net of transaction costs)		2,030
Reimbursement of recoverable cash advances.....		(25)
Reimbursement of leasing debt	(29)	(21)
Interests received		4
Interests paid	(2)	(1)
Cash flow from financing activities	(31)	1,939
Net increase / (decrease) in cash and cash equivalents	(789)	(5,993)
Cash and cash equivalents at the beginning of the period	3,649	8,458
Cash and cash equivalents at the end of the period	2,860	2,465

2. GENERAL INFORMATION

The Company is a biopharmaceutical company focused on the development and future commercialisation of a range of immunotherapy products for the treatment of allergies. The lead product candidate gp-ASIT[™] is currently in Phase III and is designed for the treatment of grass pollen allergy.

Beside this lead investigational product, the Company's product pipeline includes two other products, hdm-ASIT[™], intended for treatment of house dust mite allergy and Pnt-ASIT[™], intended for treatment of peanut allergy.

These product candidates are being developed using the Company's innovative technology, ASIT[™], allowing the production, the characterisation and the quality control of truly new active ingredients. These new active ingredients are highly purified natural allergen fragments allowing faster injection regimen with higher doses resulting in short course treatment improving patient compliance and clinical efficacy.

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 bonds. In addition, several grants and recoverable cash advances have been awarded to the Company to support its R&D activities.

The condensed financial statements, together with the interim report, have been authorized for issue on September 28, 2020 by the Board of Directors of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All important accounting policies used for preparing the interim condensed consolidated financials are detailed hereafter.

a. Basis of preparation

The interim condensed financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union, and with IAS 34 "Interim Reporting".

These financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have also been prepared in accordance with IFRS.

The preparation of the Company's financial statements required management to make judgments, estimates and assumptions that affected the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. However, the principal risks relating to the interim reporting period have not materially changed from those mentioned in the 2019 Financial Statements and detailed in the 2019 annual report.

b. Significant accounting policies

The accounting policies and methods used by the Company in 2020 are consistent with those applied in the 31 December 2019 Financial Statements.

c. Significant estimates

Recoverable cash advances and government grants

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

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

During the research phase, the Walloon Region supports part of the costs incurred by the Company for a specific development program (up to 55% of an agreed budget). At the start of the program, the Walloon Region, makes a first down-payment of 30% of the agreed budget (the so-called "avance fonds de roulement"). During the Research Phase; which typically lasts two years, the Walloon Region pays additional amounts to the Company, as the program is realized by the Company. The additional payments are made on basis of costs statements submitted by the Company and accepted by the Walloon Region.

At the end of the research phase, there is a decision phase of six months, allowing the Company to decide whether or not it will exploit the results of the research phase.

If the Company decides not to exploit the results of the research phase, it has to notify the Region and transfer to the Region the rights associated with the research phase. Accordingly, the advances received are not to be reimbursed at all.

If the Company, decides to exploit the results of the research phase, it will enter into the exploitation phase. Such decision triggers the following obligations towards the regional government:

30% of the total cash advance received has to be reimbursed unconditionally in accordance with a reimbursement plan (typically covering a period of ten years);

The Company has to pay to the regional government royalties based on the sales that will be generated by the products that have benefited from the cash advance (and this for a period of up to ten years);

The maximum amount the Company may have to pay in accordance with this mechanism is capped to twice the total amount of the cash advance received.

A recoverable advance is thus in substance a financial liability of the Company towards the Walloon Region. The determination of the amount of the financial liability is subject to a high degree of subjectivity and requires the Company to make estimates of the future sales it will derive in the

future from the products that benefited from the support of the Walloon Region. Based on these estimates, it may be concluded that the amount of the cash advance that the Company will receive from the Walloon Region exceeds the amount of the financial liability estimated by the Company. In such a situation, the difference is considered as a government grant.

Convertible notes – issued in 2018

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

It has been considered that all committed notes under the plan will be issued meaning that during the life of the plan the stock price of the Company will not be lower than €1.1368;

It has been determined that the Company will not make use of the possibility to redeem the notes in cash instead than issuing new shares;

It has been estimated that no time-value has to be considered in determining the fair value of the conversion features as the estimated average life time of the notes is no longer than twelve-months;

It has been determined adequate to recognize the total fair value of the conversion feature immediately; thus inducing a "Day 1 loss" as the conversion feature of the convertible notes plan allows the note holder to exercise its right to subscribe to notes and to convert them into shares at any moment, but not later than twelve months after issuance of the notes. Finally, the transaction costs supported by the Company when setting up this plan, being € 481,480 have been expensed immediately.

When preparing the 2019 financial statements of the Company, management reviewed the key assumptions relating to this plan. As the efficacy results of the second phase III study did not meet the primary endpoint, as announced end of November 2019, the stock price of the Company dropped significantly below € 1,1368. As a result it is assumed that the remaining notes will not be issued anymore and the fair value of the conversion feature at balance sheet date had no value anymore. These assumptions are still valid as at June 30, 2020.

Convertible notes – issued in 2019

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

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

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

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

As at June 30, 2020, the equity component remains unchanged whereas the liability component is re-measured by applying the effective interest rate method, which resulted in the accounting of an interest expense of 232,613 € for the six-months period ending June 30, 2020.

4. OPERATING SEGMENT INFORMATION

The Company does not make the distinction between different operating segments.

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 current liabilities approximates their fair value due to the short-term character of these instruments.

The fair value of non-current liabilities (financial debt and other non-current liabilities) 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.

Fair value hierarchy

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

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

(in EUR 000)

	Carrying amount		Fair value	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Financial Assets				
Other long-term receivables	1,820	2,030	1,820	2,030
Trade and other receivables	385	394	385	394
Other current assets	18	53	18	53
Cash and cash equivalents	2,860	3,649	2,860	3,649

(in EUR 000)

	Carrying amount		Fair value	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Financial liabilities				
Recoverable cash advance	348	337	348	337
Convertible notes	5,048	4,816	5,048	4,816
Leasing debt	46	73	46	73
Provision	132	132	132	132
Trade and other payables	5,524	5,624	5,524	5,624

6. GOING CONCERN

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

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

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

As mentioned above, the Company has filed a request for judicial reorganization on December 19, 2019 that was granted on February 11, 2020 and a first extension was granted on June 9, 2020. As a result the Company has obtained a suspension of payment of its debt until October 11, 2020. A second extension is requested on Sept 15, 2020. The total current financial and commercial debt amounts to € 11.10 million. The suspension of payment could be extended to 12 months and to a maximum of 18 months under exceptional circumstances.

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

Even though the Company is currently not able to satisfy all liabilities and working capital needs, the board of directors is of the opinion that the continuity of the Company is an appropriate assumption. Indeed, the Company has on the one side obtained the protection of the judicial reorganization and the support of its shareholders to continue its activities (EGM of May 26, 2020) and is on the other side actively working in finding a partner as well as additional long-term financing. The board of directors believes that a plan of judicial reorganization proposing the conditions under which the Company's creditors will be repaid will be presented in due course and that such partnering and funding activities do have a reasonable chance of success.

7. R&D AND GENERAL & ADMINISTRATIVE EXPENSES

The following table provides a breakdown of R&D and of G&A expenses by nature:

EUR '000'

	30/06/2020	30/06/2019
Payroll	122	1,297
Share-Based Payment	(41)	69
Studies	132	4,712
Laboratory	13	226
Licenses	28	82
Rent	11	106
Facilities	19	71
External services	-	82
ICT	5	26
Depreciation & amortization	108	132
Other	15	82
Total Research & Development Expenses	(413)	(6,885)
Payroll	320	669
Share-Based Payment	48	15
Rent	15	36
Facilities	76	58
External services	149	737
ICT	7	9
Depreciation & amortization	41	34
Provision for risks & charges	-	132
Other	55	91
Total General & Administrative Expenses	(711)	(1,783)

The Company has significantly reduced its expenses. Most of the staff and self-employed persons were laid off shortly after the below efficacy threshold results of the Phase III, respecting the legal notice period. Today only the CEO and CFO are still working for the company. The study expenses are related to the closure of the study as executed by the CRO ICON. The external services in the first half of 2020 are mainly limited to legal and financial services.

8. RELATED PARTY TRANSACTIONS

The Company has not entered into transactions with its principal shareholders.

The Company has entered into the following service agreements with companies related to the directors:

- A service agreement executed with SFH SPRL, a company linked to Frank Hazevoets, relating to services of Chief Financial Officer of the Company since April 2019: the consideration for these services is a daily fee of € 1,150;
- A service agreement executed with Cagam Innovative Healthcare Consulting SPRL, a company linked to Michel Bajot, relating to services of Chief Executive Officer of the Company since 1st January 2019: the consideration for these services is an annually fee of € 300,000;

Other than the transaction listed in this section of the interim report, 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.

9. EVENTS AFTER JUNE 30, 2020

The Company has filed on Sept 15 the request for a second extension of the PRJ for an additional period of two months until December 11, 2020.

The Company has closed its GMP facility and was able to sell most of its equipment in the facility for a total amount of € 102 thousand.

III. RESPONSIBILITY STATEMENT

III. Responsibility statement

1. RESPONSIBILITY STATEMENT

The Board of Directors of ASIT biotech, represented by all its members, declares that, to the best of its knowledge:

- the condensed financial statements for the six-months period ended June 30, 2020, which have been prepared in accordance with IAS 34 "Interim Financial reporting" as adopted by the European Union, give a true and fair view of the assets, the financial position and the results of ASIT biotech;
- the interim management report contains a fair description of the important events and main transactions between related parties, which occurred during the first 6 months of the financial period and on their incidence on the condensed financial statements, as well as a description of the main risks and uncertainties for the remaining months of the financial period.

**IV. REPORT OF THE STATUTORY
AUDITORS ON THE REVIEW OF THE IFRS
CONDENSED FINANCIAL STATEMENT**

IV. Report of the statutory auditors on the review of the IFRS condensed financial statement



Company number: BE 0460.798.795

STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION OF ASIT BIOTECH SA FOR THE PERIOD ENDED 30 JUNE 2020

Introduction

We have reviewed the *condensed interim financial information* of ASIT BIOTECH SA as of June 30, 2020, and for the period of six months ended on that date, which comprises the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of financial position, the condensed interim statement of cash flows, the condensed interim statement of changes in equity, the accounting policies, and a selection of explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the international standard IAS 34 - *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Disclaimer of conclusion

Because of the significance of the matter described in the "Basis for disclaimer of conclusion" section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion. Therefore, we do not express a conclusion on the condensed interim financial statements.

Basis for Disclaimer of Conclusion

As indicated in note 6, the board of directors decided to maintain the accounting rules for going concern in the context of the judicial reorganization procedure granted by judgement of 11 February 2020 of the Commercial Court of Liège, the aim of this procedure being to preserve the going concern of the Company's activities.

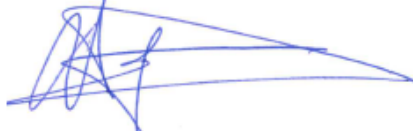
The Court had set the original expiry date of the moratorium at 11 June 2020 and the date of the creditors' vote at 26 May 2020. A first extension was granted on 9 June 2020. As a result, the Company has obtained a suspension of payment of its debt until 11 October 2020. At the date of this report, the steps taken by the board of directors to draw up the reorganization plan could not be finalized and a new request for extension was filed on 15 September 2020.

Company number : BE 0403.216.429

As a result, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on the adequacy of the going concern accounting principle. The value of the Company's assets and liabilities as at June 30, 2020 is therefore affected by fundamental uncertainties, the impact of which we are unable, at the date of this report, to quantify on the Company's assets, financial position and results.

Brussels, September 29, 2020

Mazars Réviseurs d'Entreprises SCRL
Statutory Auditor
Represented by



Xavier DOYEN

RSM Réviseurs d'Entreprises SCRL
Statutory Auditor
Represented by



Luis LAPERAL