

**ASIT BIOTECH**

with share capital publicly traded or having been publicly traded  
avenue Ariane 5  
1200 Woluwe-Saint-Lambert  
RPM (Brussels): 460.798.795  
(the **Company**)

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**SPECIAL REPORT OF THE BOARD OF DIRECTORS MADE PURSUANT TO ARTICLES 596 AND 598 OF  
THE COMPANIES CODE**

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1 November 2017

The present special report was drawn up by the board of directors of the Company (the **Board of Directors**) for the attention of the general meeting pursuant to Articles 596 and 598 of the Companies Code.

The present special report regards the proposition of the Board of Directors to withdraw, in the interest of the Company, the preferential rights of the existing shareholders of the Company relating to the contemplated capital increase, through the issuance of maximum 3.000.000 new shares for a private placement reserved for certain shareholders and third party investors, together with the issuance of maximum 6.000.000 subscription rights (the **Warrants**) which will be allotted at no cost to the subscribers to the capital increase. The final amount of capital increase will depend on the total number of shares that will be actually subscribed.

Pursuant to Articles 596 and 598 of the Companies Code, the Board of Directors outlines and clarifies in the present report the proposal to withdraw the preferential right of the existing shareholders relating to the above-mentioned capital increase and more specifically, the issuance price for the new shares and the Warrants as well as the financial consequences of the operation for the shareholders (including on their profit- and capital-sharing of the Company).

The present report must be read in conjunction with the report made by the Board of Directors pursuant to Article 583 of the Companies Code with the aim at defining the terms and conditions of the Warrants as well as with the report made by the College of Auditors on the withdrawal of preferential rights for the existing shareholders.

These reports will be presented to the shareholders of the Company on the occasion of an extraordinary general meeting to be held on 7 December 2017 (should the quorum requirement not be fulfilled then, a second meeting will be held on 27 December 2017) before any of the associate public notaries of Berquin office (the **Issuance Date**).

## 1. Structure de l'opération

With a view to ensuring the financing of the business of the Company, the Board of Directors suggests to increase the share capital of the Company by means of contributions in cash for a maximum amount corresponding to the issuance of 3.000.000 new shares. The amounts subscribed will allow for the financing of the contemplated business, namely the development of products relating to indications in house dust mites and food allergies (including groundnut allergies), next to the preparation of the phase III study of gpASIT<sup>TM</sup>. More detail on the current and contemplated activities are included in the semi-annual report available on the website of the Company [www.asibiotech.com](http://www.asibiotech.com).

The issuance price for each new share will correspond to the average closing share price over the last 30 calendar days before the Issuance Date (the date on which the general meeting of shareholders will approve the issuance of shares). It will be allocated to the share capital account up to the amount of the accountable par, *i.e.* 0.78 EUR, and the outstanding amount will be allocated to the share premium account.

Each subscribed to a new share will be granted, at no cost, two Warrants, numbered 1 and 2. As described in the special report of the Board of Directors made pursuant to Article 583 of the Companies Code, each Warrant will enable its holder to eventually subscribe to a new share.

The exercise price of each Warrant (namely the subscription price for each new share following the exercise of a Warrant) will be equal to the issuance price for each new share issued in the context of the above-mentioned capital increase. In other words, the exercise price of a Warrant will be equal to the average closing share price over the last 30 days before the Issuance Date.

Practically, the extraordinary general meeting will be asked to approved the issuance for maximum 3.000.000 new shares and 6.000.000 Warrants, and to grand a proxy to the Board of Directors in order to organise the subscription in accordance with the modalities determined by the extraordinary general meeting.

Following the issuance of new shares and Warrants, the Board of Directors will be granted a proxy in order to organise the subscription with the main shareholders of the Company as well as certain third party investors to be identified. Each subscription will be made for a minimum amount of 100.000 EUR per subscription. These placement operations will take place within 4 weeks at most as from the issuance of the shares and Warrants. The Board of Directors may however close the subscription and note the capital increase and allotment of Warrants before the end of this period. The Board of Directors may also extend or shorten the subscription period and/or terminate it prematurely, at its own discretion.

Should all of the shares not be subscribed, the capital increase may nonetheless be carried out up to all or part of the subscriptions that will be received, provided that the Board of Directors decides so. For the avoidance of doubt, the Board of Directors may also decide not to carry out the contemplated capital increase.

## **2. Issuance price**

The issuance price for each new share ( including the shares subscribed following the exercise of Warrants) will correspond to the average closing share price over the last 30 calendar days before the Issuance Date (the date on which the general meeting of shareholders will approve the issuance of shares).

No discount in regards to the price on the Issuance Date will thus be provided for in the contemplated operation.

The issuance price cannot be less than the accountable par of the existing shares (0,78 EUR).

In the event where the issuance price of the new shares to be issued (as decided in accordance with the above) exceeds the accountable par of the existing shares of the Company, part of the issuance price, equivalent to the accountable par, will be accounted for as share capital and the outstanding amount will be accounted for as share premium. The share premium, if any, will serve as a guarantee vis-à-vis the third parties in the same way as the share capital and it will be allocated to a non-distributable account that can only be reduced or withdrawn by a decision from the general meeting under the same quorum and majority conditions as for a capital decrease, without prejudice to the ability for the Board of Directors to incorporate the said account into the capital on the basis of the authorised capital.

## **3. Rights attached to the new shares**

The whole of the new shares to be issued (including the shares issued following the exercise of Warrants) will be nominative shares, which can be converted into dematerialised shares upon request by the holder. They benefit from the same rights and advantages as for the existing shares.

Following their issuance, the Company will request the admission to trading on Euronext Brussels and Euronext Paris for the newly issued shares, in accordance with all applicable provisions.

## **4. Withdrawal of preferential right**

The Board of Directors proposes to proceed with the contemplated capital increase and the issuance of Warrants by withdrawing the preferential right of the existing shareholders.

The Board of Directors proposes to offer the new shares as well as the Warrants to certain existing shareholders, including certain reference shareholders to be determined as well as to certain qualified investors to be selected by the Board of Directors and contacted by the latter.

On this day, the Board of Directors envisages *inter alia* to propose the new shares to the identified shareholders holding over 1% of the share capital. To date, the Board of Directors is not aware of any firm commitment to subscribe to the contemplated operation. The Board of Directors will however make sure that the subscription will not be proposed to more than 100 natural or legal persons, other than qualified investors.

The Board of Directors justifies the withdrawal of preferential right of the existing shareholders with (i) the necessity to resort to a flexible and quite fast procedure, (ii) the will to curb the costs and fees related to the public offer, (iii) the will to leave the management focused on the development of the research activities instead of investing themselves for weeks into roadshows and (iv) the will to avoid the realisation of an operation subscribed with a discount compared to the share price. This proposal is made after examination of various routes for financing with the assistance of experts in this field.

## **5. Financial consequences of the proposed issuance for the existing shareholders and impact on the situation of former shareholders, in particular as regards their profit- and capital-sharing – Planned dilution**

The following subsections provide an overview of certain financial consequences of the proposed issuance of shares and Warrants.

### *a. The current structure of the capital of the Company*

At the time of this present special report, the share capital of the Company amounts to 9.988.758 EUR, represented by 12.806.100 ordinary shares, each representing a 12.806.100<sup>th</sup> of the share capital of the Company. The amount of share capital is wholly and unconditionally subscribed and wholly paid.

In addition, 3.195 warrants issued by the Company are outstanding at the time of the present special report. These 3.195 warrants enable their holder to subscribe to a total of 319.500 new shares of the Company (each warrant allows for subscription to 100 new shares).

These warrants were issued by a decision of the general meeting of shareholders dated 15 October 2014, 5.300 warrants in total were then issued (giving the right to subscribe to a total of 530.000 new shares). These warrants were allotted in the context of 3 subsequent plans:

- On 15 October 2014, the Board of Directors decided to allot 2.400 warrants on the basis of a plan characterised as follows: (i) exercise price of 300 EUR per warrant, (ii) exercise period between 1 November 2014 and 30 October 2019, (iii) no vesting. At the time of the present report, 2.145 warrants allotted within this plan are still held by their beneficiaries and can still be exercised.
- On 10 March, 14 April and 19 May 2015, the Board of Directors decided to allot 1.700 warrants on the basis of a plan characterised as follows: (i) exercise price of 540 EUR per warrant, (ii) exercise period between 1 June 2017 and 30 April 2020, (iii) attendance requirement, (iv) no vesting. At the time of the present report, 285 warrants allotted within this plan are still held by their beneficiaries and can still be exercised.



- On 7 November 2016, the Board of Directors decided to allot 800 warrants on the basis of a plan characterised as follows: (i) exercise price of 577,5 EUR per warrant, (ii) exercise period between 1 January 2020 and 16 November 2022, (iii) attendance requirement, (iv) vesting of 33% *per annum* (exclusively for good leavers). At the time of the present report, 765 warrants allotted within this plan are still held by their beneficiaries and can still be exercised.

Besides, 1.000.000 warrants were issued by decision from the Board of Directors on 28 June 2017. These 1.000.000 warrants, allowing for eventual subscription to 1.000.000 new shares, were issued so that they could be allotted in the context of profit-sharing plans with the staff and management. None of these warrants have been allotted at the time of the present special report.

*b. Evolution of the share capital as a consequence of the issuance of new shares and Warrants and profit-sharing*

Each share of the Company annually represents an portion of the share capital of the Company and gives voting rights as per the portion of share capital that it represents. The issuance of new shares (including upon the exercise of Warrants) will lead to the dilution of former shareholders and voting rights relating to each share of the Company.

The dilution of voting rights also applies, *mutatis mutandis*, to the profit- and proceeds of liquidation-sharing ability of each share and other rights attached to the shares of the Company such as preferential rights in case of capital increase in cash by issuance of shares.

In case of allotment, acceptance and exercise of all new shares, the dilution of former shareholders amounts to 18,9% (by dividing the number of new shares to be issued by the number of existing shares combined with the new shares to be issued, and by multiplying the number by 100). This calculus disregards the warrants that have already been issued and the Warrants to be issued.

Taking into account the warrants that have already been issued by the Company, the dilution caused by the new shares (excluding the new Warrants to be issued) amounts to 17,5% (by dividing the number of shares to be issued by the number of existing shares, shares to be issued and shares to be issued following the exercise of all existing warrants, and by multiplying this number by 100). The share of the existing shareholders in the profits and share capital of the Company will be diluted under the same proportion.

Taking into account the warrants that have already been issued by the Company, the dilution caused by the new shares and by the new Warrants 1 in case of allotment, acceptance and exercise of all Warrants 1 before 30 June 2018 represents 29,8% (by dividing the number of shares to be issued and shares issued following the exercise of Warrants 1 by the number of existing shares and shares to be issued, including after the exercise of all existing warrants 1, and by multiplying this number by 100). The share of the existing shareholders in the profits and share capital of the Company will be diluted under the same proportion.

Taking into account the warrants that have already been issued by the Company, the dilution caused by the new shares and by the new Warrants 1 and 2 in case of allotment, acceptance and exercise of all Warrants 1 and 2 represents 38,9% (by dividing the number of shares to be issued and shares issued following the exercise of Warrants 1 and 2 by the number of existing shares and shares to be issued, including after the exercise of all existing warrants, and by multiplying this number by 100). The share of the existing shareholders in the profits and share capital of the Company will be diluted under the same proportion.

		<b>After exercise of all outstanding warrants (fully diluted)</b>
<b>Number of shares</b>	12.806.100	14.125.600
<b>Number of shares after issuance of new shares</b>	15.806.100	17.125.600
<b>% dilution</b>	18,9 %	17,5 %
<b>Number of shares after issuance of new shares and exercise of all Warrants 1</b>	18.806.100	20.125.600
<b>% dilution</b>	31,9 %	29,8 %
<b>Number of shares after issuance of new shares and exercise of all Warrants 1 and 2</b>	21.806.100	23.125.600
<b>% dilution</b>	41,3 %	38,9 %

*c. Impact on the situation of former shareholders as regards their capital-sharing*

On 30 June 2017, the capital of the Company amounted to EUR 6.314.000, *i.e.* EUR 0,44 per share.

The consequences of the issuance of all new shares and exercise of all Warrants on the share capital can be summed up as follows. This forecast is solely theoretical since at this stage the Board of Directors does not know the number of new shares to be subscribed (and the number of Warrants to be allotted), nor the subscription price, nor the number of Warrants that will be exercised.

<b>Simulation on the basis of a theoretical subscription price of 3,5 EUR per share (*)(**)</b>			
	<b>Share capital (EUR)</b>	<b>Number of shares (on a diluted basis)<sup>[1]</sup></b>	<b>Share capital per share (EUR)</b>
As of 30 June 2017	6.314.000 EUR	14.125.600	0,45 EUR
After subscription to the new shares	16.814.000 EUR	17.125.600	0,98 EUR
After exercise of all Warrants 1	27.314.000 EUR	20.125.600	1,36 EUR
After exercise of all Warrants 2	37.814.000 EUR	23.125.600	1,64 EUR

<b>Simulation on the basis of a theoretical subscription price of 3,5 EUR per share (*)(**)</b>			
	<b>Share capital (EUR)</b>	<b>Number of shares (on a diluted basis)<sup>[1]</sup></b>	<b>Share capital per share (EUR)</b>
Au 30 juin 2017	6.314.000 EUR	14.125.600	0,45 EUR
After subscription to the new shares	19.814.000 EUR	17.125.600	1,16 EUR
After exercise of all Warrants 1	33.314.000 EUR	20.125.600	1,66 EUR
After exercise of all Warrants 2	46.814.000 EUR	23.125.600	2,02 EUR

<b>Simulation on the basis of a theoretical subscription price of 5 EUR per share (*)(**)</b>			
	<b>Share capital (EUR)</b>	<b>Number of shares (on a diluted basis)<sup>[1]</sup></b>	<b>Share capital per share (EUR)</b>
As of 30 June 2017	6.314.000 EUR	14.125.600	0,45 EUR
After subscription to the new shares	21.314.000 EUR	17.125.600	1,24 EUR
After exercise of all Warrants 1	36.314.000 EUR	20.125.600	1,80 EUR
After exercise of all Warrants 2	51.314.000 EUR	23.125.600	2,22 EUR

(\*) This theoretical subscription price is used for the purpose of this forecast.

<sup>[1]</sup> For the number of shares on a diluted basis, we considered the exercise of all allotted warrants and not exercised/lapsed as per former warrants plans.

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(\*\*) As long as the Company is in its research phase and did not reach marketing development, the amount of capital as of 30 June 2017, used as a reference within the above simulations will deteriorate on the basis of IAS/IFRS standards,

The exercise price of Warrants can be brought above or below the share price on the exercise date. Should the exercise price be lower than the share price on the exercise date, the existing shareholders will suffer an immediate financial dilution because the Warrants holders will subscribe to new shares at a price below the price of the existing shares.

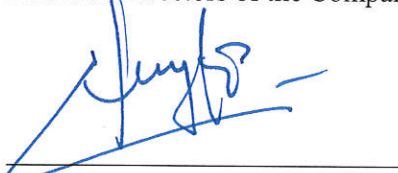
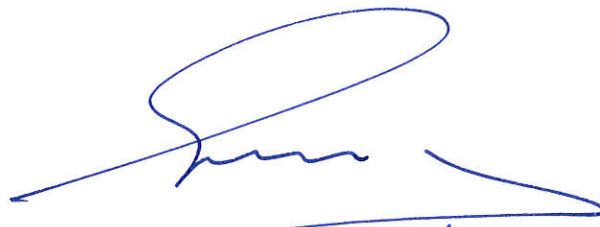
## 6. Conclusion

In the view of the above motives, the Board of Directors is of the opinion that the issuance of new shares and Warrants with withdrawal of preferential right of existing shareholders is in the interest of the Company.

Moreover, the Board of Directors requested from the auditors of the Company, Mazars Réviseurs d'Entreprises and RSM Réviseurs d'Entreprises, to make a control report, pursuant to Articles 596 and 598 of the Companies Code.

The present report will be filed with the clerk office of the Commercial Court of Brussels, pursuant to Article 75 of the Companies Code.

Brussels, 1 November 2017  
Board of Directors of the Company,

  
Thierry Legon  
CEO  
E. van der Stok  
CFO.