



## iSD Immunotech ApS

Ole Maaløes Vej 2  
2200 København N  
CVR No. 30738276

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 01.05.2020

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**Ingelise Saunders**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's extended review report	4
Management commentary	6
Income statement for 2019	7
Balance sheet at 31.12.2019	8
Statement of changes in equity for 2019	10
Notes	11
Accounting policies	13

# Entity details

## Entity

iSD Immunotech ApS

Ole Maaløes Vej 2

2200 København N

CVR No.: 30738276

Registered office: København

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Ingelise Saunders, Chairman

Lars Jørgen Østergaard

Alejandra Maria Cristina Bonifacini Mørk

## Executive Board

Tara Renée Heitner Hansen, CEO

Claus Hansen, Director

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of iSD Immunotech ApS for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 01.05.2020

## Executive Board

**Tara Renée Heitner Hansen**  
CEO

**Claus Hansen**  
Director

## Board of Directors

**Ingelise Saunders**  
Chairman

**Lars Jørgen Østergaard**

**Alejandra Maria Cristina Bonifacini Mørk**

# Independent auditor's extended review report

## To the shareholders of iSD Immunotech ApS

### Conclusion

We have performed an extended review of the financial statements of iSD Immunotech ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 01.05.2020

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Jens Lauridsen**

State Authorised Public Accountant  
Identification No (MNE) mne34323

# Management commentary

## Primary activities

The Company's activity is to identify, develop and commercialise immunosuppressive peptides and proteins as well as all activities deemed related thereto by the Board of Directors.

## Description of material changes in activities and finances

In 2019, focus has been directed towards further development of iSD017 and Proof-of-Concept activities in this relation. Based on these results, a management transformation has been initiated, both in relation to day-to-day management and to the future composition of the Board of Directors.

The Company's next step is to prepare and finish developing iSD-017 for clinical phase 1 trials. iSD017 is planned to be part of a new treatment method for the disease SLE/Lupus and possibly later other related rare diseases.

The financial year 2019 saw a loss of DKK 589k, and equity amounted to DKK (260)k at 31 December 2019.

The performance for the period was as expected. The Company is in an early development phase and has limited possible profit-making activities as mentioned in note 1.

## Outlook

The company has decided to raise further Seed capital to develop and finalize iSD-017 as the lead candidate. A number of activities has been planned for 2020 with the purpose to attract capital for that purpose, to be followed by a larger investment round in 2021. The company is able to bridge the first 6 months of 2020 by internal funding and loans. Based on our data package and development plan the company remains optimistic as for being successful raising the Seed-round.

## Research and development activities

The Company has decided to capitalise development costs as it is Management's opinion that the relating future amortization burden can be encompassed in future financial benefits.

## Events after the balance sheet date

The outbreak and spread of COVID-19 at the beginning of 2020 has not had a significant impact on operations.

No other events have occurred after the balance sheet date, which would influence the evaluation of this annual report.

# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>(388,787)</b>	<b>(286,646)</b>
Staff costs	2	(241,400)	0
<b>Operating profit/loss</b>		<b>(630,187)</b>	<b>(286,646)</b>
Other financial expenses		(94,915)	(10,818)
<b>Profit/loss before tax</b>		<b>(725,102)</b>	<b>(297,464)</b>
Tax on profit/loss for the year	3	136,078	0
<b>Profit/loss for the year</b>		<b>(589,024)</b>	<b>(297,464)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(589,024)	(297,464)
<b>Proposed distribution of profit and loss</b>		<b>(589,024)</b>	<b>(297,464)</b>



# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Development projects in progress	5	1,583,533	1,064,493
<b>Intangible assets</b>	4	<b>1,583,533</b>	<b>1,064,493</b>
<b>Fixed assets</b>		<b>1,583,533</b>	<b>1,064,493</b>
Other receivables		63,680	251,230
Income tax receivable		45,720	234,000
<b>Receivables</b>		<b>109,400</b>	<b>485,230</b>
<b>Cash</b>		<b>187,274</b>	<b>0</b>
<b>Current assets</b>		<b>296,674</b>	<b>485,230</b>
<b>Assets</b>		<b>1,880,207</b>	<b>1,549,723</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Contributed capital	6	142,222	142,222
Retained earnings		(402,060)	186,963
<b>Equity</b>		<b>(259,838)</b>	<b>329,185</b>
Deferred tax		0	234,000
<b>Provisions</b>		<b>0</b>	<b>234,000</b>
Subordinate loan capital		1,000,000	0
Convertible and dividend-yielding debt instruments		1,070,000	0
<b>Non-current liabilities other than provisions</b>	7	<b>2,070,000</b>	<b>0</b>
Bank loans		0	382,147
Trade payables		68,929	604,391
Other payables		1,116	0
<b>Current liabilities other than provisions</b>		<b>70,045</b>	<b>986,538</b>
<b>Liabilities other than provisions</b>		<b>2,140,045</b>	<b>986,538</b>
<b>Equity and liabilities</b>		<b>1,880,207</b>	<b>1,549,723</b>
Going concern	1		
Assets charged and collateral	8		

# Statement of changes in equity for 2019

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	142,222	186,964	329,186
Profit/loss for the year	0	(589,024)	(589,024)
<b>Equity end of year</b>	<b>142,222</b>	<b>(402,060)</b>	<b>(259,838)</b>

# Notes

## 1 Going concern

The Company is a early stage Biotech development company and should therefore not be compared with a traditional operating company. The Company plans to raise capital via a Seed round which is planned to close during Q2 2020.

The present majority shareholders have issued a statement that they will support the Company financially through loans to the extent it will become necessary in order to finance the Company's current operations. On this basis, the financial statements are presented on a going concern assumption.

## 2 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	240,467	0
Pension costs	933	0
	<b>241,400</b>	<b>0</b>
Average number of full-time employees	<b>0</b>	<b>0</b>

## 3 Tax on profit/loss for the year

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	(45,720)	(234,000)
Change in deferred tax	(234,000)	234,000
Adjustment concerning previous years	143,642	0
	<b>(136,078)</b>	<b>0</b>

## 4 Intangible assets

	<b>Development projects in progress</b>
	<b>DKK</b>
Cost beginning of year	1,064,493
Additions	519,040
<b>Cost end of year</b>	<b>1,583,533</b>
<b>Carrying amount end of year</b>	<b>1,583,533</b>

## 5 Development projects

The Company continued in 2019 with the development of its lead candidate, the peptide iSD-017.

The Company is building the strategy around two patent applications including:

- 1) Healthy human cells induced to high interferon SLE symptoms by blood serum from SLE patients were successfully interferon-suppressed by the peptide
- 2) Genetic SLE model mice that develops SLE symptoms already 6 weeks after birth were successfully suppressed by the peptide on several SLE indicative parameters as shown in blood, urine and histological samples.

The Proof-of-Concept results came out very positive. In 2019 we have been preparing for the next phase of research, which will focus on Mechanisms of Action, Pharmako Kinetics and Pharmaco Dynamics of the peptide. The results of these studies will form the basis for further optimization of the peptide into a development lead. Additional potential peptides may be identified during this optimization process and those will be the basis for additional IP. Results obtained during the PK and PD studies, should contribute to fulfill some of the safety and toxicological regulatory approval demands.

The Company is still working with Aarhus University as for further Mechanism-of-action studies and plans further drug development initiatives in 2020 towards its lead candidate.

## 6 Share capital

A share option scheme has been established according to which a right to subscribe for up to 10,375 new shares in the Company, a total of DKK 10,375 has been earned.

Warrants must be exercised no later than in connection with a sale of the Company.

## 7 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2019 DKK</b>	<b>Outstanding after 5 years 2019 DKK</b>
Subordinate loan capital	1,000,000	100,000
Convertible and dividend-yielding debt instruments	1,070,000	0
	<b>2,070,000</b>	<b>100,000</b>

## 8 Assets charged and collateral

None.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

### Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax

Prepayment Scheme etc.

### **Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## **Balance sheet**

### **Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### **Income tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### **Cash**

Cash comprises bank deposits.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.