

REFINITIV

# DELTA REPORT

## 10-Q

IOBT - IO BIOTECH, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1120

<span style="color: yellow;">█</span>	CHANGES	172
<span style="color: pink;">█</span>	DELETIONS	483
<span style="color: green;">█</span>	ADDITIONS	465

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-Q**

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(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June** **September** 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-41008

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**IO Biotech, Inc.**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware**

**87-0909276**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**Ole Maaløes Vej 3  
DK-2200 Copenhagen N**

**Denmark**

**NA**

(Address of principal executive offices)

(Zip Code)

**Registrant's telephone number, including area code: +45 7070 2980**

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Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Trading**

**Name of each exchange on which registered**

<b>Symbol(s)</b>		
Common Stock, par value \$0.001 per share	IOBT	The Nasdaq Stock Market LLC
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes <input type="checkbox"/> No <input type="checkbox"/>		
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes <input type="checkbox"/> No <input type="checkbox"/>		
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.		
Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	
	Emerging growth company <input type="checkbox"/>	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of **August 10, 2023** **November 10, 2023**, the registrant had 65,880,914 shares of common stock, \$0.001 par value per share, outstanding.

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#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "should," "would," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to a number of risks, uncertainties and assumptions described in the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2022 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 and

June 30, 2023. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include:

- the timing, progress and the success of our clinical trials of IO102-IO103, IO112, and any other product candidates including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our research and development programs;
- whether the results of our trials will be sufficient to support domestic or foreign regulatory approvals for IO102-IO103, IO112 or any other product candidates we may develop;
- regulatory actions with respect to our product candidates or our competitors' products and product candidates;
- our ability to obtain, including on an expedited basis, and maintain regulatory approval of IO102-IO103, IO112 or other product candidates we may develop;
- the outcomes of our preclinical studies;
- our ability to enroll patients in our clinical trials at the pace that we project;
- our ability to establish and conduct our clinical programs on our expected timelines;
- the costs of development of any of our product candidates or clinical development programs;
- our expectation about the period of time over which our existing capital resources will be sufficient to fund our operating expenses and capital expenditures;
- the potential attributes and clinical benefits of the use of IO102-IO103, IO112 or any other product candidate, if approved;
- our ability to successfully commercialize IO102-IO103, IO112 or any other product candidates we may identify and pursue, if approved;
- our ability to successfully establish or maintain collaborations or strategic relationships for our product candidate
- the rate and degree of market acceptance of IO102-IO103, IO112 or any other product candidates we may identify and pursue;
- our ability to obtain orphan drug designation, Breakthrough Therapy Designation (BTD), accelerated or other approval for any of our product candidates we may identify;
- our expectations regarding government and third-party payor coverage and reimbursement;
- our ability to manufacture, including through contract manufacturing organizations (CMOs), IO102-IO103, IO112 or any other product candidate in conformity with the Food and Drug Administration's (FDA's) requirements and the requirements of other applicable regulatory authorities;
- our ability to successfully build a sales force and commercial infrastructure;

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- our ability to compete with companies currently producing or engaged in the clinical development of treatments

- the disease indications that we pursue and treatment modalities that we develop;
- our reliance on third parties to conduct our clinical trials;
- our reliance on third-party CMOs to manufacture and supply our product candidates for us;
- our ability to retain and recruit key personnel;
- our ability to obtain and maintain intellectual property protection for IO102-IO103, IO112 or any other product candidates we may identify and pursue;
- our estimates of our expenses, ongoing losses, future revenue, capital requirements and our needs for or ability to obtain additional financing;
- our expectations regarding the time during which we will be an emerging growth company (EGC) under the Jumpstart Our Business Startups Act (JOBS Act);
- our financial performance;
- the effect of the COVID-19 pandemic, including mitigation efforts and economic effects, on any of the foregoing or any other aspects of our business operations;
- the impact of laws and regulations, including legislative developments; and
- developments and projections relating to our competitors or our industry.

These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, Part II, Item 1A - "Risk Factors" in this Quarterly Report on Form 10-Q, and those described elsewhere in this Quarterly Report on Form 10-Q and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 and June 30, 2023. Any forward-looking statement in this Quarterly Report on Form 10-Q reflects our current view with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, industry, and future growth. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Quarterly Report on Form 10-Q also contains estimates, projections, and other information concerning our industry, our business, and the markets for certain drugs, including data regarding the estimated size of those markets, their projected growth rates, and the incidence of certain medical conditions. Information that is based on estimates, forecasts, projections, or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained these industry, business, market, and other data from reports, research surveys, studies, and similar data prepared by third parties, industry, medical and general publications, government data, and similar sources. In some cases, we do not expressly refer to the sources from which these data are derived.

Except where the context otherwise requires, in this Quarterly Report on Form 10-Q, "we," "us," "our," "IO Biotech," and the "Company" refer to IO Biotech, Inc. and, where appropriate, its consolidated subsidiaries.

## Trademarks

The Company has applied for various trademarks that we use in connection with the operation of its business. This Quarterly Report on Form 10-Q includes trademarks, service marks, and trade names owned by us or other companies. All trademarks, service marks, and trade names included in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, the trademarks and trade names in this report may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

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## PART I—FINANCIAL INFORMATION

### Item 1. Interim Financial Statements (Unaudited).

#### IO BIOTECH, INC.

##### Condensed Consolidated Balance Sheets

(In thousands, except share and per share amounts)  
(unaudited)

		Decemb		Septem		Decem	
		June 30,	er 31,	ber 30,	ber 31,	ber 31,	ber 31,
		2023	2022	2023	2023	2022	2022
Assets							
Current assets							
Cash and cash equivalents		110, \$ 095	142, \$ 590	165, \$ 501	142, \$ 590		
Prepaid expenses and other current assets		2,94 1	5,62 9	2,75 3	5,62 9		
Total current assets		113, 036	148, 219	168, 254	148, 219		
Restricted cash		268	268	268	268		
Property and equipment, net		826	741	797	741		
Right of use lease asset		2,53 4	2,49 3	2,36 7	2,49 3		

Other non-current assets	891	84	867	84
Total non-current assets	4,51	3,58	4,29	3,58
	9	6	9	6
Total assets	117,	151,	172,	151,
	<u>\$ 555</u>	<u>\$ 805</u>	<u>\$ 553</u>	<u>\$ 805</u>
Liabilities and stockholders' equity				
Current liabilities				
Accounts payable	4,46	4,00	6,64	4,00
	\$ 4	\$ 4	\$ 5	\$ 4
Lease liability - current	613	515	627	515
Accrued expenses and other current liabilities	5,79	6,15	5,71	6,15
	9	7	3	7
Total current liabilities	10,8	10,6	12,9	10,6
	<u>76</u>	<u>76</u>	<u>85</u>	<u>76</u>
Lease liability - non-current	2,15	2,27	1,97	2,27
	9	5	6	5
Total non-current liabilities	2,15	2,27	1,97	2,27
	9	5	6	5
Total liabilities	13,0	12,9	14,9	12,9
	<u>35</u>	<u>51</u>	<u>61</u>	<u>51</u>
Commitments and contingencies (Note 9)				
Stockholders' equity				
Preferred stock, par value of \$0.001 per share; 5,000,000 shares authorized, no shares issued and outstanding as of June 30, 2023 and December 31, 2022	—	—	—	—
Common stock, par value of \$0.001 per share; 300,000,000 shares authorized, 28,815,267 shares issued and outstanding as of June 30, 2023 and December 31, 2022	29	29	—	—
Preferred stock, par value of \$0.001 per share; 5,000,000 shares authorized, no shares issued and outstanding as of September 30, 2023 and December 31, 2022	—	—	—	—
Common stock, par value of \$0.001 per share; 300,000,000 shares authorized at September 30, 2023 and December 31, 2022; 65,880,914 and 28,815,267 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	66	29	—	—

Additional paid-in capital	330,	326,	405,	326,
	217	705	039	705
Accumulated deficit	(21			
	5,96	(177	(237	(177
	1)	,739)	,640)	,739)
Accumulated other comprehensive loss	(9,7	(10,	(9,8	(10,
	65)	141)	73)	141)
Total stockholders' equity	104,	138,	157,	138,
	520	854	592	854
Total liabilities and stockholders' equity	117,	151,	172,	151,
	\$ 555	\$ 805	\$ 553	\$ 805

*See accompanying notes to the unaudited interim condensed consolidated financial statements.*

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## IO BIOTECH, INC.

### Condensed Consolidated Statements of Operations and Comprehensive Loss (In thousands, except share and per share amounts) (unaudited)

	Three Months				Three Months		Nine Months	
	Ended		Six Months Ended		Ended	Ended	Ended	Ended
	June 30,	2023	June 30,	2022	September 30,	2023	September 30,	2022
Operating expenses								
Research and development	16,5	12,2	28,4	22,5	17,	10,	46,	32,
	\$ 04	\$ 26	\$ 04	\$ 31	\$ 655	\$ 022	\$ 059	\$ 553
General and administrative	5,34	5,93	11,3	12,6	5,8	5,8	17,	18,
	8	5	72	39	29	43	201	482
Total operating expenses	21,8	18,1	39,7	35,1	23,	15,	63,	51,
	52	61	76	70	484	865	260	035
Loss from operations	(21,	(18,	(39,	(35,	(23,	(15,	(63,	(51,
	852)	161)	776)	170)	484)	865)	260)	035)
Other income (expense)								

Currency exchange gain (loss), net	10	(6)	268	(5)	(30)			
Currency exchange loss, net					(34)			(39)
					2)	(87)	(74)	2)
Interest income	1,19		2,22		1,7		3,9	
	6	158	4	173	08	457	32	631
Interest expense		(10		(22				(30
	—	2)	—	6)	—	(78)	—	5)
Total other income (expense), net	1,20	(23	2,49	(35	1,3		3,8	
	6	0)	2	8)	66	292	58	(66)
Loss before income tax expense	(20, 646)	(18, 391)	(37, 284)	(35, 528)				
Income tax expense	532	104	938	171				
Loss before income tax benefit (expense)					(22, 118)	(15, 573)	(59, 402)	(51, 101)
Income tax (benefit) expense					(43			
					9)	115	499	286
Net loss	(21, 178)	(18, 495)	(38, 222)	(35, 699)	(21, 679)	(15, 688)	(59, 901)	(51, 387)
Net loss attributable to common shareholders	(21, 178)	(18, 495)	(38, 222)	(35, 699)	(21, 679)	(15, 688)	(59, 901)	(51, 387)
Net loss per common share, basic and diluted	(0.7 \$ 4)	(0.6 \$ 4)	(1.3 \$ 3)	(1.2 \$ 4)	(0.4 \$ 3)	(0.5 \$ 4)	(1.6 \$ 6)	(1.7 \$ 8)
Weighted-average number of shares used in computing net loss per common share, basic and diluted	28,8 15,2 67	28,8 15,2 67	28,8 15,2 67	28,8 15,2 67	50, 168 3	28, 815 7	36, 011 2	28, 815 ,26 ,16 ,26
Other comprehensive (loss) income								
Net loss	(21, \$ 178)	(18, \$ 495)	(38, \$ 222)	(35, \$ 699)	(21, \$ 679)	(15, \$ 688)	(59, \$ 901)	(51, \$ 387)
Foreign currency translation	(14 1)	(4,3 79)		(7,0 26)	(10 8)	(5,4 00)		(12, 268 427)
Total comprehensive loss	(21, \$ 319)	(22, \$ 874)	(37, \$ 846)	(42, \$ 725)	(21, \$ 787)	(21, \$ 088)	(59, \$ 633)	(63, \$ 814)

See accompanying notes to the unaudited interim condensed consolidated financial statements.

**IO BIOTECH, INC.**

**Condensed Consolidated Statements of Stockholders' Equity**  
**(In thousands, except share amounts)**  
**(unaudited)**

	Accumulated Deficit					Accumulated Deficit				
	Common Stock		Paid-in Capital		Capital Deficit	Common Stock		Paid-in Capital		Capital Deficit
	Shares	Amount	Allocation	Loss	Attributed	Shares	Amount	Allocation	Loss	Attributed
Balance, January 1, 2022	28,815,267	\$ 65,291	\$ 65,291	(1,906)	21,482	28,815,267	\$ 65,291	\$ 65,291	(1,062)	1,928
Equity-based compensation	2,297	—	—	—	97	2,297	—	—	5,379	5,379
Foreign currency translation	(7,026)	—	—	—	(7,026)	(7,026)	—	—	(12,427)	(12,427)
	—	—	—	—	—	—	—	—	—	—



*See accompanying notes to the unaudited interim condensed consolidated financial statements.*

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IO BIOTECH, INC.

## Condensed Consolidated Statements of Cash Flows

(In thousands)

(unaudited)

Six Months Ended June 30,	Nine Months Ended September 30,
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	2023	2022	2023	2022
<b>Cash flows from operating activities</b>				
Net loss	\$ (38,222)	\$ (35,699)	\$ (59,901)	\$ 7
Adjustment to reconcile net loss to net cash used in operating activities				
Depreciation	102	19	156	32
Equity-based compensation	3,512	2,978	6,501	5,379
Amortization of right of use lease asset	259	212	399	318
Foreign currency (gain) loss	(268)	305		
Foreign currency loss			74	392
Changes in operating assets and liabilities				
Prepaid expenses and other current assets	2,689	1,368	2,876	3,624
Other non-current assets	(806)	(782)	(784)	(760)
Accounts payable	460	613	2,641	(1,759)
Lease liability	(319)	(20)	(460)	(91)
Accrued expenses and other current liabilities	(359)	(2,849)	(444)	(2,951)
Net cash used in operating activities	(32,952)	(33,855)	(48,942)	3
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(187)	(223)	(211)	(341)
Net cash used in investing activities	(187)	(223)	(211)	(341)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of common shares and warrants			75,058	—
Common shares and warrants issuance costs			(3,188)	—
Net cash provided by financing activities	—	—	71,870	—
Net decrease in cash, cash equivalents and restricted cash	(33,139)	(34,078)		
Net increase (decrease) in cash, cash equivalents and restricted cash			(47,54)	4)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	644	(7,331)	194	9)
Cash, cash equivalents and restricted cash, beginning of period	142,85	211,79	142,85	211,79
	8	9	8	9

Cash, cash equivalents and restricted cash, end of period	110,36 \$ 3	170,39 \$ 0	165,76 \$ 9	151,43 \$ 6
Components of cash, cash equivalents, and restricted cash				
Cash and cash equivalents	110,09 \$ 5	170,12 \$ 2	165,50 \$ 1	151,16 \$ 8
Restricted cash	268 _____	268 _____	268 _____	268 _____
Total cash, cash equivalents and restricted cash	110,36 \$ 3	170,39 \$ 0	165,76 \$ 9	151,43 \$ 6

*See accompanying notes to the unaudited interim condensed consolidated financial statements.*

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## **Notes to Condensed Consolidated Financial Statements (unaudited)**

## 1. Description of Business, Organization and Liquidity

Business

IO Biotech, Inc. is a clinical-stage biotechnology biopharmaceutical company dedicated to the identification and development of disruptive immune therapies for the treatment of cancer. We are developing novel, immune-modulating therapeutic cancer vaccines based on our T-win technology platform. As used in these financial statements, unless the context otherwise requires, references to the "Company," "we," "us," and "our" refer to IO Biotech, Inc. and its subsidiaries.

## ***Corporate Reorganization***

IO Biotech ApS was incorporated in Denmark in December 2014. In November 2021, we completed a corporate reorganization whereby IO Biotech ApS became a wholly-owned subsidiary of the Company. In connection with the corporate reorganization, each issued and outstanding Class A ordinary share (\$0.16 par value) was exchanged on a one-for-one basis into shares of common stock of the Company (\$0.001 par value). Each Class B and Class C preference share of IO Biotech ApS was exchanged on a one-for-one basis into shares of Class B and Class C preferred stock of the Company.

## **Initial Public Offering (IPO)**

In November 2021, we completed our IPO, initial public offering ("IPO"), selling an aggregate of 8,222,500 shares of common stock at a price to the public of \$14.00 per share, including 1,072,500 shares of common stock sold pursuant to the underwriters' exercise of their option to purchase additional shares of common stock. We received net proceeds from the IPO, after deducting underwriting discounts and commissions and other offering costs of approximately \$103.3 million.

Immediately prior to the consummation of the IPO, all outstanding shares of our Class A ordinary shares and Class B and Class C convertible preference shares were converted into 20,592,413 shares of common stock. Upon the closing of the IPO on November 9, 2021, a total of 28,815,267 shares of common stock were issued and outstanding. Our common stock began trading on the Nasdaq Global Market on November 5, 2021 under the symbol "IOBT."

On November 9, 2021, we amended and restated the certificate of incorporation of IO Biotech, Inc. to authorize the issuance of 300,000,000 shares of common stock and 5,000,000 shares of preferred stock. The shares of preferred stock are currently undesignated.

### **August 2023 Private Placement**

On August 9, 2023, the Company completed a private placement transaction (the "Private Placement"), pursuant to which we sold an aggregate of 37,065,647 shares of the Company's common stock, par value \$0.001 per share ("Common Stock"), and (ii) 37,065,647 warrants to purchase up to 37,065,647 shares of Common Stock (the "Warrants") to certain institutional investors and existing shareholders (the "Purchasers"). Each Purchaser's Warrant is exercisable for a number of shares of Common Stock equal to one hundred percent of the aggregate number of shares of Common Stock purchased by such Purchaser. The purchase price per share of Common Stock and Warrant was \$2.025 (the "Purchase Price"). The Company received net proceeds from the Private Placement, after deducting underwriting discounts and commissions and other offering costs, of \$71.9 million. Refer to Note 2, "Summary of Significant Accounting Policies," and Note 10, "Ordinary Shares" in the accompanying notes to our condensed consolidated financial statements for the nine months ended September 30, 2023 and 2022 for additional information on the Private Placement.

### **At-The-Market Equity Program**

On February 15, 2023, we filed a new prospectus supplement with the U.S. Securities and Exchange Commission (the "SEC") with respect to the offer and sale of shares of our common stock, par value \$0.001 per share, Common Stock, with an aggregate offering price of up to \$19,500,000, establishing an at-the-market equity program. On February 15, 2023, we also entered into a Sales Agreement common stock sales agreement, dated February 15, 2023 (the "Sales Agreement") by and between the Company and Cowen and Company, LLC for shares with an aggregate offering price of up to \$75,000,000 through which we may, from time to time, sell shares to through Cowen and Company, LLC, LLC, acting as agent and/or principal. Any shares offered and sold through the at-the-market equity program will be issued pursuant to the Company's Registration Statement on Form S-3 (File No. 333-269569), which was declared effective on February 10, 2023, the prospectus supplement related to the offering that forms a part of the registration statement, and any applicable prospectus supplements that may form a part of the registration statement in the future. The aggregate market value of shares eligible for sale under the prospectus supplement and under the Sales Agreement will be subject to the limitations of General Instruction I.B.6 of Form S-3, to the extent required under such instruction. No shares were sold pursuant to

Cowen and Company, LLC under the Company's Registration Statement on Form S-3 Sales Agreement during the period ended **June 30, 2023** **September 30, 2023**.

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### ***Risks and Uncertainties***

We are subject to risks common to companies in the biotechnology industry including, but not limited to, new technological innovations, protection of proprietary technology, dependence on key personnel, compliance with government regulations and the need to obtain additional financing. Product candidates currently under development will require significant additional research and development efforts, including extensive **pre-clinical** **preclinical** and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure and extensive compliance reporting capabilities.

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Our product candidates are in development. There can be no assurance that our research and development will be successfully completed, that adequate protection for our intellectual property will be obtained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. Even if our product development efforts are successful, it is uncertain when, if ever, we will generate significant revenue from product sales. We operate in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies. In addition, we are dependent upon the services of our employees and consultants.

### ***Liquidity Considerations and Going Concern Basis of Accounting***

Since inception, we have devoted substantially all of our efforts to business planning, conducting research and development, recruiting management and technical staff, and raising capital. We have financed our operations primarily through the issuance of convertible preference shares, convertible notes, **our IPO** and **our IPO**. In addition, on August 7, 2023, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional investors (the "Purchasers"), pursuant to which we raised an additional \$75.1 million in gross proceeds through a private placement transaction (the "Private Placement"), before deducting offering expenses. The offering closed on August 9, 2023. the **Private Placement**.

Our continued discovery and development of product candidates will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even if product development efforts are successful, it is uncertain when, if ever, we will realize significant revenue from product sales.

As of **June 30, 2023** **September 30, 2023**, we had an accumulated deficit of **\$216.0** **\$237.6** million. We have incurred losses and negative cash flows from operations since inception, including net losses of **\$38.2** **\$59.9** million and **\$71.5** million for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and the year ended December 31, 2022, respectively. We expect that our operating losses and negative cash flows will continue for the foreseeable future as we continue to develop our product candidates. We currently expect that our cash and cash equivalents of **\$110.1** **\$165.5** million as of **June 30, 2023** and the gross proceeds of **\$75.1** million from the Private Placement **September 30, 2023** will be sufficient to fund our operating expenses and capital requirements for at least 12 months from the date the financial statements are issued. On this basis, the condensed consolidated financial statements are prepared on a going concern basis of accounting. However, additional funding will be necessary to fund future discovery research, pre-clinical **preclinical** and clinical **activities**, as well as commercial launch **readiness** activities. We will seek additional funding through public financings, debt financings, collaboration agreements, strategic alliances and licensing arrangements. Although we have been successful in raising capital in the past, there is no assurance that we will be successful in obtaining such additional financing on acceptable terms, or at all, and we may not be able to enter into collaborations or other arrangements. If we are unable to obtain funding, we could be forced to delay, reduce or eliminate our research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect our business prospects, even our ability to continue operations.

### **Coronavirus Pandemic**

Although the World Health Organization has declared that COVID-19 no longer represents a global **health emergency** and the federal government has terminated the COVID-19 national emergency and **public health emergency**, the actual and perceived impact of COVID-19 and any effect on our business cannot be predicted. As a result, there can be no assurance that we will not experience additional negative impacts associated with COVID-19, which could be significant. The COVID-19 pandemic may negatively impact our business, financial condition and results of operations causing interruptions or delays in the Company's programs and services.

## **2. Summary of Significant Accounting Policies**

### ***Warrants Issued in Connection with Sale of Common Stock***

The Company accounts for warrants issued as a separable unit in connection with sale of common stock as either liability or equity in accordance with Accounting Standards Codification ("ASC") 480-10, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity ("ASC 480-10") or ASC 815-40, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock ("ASC 815-40"). Under ASC 480-10, warrants are considered liabilities if they are mandatorily redeemable and they require settlement in cash or other assets, or a variable number of shares. If warrants do not meet liability classification under ASC 480-10, the Company considers the requirements of ASC 815-40 to determine whether the warrants should be classified as liability or equity. If warrants do not require liability classification under ASC 815-40 or

There other applicable generally accepted accounting principles in the United States of America ("U.S. GAAP") the warrants should be classified as equity.

The proceeds received from the sale of equity classified warrants and shares of common stock in a bundled transaction are allocated based on the relative fair values of warrants and shares of common stock with no changes in fair value of warrants recognized after the issuance date. Based on our analysis of the foregoing, the Company's warrants issued in the Private Placement are classified as equity in our condensed consolidated financial statements.

Other than the item noted above, there have been no changes to the significant accounting policies disclosed in Note 2 to the Company's annual financial statements for the years ended December 31, 2022 and 2021 included in its Annual Report on Form 10-K filed with the SEC, other than those described below.

### ***Unaudited Financial Information***

The accompanying unaudited interim condensed consolidated financial statements included herein have been prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"), GAAP, and pursuant to the rules and regulations of the SEC. In the Company's opinion, the information furnished herein reflects all adjustments, all of which are of a normal and recurring nature and necessary for a fair presentation of the financial position and results of operations for the reported interim periods. The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period. Unaudited interim financial statements and footnotes should be read in conjunction with the audited financial statements and footnotes included in the Company's Annual Report filed on Form 10-K for the fiscal year ended December 31, 2022.

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### ***Recently Adopted Accounting Standards***

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets. In April 2019, the FASB issued clarification to ASU 2016-13 within ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*, or ASU 2016-13. The guidance is effective for fiscal years beginning after December 15, 2022. The Company has adopted the standard effective January 1, 2023. The adoption of the standard has not had a material impact on our financial statements or financial statement disclosures.

### ***Recently Issued Accounting Standards***

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. ASU 2020-06 will simplify the accounting for convertible instruments by reducing the

number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current U.S. GAAP. Convertible instruments that continue to be subject to separation models are (i) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (ii) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. ASU 2020-06 also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. ASU 2020-06 will be effective for us beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. We are The Company is currently assessing the impact adoption of ASU 2020-06 will have on our financial statements and or financial statement disclosures, but does not anticipate that the adoption of ASU 2020-06 will have a material impact on either our financial statements or financial statement disclosures.

Other than the items noted above, there have been no new accounting pronouncements not yet effective or adopted in the current year that we believe have a significant impact, or potential significant impact, to our unaudited interim condensed consolidated financial statements.

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### 3. Fair Value Measurements

The following table presents information about our financial assets and liabilities measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values (in thousands):

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Assets				
Money market funds <sup>(1)</sup>	\$ 81,704	\$ 81,704	\$ —	\$ —
Total assets measured at fair value	<u>\$ 81,704</u>	<u>\$ 81,704</u>	<u>\$ —</u>	<u>\$ —</u>
December 31, 2022				
	Total	Level 1	Level 2	Level 3
Assets				
Money market funds <sup>(1)</sup>	\$ 87,971	\$ 87,971	\$ —	\$ —
Total assets measured at fair value	<u>\$ 87,971</u>	<u>\$ 87,971</u>	<u>\$ —</u>	<u>\$ —</u>
September 30, 2023				
	Total	Level 1	Level 2	Level 3
Assets				

Money market funds <sup>(1)</sup>	\$ 152,101	\$ 152,101	\$ —	\$ —
Total assets measured at fair value	\$ 152,101	\$ 152,101	\$ —	\$ —
<b>December 31, 2022</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets				
Money market funds <sup>(1)</sup>	\$ 87,971	\$ 87,971	\$ —	\$ —
Total assets measured at fair value	\$ 87,971	\$ 87,971	\$ —	\$ —

(1) Money market funds with maturities of 90 days or less at the date of purchase are included within cash and cash equivalents in the accompanying condensed consolidated balance sheets and are recognized at fair value.

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the Company only held Level 1 financial instruments, respectively. instruments.

There were no transfers among Level 1, Level 2 or Level 3 categories in the **six** **nine** months ended **June** **September** 30, 2023 and the year ended December 31, 2022.

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#### 4. License and Collaboration Agreements

In February 2018, we entered into a clinical collaboration with MSD International GmbH (MSDIG) to evaluate IO102 in combination with KEYTRUDA® (pembrolizumab) in first-line treatment of patients with metastatic non-small cell lung cancer. Under the terms of the collaboration with MSDIG, we will conduct an international Phase 1/2 study to evaluate a combination therapy of IO102 and KEYTRUDA®. We will sponsor the clinical trials and MSDIG will provide KEYTRUDA® to be used in the clinical trials free of charge. We and MSDIG will be responsible for our own internal costs and expenses to support the study and we shall bear all other costs associated with conducting the study, including costs of providing IO102 for use in the study. The rights to the data from the clinical trials will be shared by us and MSDIG and we will maintain global commercial rights to IO102.

In September 2021, we entered into a clinical collaboration with MSDIG and MSD International Business GmbH (MSDIB), another affiliate of Merck (collectively, "MSD") to evaluate IO102-IO103 in combination with KEYTRUDA® versus KEYTRUDA® alone in treatment of patients with metastatic (advanced) melanoma. Under the terms of the collaboration with MSD, we **will conduct** **are conducting** an international Phase 3 study to evaluate a combination therapy of IO102-IO103 and KEYTRUDA®. We **will** **are the sponsor of** the clinical trials and MSD will provide KEYTRUDA® to be used in the clinical trials free of charge. We and MSD **will be** **are** responsible for our own internal costs and expenses to support the study and we **shall** **will** bear all other costs associated with conducting the study, including costs of providing IO102-IO103 for use in the study. The rights to the data from the clinical trials will be shared by us and MSD and we will maintain global commercial rights to IO102-IO103.

In December 2021, we entered into a clinical collaboration with MSD to evaluate IO102-IO103 in combination with KEYTRUDA® in previously untreated patients with three different tumor types— metastatic non-small cell lung cancer (NSCLC), squamous cell carcinoma of the head and neck (SCCHN), and urothelial bladder cancer (UBC). Under the terms of the collaboration with MSD, we will conduct are conducting an international Phase 2 study to evaluate a combination therapy of IO102-IO103 and KEYTRUDA®. We will are the sponsor of the clinical trials and MSD will provide KEYTRUDA® to be used in the clinical trials free of charge. We and MSD will be responsible for our own internal costs and expenses to support the study and we shall will bear all other costs associated with conducting the study, including costs of providing IO102-IO103 for use in the study. The rights to the data from the clinical trials will be shared by us and MSD and we will maintain global commercial rights to IO102-IO103.

In November 2022, we entered into a clinical collaboration with MSD to evaluate IO102-IO103 in combination with KEYTRUDA® as a neo-adjuvant/adjuvant therapy for patients with metastatic melanoma and SCCHN. Under the terms of the collaboration with MSD, we will conduct an international Phase 2 study to evaluate a combination therapy of IO102-IO103 and KEYTRUDA®. We will sponsor the clinical trials and MSD will provide KEYTRUDA® to be used in the clinical trials free of charge. We and MSD will be responsible for our own internal costs and expenses to support the study and we shall bear all other costs associated with conducting the study, including costs of providing IO102-IO103 for use in the study. The rights to the data from the clinical trials will be shared by us and MSD and we will maintain global commercial rights to IO102-IO103.

## 5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Research and development tax credit receivable			\$ 780	\$ 792
Prepaid income taxes			761	124
Prepaid contract research and development costs	\$ 232	\$ 1,695	180	1,695
Insurance	697	1,716	178	1,716
Research and development tax credit receivable	800	792		
Value-added tax refund receivable	398	741	174	741
Other	814	685	680	561

Total prepaid expenses and other current assets	\$ 2,941	\$ 5,629	\$ 2,753	\$ 5,629
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## 6. Property and Equipment, Net

Property and equipment, net consist of the following (in thousands):

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Laboratory equipment	\$ 711	\$ 544	\$ 738	\$ 544
Computer hardware	96	79	96	79
Office furniture	236	233	234	233
Less: accumulated depreciation	(217)	(115)	(271)	(115)
Total property and equipment, net	\$ 826	\$ 741	\$ 797	\$ 741

For the three months ended **June 30, 2023** **September 30, 2023** and 2022, the Company recognized \$0.1 million and \$0.00 million, respectively, of depreciation expense in the condensed consolidated statements of operations. For the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, the Company recognized \$0.10.2 million and \$0.020.03 million, respectively, of depreciation expense in the condensed consolidated statements of operations.

## 7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Accrued contract research and development costs	\$ 2,296	\$ 1,936	\$ 2,287	\$ 1,936
Professional fees	643	407	305	407
Employee compensation costs	1,894	1,863	2,700	1,863
Other liabilities	966	1,951	421	1,951
Total accrued expenses and other current liabilities	\$ 5,799	\$ 6,157	\$ 5,713	\$ 6,157

## 8. Leases

On January 1, 2022, the Company adopted Accounting Standards Codification ("ASC") ASC 842 using the modified retrospective transition approach allowed under ASU 2018-11 which releases companies from presenting comparative periods and related disclosures under ASC 842 and requires a cumulative-effect adjustment to the opening balance of accumulated deficit in the period of adoption. The Company had an immaterial cumulative-effect adjustment to the opening balance of accumulated deficit as of January 1, 2022. As of **June 30, 2023** **September 30, 2023**, the Company is party to five operating leases for laboratory and office space. The Company's finance leases are immaterial both individually and in the aggregate. The Company elected to apply the short-term lease exception to all leases of one year or less. Further, the Company has applied the guidance in ASC 842 to our corporate office and laboratory leases and has determined that these should be classified as operating leases. Consequently, as a result of the adoption of ASC 842 on January 1, 2022, we recognized a Right-of-Use ("ROU") lease asset of approximately \$2.3 million with a corresponding lease liability of approximately \$2.4 million based on the present value of the minimum rental payments of such leases. In accordance with ASC 842, the beginning balance of the ROU lease asset was reduced by the existing deferred rent liability at inception of approximately \$0.1 million. In the condensed consolidated balance sheet as of **June 30, 2023** **September 30, 2023**, the Company has an ROU asset balance of **\$2.5** **\$2.4** million and a current and non-current lease liability of \$0.6 million and **\$2.2** **\$2.0** million, respectively, relating to the ROU lease asset. The balance of both the ROU lease asset and the lease liabilities primarily consists of

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future payments under the Company's office and laboratory space leased in New York, **NY**, **New York**, Rockville, **MD** **Maryland** and Copenhagen, Denmark.

The Company is party to an operating lease in Copenhagen, Denmark for office space that commenced in March 2021 with the initial term set to expire in January 2025. Base rent for this initial lease was approximately \$0.1 million annually. The Company amended its operating lease in Copenhagen, Denmark on September 1, 2022 with a new term set to expire in December 2027. The base rent for the amended lease is approximately \$0.2 million annually. The Company is also party to an operating lease in Copenhagen, Denmark for laboratory space that commenced in January 2023 with the term set to expire in December 2027. The base rent for the lease is approximately \$0.04 million annually. The Company is party to an operating lease in New York, New York for office space that commenced in October 2021 with the initial term set to expire in January 2027. Base rent for this lease is approximately \$0.2 million annually. The Company is party to an operating lease in Rockville, Maryland for office and laboratory space that commenced in December 2021 with the initial term set to expire in May 2027. Base rent for this lease is approximately \$0.3 million annually. The Company is party to an immaterial operating lease in Newport, United Kingdom that commenced in June 2023. Rent expense for each of the three months ended **June 30, 2023** **September 30, 2023** and 2022 was \$0.2 million and \$0.2 million, respectively. Rent expense for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 was \$0.4 **0.5** million and \$0.3 **0.4** million, respectively.

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Quantitative information regarding the Company's leases for the six nine months ended June 30, 2023 September 30, 2023 and 2022 is as follows (in thousands):

Lease Cost	Six Months		Six Months		Nine Months		Nine Months	
	Ended		Ended		Ended		Ended	
	June 30, 2023		June 30, 2022		September 30, 2023		September 30, 2022	
Operating lease cost	\$ 351		\$ 348		\$ 543		\$ 437	
Operating cash flows paid for amounts included in the measurement of lease liabilities	\$ 353		\$ 192		\$ 537		\$ 256	
Operating lease liabilities arising from obtaining right-of-use assets	\$ 235		\$ 2,411		\$ 235		\$ 2,600	
Remaining lease term (years)	3.95		2.6 - 4.9		3.7		4.7	
Weighted average discount rate	6.3 %		6.5 %		6.3 %		6.5 %	

Future lease payments (undiscounted) under noncancelable leases are as follows at June 30, 2023 September 30, 2023 (in thousands):

Future Lease Payments	Amount		Amount	
	\$		\$	
Remainder of 2023	\$ 378		\$ 188	
2024	789		782	
2025	788		782	
2026	794		788	
2027	399		392	
Thereafter	—		—	
Total	\$ 3,148		\$ 2,932	

The Company's leases do not provide an implicit rate. Therefore, the Company used its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company used the incremental borrowing rate on January 1, 2022 for operating leases that commenced prior to that date, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

## 9. Commitments and Contingencies

### Legal Proceedings

From time to time, we may be party to litigation arising in the ordinary course of business. We were not subject to any material legal proceedings during the six nine months ended June 30, 2023 September 30, 2023 and the year ended

December 31, 2022, and, to our knowledge, no material legal proceedings are currently pending or threatened.

### ***Contractual Obligations and Commitments***

We enter into contracts in the ordinary course of business with third-party service providers for clinical trials, preclinical research studies and testing, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice of 30 to 90 days, and therefore, we believe that our **non-cancellable** **noncancelable** obligations under these agreements are not material and we cannot reasonably estimate whether they will occur. However, in the event of a termination of any contracts with CROs or other institutions and with respect to active patients enrolled in our clinical trials, we may be financially obligated for a period beyond the contractual termination notice periods. We may also enter into additional research, manufacturing, supplier, lease and other agreements in the future, which may require up-front payments and even long-term commitments of cash.

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### ***Indemnification Agreements***

We enter into certain types of contracts that contingently requires us to indemnify various parties against claims from third parties. These contracts primarily relate to procurement, service, consultancy or license agreements under which we may be required to indemnify vendors, service providers or licensees for certain claims, including claims that may be brought against them arising from our acts or omissions with respect to our products, technology, intellectual property or services. The Company, as permitted under Delaware law and in accordance with its amended and restated certificate of incorporation and amended and restated bylaws and pursuant to indemnification agreements with certain of its officers and directors, indemnifies its officers and directors for certain events or occurrences, subject to certain limits, which the officer or director is or was serving at the Company's request in such capacity. At the 2023 Annual Meeting of Stockholders, the Company's stockholders approved an amendment to, and the Company subsequently amended, its amended and restated certificate of incorporation to extend the indemnification of officers pursuant to recent amendments to the General Corporation Law of the State of Delaware.

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From time to time, we may receive indemnification claims under existing contracts in the normal course of business. In the event that one or more of these matters were to result in a claim against us, an adverse outcome, including a judgment or settlement, may cause a material adverse effect on our future business, operating results or financial condition. It is not possible to estimate the maximum amount potentially payable under these contracts since we have no history of prior indemnification claims and the unique facts and circumstances involved in each particular claim will be determinative.

## **10. Stockholders' Equity**

### ***Common and Preferred Stock***

Upon the closing of our IPO in November 2021, we filed an amended and restated certificate of incorporation, which authorized us to issue 300,000,000 shares of common stock and 5,000,000 shares of preferred stock. The shares of preferred stock are currently undesignated. Common stockholders are entitled to one vote for each share of common stock held at all meetings of stockholders and written actions in lieu of meetings. Common stockholders are entitled to receive dividends, if and when declared by the Company's board of directors (Board). No dividends have been declared or paid by us through **June 30, 2023** **September 30, 2023**.

### ***The Private Placement***

On August 7, 2023, the Company entered into the Purchase Agreement, pursuant to which the Company agreed to sell and issue (i) 37,065,647 shares of the Company's Common Stock, and (ii) 37,065,647 Warrants in the Private Placement. Each Purchaser's Warrant is exercisable for a number of shares of Common Stock equal to one hundred percent of the aggregate number of shares of Common Stock purchased by such Purchaser. The Purchase Price for each Common Stock and Warrant was \$2.025 per share.

The Warrants are exercisable at an exercise price of \$2.47 per share, subject to adjustment as set forth therein. The Warrants are exercisable until the earlier of (i) February 9, 2027, and (ii) one day prior to the closing of an acquisition, as defined in the Warrants. The Warrants may be exercised on a cashless basis if there is no effective registration statement registering the shares underlying the Warrants.

The Private Placement closed on August 9, 2023. The Company received \$75.1 million in gross proceeds from the Private Placement, before deducting offering expenses of \$3.2 million. The Company intends to use the net proceeds of \$71.9 from the Private Placement for general corporate purposes.

The Warrants were classified as a component of permanent stockholders' equity within additional paid-in-capital and were recorded at the issuance date using a relative fair value allocation method. The Warrants are equity classified because they are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, are immediately exercisable, do not embody an obligation for the Company to repurchase its shares, permit the holders to receive a fixed number of common shares upon exercise, are indexed to the Company's common stock and meet the equity classification criteria. In addition, such Warrants do not provide any guarantee of value or return. The Company valued the Warrants at issuance using the Black-Scholes valuation model and allocated proceeds from the sale proportionately to the Common Stock and Warrants, of which \$29.6 million was allocated to the Warrants and recorded as a component of additional paid-in-capital. As of September 30, 2023, the Company had 37,065,647 warrants issued and outstanding at an exercise price of \$2.47 per share to purchase shares of the Company's common stock.

In connection with the execution of the Purchase Agreement, the Company also entered into a registration rights agreement (the "Registration Rights Agreement") with the Purchasers. Under the terms of the Registration Rights Agreement, the Company has filed the Registration Statement with the SEC to register for resale the Common Stock issued under the Purchase Agreement and the shares of Common Stock issuable upon conversion of the Warrants issued pursuant to the Purchase Agreement (the "Registrable Securities"), which Registration Statement was declared effective on September 8, 2023. The Company may be required to pay certain liquidated damages under the terms of the Registration Rights Agreement in the event sales cannot be made pursuant to the Registration Statement.

As of June 30, 2023 September 30, 2023 and December 31, 2022, the Company had 65,880,914 and 28,815,267 common shares outstanding, respectively.

## 11. Equity-Based Compensation

### 2021 Equity Incentive Plan

In November 2021, our Board adopted, and our stockholders approved, the 2021 Equity Incentive Plan ("2021 Equity Plan"), which became effective on November 4, 2021. The 2021 Equity Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, awards of restricted stock, restricted stock units and other stock-based awards. The number of shares of our common stock reserved for issuance under the 2021 Equity Plan is equal to 2,465,150 2,496,934, subject to an annual increase, to be added on the first day of each fiscal year, beginning with the fiscal year ending December 31, 2022 and continuing until, and including, the fiscal year ending December 31, 2031, equal to the lesser of (i) 4% of the number of shares of common stock outstanding on the first day of such fiscal year or (ii) such other amount determined by our Board. As of June 30, 2023 September 30, 2023, we had 768,944 688,206 shares available for future grant under the 2021 Equity Plan.

The following table summarizes our stock options activity for the six months ended June 30, 2023:

	Number of	Weighted-			
		Weighted-		average	Aggregate
		average	remaining		
		exercise	contractual	intrinsic	
	Options	per share	term	(in	
			(in years)	thousands)	
Outstanding, January 1, 2023	3,920,172	\$ 10.77	8.1	\$ —	—
Granted	1,996,365	\$ 2.07	—	\$ —	—
Cancelled or forfeited	(446,268)	\$ 7.50	—	\$ —	—
Outstanding, June 30, 2023	5,470,269	\$ 7.87	8.6	\$ —	—
Exercisable, June 30, 2023	1,528,972	\$ 12.02	7.3	\$ —	—

### 2021 Employee Stock Purchase Plan

In November 2021, our Board adopted and our stockholders approved the 2021 Employee Stock Purchase Plan (2021 ESPP), which became effective on November 4, 2021. The number of shares of our common stock reserved for issuance under the 2021 ESPP is equal to 257,272, subject to an annual increase, to be added on the first day of each fiscal year, beginning January 1, 2023, equal to the lesser of (1) 1% of the number of shares of common stock outstanding on the first day of such fiscal year; (2) 257,272 shares of our common stock; or (3) such other amount as determined by our Board. As of June 30, 2023 September 30, 2023, the Board had not yet approved any offering under the 2021 ESPP.

## 2023 Inducement Award Plan

In September 2023, our Board adopted the 2023 Inducement Award Plan ("2023 Inducement Plan"), which became effective on September 28, 2023. The 2023 Inducement Plan provides for the grant of non-statutory stock options, stock appreciation rights, awards of restricted stock, restricted stock units and other stock-based awards to eligible employees who satisfy the standards for inducement grants under Nasdaq Global Market rules. The number of shares of our common stock reserved for issuance under the 2023 Inducement Plan is equal to 1,976,427. As of September 30, 2023, there were 1,976,427 shares available for future grant under the 2023 Inducement Plan.

The following table summarizes our stock options activity for the nine months ended September 30, 2023:

	Number of Options	Weighted-average			Aggregate intrinsic value (in thousands)
		Weighted-average exercise price	remaining contractual term (in years)	average	
		per share	term	intrinsic	
Outstanding, January 1, 2023	3,920,172	\$ 10.77	8.1	\$ —	—
Granted	2,425,256	\$ 2.03	—	\$ —	—
Cancelled or forfeited	(588,243)	\$ 8.74	—	\$ —	—
Outstanding, September 30, 2023	5,757,185	\$ 7.30	8.7	\$ —	—
Exercisable, September 30, 2023	1,589,301	\$ 11.81	7.8	\$ —	—

## Equity-Based Compensation

All share-based awards granted are measured based on the fair value on the date of the grant and compensation expense is recognized with respect to those awards over the requisite service period, which is generally the vesting period of the respective award. Share-based awards generally vest over a three-year period. Forfeitures related to equity-based compensation awards are recognized as they occur, and we reverse any previously recognized compensation cost associated with forfeited awards in the period the forfeiture occurs.

For the three months ended June 30, 2023 and 2022, we recorded equity-based compensation expense of \$1.6 million and \$1.4 million, respectively, related to the issuance of stock options. For the six months ended June 30, 2023 and 2022, we recorded

equity-based compensation expense of \$3.5 million and \$3.0 million, respectively, related to the issuance of stock options. As of June 30, 2023 September 30, 2023, there was \$15.1 12.7 million of unrecognized compensation cost related to unvested stock-based compensation arrangements that is expected to be recognized over a weighted average period of 2.8 2.7 years. For the three months ended September 30, 2023, the Company recognized a one time charge of \$1.4 million in equity-based compensation for an executive of the Company within research and development in our condensed

consolidated statements of operations in accordance with Exhibit Number 10.3, "Severance agreement between the Registrant and Eva Ehrnrooth, dated August 10, 2023" within Item 6. Exhibits in this accompanying Quarterly Report on Form 10-Q.

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The fair values of the stock options granted during the period ended **June 30, 2023** **September 30, 2023** were estimated based on the Black-Scholes model, using the following assumptions:

	June	September 30,	2023
Expected volatility			89.8% - 102.2%
Risk-free interest rate			3.5% - <b>4.0</b> 4.4%
Expected term (in years)			5.5 - 6.1
Expected dividend yield			0%

Equity-based compensation expense recorded as research and development and general and administrative expenses is as follows (in thousands):

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Research and development	\$ 886	\$ 538	\$ 0	\$ 3	\$ 2,070	\$ 1,034	\$ 3,660	\$ 2,257
General and administrative	738	820	2	5	919	1,367	2,841	3,122
Total equity-based compensation	1,62	1,35	3,51	2,97	\$ 2,989	\$ 2,401	\$ 6,501	\$ 5,379

We did not recognize any tax benefits for stock-based compensation during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022.

## 12. Income Taxes

We are subject to taxes for earnings generated in multiple jurisdictions, both inside and outside of the United States and our tax expense is primarily affected by unrecognized tax benefits in Denmark. We recorded (benefit) expense for income taxes of \$(0.4) million and \$0.1 million during the three months ended September 30, 2023 and 2022, respectively.

We recorded a provision for income taxes of \$0.5 million and \$0.1 million during the three nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. We recorded a The provision for income taxes of includes a benefit for R&D credits claimed on the tax return filed for the year-ended December 31, 2022 as well as the expected benefit for continuing to claim this credit in the year-ended December 31, 2023 tax return. The Company recognized a \$0.9 million and \$0.2 million benefit for R&D credits during the six three and nine months ended June 30, 2023 and 2022, respectively. September 30, 2023. We continue to maintain a full valuation allowance against all of our deferred tax assets in IO Biotech ApS, IO Bio US, Inc., a wholly-owned subsidiary of IO Biotech ApS which that was incorporated in Delaware in May 2021, and IO Biotech, Inc.

We have evaluated the positive and negative evidence involving our ability to realize our deferred tax assets. We have considered our history of cumulative net losses incurred since inception and our lack of any commercial products. We have concluded that it is more likely than not that we will not realize the benefits of our deferred tax assets in IO Biotech ApS, IO Bio US, Inc. and IO Biotech, Inc. We reevaluate the positive and negative evidence at each reporting period.

### 13. Net Loss Per Share

Basic and diluted net loss per common share is calculated as follows (in thousands except share and per share amounts):

	Three Months				Three Months		Nine Months	
	Ended		Six Months Ended		Ended		Ended	
	June 30,	2023	June 30,	2022	September 30,	2023	September 30,	2022
Net loss	(21,	(18,	(38,	(35,	(21,	(15,	(59,	(51,
	\$ 178)	\$ 495)	\$ 222)	\$ 699)	\$ 679)	\$ 688)	\$ 901)	\$ 387)
Net loss attributable to common shareholders	(21,	(18,	(38,	(35,	(21,	(15,	(59,	(51,
	\$ 178)	\$ 495)	\$ 222)	\$ 699)	\$ 679)	\$ 688)	\$ 901)	\$ 387)
Net loss per common share, basic and diluted	(0.7	(0.6	(1.3	(1.2	(0.4	(0.5	(1.6	(1.7
	\$ 4)	\$ 4)	\$ 3)	\$ 4)	\$ 3)	\$ 4)	\$ 6)	\$ 8)
Weighted-average number of shares used in computing net loss per common share, basic and diluted	28,8	28,8	28,8	28,8	50,	28,	36,	28,
	15,2	15,2	15,2	15,2	168	815	011	815
	67	67	67	67	3	7	2	7

The following outstanding potentially dilutive securities have been excluded from the calculation of diluted net loss per common share, as their effect is anti-dilutive:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Stock options to purchase common stock	5,470,269	3,431,258	5,470,269	3,431,258

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Stock options to purchase common stock	5,757,185	3,570,258	5,757,185	3,570,258
Warrants issued in Private Placement	37,065,647	—	37,065,647	—

## 14. Subsequent Events

On August 7, 2023, We have evaluated subsequent events through the Company entered into the Purchase Agreement, pursuant to date on which the consolidated financial statements were issued. The Company agreed to sell and issue (i) 37,065,647 shares of the Company's common stock ("Common Stock"), and (ii) 37,065,647 warrants to purchase up to 37,065,647 shares of Common Stock (the "Warrants") in the Private Placement. Each Purchaser's Warrant is exercisable for a number of shares of Common Stock equal to one hundred percent of the aggregate number of shares of Common Stock purchased by such Purchaser. The purchase price per share of Common Stock and Warrant is \$2.025 per share (the "Purchase Price").

The Warrants will be immediately exercisable upon issuance at an exercise price of \$2.47 per share, subject to adjustment as set forth therein. The Warrants will be exercisable until the earlier of (i) February 9, 2027, and (ii) one day prior has concluded that no subsequent events have occurred that require disclosure to the closing of an acquisition, as defined within the Form of Common Stock Purchase Warrant agreement. The Warrants may be exercised on a cashless basis if there is no effective registration statement registering the shares underlying the Warrants.

In connection with the execution of the Purchase Agreement, the Company also entered into a registration rights agreement (the "Registration Rights Agreement") with the Purchasers. Under the terms of the Registration Rights Agreement, the Company has agreed to prepare and file, by September 8, 2023 (the "Filing Deadline"), one or more registration statements with the SEC to register for resale the Common Stock issued under the Purchase Agreement and the shares of Common Stock issuable upon conversion of the Warrants issued pursuant to the Purchase Agreement (the "Registrable Securities"), and to cause the applicable registration statements to become effective within a specified period

after the Filing Deadline. Certain cash penalties will apply to the Company in the event of registration failures, as described in the Registration Rights Agreement.

The Private Placement closed on August 9, 2023. The Company received approximately \$75.1 million in gross proceeds from the Private Placement, before deducting offering expenses that are expected to amount to approximately \$3.0 million. The Company intends to use the net proceeds from the Private Placement for general corporate purposes.  
consolidated financial statements.

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## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes included in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 14, 2023, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. You should carefully read the section entitled "Risk Factors" in our Annual Report on Form 10-K to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section entitled "Cautionary Note Regarding Forward-Looking Statements."*

### **Overview**

We are a clinical-stage biopharmaceutical company developing novel, immune-modulating therapeutic cancer vaccines based on our T-win technology platform. Our product T-win vaccine candidates are designed to induce kill both tumor cells and immune-suppressive cells in the immune system tumor microenvironment by stimulating the activation and expansion of T cells specific to simultaneously target and disrupt multiple pathways that regulate tumor-induced immunosuppression. Our targets. We believe this represents could represent a paradigm shift in the management of cancer and that our product candidates have the potential to become cornerstones an important part of the treatment regimens of across multiple solid tumors. tumor types. Our lead product therapeutic cancer vaccine candidate, the IO102-IO103, cancer vaccine, is designed to target the immunosuppressive mechanisms mediated by key immunosuppressive proteins such as indoleamine 2,3-dioxygenase (IDO) and programmed death ligand (PD-L1). In a single-arm Phase 1/2 clinical trial of 30 patients with metastatic melanoma with the primary objective of investigating safety and tolerability, the secondary objective of investigating immune response, and the tertiary objective of investigating clinical efficacy, IO102-IO103 in combination with nivolumab, an anti PD-1 check point inhibitor, demonstrated proof of concept by increasing the overall response rate of what is reported with an ability to induce anti-PD-1 antibody alone. The combination induced meaningful tumor regression and establish achieved rapid, deep and durable anti-tumor response while achieving a manageable responses with favorable safety and tolerability profile for patients. without adding systemic toxicity to what

is seen with an anti-PD-1 monotherapy in this patient population. Safety was the primary endpoint of this trial, immune response was the secondary endpoint and clinical efficacy was the tertiary endpoint. The clinical efficacy endpoints in this trial included objective response (OR), progression free survival (PFS) and overall survival (OS). In this trial, we observed a confirmed overall response rate (ORR) of 73% as per RECIST 1.1 and a complete response rate (CRR) of 50%, and 25.6 months of PFS. Based on these results, from this trial, IO102-IO103, in combination with pembrolizumab, was granted BTD by the FDA for treatment of unresectable/metastatic melanoma and we initiated a global Phase 3 trial.

We enrolled the first patient in a potentially registrational Phase 3 trial for IO102-IO103 in combination with pembrolizumab as a potential first-line treatment in advanced melanoma, the IOB-013/KN-D18 trial, in May of 2022. We randomized 225 patients as of June 2023 and expect to fully enroll the trial by the end of November 2023. On June 14, 2023, we announced that we will increase the number of patients to be enrolled in the Phase 3 trial to 380 patients, which could potentially accelerate the time to reach the primary endpoint of PFS, which is an event-based driven analysis and will be assessed when 226 events (progression or death) are registered in the trial. The primary endpoint is powered at 89% to detect a hazard ratio of 0.65. The Phase 3 trial protocol calls for an interim analysis of overall response rate ORR one year after 225 patients have been randomized; if we achieve an 18% point or greater benefit the investigational arm demonstrates a highly statistically significant improvement in ORR compared to the control arm, with a p-value<0.005, then the interim analysis could allow for potential submission of a Biologics License Application (BLA) for accelerated approval in the US. When we designed the interim analysis, we assumed that patients treated with IO102-IO103 + pembrolizumab would show an ~18-point improvement in ORR compared to the patients treated with pembrolizumab alone. The trial design and discussions with FDA are aimed at potentially pursuing accelerated approval, if the trial data are favorable, based on the interim analysis of ORR, supported by other data. If the data are supportive, we also plan to file a Marketing Authorization Application (MAA) with the European Medicines Agency (EMA) based on the primary endpoint of PFS. PFS after the data are available in the second half of 2025.

Our T-win platform is a novel approach to cancer vaccines designed to activate pre-existing T cells to target immunosuppressive mechanisms. Our T-win product candidates are designed to employ a dual mechanism of action: (1) direct killing of immunosuppressive cells, including both tumor cells and genetically stable cells in the tumor microenvironment (TME), that express IDO and PD-L1 or Arginase 1 and (2) modulation of the TME into a more pro-inflammatory, anti-tumor environment. Our T-win technology is built upon our team's deep understanding of both TME and a tumor's ability to evade surveillance and destruction by the immune system. Our approach is in contrast to previous methods that have sought to either block singular immunosuppressive pathways or to direct the immune system against specific identified antigens expressed by tumor cells.

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We are developing a pipeline of product candidates that leverage our T-win technology platform to address targets within the TME. In addition to melanoma, we plan to evaluate IO102-IO103 in multiple solid tumor indications to potentially expand the market opportunity for IO102-IO103. We are also focusing on additional targets that play key roles in immunosuppression and that are expressed in a broad range of solid tumors. Our current pipeline of product candidates is and expected upcoming milestones are summarized in the table below.



(1) In combination with pembrolizumab

(2) NSCLC = non-small cell lung cancer, SCCHN = squamous cell carcinoma of the head and neck

Our lead product candidate, IO102-IO103, combines our two fully-owned, novel immune-modulating vaccines, IO102 and IO103, which are designed to target IDO+ and PD-L1+ target cells, respectively. IDO and PD-L1 are often dysregulated and over-expressed in a wide range of solid tumors, and result in the inhibition of the body's natural pro-inflammatory anti-tumor response within the TME. IO102-IO103 is designed to employ our novel dual mechanism of action approach. This is in contrast to previous approaches which have sought to block singular immunosuppressive pathways or to direct the immune system against specific identified antigens expressed by tumor cells. By combining IO102 and IO103 in a single treatment regimen, we also aim to provide a synergistic therapeutic effect on tumors.

On December 14, 2020, the FDA granted us BTD for the IO102-IO103 cancer vaccine in combination with pembrolizumab for the treatment of patients with unresectable or metastatic melanoma based on data from the Phase 1/2 clinical trial, MM1636. A BTD enables us to solicit more frequent and intensive guidance from the FDA as to how to conduct an efficient development program for IO102-IO103. The MM1636 trial was an investigator-initiated, single-arm Phase 1/2 trial of 30 anti PD-1/PD-L1 naïve patients with metastatic melanoma receiving IO102-IO103 and nivolumab, an anti-PD-1 monoclonal antibody. In this trial, investigators initially observed an ORR of 80% (24 out of 30 patients); however, 2 of 24 patients in which a response was observed progressed before subsequent radiological confirmation, which resulted in a and confirmed best ORR of 73% based on RECIST 1.1. Of these 80% responders, 50% of patients achieved a complete response (CR), or complete elimination of their tumors. Overall safety and tolerability of the combination was favorable, with no significant added systemic toxicity from what has been reported with nivolumab alone. While a total of five patients (17%) experienced a treatment-related high-grade adverse event (grade 3-5), and 17% discontinued treatment with both nivolumab and IO102-IO103, data from this trial suggests a manageable tolerability profile for patients. In addition, we have observed treatment-induced infiltration of CD3+/CD8+ T cells into the tumor site in responding patients and detected IO102 and/or IO103-specific T cells in tumors after treatment in correlative biomarker data where this was analyzed. Consistent with the earlier reported data, with an additional 15 months of patient follow-up, results from the January 5, 2023 data cut as published in the May 2023 Journal for ImmunoTherapy of Cancer for the MM1636 Phase 1/2 from this study of IO102-IO103 in combination with nivolumab for metastatic melanoma continue to be encouraging. As of that data cut-off date, 30 PD-1 naïve patients were enrolled with a minimum follow-up time of 49.8 months. Median OS was not reached, median PFS was 25.5 months, and 50% of patients (15/30) achieved a CR, or complete disappearance of their tumors and the ORR was 80% (73% confirmed ORR per RECIST 1.1). Patients who were anti-PD-1 antibody therapy resistant and enrolled in cohort B in this study had no response to therapy, which we believe shows that our vaccine works best in front-line metastatic melanoma patients, as we expected in this setting.

We are currently recruiting for In November 2023, we fully enrolled a Phase 3 potentially registrational trial for IO102-IO103, the IOB-013/KN-D18 trial, in combination with pembrolizumab in anti PD-1/PD-L1 treatment naïve patients with unresectable or metastatic melanoma that we expect to fully enroll by the end of 2023, melanoma. While the MM1636 trial investigated IO102-IO103 in combination with nivolumab, we have made the commercial decision to investigate IO102-IO103 in combination with pembrolizumab in the Phase 3 trial. Nivolumab and pembrolizumab are both IgG4 subclass

antibodies that target the PD-1 receptor. In a comparative data analysis by Moser (Annals of Oncology 2020), researchers found no difference between the effectiveness of frontline pembrolizumab and nivolumab in patients with advanced melanoma. The Phase 3 trial also includes a concurrent evaluation of the initial participants to allow for an assessment of safety (a safety run-in) for the combination of IO102-IO103 and pembrolizumab. The pembrolizumab for this trial is being supplied by Merck pursuant to a Clinical Trial Collaboration and Supply Agreement that we entered into in September 2021. The independent data monitoring committee for the IOB-013/KN-D18 trial convened its second third meeting in May September 2023 to review safety data from the first 86 randomized patients and recommended that the trial continue without modifications.

We are also investigating the IO102-IO103 cancer vaccine in several other solid tumor indications. We are conducting a Phase 2 basket trial, the IOB-022 trial, which will enable us to investigate multiple first-line solid tumor indications treatment naïve patients for metastatic disease. This basket trial is designed to investigate the safety and efficacy of IO102-IO103 in combination with pembrolizumab in patients with metastatic non-small cell lung cancer (NSCLC), adenocarcinoma histology, with PD-L1 TPS ≥ 50% (cohort A), or recurrent and/or metastatic squamous cell carcinoma of the head and neck (SCCHN) with CPS ≥ 20 (cohort B), and metastatic urothelial bladder carcinoma (UBC) with CPS ≥ 10 (cohort C). We initiated the IOB-022 trial in April 2022 and as of April 12th, August 21st, 2023, 30 42 patients are were enrolled (24 28 in cohort A and 6 14 in cohort B). Consistent with the earlier reported data, results from the June 12, 2023 for the IOB-022/KN-D38 Phase 1/2 study of IO102-IO103 in combination with pembrolizumab in metastatic NSCLC and or recurrent and/or metastatic SCCHN continue to be encouraging. encouraging as of August 2023. Of the 24 28 patients enrolled in cohort A, 17 18 were efficacy evaluable per protocol having received at least two full cycles of treatment. Among the 17 18 evaluable patients, 9 10 patients had a partial response as their best overall response while 5 had stable disease; disease and 3 patients had progressive disease. Of the 6 14 patients enrolled in cohort B, 5 6 were efficacy evaluable per protocol having received at least two full cycles of treatment. Among the 5 6 evaluable patients, 3 patients had a partial response as their best overall response while 2 3 patients had progressive disease. The safety profile observed to date in this study is consistent with prior clinical experience with IO102-IO103. We expect to report additional data from this study by the end of 2023.

In addition to first-line cancer indications, we also plan have initiated a trial to investigate IO102-IO103 when in combination with pembrolizumab in a perioperative setting and used before or after curatively intended surgery as a neo-adjuvant/adjuvant therapy. In April 2023, the FDA cleared the Company's Investigational New Drug Application (IND) for the evaluation of IO102-IO103 in the neo-adjuvant / neo-adjuvant/adjuvant treatment of solid tumors. tumors, the IOB-

032 trial. As with our targeted first-line cancer indications, we plan to conduct a are conducting this Phase 2 basket trial the IOB-032 trial, which will enable us to investigate IO102-IO103 in combination with pembrolizumab in multiple solid tumor indications in anti PD-1/PD-L1 naïve settings focused initially on melanoma and SCCHN. We expect to initiate this trial in the second half of 2023.

Our development of the IO102-IO103 combination is based on our prior separate development of IO102 and IO103. IO102 is our fully-owned fully owned novel product candidate containing a single IDO-derived peptide sequence designed to engage and activate IDO-specific human T cells. IDO small molecule inhibitors have shown clinical potential in combination with PD-1 antibodies in early clinical trials, but have not been able to demonstrate the same level of efficacy in later-stage clinical trials. Our Phase 1 non-randomized trial of IO101, our first-generation IDO therapy, in NSCLC resulted in proof of concept for our approach, with 47% of patients displaying clinical benefit and an OS of 26 months in the treatment arm compared to 8 months in the group receiving standard of care. There were no grade 3 or higher adverse events (AEs). We have completed testing of IO102 in a randomized Phase 1/2 trial in combination with pembrolizumab standard-of-care in first-line treatment of patients with metastatic NSCLC. IO103 is our fully-owned, fully owned, novel product candidate containing a single PD-L1-derived peptide designed to engage and activate PD-L1 specific human T cells. Continued clinical development of IO102 and IO103 will be focused on their use in our dual- and multi-antigen approaches.

IO112 is our fully-owned, fully owned, novel product candidate containing a single Arginase 1-derived peptide designed to engage and activate Arginase 1-specific human T cells. IO112 is designed to target T cells that recognize epitopes derived from Arginase 1, which is an immunoregulatory enzyme highly expressed in difficult-to-treat tumors associated with high levels of myeloid-derived suppressor cells (MDSCs) including colorectal, breast, prostate and pancreatic and ovarian cancers. Arginase overexpression is a well-documented tumor escape mechanism. IO112 is currently being tested in a single arm first-in-human Phase 1 trial in patients with Arginase-positive solid tumors conducted in an investigator-initiated trial at the University of Copenhagen. We plan to be ready to file an IND continue IND-enabling activities for IO112 by the end of 2023.

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#### IO112.

In addition to IO102, IO103 and IO112, we are evaluating additional product candidates that we believe have potential for use in solid tumors. All our compounds in preclinical development are designed to target well-documented immunosuppressive molecules that are known to be overexpressed in the TME across a wide range of tumors. These targets provide additional opportunities across multiple cancer indications.

Targeting TGF $\beta$ 1 expressing cells in the TME via a vaccine approach presents a novel and attractive way to modulate the pathway and drive therapeutic benefit in cancer setting. We are developing and characterizing TGF $\beta$ 1-selective peptide vaccines capable of inducing strong immune responses. Preliminary evidence in mouse models showed that treatment with a TGF $\beta$ 1 vaccine drives CD4+ T cell infiltration in the TME and might promote in vivo targeted cell killing. Further experimental work to elucidate the cellular and molecular mechanisms of a TGF $\beta$ 1 vaccine is ongoing to support further

development of a TGF $\beta$ 1 vaccine (IO170) to modulate the TME for therapeutic benefit in a wide range of cancer indications. We plan to continue pre-clinical studies for IO170.

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IO Biotech was established in December 2014 as a spin-off of the National Center for Cancer Immune Therapy at Herlev University Hospital in Denmark. We have assembled a seasoned management team and Board with extensive experience in developing novel oncology therapies, including advancing product candidates from preclinical research through to clinical development and ultimately to regulatory approval and commercialization. Our team is led by our founder, President and Chief Executive Officer, Mai-Britt Zocca, Ph.D., who has close to 20 years of experience as a biotech executive. Amy Sullivan, our Chief Financial Officer, joined us in October 2022 and brings 30 years of public company industry experience to IO Biotech. Qasim Ahmad, MD, our Chief Medical Officer, is a trained internist and clinical oncologist and has more than 20 years of experience in strategic clinical development, medical affairs, and obtaining marketing authorizations. Mads Hald Andersen, Ph.D., our scientific founder and advisor, is a Professor and director at the National Center for Cancer Immune Therapy, Herlev University Hospital and an internationally recognized immunology researcher. Our Board has deep expertise in the fields of immuno-oncology, business and finance.

On November 9, 2021, we completed an IPO of our common stock and issued and sold 8,222,500 shares of common stock at a public offering price of \$14.00 per share, including 1,072,500 shares of common stock sold pursuant to the underwriters' exercise of their option to purchase additional shares of common stock, resulting in net proceeds of \$103.3 million after deducting underwriting discounts and commissions and estimated offering expenses.

On August 7, 2023, the Company entered into and completed the Purchase Agreement, pursuant to which the Company agreed to sell and issue Private Placement, issuing (i) 37,065,647 shares of the Company's Common Stock, and (ii) 37,065,647 warrants to purchase up to 37,065,647 shares of Common Stock. The Purchase Price for the Private Placement. Each Purchaser's Warrant is exercisable for a number of shares of Common Stock equal to one hundred percent of the aggregate number of shares of Common Stock purchased by such Purchaser. The purchase price per share of Common Stock and Warrant was \$2.025 per share.

The Warrants will be immediately exercisable upon issuance at an exercise price of \$2.47 per share, subject to adjustment as set forth therein. The Warrants will be exercisable until the earlier of (i) February 9, 2027, and (ii) one day prior to the closing of an acquisition, as defined within the Form of Common Stock Purchase Warrant agreement. The Warrants may be exercised on a cashless basis if there is no effective registration statement registering the shares underlying the Warrants.

In connection with the execution of the Purchase Agreement, the Company also entered into the Registration Rights Agreement with the Purchasers. Under the terms of the Registration Rights Agreement, the Company has agreed to prepare and file, by the Filing Deadline, one or more registration statements with the SEC to register for resale the Common Stock issued under the Purchase Agreement and the shares of Common Stock issuable upon conversion of the Warrants issued pursuant to the Purchase Agreement, and to cause the applicable registration statements to become

effective within a specified period after the Filing Deadline. Certain cash penalties will apply to the Company in the event of registration failures, as described in the Registration Rights Agreement.

The Private Placement closed on August 9, 2023. The Company received approximately \$75.1 million \$71.9 million in gross proceeds from the Private Placement, before deducting offering expenses that are expected to amount to approximately \$3.0 million. The Company intends to use the net proceeds from the Private Placement for general corporate purposes, after deducting underwriting discounts and commissions and estimated offering expenses.

Since inception, we have had significant operating losses. Our net loss was \$38.2 million \$59.9 million for the six nine months ended June 30, 2023 September 30, 2023, and \$71.5 million and \$67.9 million for the years ended December 31, 2022 and December 31, 2021, respectively. As of June 30, 2023 September 30, 2023, we had an accumulated deficit of \$216.0 million \$237.6 million and \$110.1 million \$165.5 million in cash and cash equivalents.

Our ability to generate revenue from product sales sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our product candidates. Our operations to date have been financed primarily by aggregate net proceeds of \$288.7 million from the issuance of convertible preference shares, convertible notes, ordinary shares and our IPO IPO. In addition, the \$71.9 million in addition to the estimated \$75.1 million gross net proceeds raised through the Private Placement before deducting estimated offering expenses.

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will continue to allow us to finance our operations.

Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our accounts payable and accrued expenses. We expect to continue to incur net losses for the foreseeable future, and we expect our research and development expenses, general and administrative expenses, and capital expenditures will continue to increase. In particular, we expect our expenses to increase as we continue our development of, and seek regulatory approvals for, our product candidates, as well as hire additional personnel, pay fees to outside consultants, lawyers and accountants, and incur other increased costs associated with being a public company. In addition, if and when we seek and obtain regulatory approval to commercialize any product candidate, we will also incur increased expenses in connection with commercialization and marketing of any such product. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials and our expenditures on other research and development activities.

Based upon our current operating plan, we believe that our existing cash and cash equivalents of \$110.1 million \$165.5 million as of June 30, 2023, taken together with the \$75.1 million in gross proceeds raised through the Private Placement, which closed on August 9, 2023 September 30, 2023, will be sufficient to continue funding our development activities into the fourth quarter of 2025. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. To finance our operations beyond that point we will need to raise additional capital, which, though we were successful in raising additional capital through the Private Placement, cannot be assured and which we may not be able to pursue successfully again in the future.

To date, we have not had any products approved for sale and, therefore, have not generated any product revenue. We do not expect to generate any revenues from product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our product candidates. If we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution, and associated regulatory and compliance costs. As a result, until such time, if ever, that we can generate substantial product revenue, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including collaborations, licenses or similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed or on favorable terms, if at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies, including our research and development activities. If we are unable to raise capital, we will need to delay, reduce or terminate planned activities to reduce costs.

## **Coronavirus Pandemic**

Although the World Health Organization has declared that COVID-19 no longer represents a global **health emergency** and the federal government has terminated the COVID-19 national emergency and public health emergency, the actual and perceived impact of COVID-19 and any effect on our business cannot be predicted. As a result, there can be no assurance that we will not experience additional negative impacts associated with COVID-19, which could be significant. The COVID-19 pandemic may negatively impact our business, financial condition and results of operations causing interruptions or delays in the Company's programs and services.

## **Components of Operating Results**

### ***Operating Expenses***

Our operating expenses since inception have consisted primarily of research and development expenses and general and administrative costs.

#### *Research and Development*

Our research and development expenses consist primarily of costs incurred for the development of our product candidates and our drug discovery efforts, which include:

- personnel costs, which include salaries, benefits and equity-based compensation expense;
- expenses incurred under agreements with outside consultants and advisors, including their fees and related travel expenses;
- expenses incurred under agreements with third parties, including CROs that conduct research, preclinical activities and clinical trials on our behalf as well as CMOs that manufacture our product candidates for use in our preclinical and clinical trials and perform chemistry, manufacturing and control activities;
- laboratory and vendor expenses related to the execution of preclinical studies and planned and ongoing clinical

trials;

- expenses related to research conducted by institutions, universities and hospitals as part of collaborations;

- filing and maintenance of patents and intellectual property rights, including payment to third parties for assignment of patent rights and licensing fees and milestone payments incurred under product license agreements where no alternative future use exists;
- laboratory supplies and equipment used for internal research and development activities; and
- facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expense all research and development costs in the periods in which they are incurred. Costs for certain research and development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and third-party service providers.

From time to time, we obtain grants from public and private funds for our research and development projects. The grant income for a given period is recognized as a cost reimbursement and is typically based on the time and the costs that we have spent on the specific project during that period.

We have historically met the requirements to receive a tax credit in Denmark of up to 5.5 million Danish Kroner per year for losses resulting from research and development costs of up to 25 million Danish Kroner per year. The tax credit is presented as a reduction to research and development expense in the **condensed consolidated** statements of operations.

We use our personnel and infrastructure resources across multiple research and development programs directed toward identifying and developing product candidates. We generally have not tracked our research and development expenses on a program-by-program basis. Substantially all of our direct research and development expenses in the years ended December 31, 2022 and 2021 and in the **six** **nine** months ended **June 30, 2023** **September 30, 2023** were on IO102-IO103 and consisted primarily of external costs, such as consultants, third-party contract organizations that conduct research and development activities on our behalf, costs related to production of preclinical and clinical materials, including fees paid to contract manufacturers, and laboratory and vendor expenses related to the execution of our ongoing and planned preclinical studies and clinical trials.

We expect our research and development expenses to increase substantially for the foreseeable future as we continue to invest in research and development activities related to developing our product candidates, including investments in conducting clinical trials, manufacturing and otherwise advancing our programs. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain.

Because of the numerous risks and uncertainties associated with product development and the current stage of development of our product candidates and programs, we cannot reasonably estimate or know the nature, timing and

estimated costs necessary to complete the remainder of the development of our product candidates or programs. We are also unable to predict if, when, or to what extent we will obtain approval and generate revenues from the commercialization and sale of our product candidates. The duration, costs and timing of preclinical studies and clinical trials and development of our product candidates will depend on a variety of factors, including:

- successful completion of preclinical studies and of clinical trials for IO102-IO103, IO112, and our other current product candidates and any future product candidates;
- successful enrollment and completion of our Phase 3 clinical trial for IO102-IO103, Phase 2 IO102-IO103 basket trial and any clinical trials for future product candidates;
- data from our clinical programs that support an acceptable risk-benefit profile of our product candidates in intended patient populations;
- acceptance by the FDA, regulatory authorities in Europe, or other regulatory agencies of the IND applications, clinical trial applications and/or other regulatory filings for IO102-IO103, our other current product candidates and future product candidates;
- expansion and maintenance of a workforce of experienced scientists and others to continue to develop our product candidates;
- successful application for and receipt of marketing approvals from applicable regulatory authorities;
- obtainment and maintenance of intellectual property protection and regulatory exclusivity for our product candidates;
- arrangements with third-party manufacturers for, or establishment of, commercial manufacturing capabilities;
- establishment of sales, marketing and distribution capabilities and successful launch of commercial sales of products, if and when approved, whether alone or in collaboration with others;
- acceptance of our products, if and when approved, by patients, the medical community and third-party payors;

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- effective competition with other therapies;
- obtainment and maintenance of coverage, adequate pricing and adequate reimbursement from third-party payors including government payors;
- maintenance, enforcement, defense and protection of our rights in our intellectual property portfolio;
- avoidance of infringement, misappropriation or other violations with respect to others' intellectual property or proprietary rights; and
- maintenance of a continued acceptable safety profile of our products following receipt of any marketing approvals;

We may never succeed in achieving regulatory approval for any of our product candidates. We may obtain unexpected results from our preclinical studies and clinical trials. We may elect to discontinue, delay or modify clinical trials of some product candidates or focus on others. A change in the outcome of any of these factors could mean a significant change in the costs and timing associated with the development of our current and future preclinical and clinical product candidates. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond

those that we currently anticipate will be required for the completion of clinical development, or if we experience significant delays in execution of or enrollment in any of our preclinical studies or clinical trials, we could be required to expend significant additional financial resources and time on the completion of preclinical and clinical development.

Research and development activities account for a significant portion of our operating expenses. We expect our research and development expenses to increase for the foreseeable future as we continue to implement our business strategy, which includes advancing IO102-IO103 through clinical development and other product candidates further into clinical development, expanding our research and development efforts, including hiring additional personnel to support our research and development efforts, and seeking regulatory approvals for our product candidates that successfully complete clinical trials. In addition, product candidates in later stages of clinical development generally incur higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. As a result, we expect our research and development expenses to increase as our product candidates advance into later stages of clinical development. However, we do not believe that it is possible at this time to accurately project total program-specific expenses through commercialization. There are numerous factors associated with the successful commercialization of any of our product candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development.

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#### *General and Administrative Expenses*

Our general and administrative expenses consist primarily of personnel costs, depreciation expense and other expenses for outside professional services, including legal fees relating to patent and corporate matters, human resources, audit and accounting services and facility-related fees not otherwise included in research and development expenses. Personnel costs consist of salaries, benefits and equity-based compensation expense, for our personnel in executive, finance and accounting, business operations and other administrative functions. We expect our general and administrative expenses to increase over the next several years to support our continued research and development activities, manufacturing activities, increased costs of expanding our operations and operating as a public company. These increases will likely include increases related to the hiring of additional personnel, fees to outside consultants, lawyers and accountants, and increased costs associated with being a public company such as expenses related to services associated with maintaining compliance with Nasdaq listing rules and SEC requirements, director and officer insurance premiums and investor relations costs.

#### ***Other Income (Expense), Net***

Our other income (expense), net is comprised of:

- **Foreign currency exchange:** Our The functional currency of our subsidiary in Denmark is the Euro. Transactions denominated in currencies other than the Euro result in exchange gains and losses that are recorded in our statements of operations.
- **Interest expense:** For the three and **six** nine months ended **June 30, 2022** September 30, 2022, we incurred

interest expense on account balances with banks and vendors. We did not incur interest expense for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

- **Interest income:** For the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, we recognized interest income on account balances invested in money market funds and on account balances with banks.

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## Results of Operations

### Comparison of the three months ended **June 30, 2023** **September 30, 2023** and 2022

The following sets forth our results of operations:

	For the Three Months				For the Three Months			
	Ended June 30,		Change		Ended September 30,		Change	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
			(in thousands)				(in thousands)	
Operating expenses								
Research and development	16,5	12,2	4,27		17,6	10,0	7,63	
	\$ 04	\$ 26	\$ 8	35.0%	\$ 55	\$ 22	\$ 3	76.2%
General and administrative	5,34	5,93			5,82	5,84		
	8	5	(587)	(9.9)%	9	3	(14)	(0.2)%
Total operating expenses	21,8	18,1	3,69		23,4	15,8	7,61	
	52	61	1	20.3%	84	65	9	48.0%
Loss from operations	(21,8)	(18,1)	(3,6)		(23,	(15,8)	(7,6)	
	52)	61)	91)	20.3%	484)	65)	19)	48.0%
Other income (expense)	1,20		1,43	(624)				
	6	(230)	6	.3)%				
Loss before income tax expense	(20,6	(18,3	(2,2					
	46)	91)	55)	12.3%				
Income tax expense				411.				
	532	104	428	5%				
Other income					1,36		1,07	
					6	292	4	8%

Loss before income							
tax benefit					(22,	(15,5	(6,5
(expense)					118)	73)	45)
Income tax (benefit)							(55
expense					(439)	115	4)
Net loss	(21,1	(18,4	(2,6		(21,	(15,6	(5,9
	\$ 78)	\$ 95)	\$ 83)	14.5 %	\$ 679)	\$ 88)	\$ 91)
							38.2 %

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### **Research and Development Expenses**

Research and development expenses were comprised of:

	For the Three Months						For the Three Months					
	Ended June 30,			Change			Ended September 30,			Change		
	2023		2022		Amoun	Perce	2023		2022		Amou	Perce
					(in thousands)						(in thousands)	
Preclinical studies and clinical trial-related activities	7,28	\$ 3	5,87	\$ 5	1,4	24.0 %	10,0	\$ 50	3,82	\$ 1	6,2	163.0 %
Chemistry, manufacturing and control	4,93	\$ 3	1,59	\$ 6	3,3	209.1 %	1,70	6	1,10	5	601	44.4 %
Personnel	3,80	\$ 4	3,75	\$ 5	37	1.3 %	5,12	3	4,25	1	872	55.5 %
Consultants and other costs	1,00	\$ 484	(51	\$ 0	(51	(51.6 %	776	776	845	845	(69)	(8.2) %
Total research and development expenses	16,5	\$ 04	12,2	\$ 26	4,2	35.0 %	17,6	\$ 55	10,0	\$ 22	7,6	76.2 %

Research and development expenses were \$16.5 million \$17.7 million for the three months ended June 30, 2023 September 30, 2023, compared to \$12.2 million \$10.0 million for the three months ended June 30, 2022 September 30, 2022. The increase of \$4.3 million \$7.6 million was primarily related to an increase in preclinical studies and clinical trial-related activities for our IO102-IO103 product therapeutic vaccine candidate, including the continued execution of our Phase 3 clinical trial of \$1.4 million and \$6.2 million, an increase in costs for chemistry, manufacturing and control activities

of \$3.3 million \$0.6 million related to manufacturing activities of our IO102-IO103 product candidate which and an increase in personnel costs of \$0.9 million primarily related to a one time charge in equity-based compensation that were offset by a decrease in consultants and other costs of \$0.5 million \$0.1 million.

### **General and Administrative Expenses**

General and administrative expenses were comprised of:

	For the Three Months						For the Three Months					
	Ended June 30,			Change			Ended September 30,			Change		
	2023		2022		Amount	Percent	2023		2022		Amount	Percent
	(in thousands)											
Personnel	2,19		1,75				2,54		1,93			
	\$ 6		\$ 6		\$ 440	25.1%	\$ 7		\$ 2		\$ 615	31.8%
Professional services	948		878		70	8.0%	878		920		(42)	(4.6)%
Consultants and other costs	2,20		3,30		(1,0)	(33.4%)	2,40		2,99		(58)	(19.6)%
	4		1		97)	2%)	4		1		7)	6)%
Total general and administrative expenses	5,34		5,93				5,82		5,84			
	\$ 8		\$ 5		\$ (587)	(9.9)%	\$ 9		\$ 3		\$ (14)	(0.2)%

General and administrative expenses were \$5.3 million \$5.8 million for each of the three months ended June 30, 2023, compared to \$5.9 million for the three months ended June 30, 2022, September 30, 2023 and 2022. The decrease increase in personnel costs of \$0.6 million was primarily related were due to an increase in head count that were offset by a decrease in consultants and other costs of \$1.1 million due \$0.6 million primarily related to a decrease in consultant spend and insurance premiums, which was offset by an increase in personnel costs of \$0.4 million primarily related to an increase in headcount.

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premiums.

### **Other Income (Expense), Net**

Other income (expense), net was comprised of:

For the Three Months			For the Three Months		
Ended June 30,		Change	Ended September 30,		Change

	Amount				Amount			
	2023	2022	Change	Percent	2023	2022	Change	Percent
	(in thousands)				(in thousands)			
Currency exchange gain (loss), net	\$ 10	\$ (286)	\$ 296	5%)	(103.			
Currency exchange loss, net								293.
Interest income	1,19		1,03	657.				1,25
	6	158	8	0 %		457	1	273.
Interest expense				(100.				(100
	—	(102)	102	0%)		(78)	78	.0%)
Other income (expense), net	1,20		1,43	(624.				1,07
	\$ 6	\$ (230)	\$ 6	3%)	\$ 1,366	\$ 292	\$ 4	367.
	<u>\$ 6</u>	<u>\$ (230)</u>	<u>\$ 6</u>	<u>3%)</u>	<u>\$ 1,366</u>	<u>\$ 292</u>	<u>\$ 4</u>	<u>8 %</u>

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Other income (expense), net was \$1.2 million \$1.4 million for the three months ended June 30, 2023 September 30, 2023, compared to (\$0.2) million \$0.3 million for the three months ended June 30, 2022 September 30, 2022. The increase of \$1.4 million \$1.1 million was primarily due to the increase in interest income recognized on our money market fund.

#### Comparison of the six nine months ended June 30, 2023 September 30, 2023 and 2022

The following sets forth our results of operations:

	For the Six Months				For the Nine Months			
	Ended June 30,		Change		Ended September 30,		Change	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
			(in thousands)				(in thousands)	
Operating expenses								
Research and development	28,4	22,5	5,87		46,0	32,5	13,5	
	\$ 04	\$ 31	\$ 3	26.1 %	\$ 59	\$ 53	\$ 06	41.5 %
General and administrative	11,3	12,6	(1,2)	(10.	17,2	18,4	(1,28	
	72	39	67)	0%)	01	82	1)	(6.9)%

Total operating expenses	39,7 76	35,1 70	4,60 6	13.1 %	63,2 60	51,0 35	12,2 25	24.0 %
Loss from operations	(39,7 76)	(35,1 70)	(4,6 06)	13.1 %	(63,2 60)	(51,0 35)	(12,2 25)	24.0 %
Other income (expense)	2,49 2		2,85 (358)	(796 0)	3,85 8		3,92 (66)	(5,94 4)
Loss before income tax expense	(37,2 84)	(35,5 28)	(1,7 56)	4.9 %	(59,4 02)	(51,1 01)	(8,30 1)	16.2 %
Income tax expense	938	171	767	5 %	499	286	213	74.5 %
Net loss	(38,2 \$ 22)	(35,6 \$ 99)	(2,5 \$ 23)	7.1 %	(59,9 \$ 01)	(51,3 \$ 87)	(8,51 \$ 4)	16.6 %

### ***Research and Development Expenses***

Research and development expenses were comprised of:

	For the Six Months						For the Nine Months					
	Ended June 30,			Change			Ended September 30,			Change		
	2023		2022		Amoun	Perce	2023		2022		Amoun	Perce
					(in thousands)						(in thousands)	
Preclinical studies and clinical trial-related activities	12,6 \$ 29		9,81 \$ 1		2,8 \$ 18	28.7 %	22,6 \$ 79		13,6 \$ 32		9,04 \$ 7	66.4 %
Chemistry, manufacturing and control	7,75 1		4,62 4		3,1 27	67.6 %	9,45 7		5,72 9		3,72 8	65.1 %
Personnel	7,59 5		7,17 7		418	5.8 %	12,7 18		11,4 28		1,29 0	11.3 %
Consultants and other costs	429 429		919 919		(49 0)	(53.3 %)	1,20 5		1,76 4		(55 9)	(31.7 %)
Total research and development expenses	28,4 \$ 04		22,5 \$ 31		5,8 \$ 73	26.1 %	46,0 \$ 59		32,5 \$ 53		13,5 \$ 06	41.5 %

Research and development expenses were \$28.4 million \$46.1 million for the six nine months ended June 30, 2023 September 30, 2023, compared to \$22.5 million \$32.6 million for the six nine months ended June 30, 2022 September 30, 2022. The increase of \$5.9 million \$13.5 million was primarily related to an increase in preclinical studies and clinical trial-related activities for our IO102-IO103 product therapeutic vaccine candidate, including the continued execution of our Phase 3 clinical trial of \$2.8 million and \$9.0 million, an increase in costs for chemistry, manufacturing and control activities of \$3.1 million \$3.7 million related to manufacturing activities of our IO102-IO103 product candidate.

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candidate and an increase in personnel costs of \$1.3 million primarily related to a one-time charge in equity-based compensation that were offset by a decrease in consultants and other costs of \$0.6 million.

### ***General and Administrative Expenses***

General and administrative expenses were comprised of:

	For the Six Months				For the Nine Months			
	Ended June 30,		Change		Ended September 30,		Change	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
	(in thousands)				(in thousands)			
Personnel	4,85	3,58	1,26		7,39	5,51	1,87	
	\$ 1	\$ 7	\$ 4	35.2%	\$ 8	\$ 9	\$ 9	34.0%
Professional services	2,45	2,66			3,33	3,58	(24	
	7	4	(207)	(7.8)%	5	4	9)	(6.9)%
Consultants and other costs	4,06	6,38	(2,3	(36.	6,46	9,37	(2,9	(31.
	4	8	24)	4)%	8	9	11)	0)%
Total general and administrative expenses	11,3	12,6	(1,2	(10.	17,2	18,4	(1,2	
	\$ 72	\$ 39	\$ 67)	0)%	\$ 01	\$ 82	\$ 81)	(6.9)%

General and administrative expenses were \$11.4 million \$17.2 million for the six nine months ended June 30, 2023 September 30, 2023, compared to \$12.6 million \$18.5 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of \$1.3 million was primarily related to a decrease in consultants and other costs of \$2.3 million \$2.9 million primarily related to a decrease in consultant spend and insurance premiums, which was offset by an increase in personnel costs of \$1.3 million \$1.9 million primarily related to an increase in headcount.

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### ***Other Income (Expense), Net***

Other income (expense), net was comprised of:

	For the Six Months				For the Nine Months			
	Ended June 30,		Change		Ended September 30,		Change	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Currency exchange gain (loss), net	\$ 268	\$ 5)	\$ 573	9%)				
Currency exchange loss, net					\$ (74)	\$ (392)	\$ 318	(81.1)%
Interest income	2,22	2,05	1185		3,93		3,30	523.
	4	173	1	.5%		2	631	1
Interest expense		(22		(100.				(100.
	—	6)	226	0%)	—	(305)	305	0%)
Other income (expense), net	2,49	(35	2,85	(796.	3,85		3,92	(5,94
	\$ 2	\$ 8)	\$ 0	1%)	\$ 8	\$ (66)	\$ 4	5.5%)

Other income (expense), net was \$2.5 million \$3.9 million for the six nine months ended June 30, 2023 September 30, 2023, compared to \$(0.4) \$(0.1) million for the six nine months ended June 30, 2022 September 30, 2022. The increase of \$2.9 million \$3.9 million was primarily due to the increase in interest income recognized on our money market fund.

## Liquidity and Capital Resources

### *Sources of Liquidity*

Our operations to date have been financed primarily by aggregate net proceeds of \$288.7 million from the issuance of convertible preference shares, convertible notes, class A ordinary shares, and our IPO. In addition, on August 7, 2023 August 9, 2023, we entered into completed the Purchase Agreement with the Purchasers, Private Placement, pursuant to which we raised an additional \$75.1 million \$71.9 million in gross net proceeds through the Private Placement, before after deducting estimated offering expenses.

On November 9, 2021, we completed an IPO of our common stock and issued and sold 8,222,500 shares of common stock at a public offering price of \$14.00 per share, including 1,072,500 shares of common stock sold pursuant to the underwriters' exercise of their option to purchase additional shares of common stock, resulting in net proceeds of \$103.3 million after deducting underwriting discounts and commissions and estimated offering expenses. In addition, on August 7, 2023, we entered into the Purchase Agreement with the Purchasers, pursuant to which we raised an additional \$75.1 million in gross proceeds through the Private Placement, before deducting estimated offering expenses that are expected to amount to approximately \$3.0 million. Since inception, we have had significant operating losses. Our net loss was \$38.2 million \$59.9 million for the six nine months ended June 30, 2023 September 30, 2023 and \$71.5 million and \$67.9 million for

the years ended December 31, 2022 and 2021, respectively. As of **June 30, 2023** **September 30, 2023**, we had an accumulated deficit of **\$216.0 million** **\$237.6 million** and **\$110.1 million** **\$165.5 million** in cash and cash equivalents. Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and to a lesser extent, general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

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On August 7, 2023, the Company entered into the Purchase Agreement, pursuant to which the Company agreed to sell and issue (i) 37,065,647 shares of the Company's Common Stock, and (ii) 37,065,647 Warrants in the Private Placement. Each Purchaser's Warrant is exercisable for a number of shares of Common Stock equal to one hundred percent of the aggregate number of shares of Common Stock purchased by such Purchaser. The purchase price for each share of Common Stock and Warrant was \$2.025. The Warrants are exercisable at an exercise price of \$2.47 per share, subject to adjustment as set forth therein. The Warrants are exercisable until the earlier of (i) February 9, 2027, and (ii) one day prior to the closing of an acquisition, as defined in the Warrants. The Warrants may be exercised on a cashless basis if there is no effective registration statement registering the shares underlying the Warrants. The Private Placement closed on August 9, 2023. The Company received \$75.1 million in gross proceeds from the Private Placement, before deducting offering expenses of \$3.2 million. The Company intends to use the net proceeds of \$71.9 million from the Private Placement for general corporate purposes.

In addition, on February 15, 2023, we filed a new prospectus supplement with the SEC with respect to the offer and sale of shares of our common stock, par value \$0.001 per share, with an aggregate offering price of up to \$19,500,000, establishing an at-the-market equity program. On February 15, 2023, we also entered into a Sales Agreement by and between the Company and Cowen and Company, LLC for shares with an aggregate offering price of up to \$75,000,000 through which we may, from time to time, sell shares to **through** Cowen and Company, **LLC**, **LLC**, acting as agent and/or principal. Any shares offered and sold through the at-the-market equity program will be issued pursuant to the Company's Registration Statement on Form S-3 (File No. 333-269569), which was declared effective on February 10, 2023, the prospectus supplement related to the offering that forms a part of the registration statement, and any applicable prospectus supplements that may form a part of the registration statement in the future. The aggregate market value of shares eligible for sale under the prospectus supplement and under the Sales Agreement will be subject to the limitations of General Instruction I.B.6 of Form S-3, to the extent required under such instruction. **We have not currently issued any shares pursuant to our at-the-market equity program.**

We currently expect that our cash and cash equivalents of **\$110.1 million** **\$165.5 million** as of **June 30, 2023**, taken together with the \$75.1 million in gross proceeds raised through the Private Placement, which closed on August 9, 2023 **September 30, 2023**, will be sufficient to fund our operating expenses and capital requirements into the fourth quarter of 2025. However, additional funding will be necessary to fund our future clinical and **pre-clinical** **preclinical** activities. If we are unable to obtain funding, we could be forced to delay, reduce or eliminate our

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research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect our business prospects and our ability to continue operations.

### **Cash Flows**

The following table summarizes our cash flows for the periods indicated:

	For the Six Months		For the Nine Months	
	Ended June 30,		Ended September 30,	
	2023	2022	2023	2022
(in thousands)				
Net cash used in operating activities	\$ (32,952)	\$ (33,855)	\$ (48,942)	\$ (47,203)
Net cash used in investing activities	(187)	(223)	(211)	(341)
Net cash provided by financing activities	—	—	71,870	—
Net decrease in cash and cash equivalents	\$ (33,139)	\$ (34,078)		
Net increase (decrease) in cash and cash equivalents			\$ 22,717	\$ (47,544)

#### ***Net Cash Used in Operating Activities***

Cash used in operating activities of \$33.0 million \$48.9 million for the six nine months ended June 30, 2023 September 30, 2023 was primarily attributable to our net loss of \$38.2 million \$59.9 million, partially offset by a decrease net increase of \$1.7 million \$3.9 million in our working capital accounts and an increase in non-cash items of \$3.6 million \$7.1 million primarily due to share-based equity-based compensation.

Cash used in operating activities of \$33.9 million \$47.2 million for the six nine months ended June 30, 2022 September 30, 2022 was primarily attributable to our net loss of \$35.7 million \$51.4 million and a net increase decrease of \$1.7 million \$1.9 million in our working capital accounts, partially offset by non-cash items of \$3.5 million \$6.1 million primarily due to share-based equity-based compensation.

#### ***Net Cash Used in Investing Activities***

Cash used in investing activities of \$0.2 million and \$0.3 million for both the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively, was related to the purchase of property and equipment.

#### ***Net Cash Provided by Financing Activities***

Cash provided by financing activities of \$71.9 million for the nine months ended September 30, 2023 was related to the net proceeds obtained from the issuance of common stock and warrants as part of the August 2023 private placement. We had no cash provided by financing activities for the six nine months ended June 30, 2023 and 2022 September 30, 2022.

## Funding Requirements

Any product candidates we may develop may never achieve commercialization and we anticipate that we will continue to incur losses for the foreseeable future. We expect that our research and development expenses, general and administrative expenses, and capital expenditures will continue to increase. As a result, until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. Our primary uses of capital are, and we expect will continue to be, compensation and related expenses; costs related to third-party clinical research, manufacturing and development services; costs relating to the build-out of our headquarters and our other offices, laboratories and manufacturing facility; license payments or milestone obligations that may arise; laboratory expenses and costs for related supplies; clinical costs; manufacturing costs; legal and other regulatory expenses; and general overhead costs.

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Based upon our current operating plan, we believe that our existing cash and cash equivalents of \$110.1 million \$165.5 million as of June 30, 2023, taken together with the \$75.1 million in gross proceeds raised through the Private Placement, which closed on August 9, 2023 September 30, 2023, will be sufficient to continue funding our development activities into the fourth quarter of 2025. To finance our operations beyond that point we will need to raise additional capital, which, though we were successful in raising additional capital through the Private Placement, cannot be assured and which we may not be able to pursue successfully again in the future. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We will continue to require additional financing to advance our current product candidates through clinical development, to develop, acquire or in-license other potential product candidates and to fund operations for the foreseeable future. We will continue to seek funds through equity offerings, debt financings or other capital sources, potentially including collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

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Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise capital, we may need to delay, reduce or terminate planned activities to reduce costs.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the progress, costs and results of our ongoing and planned clinical trials of IO102-IO103, as well as our planned trials for our other product candidates;
- the scope, progress, results and costs of discovery research, preclinical development, laboratory testing and clinical trials for our product candidates, including our ongoing clinical trials of IO102-IO103 and preclinical studies of IO104;
- the impacts of the COVID-19 pandemic;
- the number of, and development requirements for, other product candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our product candidates;
- our ability to enter into contract manufacturing arrangements for supply of active pharmaceutical ingredient ("API") and manufacture of our product candidates and the terms of such arrangements;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such arrangements;
- the payment or receipt of milestones and receipt of other collaboration-based revenues, if any;
- the costs and timing of any future commercialization activities, including product manufacturing, sales, marketing and distribution, for any of our product candidates for which we may receive marketing approval;
- the amount and timing of revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing intellectual property and proprietary rights and defending any intellectual property-related claims;
- the extent to which we acquire or in-license other products, product candidates, technologies or data rights;
- enrollment for our upcoming Phase 3 registration trial, the IOB-013/KN-D18 trial;
- the ability to receive additional non-dilutive funding, including grants from organizations, public institutions and foundations;
- addition of operational, financial and management information systems and personnel, including personnel to support our drug development, any future commercialization efforts and our transition to a public company; and
- the costs of operating as a public company.

Further, our operating plans may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development activities. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated product development programs.

## Contractual Obligations and Commitments

In March 2021, we entered into a new lease for our office space in Copenhagen, Denmark that was amended in September 2022 and is set to expire in December 2027. The lease for our office space in Copenhagen, Denmark is

terminable upon six months' notice. In January 2023, we entered into a new lease for laboratory space in Copenhagen, Denmark that expires in December 2027. In August 2021, we entered into a new lease for laboratory facilities and office space in Rockville, Maryland that expires in April 2027. In October 2021, we entered into a new lease for office space in New York, New York that expires in January 2027. In June 2023, we entered into a new lease for office space in Newport, United Kingdom that expires in May 2025.

We enter into contracts in the ordinary course of business with third-party service providers for clinical trials, preclinical research studies and testing, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice of 30 to 90 days, and therefore, we believe that our non-cancelable obligations under these agreements are not material and we cannot reasonably estimate whether they will occur. However, in the event of a termination of any contracts with

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CROs or other institutions and with respect to active patients enrolled in our clinical trials, we may be financially obligated for a period beyond the contractual termination notice periods.

We may also enter into additional research, manufacturing, supplier, lease and other agreements in the future, which may require up-front payments and even long-term commitments of cash.

## **Critical Accounting Policies and Significant Judgments and Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

### ***Going Concern***

Our evaluation of our ability to continue as a going concern requires us to evaluate our future sources and uses of cash sufficient to fund our currently expected operations in conducting research and development activities. We evaluate the probability associated with each source and use of cash resources in making our going concern determination. The research and development of pharmaceutical products is inherently subject to uncertainty. We currently expect that our cash and cash equivalents of \$110.1 million \$165.5 million as of June 30, 2023 September 30, 2023 will be sufficient to fund

our operating expenses and capital requirements for at least 12 months from the date the condensed consolidated financial statements are issued.

### ***Research and Development Costs***

We incur substantial expenses associated with clinical trials. Accounting for clinical trials relating to activities performed by CMOs, CROs and other external vendors requires management to exercise significant estimates in regard to the timing and accounting for these expenses. We estimate costs of research and development activities conducted by service providers, which include costs associated with the conduct of sponsored research, preclinical studies, contract manufacturing activities and pass-through costs. The diverse nature of services being provided under CRO and other arrangements, the different compensation arrangements that exist for each type of service and the lack of timely information related to certain clinical activities complicates the estimation of accruals for services rendered by CROs and other vendors in connection with clinical trials. We record the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced and include these costs in the accrued and other current liabilities or prepaid expenses on the balance sheets and within research and development expense on the statements of operations. In estimating the duration of a clinical study, we evaluate the start-up treatment and wrap-up periods, compensation arrangements and services rendered attributable to each clinical trial. Fluctuations are regularly tested against payment plans and trial completion assumptions.

We estimate these costs based on factors such as estimates of the work completed and budget provided and in accordance with agreements established with our collaboration partners and third-party service providers. We make significant judgments and estimates in determining the accrued liabilities and prepaid expense balances in each reporting period. As actual costs become known, we adjust our accrued liabilities or prepaid expenses. We have not experienced any material differences between accrued costs and actual costs incurred since our inception.

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Our expenses related to clinical trials are based on estimates of patient enrollment and related expenses at clinical investigator sites as well as estimates for the services received and efforts expended pursuant to contracts with multiple research institutions, CMOs and CROs that may be used to conduct and manage clinical trials, chemistry and testing and manufacturing services on our behalf. We generally accrue expenses related to clinical trials based on contracted amounts applied to the level of patient enrollment and activity. If timelines or contracts are modified based upon changes in the clinical trial protocol or scope of work to be performed, we modify our estimates of accrued expenses accordingly on a prospective basis.

### ***Equity-based Compensation***

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We issued stock-based compensation awards through the granting of warrants and stock options, which generally vest over a four-year period. We issued 1,211,155 stock options with a weighted average exercise price of \$5.34 to certain

employees, board members and advisors during the year ended December 31, 2022. We also issued 1,996,365 2,077,103 stock options with a weighted average exercise price of \$2.07 \$2.06 under our 2021 Equity Plan during the six nine months ended June 30, 2023 September 30, 2023. In July 2023, we issued 348,153 options with a weighted average exercise price of \$1.86 as inducement grants.

We account for equity-based compensation in accordance with ASC 718, Compensation-Stock Compensation (718). In accordance with ASC 718, compensation cost is measured at estimated fair value and is included as compensation expense over the vesting period during which service is provided in exchange for the award. The Company reverses any previously recognized compensation cost associated with forfeited awards in the period of the forfeiture occurs.

We use a Black-Scholes option pricing model to determine fair value of our warrants and stock options. The Black-Scholes option pricing model includes various assumptions, including the fair value of common shares, expected life of warrants and stock options, the expected volatility and the expected risk-free interest rate. These assumptions reflect our best estimates, but they involve inherent uncertainties based on market conditions generally outside our control. As a result, if other assumptions had been used, equity-based compensation cost could have been materially impacted. Furthermore, if we use different assumptions for future grants, share-based compensation cost could be materially impacted in future periods.

We will continue to use judgment in evaluating the assumptions utilized for our equity-based compensation expense calculations on a prospective basis. In addition to the assumptions used in the Black-Scholes model, the amount of equity-based compensation expense we recognize in our financial statements includes warrant forfeitures as they occurred.

### **Income Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted statutory tax rates expected to apply to taxable income in the jurisdictions and years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Based on the level of historical operating results and projections for the taxable income for the future, we have determined that it is more likely than not that our net deferred tax assets will not be realized. Accordingly, we have recorded a full valuation allowance to reduce our net deferred tax assets in IO Biotech ApS, IO Bio US, Inc. and IO Biotech, Inc.

We recognize tax benefits from uncertain tax positions only if, based on the technical merits of the position, it is more likely than not that the tax positions will be sustained on examination by the tax authority. The tax benefits recognized in the financial statements from such positions are measured based on the largest amount that is more than 50% likely to be realized upon ultimate settlement. We recognize interest and penalties related to unrecognized tax benefits within the provision for taxes in our statements of operations and comprehensive loss.

We operate in Denmark and the United States and may be subject to audits from various tax authorities. Management's judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, liabilities for uncertain tax positions, and any valuation allowance recorded against our net deferred tax assets. We will monitor the extent to which our deferred tax assets may be realized and adjust the valuation allowance accordingly.

#### ***Warrants Issued in Connection with Sale of Common Stock***

The Company accounts for warrants issued as a separable unit in connection with sale of common stock as either liability or equity in accordance with Accounting Standards Codification ("ASC") 480-10, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity ("ASC 480-10") or ASC 815-40, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock ("ASC 815-40"). Under ASC 480-10, warrants are considered liabilities if they are mandatorily redeemable and they require settlement in cash or other assets, or a variable number of shares. If warrants do not meet liability classification under ASC 480-10, the Company considers the requirements of ASC 815-40 to determine whether the warrants should be classified as liability or equity. If warrants do not require liability classification under ASC 815-40 or other applicable generally accepted accounting principles in the United States of America ("U.S. GAAP") the warrants should be classified as equity.

The proceeds received from sale of equity classified warrants and shares of common stock in a bundled transaction are allocated based on the relative fair values of warrants and shares with no changes in fair value of warrants recognized after the issuance date.

#### ***Recently Adopted Significant Accounting Policies***

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Refer to Note 2, "Summary of Significant Accounting Policies," in the accompanying notes to our condensed consolidated financial statements for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 and 2022 appearing elsewhere in this Quarterly Report on Form 10-Q for a discussion of recently issued accounting standards.

#### **Off-Balance Sheet Arrangements**

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

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#### **Emerging Growth Company ("EGC") Status**

As an EGC under the ~~JOBS Act, Jumpstart Our Business Startups~~ (the "JOBS Act"), we may delay the adoption of certain accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (1) are no longer an emerging growth company or (2)

affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Other exemptions and reduced reporting requirements under the JOBS Act for EGCs include presentation of only two years of audited financial statements in a registration statement for an IPO, an exemption from the requirement to provide an auditor's report on internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, an exemption from any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation, and less extensive disclosure about our executive compensation arrangements.

We may remain classified as an EGC until December 31, 2026, although if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of June 30 of any year before that time, or if we have annual gross revenues of \$1.235 billion or more in any fiscal year, we would cease to be an EGC as of December 31 of the applicable year. We also would cease to be an EGC if we issue more than \$1.0 billion of non-convertible debt over a three-year period.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are a smaller reporting company as defined by Item 10 of Regulation S-K and are not required to provide the information otherwise required under this item.

### **Item 4. Controls and Procedures.**

#### ***Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023 September 30, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company on the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including, our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2023 September 30, 2023, our Chief Executive Officer Chief Financial Officer and Chief Accounting Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2023 September 30, 2023.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting as defined under the Exchange Act and by the PCAOB, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The Company previously disclosed a material weakness in internal control over financial reporting as of December 31, 2021 in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2021 related to our financial statement close process, primarily related to the lack of required finance capacity, knowledge or expertise to perform the financial statement close in a timely and accurate manner or to account for certain complex areas of U.S. GAAP. The material weakness was remediated effective December 31, 2022

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December 31, 2022 through processes described in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2022.

#### ***Changes in Internal Control***

There has been no change in our internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

From time to time, we may be a party to litigation or subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. We are not currently a party to any material legal proceedings.

### **Item 1A. Risk Factors.**

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors described in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 14, 2023, and Part II, Item 1A. "Risk Factors" of our Quarterly Report on Form Q for the fiscal quarter ended March 31, 2023, filed with the SEC on May 11, 2023 and Part II, Item 1A. "Risk Factors" of our Quarterly Report on Form Q for the fiscal quarter ended June 30, 2023, filed

with the SEC on August 11, 2023. There Other than the risk factor noted below, there have been no material changes to the risk factors described in those reports.

**29 Global economic and political instability and conflicts, such as the conflict between Russia and Ukraine and conflicts in the Middle East, could adversely affect our business, financial condition or results of operations.**

Our business could be adversely affected by unstable economic and political conditions within the United States and foreign jurisdictions and geopolitical conflicts, such as the conflict between Russia and Ukraine and conflicts in the Middle East. While we do not have any operations in Russia or Ukraine at this time, the current military conflict, and related sanctions, as well as export controls or actions that may be initiated by nations including the United States, the European Union or Russia (e.g., potential cyberattacks, disruption of energy flows, disruptions to supply chains, etc.) and other potential uncertainties could adversely affect our business. Certain of our clinical trial sites are located in the Middle East and conflicts there may delay, limit or hinder on-going, planned or future trials and affect enrollment and retention of patients. Inability to enroll or retain patients and limitations or delays in clinical trials could increase costs and cause setbacks in product development. In the event geopolitical tensions fail to abate or deteriorate further, additional governmental sanctions may be enacted adversely impacting the global economy, which could adversely affect our business, financial condition or results of operations.

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**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

**Recent Sales of Unregistered Securities**

On August 9, 2023, we completed the Private Placement in which we issued and sold (i) an aggregate of 37,065,647 shares of the Company's common stock, \$0.001 par value, and (ii) 37,065,647 Warrants to purchase up to 37,065,647 shares of Common Stock, \$0.001 par value, to the Purchasers. The offer and sale of securities in the Private Placement were exempt from registration under the Securities Act under Section 4(a)(2) of the Securities Act as transactions by an issuer not involving a public offering. The Purchasers acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in the Private Placement. Each of the Purchasers was an accredited person and had adequate access to information about the Company. The co-placement agents in connection with the Private Placement were Morgan Stanley & Co. LLC & Piper Sandler & Co.

We raised \$71.9 in net proceeds after deducting underwriting discounts, commissions and other issuance costs of \$3.2 million in the Private Placement. No underwriting discounts and commissions or offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates.

**Use of Proceeds From Registered Securities**

On November 9, 2021, we completed our IPO in which we issued and sold 8,222,500 shares of common stock, \$0.001 par value per share, including 1,072,500 shares of common stock sold pursuant to the underwriters' exercise of their option

to purchase additional shares of common stock. The offer and sale of the shares in the IPO was registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-260301), which was filed with the SEC on October 15, 2021 and subsequently amended and declared effective on November 4, 2021, and the prospectus included therein (the "Prospectus"). The underwriters of the IPO were Morgan Stanley & Co. LLC, Jefferies LLC, Cowen and Company, LLC and Kempen & Co U.S.A, Inc.

We raised **approximately** \$103.3 million in net proceeds after deducting underwriting discounts and commissions of \$8.0 million and other offering expenses of **approximately** \$3.8 million payable by us. No underwriting discounts and commissions or offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates.

There has been no material change in the planned use of proceeds from our IPO, as described in the Prospectus.

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. Mine Safety Disclosures.**

None.

### **Item 5. Other Information.**

None.

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### **Item 6. Exhibits.**

<b>Exhibit</b>		<b>Description</b>
<b>Number</b>		
3.1* 10.1		<a href="#">Amended Securities Purchase Agreement, dated August 7, 2023, by and Restated Certificate of Incorporation of IO Biotech, Inc. among the Company and the Purchasers (filed as an exhibit to our Current Report on Form 8-K dated August 7, 2023 and incorporated herein by reference).</a>
10.2		<a href="#">Registration Rights Agreement, dated August 7, 2023, by and among the Company and the Purchasers (filed as an exhibit to our Current Report on Form 8-K dated August 7, 2023 and incorporated herein by reference).</a>
10.3*		<a href="#">Severance agreement between the Registrant and Eva Ehrnrooth, dated August 10, 2023</a>
31.1*		<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*		<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>

32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IO Biotech, Inc.

Date: **August 11, 2023** November 13, 2023

By: \_\_\_\_\_ /s/ Mai-Britt Zocca

**Mai-Britt Zocca, Ph.D.**

**Chief Executive Officer and Director  
(Principal Executive)**

Date: **August 11, 2023** November 13, 2023

By: \_\_\_\_\_ /s/ Amy Sullivan

**Amy Sullivan**

**Chief Financial Officer  
(Principal Financial Officer)**

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**Exhibit 3.1**

## AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

### IO BIOTECH, INC.,

a Delaware corporation

IO Biotech, Inc., a corporation organized and existing under the laws of the State of Delaware (the "**Corporation**"), hereby certifies as follows:

A. The name of the Corporation is IO Biotech, Inc. The Corporation's original certificate of incorporation was filed with the office of the Secretary of State of the State of Delaware on May 25, 2021.

B. This amended and restated certificate of incorporation was duly proposed by its Board of Directors and adopted by its stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, as amended (the "**DGCL**"), and restates, integrates and amends the provisions of the Corporation's certificate of incorporation.

C. The text of the certificate of incorporation of this Corporation is hereby amended and restated to read in its entirety as follows:

#### ARTICLE I

##### NAME

The name of the Corporation is IO Biotech, Inc.

#### ARTICLE II

##### REGISTERED OFFICE

The address of the Corporation's registered office in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 N Orange Street, City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

#### ARTICLE III

##### PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.10.3

## Severance Agreement

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ARTICLE IV This severance agreement (the "Severance Agreement") is entered into 10.8.2023 between:

## **CAPITAL STOCK**

IO Biotech ApS

c/o COBIS

Ole Maaløes Vej 3

2200 Copenhagen

CVR-nr.36474483

(the "Company")

and

Eva Ehrnrooth

(the "Employee")

(together the "Parties")

### **4.1 1.Termination of employment**

Auth~~Following the negotiations on changes to the Employee's role in the Company, the Company and the Employee have amicably agreed to enter into the Severance Agreement, according to which the Employee's employment~~  
Capital~~Stock~~ will terminate on 31 January 2024 (the "Termination Date"). Termination of the employment has taken place

the initiative of the Company and is due to circumstances related to the Company. The total number of shares of all classes of capital stock Employee has not in any way given reason for the dismissal and hence the Employee is a "good leaver".

### **2. Obligation to work until the Termination Date**

2.1.The Employee has been released from her duty to work on 2 August 2023. The Employee acknowledges that the Corporation is authorized to issue is 305,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.001 per share ("Common Stock"), and 5,000,000 shares of preferred stock, par value \$0.001 per share ("Preferred Stock").

4.2 Increase or Decrease in Authorized Capital Stock. The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote generally in the election of directors, irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), voting together as a single class, without a separate vote of the holders of the class or

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classes the number of authorized shares of which are being increased or decreased, unless a vote by any holders of one or more series of Preferred Stock is required by the express terms of any series of Preferred Stock as provided for or fixed pursuant to the provisions of Section 4.4 of this amended and restated certificate of incorporation of the Corporation (as further amended from time to time) Employee with six-months' notice accordance with the provisions hereof and including, without limitation, the terms of any certificate the Service Agreement, effective as of designation with respect October 1, 2017, between the Employee and the Company

as amended by the Addendum to any series the Services Agreement, dated as of Preferred Stock, this **"Certificate of Incorporation"** August 21, 2017 (the "Services Agreement").

2.2.

#### 4.3 Common Stock

##### (a) The holders of shares of Common Stock

Until the Termination Date, the Employee shall be entitled to one vote for each such share take up other employment or to start an independent business, provided that it is not in competition with the activities of the Company.

#### 3.Return of property

3.1. No later than on each matter properly submitted the Termination Date, the Employee shall return all materials and items belonging to the stockholders Company or relating to the business of the Corporation on which the holders of shares of Common Stock are Company.

3.2. The Employee is entitled to vote, keep the mobile phone and her phone number free of charge after the Termination Date. Further, the Employee may – if sufficient IT guarantees can be reached - keep the laptop free of charge, provided the laptop does not contain any Company data, after the Termination Date. Any tax consequences will be of no concern to the Employee.

3.3. The holders of shares of Common Stock Employee shall not have cumulative voting rights. Except delete, modify or copy any business-related data belonging to the Company or relating to the business of the Company.

3.4. Katrine Hall-Andersen will contact the Employee in order to arrange transfer the Private emails and private files in Outlook and/or the Company's drives and/or BOX to a medium solely controlled by the Employee. Furthermore, the parties will check the laptop referred to in Clause 3.2 in order to transfer or delete any Company files as otherwise required the case may be.

#### 4.Remuneration

4.1. Until the Termination Date, the Employee's remuneration shall be paid as usual.

4.2. The Employee's bonus entitlement, if any will be calculated and paid in accordance with the usual principles applied, however, only for the period until the Termination Date.

#### 5.Set-off

5.1. The Company waives the right to set-off any other income earned by law or the Employee after the Release Date, provided this Certificate waiver of Incorporation, the right to set-off only relates to other non-competing employment.

#### 6.Share-based incentive programmes

6.1. The Employee is entitled to keep warrants already granted and exercise them in accordance with the terms of the incentive programme. The Parties agree that the Company's termination of the Employee as a "good leaver" is subject to the rights terms in Appendix 2.6 § 2(1) (i) of the holders Articles of shares of Preferred Stock, if any, at any annual or special meeting Association.

6.2. The Employee will not be granted further warrants.

6.3. The Employee shall keep the Company informed of the stockholders Employee's current address as long as the Employee holds warrants in the Company or any group-affiliated companies.

## 7. Holidays

7.1. Holidays accrued up to and including December 2023 and all special days off shall be considered taken during the period up to the Termination Date. It is agreed that untaken holidays of holiday accrued in the holiday year 2022/2023 shall be carried over to the following holiday period (*in Danish: ferieafholdelsesperiode*). If the Employee obtains other employment or starts an independent business after the Release Date, holiday allowance from this will be set-off against the holiday allowance from the Company. The Employee shall immediately notify the Company in writing of such other employment or independent business, and at the same time document remuneration and other terms. Failure to do so will be regarded as a material breach of the Corporation, the holders Severance Agreement.

## 8. Extraordinary severance pay

8.1. The Employee will receive an extraordinary severance pay of shares of Common Stock shall have the right to vote for the election of directors of the Corporation and on all other matters properly submitted to a vote of the stockholders of the Corporation; provided, however, that, except as otherwise required by law, holders of shares of Common Stock shall not DKK 792,000 which will be entitled to vote on any amendment to this Certificate of Incorporation that relates solely to the terms, number of shares, powers, designations, preferences or relative, participating, optional or other special rights (including, without limitation, voting rights), or to qualifications, limitations or restrictions thereof, of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or paid together with the holders last monthly salary. There will be no set-off against the extraordinary severance pay and it does not entail any additional obligation to work for the Company.

8.2. The extraordinary severance pay does not generate pension contributions or holiday allowance.

8.3. Payment of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation or pursuant the extraordinary severance pay is conditional upon the Employee not raising any claims against the Company relating to the DGCL.

(b) Subject to employment or the rights of the holders of shares of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions (payable in cash, property or capital stock of the Corporation) when, as and if declared thereon by the board of directors of the Corporation (the "**Board**") from time to time out of any assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in such dividends and distributions.

(c) termination hereof. In the event of summary dismissal with just cause, the Employee's right to the extraordinary severance allowance will lapse.

## 9. Duty of loyalty and confidentiality

9.1. The Employee's duty of loyalty continues until the Termination Date. This e.g. means that the Employee:

1. is not entitled to start any voluntary kind of business or involuntary liquidation, dissolution in any way be

engaged in any business which, directly or indirectly, competes with the Company's activities, and

2. may not be professionally engaged in the activities and interests of the Corporation, after payment or provision Company's customers except as necessary for payment the performance of the debts and other liabilities Employee's duties.

9.2. In the event of inquiries from customers, suppliers, business partners or others with regard to the Company's affairs/business, the Employee must immediately refer to Mai-Britt Zocca – even if the enquiry is made via social media, for example LinkedIn.

9.3. The Employee has a duty of confidentiality in respect of all information received in connection with the performance of the Corporation, and subject Employee's duties. The duty of confidentiality remains in force after the Termination Date. Failure to observe the duty of confidentiality may have legal consequences for the Employee's employment.

9.4. Regardless of the duty of confidentiality, the Employee may report information about actual or potential breaches, including reasonable suspicions hereof, that are covered by the Company's whistleblower scheme. The reporting shall be made to the rights of the holders of shares of Preferred Stock in respect thereof, the holders of shares of Common Stock shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them.

#### 4.4 Preferred Stock.

(a) The Board is expressly authorized to issue from time to time shares of Preferred Stock in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board. The Board is further authorized, subject to limitations prescribed by law, to fix by resolution or resolutions Company's whistleblower scheme and to set forth in a certification of designation filed pursuant to the DGCL the powers, designations, preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, of any wholly unissued series of Preferred Stock, including, without limitation, dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including, without limitation, sinking fund provisions), redemption price or prices and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

(b) The Board is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series of Preferred Stock, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, stated in this Certificate of Incorporation or the resolution of the Board originally fixing the number of shares of such series. If the number of shares of any series of Preferred Stock is so decreased, then the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

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## ARTICLE V

## **BOARD OF DIRECTORS**

**5.1 General Powers.** The business and affairs of the Corporation shall be managed by or under the direction of the Board.

**5.2 Number of Directors; Election; Term.**

(a) The number of directors that shall constitute the entire Board shall be fixed, from time to time, exclusively by the Board in accordance with the bylaws Company's applicable guidelines.

9.5. The Employee is not prevented from reporting information about the Company's breaches or potential breaches of the Corporation (as amended from Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism (*in Danish: hvidvaskloven*) and rules issued pursuant thereto to the public authorities.

9.6. The Employee is not entitled to use or disclose the Company's trade secrets, cf. Section 4 of the Danish Act on Trade Secrets (*in Danish: lov om forretningshemmeligheder*), and may not take any action that is contrary to good marketing practice, cf. Section 3 of the Danish Marketing Practices Act (*in Danish: markedsføringsloven*).

## **10. Employment Clauses**

10.1. The combined non-competition and non-solicitation clause lapses. The non-solicitation clause part is terminated to expire on the Termination Date. The Employee is entitled to receive the Lump Sum referred to in Clause 18.1 (a) in the Service Agreement. The Lump Sum must be paid by the Company to the Employee on the Termination Date. The Employee is not entitled to further compensation.

## **11. Full and final settlement**

11.1. The Parties agree that the Severance Agreement is entered into in full and final settlement of all existing and potential claims which the Parties may have against each other including claims under the Danish Contracts Act (*in Danish: aftaleloven*), the Danish Salaried Employees Act, the Danish Holiday Act, the Employment Clauses Act (*in Danish: ansættelsesklausulloven*), the Act on Employment Certificates (*in Danish: ansættelsesbevisloven*), the equal treatment and non-discrimination legislation as well as any other claims for payments made by the Employee except for payments specifically agreed in this Severance Agreement. The Employee acknowledges that the Employee shall have no further rights to compensation or benefits under the terms of the Service Agreement.

11.2. The Severance Agreement is conditional upon the Employee not raising any claims against the Company relating to the employment or the termination hereof.

11.3. It is a prerequisite for the Company's entering into this Severance Agreement that the Employee has not before entering into this Severance Agreement or before the Termination Date, acted in a manner that would entitle the Company to summarily dismiss the Employee.

11.4. When effecting payments under the Severance Agreement, the Company shall deduct income tax and social and labour market contributions incumbent on the Employee. The Company shall not be liable for any tax consequences arising out of or in connection with this Severance Agreement.

11.5. Before entering into this Severance Agreement, the Employee has had sufficient time to ~~time~~ consult legal counsel at the Employee's own expense.

## **12. Confidentiality etc.**

12.1. The content of the Severance Agreement and the Parties' discussions are confidential. Thus, the existence

and content of the Severance Agreement may not be disclosed by the Parties unless required by applicable law and/or applicable stock market rules.

12.2. The Parties undertake an obligation of loyalty towards each other in any way when referring to or speaking of each other to third parties or to the general public.

12.3. All communications regarding the termination of employment shall be made both internally and externally in accordance with the provisions hereof Company's instructions.

### 13. Governing law and thereof, venue

13.1. The governing law and venue clause in the "Bylaws"), subject Employee's employment agreement also apply to the rights of holders of any series of Preferred Stock with respect to Severance Agreement.

Date: \_\_\_\_\_ Date: \_\_\_\_\_

For the election of directors, if any. Company:

(b) Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, the directors of the Corporation shall be divided into three classes as nearly equal in number as is practicable, hereby designated Class I, Class II and Class III. The Board is authorized to assign members of the Board already in office to such classes. The term of office of the initial Class I directors shall expire upon the election of directors at the first annual meeting of stockholders following the effectiveness of this Article V; the term of office of the initial Class II directors shall expire upon the election of directors at the second annual meeting of stockholders following the effectiveness of this Article V; and the term of office of the initial Class III directors shall expire upon the election of directors at the third annual meeting of stockholders following the effectiveness of this Article V. At each annual meeting of stockholders, commencing with the first annual meeting of stockholders following the effectiveness of this Article V, each of the successors elected to replace the directors of a class whose term shall have expired at such annual meeting shall be elected to hold office until the third annual meeting next succeeding his or her election and until his or her respective successor shall have been duly elected and qualified. Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, if the number of directors that constitutes the Board is changed, any newly created directorships or decrease in directorships shall be so apportioned by the Board among the classes as to make all classes as nearly equal in number as is practicable, provided that no decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

(c) Notwithstanding the foregoing provisions of this Section 5.2, and subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, each director shall serve until such director's successor is duly elected and qualified or until such director's earlier death, resignation or removal.

(d) Elections of directors need not be by written ballot unless the Bylaws shall so provide. Name: Eva Ehrnrooth

(e) Notwithstanding any of the other provisions of this Article V, whenever the holders of any one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately by series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the certificate of designation for such series of Preferred Stock, and such directors so elected shall not be divided into classes pursuant to this Article V unless expressly provided by such terms. During any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed

pursuant to the provisions of this Article V, then upon commencement and for the duration of the period during which such right continues; (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to such provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to such provisions, whichever occurs earlier, subject to such director's earlier death, resignation or removal. Except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such series of stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation or removal of such additional directors, shall forthwith terminate, and the total authorized number of directors of the Corporation shall be reduced accordingly.

**5.3 Removal.** Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, a director may be removed from office by the stockholders of the Corporation only for cause and only by

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the affirmative vote of the holders of at least a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

**5.4 Vacancies and Newly Created Directorships.** Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, vacancies occurring on the Board for any reason and newly created directorships resulting from an increase in the number of directors shall be filled only by vote of a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director, and not by the stockholders. A person so elected by the Board to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such person shall have been assigned by the Board and until such person's successor shall be duly elected and qualified or until such director's earlier death, resignation or removal.

## ARTICLE VI

### AMENDMENT OF BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to adopt, amend, alter or repeal the Bylaws. The Bylaws may also be adopted, amended, altered or repealed by the stockholders of the Corporation by the affirmative vote of the holders of at least a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class; provided, however, that, in the case of any adoption, amendment, alteration or repeal of the Bylaws by the stockholders of the Corporation, notwithstanding any other provision of the Bylaws, and in addition to any other vote that may be required by law or the terms of any series of Preferred Stock, the affirmative vote of the holders of at least sixty six and two-thirds percent (66 2/3%) of the voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter, repeal or adopt any provision inconsistent with Section 1.7(b), 1.16, or 2.14 or Article VI of the Bylaws.

## **ARTICLE VII**

### **STOCKHOLDERS**

**7.1 No Action by Written Consent of Stockholders.** Except as otherwise expressly provided by the terms of any series of Preferred Stock permitting the holders of such series of Preferred Stock to act by written consent, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by written consent in lieu of a meeting.

**7.2 Special Meetings.** Except as otherwise expressly provided by the terms of any series of Preferred Stock permitting the holders of such series of Preferred Stock to call a special meeting of the holders of such series, special meetings of the stockholders of the Corporation may be called only by the chairperson of the Board, the chief executive officer of the Corporation or the Board, and the ability of the stockholders to call a special meeting of the stockholders is hereby specifically denied.

**7.3 Advance Notice.** Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

## **ARTICLE VIII**

### **LIMITATION OF LIABILITY AND INDEMNIFICATION**

**8.1 Limitation of Personal Liability.** No director or officer of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL, as it presently exists or may hereafter be amended from time to time. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer of the

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Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. For purposes of this Section 8.1, "officer" shall have the meaning provided in Section 102(b)(7) of the DGCL, as it presently exists or may hereafter be amended from time to time.

**8.2 Indemnification and Advancement of Expenses.** The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by the DGCL, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such person's heirs, executors and personal and legal representatives. A director's or officer's right to indemnification conferred by this Section 8.2 shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition, provided that such director or officer presents to the Corporation a written undertaking to repay such amount if it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Corporation under this Article VIII or otherwise. Notwithstanding the foregoing, except for proceedings to enforce any director's or officer's rights to indemnification or rights to advancement of

expenses, the Corporation shall not be obligated to indemnify any director or officer, or advance expenses of any director or officer, (or such director's or officer's heirs, executors or personal or legal representatives) in connection with any proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized by the Board.

**8.3 Non-Exclusivity of Rights.** The rights to indemnification and advancement of expenses conferred in Section 8.2 of this Certificate of Incorporation shall neither be exclusive of, nor be deemed in limitation of, any rights to which any person may otherwise be or become entitled or permitted under this Certificate of Incorporation, the Bylaws, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

**8.4 Insurance.** To the fullest extent authorized or permitted by the DGCL, the Corporation may purchase and maintain insurance on behalf of any current or former director or officer of the Corporation against any liability asserted against such person, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VIII or otherwise.

**8.5 Persons Other Than Directors and Officers.** This Article VIII shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, or to purchase and maintain insurance on behalf of, persons other than those persons described in the first sentence of Section 8.2 of this Certificate of Incorporation or to advance expenses to persons other than directors or officers of the Corporation.

**8.6 Effect of Modifications.** Any amendment, repeal or modification of any provision contained in this Article VIII shall, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to further limit or eliminate the liability of directors or officers) and shall not adversely affect any right or protection of any current or former director or officer of the Corporation existing at the time of such amendment, repeal or modification with respect to any acts or omissions occurring prior to such amendment, repeal or modification.

## **ARTICLE IX**

### **MISCELLANEOUS**

#### **9.1 Forum for Certain Actions.**

(a) **Forum.** Unless a majority of the Board, acting on behalf of the Corporation, consents in writing to the selection of an alternative forum (which consent may be given at any time, including during the pendency of litigation), the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state court located within the State of Delaware or, if no court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware), to the fullest extent permitted by law, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation under Delaware law, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any of its directors, officers or other employees arising pursuant to any provision of the DGCL, this Certificate of Incorporation or

the Bylaws (in each case, as may be amended from time to time), (iv) any action asserting a claim against the Corporation or any of its directors, officers or other employees governed by

the internal affairs doctrine of the State of Delaware or (v) any other action asserting an "internal corporate claim," as defined in Section 115 of the DGCL, in all cases subject to the court's having personal jurisdiction over all indispensable parties named as defendants. Unless a majority of the Board, acting on behalf of the Corporation, consents in writing to the selection of an alternative forum (which consent may be given at any time, including during the pendency of litigation), the federal district courts of the United States of America, to the fullest extent permitted by law, shall be the sole and exclusive forum for the resolution of any action asserting a cause of action arising under the Securities Act of 1933, as amended.

(b) Personal Jurisdiction. If any action the subject matter of which is within the scope of subparagraph (a) of this Section 9.1 is filed in a court other than a court located within the State of Delaware (a "**Foreign Action**") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce subparagraph (a) of this Section 9.1 (an "**Enforcement Action**") and (ii) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

(c) Enforceability. If any provision of this Section 9.1 shall be held to be invalid, illegal or unenforceable as applied to any person, entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Section 9.1, and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

(d) Notice and Consent. To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.1.

9.2 Amendment. The Corporation reserves the right to amend, alter or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by this Certificate of Incorporation and the DGCL, and all rights, preferences and privileges herein conferred upon stockholders of the Corporation by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Section 9.2. In addition to any other vote that may be required by law, applicable stock exchange rule or the terms of any series of Preferred Stock, the affirmative vote of the holders of at least a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter, repeal or adopt any provision of this Certificate of Incorporation. Notwithstanding any other provision of this Certificate of Incorporation, and in addition to any other vote that may be required by law, applicable stock exchange rule or the terms of any series of Preferred Stock, the affirmative vote of the holders of at least sixty six and two-thirds percent (66 2/3%) of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to

amend, alter, repeal or adopt any provision of this Certificate of Incorporation inconsistent with the purpose and intent of Article V, Article VI, Article VII, Article VIII or this Article IX (including, without limitation, any such Article as renumbered as a result of any amendment, alteration, repeal or adoption of any other Article).

**9.3 Severability.** If any provision or provisions of this Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever, the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby.

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IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by a duly authorized officer of the Corporation on this 8th day of June, 2023.

By: /s/ Devin Smith

Devin Smith

Its: General Counsel and Secretary

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Exhibit 31.1

CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mai-Britt Zocca, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IO Biotech, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its

consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2023 November 13, 2023

By: \_\_\_\_\_ /s/ Mai-Britt Zocca

**Mai-Britt Zocca, Ph.D.**

**Chief Executive Officer and Director**

**(Principal Executive Officer)**

Exhibit 31.2

CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Amy Sullivan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IO Biotech,

Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2023 November 13, 2023

By: \_\_\_\_\_ /s/ Amy Sullivan

**Amy Sullivan**

**Chief Financial Officer**

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Exhibit 32.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of IO Biotech, Inc. (the "Company") on Form 10-Q for the period ending **June 30, 2023** **September 30, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: **August 11, 2023** **November 13, 2023**

By: \_\_\_\_\_ /s/ Mai-Britt Zocca

**Mai-Britt Zocca, Ph.D.**

**Chief Executive Officer and Director**  
**(Principal Executive Officer)**

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Exhibit 32.2

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of IO Biotech, Inc. (the "Company") on Form 10-Q for the period ending **June 30, 2023** **September 30, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: **August 11, 2023** **November 13, 2023**

By: \_\_\_\_\_ **/s/ Amy Sullivan**  
**Amy Sullivan**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

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