

FINANCIAL & PERFORMANCE REPORT **2019**

Global Antibiotic
Research & Development
Partnership

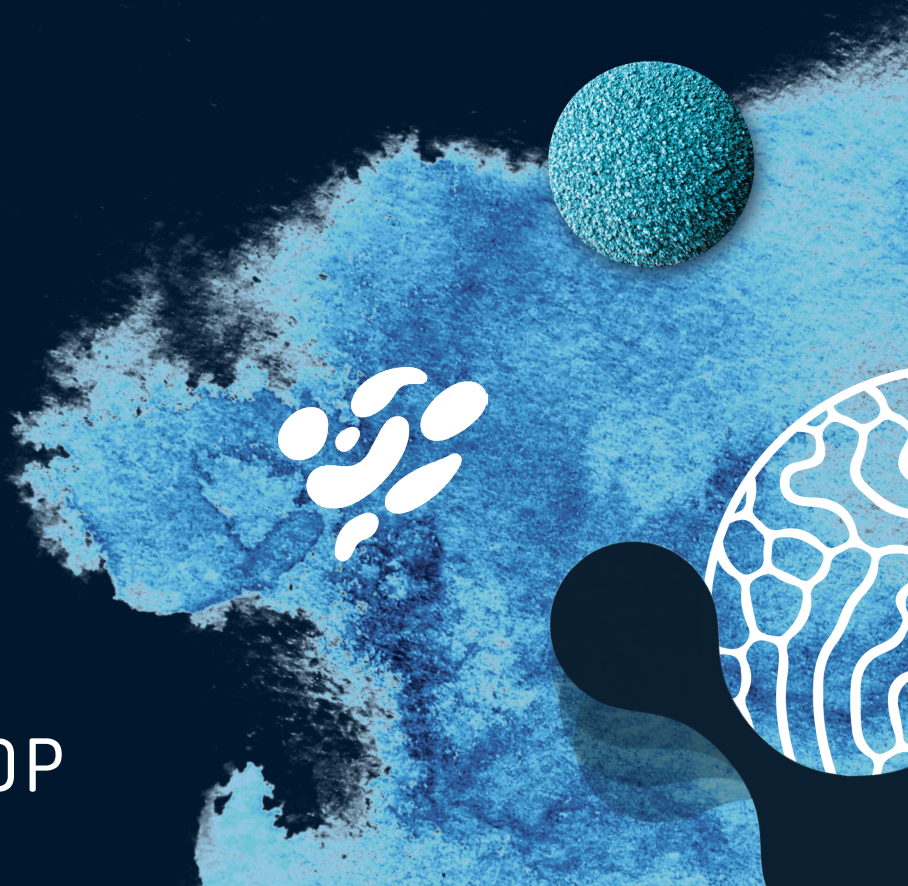


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ORGANIZATIONAL BACKGROUND

LEGAL STATUS

The Global Antibiotic Research and Development Partnership (GARDP) is a not-for-profit organization developing new treatments for drug-resistant infections that pose the greatest threat to health. We were created to ensure that everyone who needs antibiotics receives effective and affordable treatment, no matter where they live.

GARDP was established in 2016 by the World Health Organization (WHO) and Drugs for Neglected Diseases *initiative* (DNDi) to deliver on the Global Action Plan on Antimicrobial Resistance (AMR). GARDP was registered as an independent legal entity ("The GARDP Foundation") in Switzerland in July 2018.

After four years in operation, GARDP has formed numerous partnerships with industry, academia and research institutions in support of its clinical programmes to develop antibiotics for drug-resistant infections for children, newborns with sepsis (a blood-stream infection), and sexually transmitted infections. These collaborations span the drug development life-cycle and include screening chemical libraries for anti-bacterial activity, assessing the viability of potential antibiotic candidates, and the completion of three clinical trials. Of particular significance is the pivotal, phase III global clinical trial GARDP is sponsoring for a novel, first-in-class antibiotic to treat gonorrhoea which commenced in 2019. We have formed over 50 partnerships in 20 countries that span governments, the biomedical and pharmaceutical industries, research institutions, non-profits, and civil society and have already built a pipeline to tackle drug-resistant infections in our prior-

ity areas. In 2020, we plan to launch a serious bacterial infections (SBI) programme targeting drug-resistant infections in hospitalized adults and children.

GARDP bridges the gap between innovation and access by focusing on developing candidates in late-stage clinical development. This requires identifying the barriers to access and finding innovative ways to overcome them. We are also exploring ways to ensure there is a viable market and sustainable supply of treatments in the long-term.

To combat the growing antibiotic crisis, GARDP has set the 5 BY 25 goal, which seeks to deliver five new treatments by 2025 to tackle drug-resistant infections that pose the greatest threat to health and economic security.

As the first financial year ends on 31 December 2019, this financial report represents the combined financial statement and activities of GARDP carried out in DNDi and GARDP for the 12 months period ending 31 December 2019 compared to the 12 months ending 31 December 2018; they are presented on a pro-forma basis.

GOVERNANCE

The GARDP Foundation operates with the following core structures:

BOARD OF DIRECTORS

GARDP's Board of Directors is the ultimate policy and decision-making authority and includes leading international figures in global health. The Board determines GARDP's strategic goals and ensures the management works efficiently to meet these goals.

The Board of Directors is comprised of up to fifteen members and meets at least twice a year. All board members are experts in their respective fields. They have been chosen for their commitment to the public interest and technical credibility to oversee executive activity, integrity, and skill in ensuring adherence to GARDP's vision and mission. The Chair of the Scientific Advisory Committee and the Executive Director are permanent invitees.

In view of the need to rapidly mature the organization and govern the development and implementation of the 2020-2025 business plan in a fast-changing AMR space, the Board expanded in 2019 from five members appointed by DNDi and WHO to six members by welcoming a Board member from Germany. With a broader knowledge base and depth of experience, an expanded board will ensure good governance of new and ongoing R&D and access programs, the strategy to deliver on the business plan, and ensure this strategy is matched with the required resources. Procedures for the appointment of Board members are guided by GARDP's statutes and by-laws as approved by the Swiss Supervisory Board for Foundations.

BOARD MEMBERS

Ramanan LAXMINARAYAN
Chair, Centre for Disease Dynamics, Economics and Policy, USA

Marie-Paule KIENY
Vice-chair, Institut national de la santé et de la recherche médicale, INSERM, France

Frédéric VALLAT
Treasurer, Ville de Genève, Switzerland

Glenda GRAY
South African Medical Research Council, South Africa

Mercedes TATAY
Médecins Sans Frontières

Veronika VON MESSLING
Federal Ministry of Education and Research (BMBF), Germany

OBSERVERS

Manica BALASEGARAM
Ex officio, GARDP

Bernard PÉCOUL
Drugs for Neglected Diseases initiative, Switzerland

Soumya SWAMINATHAN
World Health Organization

Prabhavathi FERNANDES
Chair of GARDP Scientific Advisory Committee

THE BOARD HAS CREATED 3 SUB-COMMITTEES AND 2 ADVISORY COMMITTEES:

- Audit Committee
- Nominations, Remuneration & Safeguarding Committee
- Strategic Partnerships Committee
- Scientific Advisory Committee
- Donor Partnership Advisory Committee (to be convened in 2020)

AUDIT COMMITTEE

This Committee is responsible for the selection and oversight of the work of the auditors, recommending financial policies, reviewing financial statements and supervising GARDP investments. Independent and external to GARDP's operations and management, this committee undertakes controls and monitors compliance to GARDP's statutory provisions and legal standards. The Audit Committee reports to the Board any irregularities noted during audits. The Audit Committee is held twice a year, generally ahead of the Board.

MEMBERS

Marie-Paule KIENY

Vice-chair, Institut national de la santé et de la recherche médicale, INSERM, France

Frédéric VALLAT

Treasurer, Ville de Genève, Switzerland

Olivier DUNANT

Attorney at law, Partner Eversheds Sutherland, Geneva, Switzerland

Barbara KESSLER

Board member University Hospital, former Head of Tax Novartis, Basel, Switzerland

NOMINATIONS, REMUNERATION & SAFEGUARDING COMMITTEE

This Committee is responsible for regularly reviewing the structure, size and composition of the Board, and making recommendations to the Board with regard to such matters and, in particular, the appointment of members to Board committees. It ensures that the Board and its committees have the appropriate balance of expertise, experience, independence and knowledge of GARDP to enable them to discharge their respective duties and responsibilities effectively.

MEMBERS

Ramanan LAXMINARAYAN

Chair, Centre for Disease Dynamics, Economics and Policy, USA

Marie-Paule KIENY

Vice-chair, Institut national de la santé et de la recherche médicale, INSERM, France

Frédéric VALLAT

Treasurer, Ville de Genève, Switzerland

STRATEGIC PARTNERSHIPS COMMITTEE

This Committee ensures that the strategic partnerships sought by GARDP with the private sector (mainly SMEs and manufacturers) in building its product portfolio are done in accordance with its vision, mission and objectives. The Committee ensures that partnerships are crafted to ensure GARDP's independence, and that they contain all the necessary provisions to protect the organization, its public health mission and its investments, while respecting all relevant policies and procedures of GARDP.

MEMBERS

Glenda GRAY

Chair, South African Medical Research Council, South Africa

Veronika VON MESSLING

Federal Ministry of Education and Research (BMBF), Germany

Ramanan LAXMINARAYAN

Chair, Centre for Disease Dynamics, Economics and Policy, USA

Frédéric VALLAT

Treasurer, Ville de Genève, Switzerland

SCIENTIFIC ADVISORY COMMITTEE (SAC)

The SAC is composed of prominent scientists with expertise in various scientific disciplines relating to drug discovery and development, and/or antimicrobial resistance and patients. The SAC operates independently of the Board and the Management Team. Its members advise GARDP's Board of Directors in order to carry out GARDP's scientific objectives, assess its scientific strategy and projects and provide guidance and medical and scientific expertise to GARDP's programmes.

MEMBERS

Prabhavathi FERNANDES

Member and incoming Chair

Karl-Heinz ALTMANN

Swiss Federal Institute of Technology, Switzerland

Rashmi H BARBHAIYA

Advinus Therapeutics, India (member until May)

George DRUSANO

Institute for Therapeutic Innovation, University of Florida, USA (member until Oct)

David SHLAES

formerly Case Western Reserve University, USA (member until Nov)

Anthony COATES

St George's University, UK

Mark J GOLDBERGER

formerly AbbVie, USA

Jutta HEIM

University of Basel, Switzerland (Chair until Nov)

Kazuki HOSHINO

Daiichi Sankyo Biotech, Japan

Rudo MATHIVHA

Chris Hani Baragwanath Hospital, South Africa

Marc MENDELSON

University of Cape Town, South Africa

Malcolm PAGE

formerly Roche, Switzerland

Kamini WALIA

Indian Council of Medical Research, India

Nicholas WHITE

Mahidol University, Thailand

OBSERVERS

Graeme BILBE

Drugs for Neglected Diseases initiative, Switzerland

Jorgen STASSIJNS

Médecins Sans Frontières, Belgium

Tim JINKS

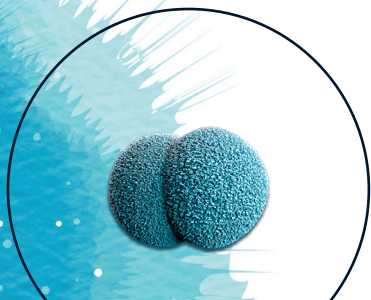
The Wellcome Trust, United Kingdom (observer until May)

Andreas RUMMELT

InterPharmaLink AG, Switzerland

Nicola MAGRINI

WHO, Switzerland



THE DONOR PARTNERSHIP ADVISORY COMMITTEE (DPAC)

The DPAC ensures key funding partners are represented as stakeholders and partners in GARDP, allowing them to bring their insights to the Board. Importantly, it provides advice and member state perspectives that assist the Board and the organization more broadly in fulfilling its mission. The Committee reviews the success of previous and ongoing donor investments made to GARDP and provides advice to the Board on how further funding can deliver the highest possible impact. It also provides advice on how GARDP can widen and better manage its partnerships with member states and other important global health funders.

MANAGEMENT TEAM & PROGRAMMES

The Management Team is responsible for implementing the strategy and day-to-day operations of the organization.

GARDP has a flexible R&D operating model that enables cross-functional project leadership integrating technical disciplines from across GARDP and our partners. At the core of the model is a collaborative project team focussing on the development of a drug and delivery of an antibiotic treatment. The collaborative project teams lead by GARDP project leaders follow development plans underpinned by target treatment/product profiles with progress reviewed via GARDP R&D governance and a GARDP Board-appointed Scientific Advisory Committee.

MANAGEMENT TEAM

- Manica BALASEGARAM**
Executive Director
- Seamus O'BRIEN**
Research & Development Director
- Jean-Pierre PACCAUD**
Business Development and Corporate Strategy Director
- Jennifer KATZ**
External Affairs Director
- Laura PIDDOCK**
Scientific Affairs Director
- Pierre-Yves DELHEZ**
Internal Operations Director

PROGRAMME LEADS

- Emilie ALIROL**
Sexually Transmitted Infections Project Leader
- Sally ELLIS**
Children's Antibiotics Project Leader
- François FRANCESCHI**
Asset Evaluation and Development Project Leader
- Julie MIRALVES**
R&D Portfolio and Planning Lead

An Executive Office was also set up in 2019 in order to respond to the growing needs of the organization, in particular in supporting the tasks of the Executive Director. In this regard, the Executive Office will primarily assist and coordinate matters relating to Strategy, Governance & Board, give support to organizational evolution, and manage coordination & execution of special projects.

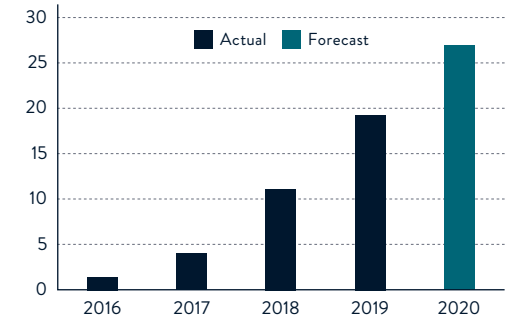
2019 KEY FINANCIAL PERFORMANCE INDICATORS

EXPENDITURE

STEADY GROWTH IN SPENDING, CONCENTRATED ON R&D

- Expenditure totalled EUR 18.9M in 2019, an increase of 69% (+ EUR 7.7 M) compared to 2018.
- R&D expenditure totalled EUR 15.4 M and spending on social mission equated to 87% of the total expenditure.
- Total GARDP expenditure since the start of its incubation within DNDi totals EUR 35M.

Statement of Activities 2016-2019 and forecasted 2020
(In million EUR)

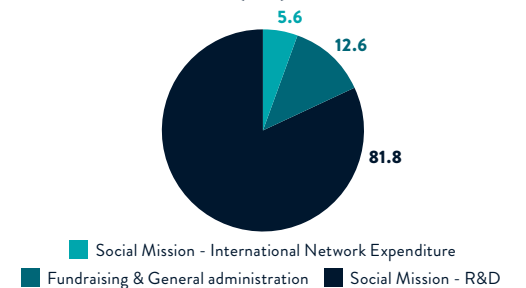


87% OF SPENDING DEDICATED TO THE SOCIAL MISSION

GARDP's ratio of social mission to non-social mission spending decreased from 92% in 2018 to 87% in 2019 due to GARDP becoming an autonomous organisation. The non-social mission costs included set up and non-recurring consulting costs related to the transition from incubation within DNDi and development of the new GARDP Business Plan (2020 – 2025).

R&D expenditure grew by 58%, (5.7M) mainly driven by the growth of programme specific R&D activities (+EUR 4.6 M) or 70%, with an increase in the Sexually Transmitted Infections (STI) Programme (+EUR 3.4 M) and the Children's Antibiotics Programme - Paediatric (+EUR 0.5 M).

Ratio of social mission/non-social mission
(In %)



R&D EXPENDITURE PER PROGRAMME

R&D spending per programme increased significantly over 2018 (+EUR 4.6M or 71%)

SEXUALLY TRANSMITTED INFECTIONS (STI)

GARDP's STI Programme aims to help tackle the spread of STIs by initially developing a new treatment for gonorrhoea including infections resistant to current treatments, investigating combinations of antibiotics to treat STIs and supporting the development of public health pathways to ensure sustainable access to treatment. With a total of EUR 6.5M spent in 2019, the STI Programme represented the largest area of R&D expenditure by disease portfolio (58%).

Key Achievements:

- Global phase 3 trial of zoliflodacin was launched with the first sites activating and patients recruited in the United States
- Full scale manufacturing of zoliflodacin was initiated in view of product registration
- Novel laboratory models were established and work began to assess possible combinations of zoliflodacin for the syndromic management of gonorrhoea and associated infections
- STI burden evaluation for targeted countries was initiated
- Access strategy in development to support sustainable access and stewardship for public health impact
- Regulatory pathway assessment under way

In 2020, GARDP plans to progress the zoliflodacin phase 3 trial including opening additional sites in the Netherlands, Thailand, and South Africa; finalise the regulatory plans; and to develop a stewardship and sustainable access strategy for zoliflodacin.

CHILDREN'S ANTIBIOTICS - NEONATAL SEPSIS

GARDP's Neonatal Sepsis activities aim to develop new antibiotic treatments and provide an evidence base for the use of antibiotics, both old and new, in neonates with confirmed or suspected sepsis. With a total of EUR 2.8 M spent in 2019, Neonatal Sepsis represented 25% of R&D expenditure in 2019.

Key Achievements:

- To increase understanding of neonatal sepsis, over 3000 newborns were enrolled in a multi-country neonatal observational study (19 sites in 11 countries) by the end of 2019
- Completed recruitment, data collection and analysis of a clinical trial in Kenya to assess the safety and pharmacokinetics and of an existing antibiotic (fosfomycin) which could be used to treat clinically diagnosed neonatal sepsis.
- Novel laboratory infection models developed to simulate the PK of candidate antibiotics and their combinations, to inform the best choice of antibiotics for the upcoming neonatal sepsis trial

In 2020, GARDP plans to complete the analysis and reporting of the neonatal observational study and commence planning of a strategic public health trial to identify a treatment that could be used in settings where the current WHO standard treatment for clinically diagnosed neonatal sepsis can no longer be used.

CHILDREN'S ANTIBIOTICS - PAEDIATRIC ANTIBIOTIC DEVELOPMENT

GARDP's Paediatric activities aim to expedite the development of new, improved and adapted antibiotics to treat serious bacterial infections in children of all ages. The global programme aims to develop antibiotics for use in hospitals and the community in both low- and middle-income countries (LMICs) and high-income settings. With a total of EUR 0.6M, this programme represented 6% of R&D expenditure in 2019.

Key Achievements:

- Submission of a paediatric investigation plan (PIP) to European Medicines Agency (EMA) and responded to comments and questions from EMA to facilitate registration of polymyxin B in children in Europe, Africa and Asia
- Finalised protocol and obtained relevant ethics and regulatory approvals in South Africa for pharmacokinetic study to establish a paediatric and neonatal dose of polymyxin B for children of all ages
- Developed paediatric development plan concepts to support negotiations with companies with the aim of securing a commitment where GARDP could expedite the regulatory paediatric development of future candidate(s) for neonatal sepsis treatment regimens.
- Ongoing development of the clinical network building activity to deliver both regulatory and public health trials.

In 2020, GARDP plans to initiate a polymyxin B single dose pharmacokinetic trial, initiate planning for a second candidate that could be used to treat multidrug-resistant Gram-negative infections and continue to develop a global network of sites with capacity and capability to conduct clinical trials in children of all ages.

ANTIMICROBIAL MEMORY RECOVERY & EXPLORATORY

GARDP's original Antimicrobial Memory Recovery & Exploratory Programme (AMREP) aimed to undertake a thorough scientific and systematic approach to identify, evaluate and validate a portfolio of old and novel antibiotic candidates. This included both a desk and lab-based review, assessment and due diligence of candidates, training, and supporting a new generation of anti-

biotic researchers and developers. With a total of EUR 1.2M spent in 2019, AMREP accounted for 11% of R&D expenditure in 2019. This programme has evolved into three project areas, namely, Asset Evaluation & Development, Discovery & Exploratory Research and External Scientific Affairs including REVIVE.

ASSET EVALUATION & DEVELOPMENT:

GARDP's Asset Evaluation & Development activities focus on the identification, review and evaluation of both recovered assets and new chemical entities in development as candidates for GARDP's clinical programmes.

Key Achievements:

- Evaluated 22 new assets in different stages of development
- Identified a priority asset with potential to treat multidrug-resistant Gram-negative infections in adults and children
- Completed due diligence and negotiations culminating in a signed term sheet and draft contract for co-development of the asset in a proposed project within the new Serious Bacterial Infections Programme.
- Carried out systematic reviews and meta-analyses of antibiotic combinations used on carbapenem-resistant pathogens (in vitro, in vivo, and in the clinic)
- Organized a workshop with the Indian Council of Medical Research (ICMR) to explore the possibility of carrying out clinical studies for resistant pathogens in India.

In 2020, GARDP plans to launch the first project, within the new Serious Bacterial Infections programme, to develop and deliver an antibiotic to treat infections in hospitalized adults and children, focusing on those caused by Gram-negative bacteria on the WHO's priority pathogens list. In preparation the focus has been on the development of capabilities and capacity to undertake hospital-based clinical trials via GARDP bespoke networks. GARDP will also work on prioritizing additional candidates for inclusion into its clinical pipeline to be able to meet the 5 BY 25 goal.

DISCOVERY & EXPLORATORY RESEARCH :

GARDP’s Discovery & Exploratory Research activities aim to screen libraries and recover potential molecules which may address WHO priority pathogens and feed into GARDP’s programmes to develop new treatments.

Key Achievements:

- Partnered with Japanese Pharma, Institut Pasteur Korea, Calibr, the Helmholtz Centre for Infection Research (HZI), and the University of Queensland’s Community for Open Antimicrobial Drug Discovery (CO-ADD) in its efforts to discover novel compounds or combinations of drugs suitable for optimization and clinical development as drugs for patients to treat priority drug-resistant infections identified by WHO
- Developed, optimized and validated high-throughput assays in line with a screening strategy developed by GARDP
- Conducted primary screening of 4 libraries and identified potential hits for further profiling
- Initiated a mapping project to identify any early discovery and exploratory research focused on Gram-negative WHO priority pathogens (Horizon scanning project)

In 2020, GARDP plans to develop, implement and execute hit expansion/hit-to-lead projects, from GARDP screening, via new models and collaborations.

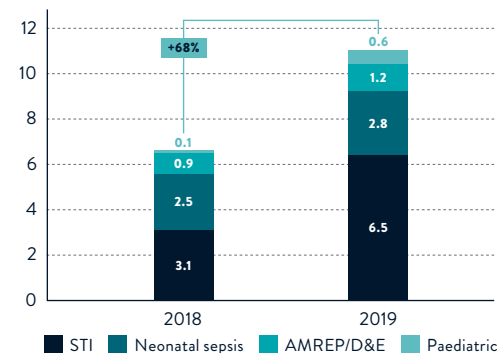
EXTERNAL SCIENTIFIC AFFAIRS AND REVIVE :

GARDP’s External Scientific Affairs activities, including REVIVE, help to advance the development of new antimicrobial treatments by capturing and sharing the knowledge and skills of experts and making it freely accessible by all. The REVIVE website hosts our training, education and outreach activities. It facilitates exchanges between clinical and non-clinical researchers with world-class experts active in antimicrobial R&D over the last 40 years. So far, more than 100 experts have engaged with REVIVE. This will help improve, accelerate, and streamline antimicrobial drug discovery, research, and development (R&D).

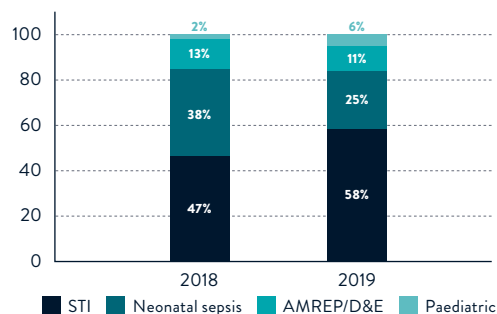
Key Achievements:

- Over 1,500 participants from more than 60 countries took part in 13 REVIVE webinars led by experts in their field. All webinars were recorded and hosted on the REVIVE website. Thirteen international experts from various fields, including economics, antimicrobial stewardship and drug development, published Antimicrobial Viewpoints on the REVIVE website.
- GARDP developed content and co-organized a conference with the British Society for Antimicrobial Chemotherapy, and symposia, bootcamps and workshops with CARB-X, JPIAMR, REPAIR Impact Fund and Wellcome Trust at leading international scientific conferences.
- GARDP provides these resources to the global health community free of charge to everyone worldwide. All conference sessions were recorded and hosted on the REVIVE website.

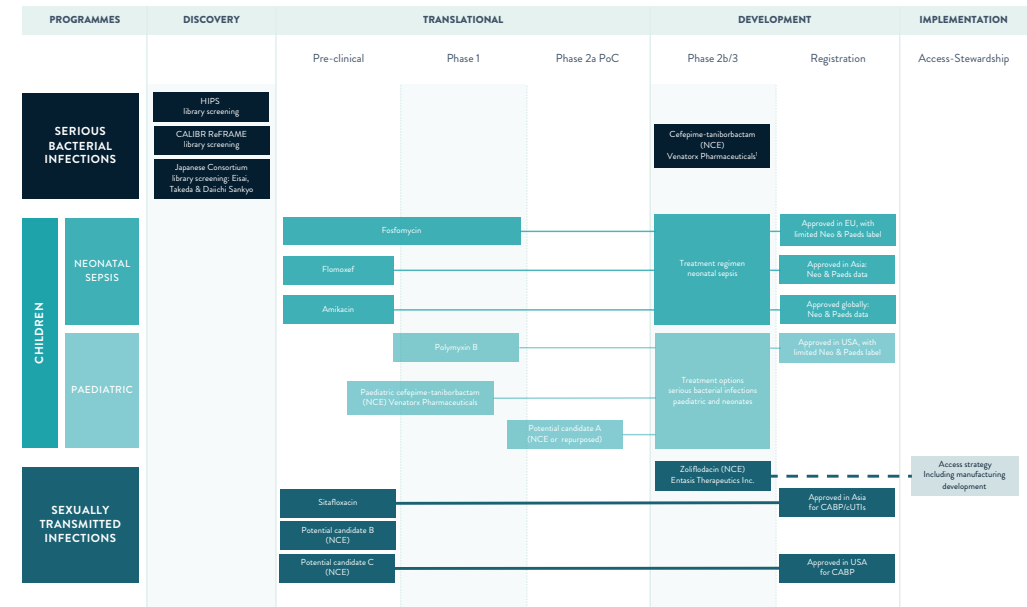
R&D expenses per programme
(In million EUR)



R&D expenses per programme
(In %)



GARDP PIPELINE



¹ Development of colistimethate sodium is sponsored by Venatorx Pharmaceuticals and has been funded in whole or in part with federal funds from NIAID/NHHS and BARDA/ASPR/HHS in the United States and The Wellcome Trust in the United Kingdom. April 2020

GARDP manages research and development expenditures across the entire portfolio in accordance with strategic priorities. Decisions about whether or not to proceed with development projects is made on a project-by-project basis. These decisions are based on the project’s potential to meet a significant unmet medical need or to improve patient outcomes, the strength of the science underlying the project, and the potential of the project (subject to the risks inherent in pharmaceutical development) to address patients’ unmet needs. Once a management decision has been made to proceed with the development of a particular molecule, the level of research and development investment

required will be driven by many factors. These include the medical indications for which it is being developed, the number of indications being pursued, whether the molecule is of a chemical or biological nature, the stage of development, and the level of evidence necessary to demonstrate clinical efficacy and safety.

At each step of a product development, there is a substantial risk that a compound will not meet the requirements to progress further. In such an event, GARDP may be required to abandon the development of a compound in which substantial investment has already been made.

2019 KEY FINANCIAL PERFORMANCE INDICATORS

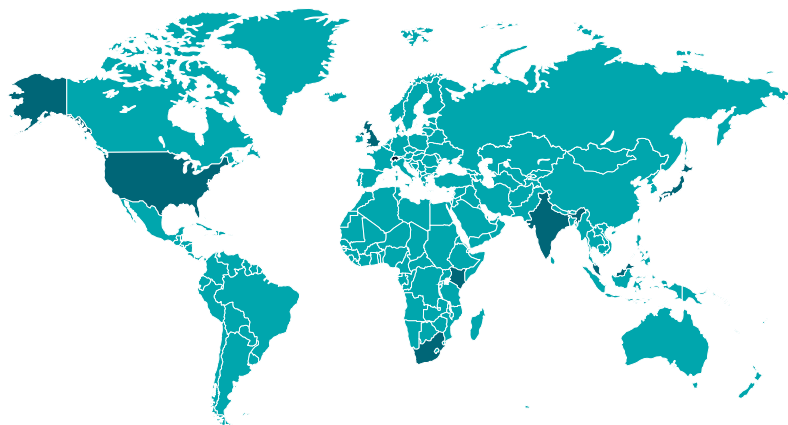
HUMAN RESOURCES

Human Resources (HR) expenses increased by 43% from EUR 4.7M in 2018 to EUR 6.7M in 2019 (+ EUR 2M) to meet the needs of GARDP as it became autonomous in 2019. Significant expertise was added across the R&D programmes and within the support teams including HR, finance, external affairs and business development.

GARDP, through DNDi, has a global presence with offices in several regions, including Africa, North America, Latin America and South Asia, and country offices in Japan and India. In-country implementation

of GARDP's programmes is supported by these offices and a joint DNDi-GARDP office in Southern Africa. GARDP also has representation in Australia.

GARDP footprint in 2019



In order to meet the needs of GARDP's growth, teams were strengthened and new expertise added in 2019. GARDP recruited an additional 15 new positions, representing an increase of 43% over the 2018 staffing level. By the end of 2019, GARDP employed a total of 50 employees worldwide.

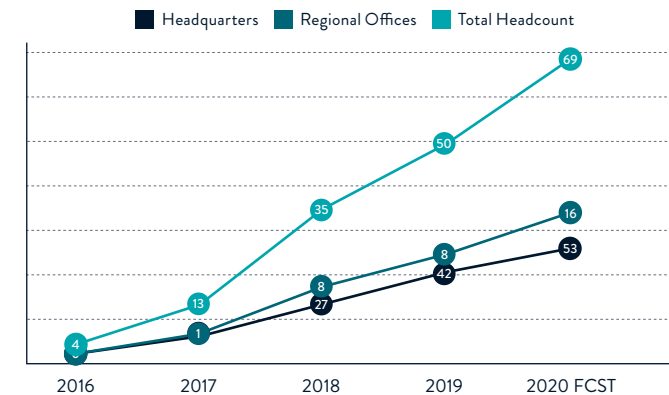
Compared with 2018, the increase in 2019 personnel expenses (+EUR 2M) included mainly:

- Recruitment of 15 new positions at GARDP headquarters (+EUR 1.0M) in 2019
- New positions recruited in 2018 (10 new positions) that received a full salary in 2019 (+ EUR 0.8 M)
- Annual incremental salary increase (~+ 0.5%), including promotions, and inflation adjustment in South Africa.

The split between GARDP's headquarters and international network staff was 84% to 16% in 2019, with 42 core staff working in the headquarters and 8 working in the DNDi regional offices or the DNDi-GARDP joint office in Southern Africa. The regional offices headcount excludes 6 consultants appointed by GARDP in 2019 in order to support its local R&D activities in South Africa. Overall GARDP is working with about 15 consultants worldwide to support its various functions, such as Business Development, Medical Affairs, Communications, Access, etc. These are not reflected in the above headcount.

15 new core positions were recruited to work in GARDP's headquarters in 2019. The new roles were added to strengthen the departments: R&D (5), Business Development (1), External Affairs (4), Finance (1), HR (1), Legal (2) and Executive Office (1). New core positions included: Head of Communications, Senior Communications Manager, External Affairs Senior Officer, Portfolio & Planning Leader, Senior Clinical scientist, Legal counsel, Head of Executive Office, etc.

GARDP Head Count Trend



GARDP is committed to transparency regarding equality and diversity in all our activities including achieving gender balance across all areas within our organization. Consequently GARDP will monitor its progress in this area year on year.

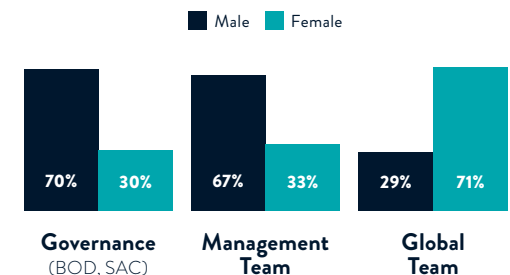
number of female members remained steady at 10. This resulted in a decrease in male members representation.

Gender equity among the management team remained stable in 2019 compared to 2018.

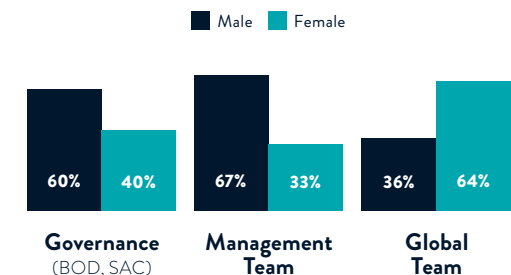
There was a slight increase in female governance body members in 2019. The number of male members declined by 6 to 15 in 2019 (from 21 in 2018) while the

Among the GARDP team which includes heads and programme lead positions, the proportion of females increased to 71% in 2019 (compared to 64% in 2018).

Gender Balance GARDP 2018



Gender Balance GARDP 2019



2019 KEY FINANCIAL PERFORMANCE INDICATORS

CONTRIBUTIONS

Renewed funding shows commitment to GARDP mission:

PUBLIC CONTRIBUTORS 2016 - 2024	EUR	PRIVATE CONTRIBUTORS 2016 - 2024	EUR
Germany (BMBF and BMG)	55.1 M	Bill & Melinda Gates Foundation	1.8 M
United Kingdom (DFID, DHSC and NIHR)	13.5 M	Wellcome Trust	1.1 M
The Netherlands (VWS)	7.5 M	Others (Médecins Sans Frontières, Leo Model Foundation)	0.7 M
Switzerland (FOPH)	1.2 M		
South African Medical Research Council	0.6 M		
Principality of Monaco	0.4 M		
Grand Duchy of Luxemburg	0.1 M		

The German Federal Ministry of Health (BMG), the UK's Department of Health and Social Care (DHSC), the Netherlands Ministry of Health, Welfare and Sport (VWS), the Swiss Federal Office of Public Health (FOPH) and the Grand-Duchy of Luxemburg all renewed their financial support to GARDP in 2019 by contributing a total of EUR 10.6 million to GARDP programmes. The Leo Model Foundation also extended its support to GARDP with an additional USD 50,000.

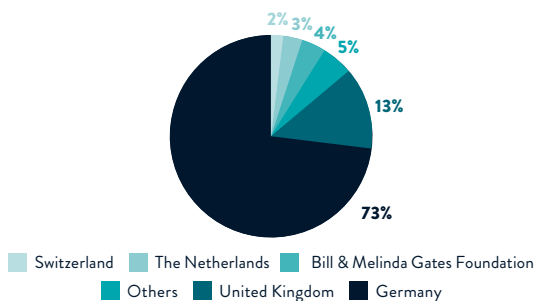
NEW DONORS COMMIT FUNDS

The Principality of Monaco became a new donor in 2019 contributing EUR 400,000. The Japanese government made a multi-year pledge of JPY 1 billion (EUR 8.3 million), and the UK's National Institute for Health Research (NIHR) invested EUR 4.5 million (GBP 4 million). By the end of the year, GARDP had secured a total of EUR 90 million in commitments and pledges.

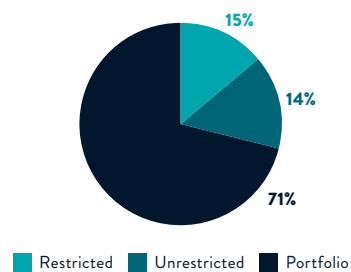
71% PORTFOLIO FUNDING

GARDP aims to maintain a balance between restricted and unrestricted grants. However, a strong trend of portfolio funds still put GARDP in a good position to respond quickly to research opportunities within a broad portfolio of projects. In 2019, GARDP increased both its restricted and unrestricted funding. Balanced and flexible funding allows GARDP to effectively manage its priorities at both programmatic and portfolio levels.

2019 Funding (total EUR 18.9M)



Fund Types (EUR 82M)



RESPONSIBILITY FOR THE COMBINED FINANCIAL STATEMENT

The management is responsible for the preparation of the combined financial statement and related information that is presented in this report. The combined financial statement includes amounts based on estimates and judgements made by the Finance department.

Deloitte SA was appointed as the independent auditors by the GARDP Foundation upon the recommendation of the former Audit Committee to audit and opine on the combined financial statement of the GARDP Foundation.

The management designs and maintains accounting and internal control systems to provide reasonable assurance at reasonable cost that assets are safeguarded against loss from unauthorised use or disposition, and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. These systems are augmented by

written policies, an organizational structure providing division of responsibilities, careful selection and training of qualified personnel, and a program of external reviews.

The GARDP Board, through its Audit Committee, meets periodically with the Finance department and the statutory auditor to ensure that each is meeting its responsibilities, and to discuss matters concerning internal controls and financial reporting.

This combined financial statement for the year ended 31 December 2019 was approved by the Board on **6 July 2020**.

COMBINED PROFORMA FINANCIAL STATEMENT

1. COMBINED STATEMENT OF OPERATIONS

AT 31 DECEMBER 2019 WITH 2018 COMPARATIVE FIGURES

INCOME (EUR)	NOTES	2019	2018
PUBLIC INSTITUTIONAL FUNDING			
Govern. & public int. organiz. Unrestricted		874'050	3'531'911
Govern. & public int. organiz. restricted ⁷		16'528'218	6'681'700
Total public institutional funding	5.	17'402'268	10'213'611
PRIVATE RESOURCES			
Private foundations, corp. and individuals, unrestricted		44'500	42'020
Private foundations, corp. and individuals, restricted		1'471'332	923'944
Total private resources	5.	1'515'832	965'964
OTHER INCOME			
Sundry income & reimbursements		6'412	1'406
Other income net		6'412	1'406
TOTAL INCOME		18'924'512	11'180'980
SOCIAL MISSION EXPENDITURE (EUR)	NOTES	2019	2018
RESEARCH & DEVELOPMENT EXPENDITURE			
Research & development coordination and supervision		4'250'544	3'215'581
Antimicrobial Memory Recovery and Exploratory		1'236'462	862'708
Children's Antibiotics - Neonatal Sepsis		2'801'705	2'480'991
Sexually Transmitted Infections		6'510'041	3'065'379
Children's Antibiotics - Paediatric Programme		640'190	138'022
Total research & development expenditure		15'438'942	9'762'681
International Network Expenditure		1'049'697	485'349
TOTAL SOCIAL MISSION EXPENDITURE		16'488'639	10'248'031
NON-SOCIAL MISSION EXPENDITURE (EUR)	NOTES	2019	2018
Fundraising & General and Administration		2'386'869	931'544
Total non-social mission expenditure		2'386'869	931'544
TOTAL EXPENDITURE	7.	18'875'508	11'179'575
Operating surplus / (loss)		49'004	1'405
OTHER INCOME (EXPENSES) (EUR)	NOTES	2019	2018
Financial income, net		572	(37)
Exchange gain (loss), net		(47'336)	(11)
TOTAL OTHER INCOME (EXPENSES)		(46'763)	(49)
Net surplus for the year prior to allocations		2'240	1'356
Allocation to unrestricted operating funds		(2'240)	(1'356)
NET SURPLUS FOR THE YEAR AFTER ALLOCATIONS		-	-

⁷2018 Switzerland EUR 197,425 reallocated as restricted.

2. EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

The accompanying notes are an integral part of this combined financial statement.

1. GENERAL INFORMATION

As the GARDP Foundation was incorporated in July 2018 and received material grants directly, activities of GARDP took place both in the DNDi and GARDP legal entities in 2018. In 2019, GARDP became an autonomous legal entity on 1 April 2019. GARDP entered into a Transfer Agreement with DNDi under which all employees, assets and activities were transferred to GARDP effective 1 April 2019. Consequently, GARDP activities were progressively transferred from DNDi to the new GARDP Foundation, including R&D contracts which were all transferred to GARDP by the end of 2019.

The purpose of this financial statement is to represent the combined activities of GARDP in 2019 for the year ended 31 December 2019 versus the 12 months ended 31 December 2018. This shows our donors a true and accurate picture of all GARDP activities both within GARDP and DNDi (prior to the transfer on 1 April 2019). GARDP closed the year with an average FTE of below 50 employees.

A. Legal aspects

The Global Antibiotic Research and Development Partnership (GARDP) is a Swiss foundation registered in Geneva under statutes dated 21 June 2018 as a not for profit legal entity, with headquarters in Geneva. GARDP is monitored by the Swiss Federal Supervisory

Board for Foundations and has applied for "Other International Organization" status in December 2018. This application is still pending with the Swiss Confederation.

The purpose of GARDP, as per its Charter, is "to develop new health technologies to tackle global and regional public health priorities where there are research and development or access gaps, contributing in particular to the fight against antimicrobial resistance and diseases that affect vulnerable populations, and fostering appropriate use and enhancing access to such technologies".

Per its charter, "GARDP may pursue all such activities as may be appropriate to attain its purpose, including raising funds for the purpose of the Foundation. GARDP may inter alia engage in:

- Conducting, supporting and stimulating the research and development of new health technologies, including medicines, vaccines and diagnostic tools as well as other technologies;
- Fostering appropriate use and equitable access to such health technologies;
- Raising awareness on the need to invest in research and development in health technologies, appropriate use and equitable access to health technologies; and

- Supporting other relevant global and regional initiatives in public health.
- GARDP will primarily focus on health technologies for humans but may also engage in the research and development of health technologies for animals and plants where this can contribute to protect human health".

B. Income tax

An application with the Swiss Federal Council for "Other International Organization" status has been filed with the Swiss Confederation in December 2018. The purpose of this application is to grant GARDP certain privileges, including:

- Exoneration from all direct and indirect federal, cantonal and communal taxes;
- Exoneration from all indirect taxes (VAT) on all goods and services acquired for the sole use of the foundation within Switzerland; and
- Unrestricted access to work permits for non-Swiss, non-EU nationals.

This application is pending with the Swiss Confederation.

GARDP is exonerated from Swiss federal income tax on gains and from Geneva cantonal and communal taxes on gain and capital for an indefinite period.

C. International Network

GARDP, through DNDi, has a global presence with offices in several countries, including Africa, North America, Latin America and South Asia. As outlined in the Subsequent Events paragraph of our 2018 report, the GARDP Foundation entered into a collaboration agreement with DNDi effective 1 January 2019. Under this collaboration agreement, the GARDP Foundation is able to use the local infrastructure provided by DNDi to the GARDP initiative until December 2021. Through this network, GARDP has the ability to develop R&D activities with local partners (clinical trials, observational studies, etc.), but also develop relationships with local governments or funders.

In June 2018, GARDP also registered a non-profit company in Cape Town, South Africa, with DNDi, and its office is currently hosted by the South African

Medical Research Council (SAMRC). This non-profit company ("DNDi GARDP Southern Africa NPC") is a joint company with DNDi and allows GARDP to develop local GARDP activities.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting basis

The financial statement of the Foundation has been prepared in accordance with the provisions of the Swiss Code of Obligations. It has also been prepared under the requirements of the Swiss GAAP FER, in particular Swiss GAAP FER 21 relating to accounting for charitable non-profit organizations. However, Swiss GAAP FER was not fully applied since GARDP does not disclose a balance sheet, a fund flow statement nor a statement of changes in capital.

B. Scope of the financial statement

This report presents the combined GARDP activities included in the GARDP Foundation in 2019 and those activities that were undertaken on behalf of GARDP by DNDi, including the activities of the legal entity DNDi GARDP South Africa NPC, which has been controlled by GARDP since 1 July 2019. The 2019 report only presents the combined statement of operations of GARDP for 2018 and 2019 as well as notes but does not include all financial items (ie balance sheet, funds flow statements and statement of changes in capital) which are required to be included in the financial statements prepared under Swiss GAAP FER. However, key balance sheet data are disclosed in the notes to this combined financial statement.

C. Social mission expenditure

Social mission expenditure represents expenses according to the purposes defined in the GARDP statutes. They are defined in the present general notes above under point 1.A (Legal aspects). GARDP's social mission expenditure comprises research & development (R&D), communications and policy advocacy.

D. Functional currency

The GARDP Board has determined that the assets, liabilities, and operations should be measured using EUR as the functional currency. The environment in

which the entity primarily generates and expends cash determines this decision. All amounts presented in the financial statement are stated in EUR, except when specified otherwise.

E. Foreign currency translation

Transactions in currencies other than the functional currency (EUR) are converted at the monthly average of the daily closing exchange rate of the previous month as from first of July 2018. Previously the exchange rate used was the rate of the last day of the previous month. Year-end balances in other currencies are converted at the last prevailing exchange rates available in the system for the year. Resulting exchange differences are recognized in the Statement of Operations.

The principal exchange rates used at the year-end to re-evaluate the balance sheet items in EUR, including our cash balances, are:

CURRENCY	2019	2018
USD/EUR	0.9051	0.8799
CHF/EUR	0.9113	0.8790
GBP/EUR	1.1660	1.1351
ZAR/EUR	0.0612	0.0625

F. Income

Restricted public and private donations based on annual or multi-year agreements are recorded, over the life of the agreement, as and when the milestones set out in the agreement are achieved.

Unrestricted public and private donations based on annual or multi-year agreements are recorded on an accrual basis over the life of the agreement. A reconciliation between donations committed to GARDP and income recognized in the statement of operations is shown under section 5.2 below. Other small (below equivalent to EUR 50'000) donations are recorded on a cash basis.

G. Expenditures incurred for projects and activities

The annual action plan and budget, and all revised budgets are approved by the Board of Directors.

A new signature policy was adopted by GARDP in 2019. As per the GARDP signature policy: contracts above EUR 50,000 must be signed by two Directors,

long-term non-strategic agreements are signed by one Director and the Executive Director, while strategic agreements above EUR 2M must be presented to the Board and signed by the Board Chair or Vice Chair together with the Executive Director.

Partners' expenditures are recorded as follows:

- According to a financial report presenting expenditures incurred during the year on an accrual basis.
- If financial reports are unavailable by the deadline of 1 March of the following year, the amount is calculated on an estimate basis provided by the partner. The unpaid portion remaining at year-end is included under current liabilities.

R&D vendors expenditure are recorded as follows:

- All R&D expenditures incurred on behalf of a project or for any activity of GARDP are recorded on an accrual basis.
- Payments made to third parties, such as contract research and development organizations in compensation for subcontracted R&D, whether they are deemed to transfer intellectual property to GARDP or not, are expensed as R&D expenses in the period in which they are incurred.
- Payments made to third parties to in-license or acquire intellectual property rights, compounds and products, including initial upfront and subsequent milestone payments, are also expensed, as are payments for other assets, such as technologies to be used in R&D activities.
- Costs for post-approval studies performed to support the continued registration of a marketed product are recognized as access expenses. Costs for activities that are required by regulatory authorities as a condition for obtaining marketing approval are also expensed as incurred.

H. Credit risk, liquidity risk and cash flow management

GARDP has built relationships with private sector banks to manage its financial assets and provide appropriate liquidity and risk management. GARDP's liquid assets are maintained in cash, low-risk, short-term deposits or capital-guaranteed investments. Any form of speculation is prohibited.

At the balance sheet date, GARDP had cash freely available of EUR 10M and short-term deposits of EUR 4.4M, making a total of EUR 14.4M. There was no significant concentration of credit risk.

The main financial risk for GARDP is the volatility of foreign exchange rates that can affect the value of its holding in various currencies (USD, EUR, GBP, CHF and ZAR), GARDP is exposed to currency risk on donations received, project expenditures, and general and administrative expenses that are denominated in a currency other than the functional currency (EUR). These transactions are mainly denominated in EUR, CHF, USD, GBP and ZAR.

GARDP ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The diversity of funding currencies represents a natural hedging mechanism (income in CHF, EUR, GBP, USD and ZAR).

I. Tangible fixed assets

Tangible fixed assets are stated at cost in EUR, less accumulated depreciation. Depreciation is charged to the Statement of Operations on a straight-line basis over the estimated useful lives of the tangible fixed-asset items. The rates of depreciation used are based on the following estimated useful lives:

Office fittings and equipment
20%

IT equipment
33%

J. Provisions

A provision is recognized on the balance sheet when the organization has a legal or constructive obligation resulting from a past event, and it is probable that a payment will be required to settle the obligation. Provisions are measured at the management's best estimates of the expenditure required to settle that obligation at the balance sheet date.

K. Organizational capital

The founding capital of CHF 50,000 referenced in the statutes was received from the founding members of GARDP, DNDi and WHO. The capital is fully paid in.

L. Restricted and unrestricted reserves

Restricted and unrestricted reserves represent the excess of income over expenditure since the inception of GARDP. Restricted reserves are available to GARDP for future operations and project funding costs as its evolving research and development pipeline dictates. Unrestricted reserves will be utilized for GARDP expenditures as incurred.

M. In-kind donations

Gifts in kind are not recorded but disclosed in the notes to the financial statement and valued at fair market values according to the following principles: in-kind goods transferred to a GARDP project or services rendered to GARDP must be free, excluding the involvement of a monetary transfer. They must be:

- Clearly identifiable and part of GARDP's projects and activities, as defined by GARDP's action plans and budgets.
- Recognizable as a visible contribution to GARDP's projects and activities, and in line with GARDP's mission and objectives.

For goods or services paid at prices below market prices, the difference between real payment and current market price is not considered as a gift in kind.

Fair market value is defined as the price GARDP would have paid to utilize the goods or service. Fair market value can be suggested by partners. However, GARDP is careful not to overestimate in accordance with the prudence principle.

Gifts in kind estimated at EUR 5,000 and above are taken into account. Exceptions can be made by GARDP when it serves the purpose of providing consistency and completeness of a project's accounts.



COMBINED PROFORMA FINANCIAL STATEMENT

3. TANGIBLE FIXED ASSETS

	COMPUTER ÉQUIPEMENT	OFFICE FITTINGS & INSTALLATIONS	OFFICE ÉQUIPEMENT	R&D ÉQUIPEMENT	TOTAL
Net carrying amounts 01.01.2019	-	-	-	-	-
GROSS VALUES OF COST					
Beginning of the period 01.01.2019	-	-	-	-	-
Additions	146,319	-	-	-	146,319
End of the period 31.12.2019	146,319	-	-	-	146,319
ACCUMULATED AMORTIZATION					
Beginning of the period 01.01.2019	-	-	-	-	-
Charge of the year	28,451	-	-	-	28,451
End of the period 31.12.2019	28,451	-	-	-	28,451
Net carrying amounts 31.12.2019	117,868	-	-	-	117,868

Additions of fixed assets in 2019 mainly relates to the setup of various information systems (CRM, Sharepoint, Contract Management software) which were charged by third parties.

There was no addition of fixed assets in 2018 as the activities of GARDP were mainly carried out by DNDi in 2018.

4. PROVISIONS

	PROVISION FOR HR EXPENSES (HOLIDAYS NOT TAKEN AND OTHER HR)	PROVISION FOR GENERAL RISK	TOTAL
Carrying period as per 01.01.2019	-	-	-
Creation	54,473	120,000	174,473
Utilization	-	-	-
Reversal	-	-	-
Carrying period as per 31.12.2019	54,473	120,000	174,473

There was no provision for untaken holiday in 2018 as the GARDP employees were transferred from DNDi to the GARDP Foundation in 2019.

5. INCOME

RECEIVABLE FROM DONORS VERSUS DEFERRED INCOME

The total deferred income increased by EUR 1,933,176 in 2019 compared to 2018 but remained at a high level (EUR 10,942,841) thanks to the majority of our donors (estimated 70%) giving grant payments 3 to 4 months in advance. There are donor receivables of EUR 677,051 as at 31 December 2019.

CUMULATIVE DONATIONS COMMITTED TO GARDP AND/OR RECEIVED BY 2019

The list of cumulative donations committed to and /or received by the GARDP initiative by 2019 is as follows:

DONORS	CUR-RENCY	TOTAL COMMITMENT in Currency	TOTAL COMMITMENT in EUR	AS PER THE STATEMENT OF OPERATIONS 2019 in EUR	TOTAL SPENT TO DATE in EUR	TO BE USED AFTER 2019 in EUR
Bill & Melinda Gates Foundation	USD	1'990'889	1'791'402	876'438	1'311'475	479'927
Wellcome Trust	EUR	1'083'800	1'083'800	594'894	1'083'800	-
Médecins Sans Frontières	EUR	600'000	600'000	-	600'000	-
Leo Model Foundation	USD	150'000	131'838	44'500	86'520	44'990
UK (DFID)	GBP	3'075'047	3'494'922	374'049	3'494'922	-
Germany (BMBF)	EUR	50'000'000	50'000'000	13'123'142	17'041'297	32'958'703
Germany (BMG)	EUR	5'100'000	5'100'000	637'598	4'100'000	1'000'000
The Netherlands (VWS)	EUR	7'500'000	7'500'000	500'000	3'000'000	4'500'000
Switzerland (FOPH)	CHF	1'360'000	1'205'096	409'551	1'064'572	140'524
Grand Duchy of Luxembourg	EUR	115'000	115'000	-	100'000	15'000
South African Medical Research Council	ZAR	10'000'000	638'629	203'582	611'490	27'139
Principality of Monaco	EUR	400'000	400'000	100'000	100'000	300'000
UK (DHSC) - STI	GBP	4'500'000	5'303'700	1'868'407	2'581'452	2'722'248
UK (DHSC - NIHR) - Neonatal Sepsis	GBP	4'000'000	4'714'400	185'939	185'939	4'528'461
Total Donations (EUR)		-	82'078'787	18'918'100	35'361'467	46'716'992

Notes for cumulative donations committed table :

- Total commitment includes funding that was received by DNDi on behalf of GARDP during GARDP's incubation in DNDi. The total amount of funding has been shown here to provide the reader with the full details relating to GARDP since its inception in 2016.

- **Bill & Melinda Gates Foundation (BMGF):** restricted funding in support of the global neonatal observational study that is part of the Children's Antibiotics Programme - Neonatal Sepsis covering May 2018 – November 2020. Focus on BMGF target countries. The grant was transferred from DNDi to GARDP at the end of October 2019.
- **Wellcome Trust:** portfolio funding in support of the Children's Antibiotics Programme - Neonatal Sepsis and coordination covering July 2018 – June 2019.
- **Médecins Sans Frontières (MSF):** unrestricted funding from four MSF sections (Australia, Japan, France and USA) covering February 2017 – December 2018. Funds were spent by the end of 2017.
- **Leo Model Foundation:** unrestricted funding covering 2018, 2019 and 2020.
- **United Kingdom (DFID):** unrestricted funding covering April 2017 – December 2019.
- **United Kingdom (DHSC & NIHR):** funding consisting of several contributions: restricted £1M grant from DHSC in support of the Sexually Transferred Infections Programme for the period May 2018 – March 2019, a multiyear restricted grant of £3.5M funding from DHSC in support of the Sexually Transmitted Infections Programme covering July 2019 – March 2022, and a restricted £4M grant from the National Institute of Health Research (NIHR) in support of the Children's Antibiotics Programme - Neonatal Sepsis for the period October 2019 – March 2021.
- **Germany (BMBF):** Portfolio funding consisting of four grants to each of the four GARDP programmes covering October 2018 – January 2023.
- **Germany (BMG):** funding consisting of several contributions: unrestricted funding of EUR 500,000 covering March 2016 – January 2017. Restricted funding of EUR 750,000 in support of the Children's Antibiotics Programme - Neonatal Sepsis and Coordination covering February 2017 – December 2017. Restricted funding of EUR 1,350,000 in support of AMREP, Sexually Transmitted Infections Programme and Coordination covering August 2017 – February 2018. Restricted funding of EUR 1,000,000 in support of Sexually Transmitted Infections Programme and Children's Antibiotics Programme - Neonatal Sepsis covering August 2018 – February 2019. Restricted funding of EUR 500,000 in support of GARDP's migration to an independent legal entity covering December 2018 – February 2019. Restricted funding of EUR 1,000,000 in support of Sexually Transmitted Infections Programme covering January 2020 – December 2020.
- **Netherlands (VWS):** funding consists of several contributions: unrestricted funding of EUR 500,000 covering July 2017 – January 2018 and unrestricted funding of EUR 2,000,000 covering January 2018 – December 2018. Unrestricted funding of EUR 5,000,000 covering 2019-2024 to support the delivery of 5 new treatments by 2025.
- **Switzerland (FOPH):** funding consists of several contributions: unrestricted seed funding of CHF 360,000 covering September 2016 – October 2017. Unrestricted funding of CHF 500,000 with part allocated to AMREP covering June 2017 – August 2019. Restricted funding of CHF 500,000 covering the period 2019 – 2021 for Asset Evaluation and Development and External Scientific Affairs and REVIVE.
- **Grand Duchy of Luxembourg:** unrestricted funding covering up until end September 2018. The funds were spent in 2017. Unrestricted funding of EUR 15,000 covering 2020.
- **South Africa Medical Research Council (SAMRC):** funding consists of two contributions: restricted funding of ZAR 6,000,000 for R&D of new and/or improved treatments covering March 2017 – March 2020. Restricted funding of ZAR 4,000,000 in support of Children's Antibiotics Programme - Neonatal Sepsis and Sexually Transmitted Infections Programme activities in South Africa covering April 2018 – March 2019.
- **Principality of Monaco:** restricted funding of EUR 400,000 in support of Children's Antibiotics Programme - Neonatal Sepsis activities in South Africa covering the period 2019 – 2021.

6. FUNDING PER PROJECT

2019 Funding per project

EXPRESSED (in EUR)	TOTAL EXPENDI- TURE	UK DFID' (Unrestricted)	UK DHSC' (Restricted)	DUTCH VWS (Unrestricted)	GER- MANY BMG' (Restricted)	GER- MANY BMBF (Restricted)	BILL & MELINDA GATES FOUN- DATION' (Restricted)	SWISS FOPH (Restricted)	SOUTH AFRICAN MEDICAL RE- SEARCH COUN- CIL' (Restr.)	LEO MODEL FOUN- DATION' (Unrestricted)	WEL- COME TRUST' (Restricted)	PRINCI- PALITY OF MONACO (Restricted)
Research & development coordination and supervision	4'250'544	193'494	69'384	28'198	382'786	3'346'826	-	49'598	215	5'672	165'446	8'924
International network expenditure	1'049'697	412'87	13'314	3'712	2'565	953'871	-	-	-	9'071	25'877	-
Children's Antibiotics - Neonatal Sepsis	2'801'705	-	33'191	-	84'076	1'595'168	831'050	-	58'687	326	117'289	81'918
Children's Antibiotics - Paediatrics	640'190	-	73'365	-	-	542'879	5'108	-	1'623	-	14'297	2'919
Antimicrobial Memory Recovery & Exploratory	1'236'462	-	-	-	-	880'013	-	124'114	36'088	-	196'247	-
Sexually Transmitted Infections	6510'041	88'499	1'782'759	177'949	140'811	4'122'908	-	97'276	93'179	-	6'660	-
Fundraising & General and administration	2'388'669	50'770	82'334	290'142	27'358	1'638'558	40'281	138'562	13'788	29'759	69'078	6'239
Total	18'875'508	374'050	2'054'347	500'001	637'596	13'080'223	876'439	409'550	203'580	44'828	594'894	100'000
Financial expenses	42'919	-	-	-	-	42'919	-	-	-	-	-	-
Total including financial expenses	18'918'427	374'050	2'054'347	500'000	637'597	13'123'142	876'438	409'551	203'581	44'828	594'894	100'000

¹ DNDI contract (DFID funding) / ² DHSC includes funding from the National Institute of Health Research (EUR 185,939). Includes EUR 36,394 of DNDI/DHSC contract funding / ³ Includes EUR 26,109 of DNDI/BMG contract funding / ⁴ Contract transferred from DNDI to GARDP1 November 2019 / ⁵ Includes EUR 83,030 of DNDI/FOPH contract funding / ⁶ Includes EUR 39,778 of DNDI/South African MRC contract funding / ⁷ Leo Model Foundation contract with DNDI / ⁸ Wellcome Trust contract with DNDI / ⁹ Exchange loss - to be compensated in future years against any interest earned and exchange rate gains.

2018 Funding per project

EXPRESSED (in EUR)	TOTAL GARP	UK DFID (Unrestricted)	UK DHSC (Restricted)	DUTCH VWS (Unrestricted)	GER- MANY BMG (Restricted)	GER- MANY BMBF (Restricted)	BILL & MELINDA GATES FOUN- DATION (Restricted)	SWISS FOPH (Restricted)	SOUTH AFRICAN MEDICAL RE- SEARCH COUNCIL (Restr.)	LEO MODEL FOUN- DATION (Unrestricted)	WELCO- ME TRUST (Restricted)
RESEARCH											
Children's Antibiotics - Neonatal Sepsis & Paediatrics	2'619'013	59'038	-	824'123	747'09	989'892	412'995	-	72'056	-	186'200
Antimicrobial Memory Recovery & Exploratory	862'708	214'775	-	82'674	83'475	156'093	-	132'788	25'207	2'100	165'596
Sexually Transmitted Infections	3'065'379	277'159	620'512	379'290	876'780	810'591	-	-	85'550	3'008	12'489
Research & Development coordination and supervision	3'215'581	907'524	76'837	701'193	337'051	994'278	944	23'950	17'144	36'912	119'748
International Network Expenditure	485'349	36'967	7'850	-	15'779	424'753	-	-	-	-	-
Fundraising & General Management	931'545	18	15'696	41'300	197'249	542'549	21'098	40'687	68'075	-	4'873
Financial Expenses	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	11'779'575	1'495'481	713'045	2'036'430	1'585'043	3'918'156	435'037	197'425	268'032	42'020	488'906

All contracts held by DNDI apart from Germany (BMBF (EUR 3,918,156) & BMG (EUR 122,161))

COMBINED PROFORMA FINANCIAL STATEMENT

7. EXPENDITURE

BREAKDOWN EXPENDITURES

Presentation of the GARDP expenditure per nature of expenses

EXPRESSED (IN EUR)	2019	2018
PERSONNEL		
Personnel at Headquarters	6'149'958	4'190'850
Personnel at Regional Offices	589'032	533'698
Consultant	627'150	381'200
Travel and Accomodation	703'084	571'308
Total Personnel	8'069'224	5'677'056
OPERATIONAL R&D		
Purchase & Logistics	24'583	25'533
Equipment	-	-
Discovery & Lead Optimization (partners & service)	130'328	22'400
Pre-clinical (partners & service)	325'696	226'202
Training for partners	66'252	-
Clinical & post-clinical (partners & service)	4'764'024	3'050'001
Product manufacturing & CMC (partners & service)	3'217'825	1'080'483
Total Operational R&D	8'528'707	4'404'619
OTHER		
Communication, Administration and IT	2'277'577	1'097'899
Total Other	2'277'577	1'097'899
GRAND TOTAL	18'875'508	11'179'575

The increase in personnel expenditure is due to the growth in headcount which took place in 2019 in order to build GARDP's R&D programmes and its headquarters team to accomplish its social mission. The growth of operational R&D expenses reflects the increased activity, which took place mainly in the STI and Children's Antibiotics - Neonatal Sepsis Programmes.

INTERNATIONAL NETWORK, GENERAL ADMINISTRATION AND FUNDRAISING EXPENSES

EXPRESSED (IN EUR)	INTERNATIONAL NETWORK EXPENDITURE	GENERAL & ADMINISTRATION
	2019	2018
Human resources	643'186	343'095
Office charges	24'726	36'028
Travel expenses	62'679	34'964
Administration	27'531	48'682
IT & Telecommunication	59'445	13'889
Communications	232'130	8'692
TOTAL	1'049'697	485'349
Human resources	1'305'505	722'815
Office charges	265'357	60'264
Travel expenses	58'253	22'987
Administration	341'556	33'194
IT & Telecommunication	215'067	60'943
Communications	50'754	9'724
Depreciation	30'378	21'617
Exceptional expenses	120'000	-
TOTAL	2'386'869	931'544

COMBINED PROFORMA FINANCIAL STATEMENT

8. INDEMNITIES & REMUNERATIONS GIVEN TO BOARD MEMBERS AND DIRECTORS

BOARD COMPENSATION

All members of the Board of Directors are appointed on a voluntary basis. Board of Directors members did not receive any remuneration for their mandate in 2019, nor did they in 2018.

MANAGEMENT TEAM COMPENSATION

The top five salaries (including salaries and benefits) at GARDP in 2019 amounted to a total of CHF 1,090,897 / EUR 977,989.

COMBINED PROFORMA FINANCIAL STATEMENT

9. ASSETS PLEDGED, BANK GUARANTEE DEPOSITS AND CREDIT LINES

ASSETS PLEDGED

On 16 October 2018, the GARDP Foundation entered into a “Master agreement for derivatives trading and forward transactions” and a pledge agreement with UBS Switzerland AG. The purpose is to allow GARDP to enter into Swap EUR/CHF transactions and avoid being charged negative interests on its Euro holdings at monthly rates as the Swiss National Bank imposes negative interests on Euro holding due to Swiss market conditions. Swap transactions entered into are reversed at an agreed date at the same exchange rate, avoiding any exchange loss or negative interest. There is no other pledge with any other third party.

CREDIT LINE

GARDP currently does not have in place a credit line.

COMBINED PROFORMA FINANCIAL STATEMENT

10. COLLABORATIVE FUNDING AND IN-KIND CONTRIBUTION

COLLABORATIVE FUNDING

In collaboration with its R&D partners and vendors, GARDP secured funding from local donors to help offset R&D expenditures. These collaborative funds were directly given to our partners and vendors for GARDP R&D related activities and were as follows in 2019:

DONOR	PROJECT	CURRENCY	AMOUNT (in Local currency)	AMOUNT (in EUR)
Indian Council for Medical Research (ICMR)	Neonatal sepsis	INR	10'079'942	127'441
TOTAL COLLABORATIVE FUNDING				127'441

ICMR collaboration agreement signed by DNDi during GARDP's incubation period within DNDi.

IN-KIND CONTRIBUTIONS

In collaboration with its R&D partners and vendors, GARDP secured in-kind contributions from R&D Partners to support its R&D programmes. These in-kind contributions were directly given to our partners and vendors for GARDP R&D related activities and were as follows in 2019:

	STAFF NON SCIENTIFIC	STAFF SCIENTIFIC	OFF., FURNITURE, ADMIN & TRAVEL	R&D SERVICES	TOTAL EUR
STI	-	-	-	10'885	10'885
AMR Screening	-	15'032	3'693	72'592	91'318
Neonatal sepsis	2'405	4'009	2'794	1'980	11'187
TOTAL	2'405	19'041	6'487	85'457	113'390

Contributors: Daiichi Sankyo - Japan, Shionogi Co. Ltd (DNDi agreement) - Japan, Eisai Co. Ltd - Japan & Takeda Pharmaceutical - Japan

11. FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

GARDP works in a multi-currency environment and is therefore exposed to the risk of foreign currency fluctuations. This risk is partly covered by natural hedging for income received in EUR and USD, which is almost entirely spent in these same currencies. However, GARDP needs to sell EUR or GBP in order to buy CHF and USD, as natural hedging does not entirely prevent net exchange loss. These exchange operations are done at the spot rate or through limited orders that

do not guarantee the conversion but limit the exposure to losses related to foreign currency fluctuations.

SWISS FRANC EQUIVALENT OF KEY FIGURES

GARDP maintains its accounting records in EUR. The key figures below have been translated into CHF for information purposes only, using a closing rate of CHF/EUR 0.9113.

EXPRESSED (IN EUR)	2019	2018
Organizational capital	15'750'484	10'278'384
Total income	20'766'501	12'636'731
Total social mission expenditure	18'093'536	11'582'313
Total non-social mission expenditure	2'619'191	1'052'830

12. AUDIT FEES

Audit services include statutory audits, project audits, and donors' audits. To date, Deloitte, GARDP's Statutory Auditor, only provides limited tax services in respect of VAT advices. GARDP audit fees increased in 2019 compared to 2018 as the GARDP Board

appointed Deloitte for a full scope audit versus a limited audit in 2018. This full scope audit in 2019 is conducted as part of our commitment to transparency as the GARDP Foundation is not subject to a full scope audit in accordance with Swiss Law.

EXPRESSED (IN EUR)	2019	2018
Total audit services	31'398	24'433

13. MATERIAL CONTRACTS

DNDi COLLABORATION AND TRANSFER AGREEMENTS

Effective 1 January 2019, GARDP entered into a three-year collaboration agreement with DNDi. Under this collaboration agreement, GARDP and DNDi agreed to foster a strategic collaboration, sharing specialized R&D expertise and capacity, policy advocacy expertise, and some infrastructure and support services to drive efficiencies. In-country implementation of GARDP's programmes are supported by DNDi's international network and a joint DNDi-GARDP office in Southern Africa.

Effective 1 January 2019, GARDP also entered into a transfer Agreement with DNDi. Under this transfer agreement, all assets and employees were transferred to the new GARDP Foundation on 1 April 2019. The first tranche of R&D programmes were transferred on 1 January 2019 and the remaining transferred by 31 October 2019.

As a result of the above agreements, GARDP funded DNDi in 2019 for the collaborative activities related to GARDP and for the costs incurred by DNDi in connection with the R&D programmes until their completed transfer to GARDP. These costs represented 2.5M and 5.1M EUR respectively. Compared to 2018, expenditures paid in 2019 by DNDi on behalf of GARDP were as follows:

DNDi EXPENDITURE REIMBURSEMENT	2019	2018
R&D expenditure paid by DNDi (Transition Costs in 2019)	5 067 000	9 212 915
Collaboration Agreement Expenses (Support costs in 2018)	2 489 461	1 928 279
Total DNDi Expenses reimbursement	7 556 461	11 141 193
Total GARDP Expenditures	18 875 508	11 179 575
Expenses as % of total Expenditures	40.0%	99.7%

As all R&D contracts have been transferred by the end of 2019 and the transition completed, no R&D expenditures in relation to the transition are expected to be reimbursed to DNDi in 2020.

ENTASIS COLLABORATION AGREEMENT

On 30 September 2019, GARDP and Entasis Therapeutics (NASDAQ: ETTX), a clinical-stage biopharmaceutical company focused on the discovery and development of novel antibacterial products, jointly announced the initiation of a global phase 3 pivotal trial of zoliflodacin. Zoliflodacin is a novel, first-in-class oral antibiotic being developed for the treatment of uncomplicated gonorrhoea. Following positive phase 2 results previously published in the New England Journal of Medicine (NEJM), Entasis and GARDP have partnered to complete late stage development, with GARDP fully-funding and sponsoring the global phase 3 trial.

Under the collaboration agreement dated 4 July 2017 which was novated to GARDP in 2019, GARDP is responsible for the phase 3 trial and pharmaceutical development activities for zoliflodacin to support regulatory approval and market access and availability. GARDP has commercial rights to zoliflodacin in up to 168 low- and select middle-income countries, while Entasis retains commercial rights in the rest of the world. The phase 3 trial initiation marks an important milestone for this novel industry and not for profit partnership in jointly developing a novel antibiotic and building a strategic plan for successful market access within the countries that have high rates of gonorrhoea and for patients who need it most.

14. SUBSEQUENT EVENTS

VENATORX COLLABORATION & LICENCE AGREEMENT

Effective 20 March 2020, GARDP entered into a collaboration & licence agreement with Venatorx Pharmaceuticals, a US private pharmaceutical company that is focused on the discovery and development of novel anti-infectives to treat multidrug-resistant bacterial infections and hard-to-treat viral infection. Under the collaboration, GARDP and Venatorx will accelerate the development of, and access to, cefepime-taniborbactam (formerly cefepime/VNRX-5133). Cefepime-taniborbactam is an investigational combination of the fourth-generation antibiotic cefepime with taniborbactam, a novel, broad-spectrum beta-lactamase inhibitor that restores the activity of cefepime against carbapenem-resistant *Enterobacteriales* (CRE) and carbapenem-resistant *Pseudomonas aeruginosa* (CRPA). GARDP will collaborate with Venatorx to complete the development of cefepime-taniborbactam, which includes a phase 3 complicated urinary tract infection (cUTI) trial, which is already in progress; additional clinical trials in adults with multidrug-resistant infections; and clinical development activities and trials to enable cefepime-taniborbactam to be used for children, including newborns with serious bacterial infections. This collaboration & licence agreement is the first collaboration under GARDP's new Serious Bacterial Infections Programme.

COVID-19 PANDEMIC OUTBREAK

In the first quarter of 2020, the coronavirus disease (COVID-19) pandemic affected over 180 countries worldwide. GARDP quickly developed business continuity plans across the organisation to be adjusted as necessary during the pandemic and specifically an impact assessment of COVID-19 on its R&D programmes with a priority focus on clinical trials. GARDP made decisions to pause recruitment and delay the start of some clinical trials based on key criteria including site staff and patient safety. The far-reaching implications of this pandemic are not yet understood, however GARDP will keep monitoring the situation in constant dialogue with its partners and donors, update its business continuity plans as necessary, and will continuously assess the impact of COVID-19 on our staff, patients, partners, sites with particular reference to our clinical studies.

This COVID-19 crisis does not affect the going concern assumption under which the 2019 financial statement has been prepared.

No other subsequent events took place in 2020.

REPORT OF THE STATUTORY AUDITOR

GLOBAL ANTIBIOTIC R&D PARTNERSHIP (GARDP) FOUNDATION,
Geneva

Report of the independent auditor on the section "Combined Proforma Financial Statement" of the Financial & Performance Report for the year ended December 31, 2019 of Global Antibiotic R&D Partnership (GARDP)



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Independent Auditor's Report

To the Management of
Global Antibiotic Research & Development Partnership (GARDP) Foundation,
Geneva

We have audited the proforma combined statement of operations of Global Antibiotic Research & Development Partnership (GARDP) foundation included in the 2019 annual financial report on pages 18 to 38, which comprise the statement of operations and notes together designed hereafter as "financial statement" for the year then ended 31 December 2019.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of the financial statement in accordance with the GARDP accounting principles, the requirements of Swiss law and the charter of the foundation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement of Global Antibiotic Research & Development Partnership for the year ended 31 December 2019 comply with GARDP accounting principles, Swiss law and the charter of the foundation.



Global Antibiotic Research & Development Partnership (GARDP), Geneva
Independent Auditor's Report
For the year ended 31 December 2019

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b Civil Code (CC) in connection with article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

Deloitte SA



Annik Jaton Hüni
Licensed Audit Expert
Auditor in Charge



Sophie Durand
Licensed Audit Expert

Geneva, 06 July 2020
AJH/SDU/rex

Enclosures

- Combined Proforma financial statement (statement of operations and notes)

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Credits

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