

**2015  
FINANCIAL  
AND PERFORMANCE  
REPORT**



**DNDi**

Drugs for Neglected Diseases *initiative*

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**DNDi**

Drugs for Neglected Diseases *initiative*

# Financial Report

## 2015 Financial statements and audit report

### BALANCE SHEET

AT 31 DECEMBER 2015 (with 2014 comparative figures)

(Expressed in EUR)

	Notes	2015	2014
<b>CURRENT ASSETS</b>			
<b>Cash and cash equivalents:</b>			
Cash and banks at head office		11,219,157	13,138,390
Cash and banks at regional offices and affiliate		603,453	775,596
Time deposits		12,762,861	18,885,961
<b>Total cash and cash equivalents</b>		<b>24,585,471</b>	<b>32,799,947</b>
<b>Stocks of drugs</b>	3	<b>156,537</b>	<b>173,164</b>
<b>Current accounts and receivables:</b>			
Advances to officers and liaison offices		76,672	88,625
Receivables from public institutional donors		1,798,808	1,434,538
Other receivables		692,398	880,820
Prepaid expenses		609,580	595,381
<b>Total current accounts and receivables</b>		<b>3,177,458</b>	<b>2,999,364</b>
<b>TOTAL CURRENT ASSETS</b>		<b>27,919,466</b>	<b>35,972,475</b>
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets, net	4	261,722	69,806
Bank guarantee deposits	12	229,500	89,483
<b>Total non-current assets</b>	2.k.	<b>491,222</b>	<b>159,289</b>
<b>TOTAL</b>		<b>28,410,688</b>	<b>36,131,764</b>
<b>CURRENT LIABILITIES</b>			
Payables		3,238,685	2,433,459
Accrued expenses		1,563,337	1,991,183
Deferred income	7	12,639,386	20,955,657
Provisions	5	331,251	233,442
<b>Total current liabilities</b>		<b>17,772,659</b>	<b>25,613,741</b>
<b>CAPITAL OF THE ORGANIZATION</b>			
Paid-in capital		32,510	32,510
Restricted operating funds	6	53,364	114,547
Unrestricted operating funds		10,552,155	10,370,966
<b>Total capital of the organization</b>		<b>10,638,029</b>	<b>10,518,023</b>
<b>TOTAL</b>		<b>28,410,688</b>	<b>36,131,764</b>

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 31 DECEMBER 2015 (with 2014 comparative figures)

(Expressed in EUR)	Notes	2015	2014
<b>INCOME</b>			
<b>Public institutional funding:</b>			
Govern. & public int. organiz. unrestricted		13,589,613	13,460,530
Govern. & public int. organiz. restricted		11,745,627	10,396,427
<b>Total public institutional funding</b>		<b>25,335,240</b>	<b>23,856,957</b>
<b>Private resources:</b>			
Private foundations, corp. and individuals, unrestricted		286,879	215,633
Private foundations, corp. and individuals, restricted		13,572,650	8,383,666
Royalties on drug sales	6	304	5,762
<b>Total private resources</b>		<b>13,859,833</b>	<b>8,605,061</b>
<b>Resources from founders:</b>			
Médecins Sans Frontières, unrestricted		4,000,000	4,000,000
Médecins Sans Frontières, restricted		14,944	19,102
<b>Total resources from Founding Partners</b>		<b>4,014,944,0</b>	<b>4,019,102</b>
<b>Other income:</b>			
Sundry income & reimbursements		73,328	74,352
<b>Other income net</b>		<b>73,328</b>	<b>74,352</b>
<b>TOTAL INCOME</b>	7	<b>43,283,345</b>	<b>36,555,473</b>
<b>SOCIAL MISSION EXPENDITURE</b>			
<b>Research &amp; development expenditure:</b>	8		
Research & development coordination and supervision		4,320,562	3,109,458
Human African trypanosomiasis projects		8,723,041	7,137,019
Leishmaniasis projects		4,380,683	4,398,588
Chagas disease projects		1,872,551	2,803,540
Filarial diseases projects		3,025,486	1,821,335
Paediatric HIV projects		2,240,641	1,078,126
Other diseases projects (malaria, HCV, mycetoma, and anti-infective)		1,196,696	1,271,557
Lead optimization & Portfolio building		6,948,617	6,026,487
<b>Total research &amp; development expenditure</b>		<b>32,708,277</b>	<b>27,646,111</b>
<b>Strengthening capacities</b>	9	<b>2,754,649</b>	<b>2,574,948</b>
<b>Advocacy expenses</b>	10	<b>2,265,997</b>	<b>1,653,489</b>
<b>TOTAL SOCIAL MISSION EXPENDITURE</b>		<b>37,728,923</b>	<b>31,874,548</b>
<b>NON-SOCIAL MISSION EXPENDITURE</b>			
Fundraising	10	2,035,629	1,579,783
General and administration	10	3,238,280	2,942,777
<b>Total non-social mission expenditure</b>		<b>5,273,909</b>	<b>4,522,560</b>
<b>TOTAL EXPENDITURE</b>		<b>43,002,832</b>	<b>36,397,108</b>
Operating surplus		280,513	158,365
<b>OTHER INCOME (EXPENSES)</b>			
Financial income, net		21,862	10,290
Exchange gain (loss), net	1.i	(182,369)	(103,065)
<b>TOTAL OTHER INCOME (EXPENSES)</b>		<b>(160,507)</b>	<b>(92,776)</b>
Net surplus for the year prior to allocations		120,006	65,589
Release from restricted operating funds	6.a-6.b	61,183	45,299
Allocation to unrestricted operating funds		(181,189)	(110,888)
<b>NET SURPLUS FOR THE YEAR AFTER ALLOCATIONS</b>			<b>-</b>



## FUNDS FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015 (with 2014 comparative figures)

(Expressed in EUR)

	2015	2014
<b>FUNDS FLOW FROM OPERATIONS</b>		
Net surplus for the year, unrestricted	181,189	110,888
Net allocations for the year, restricted	(61,183)	-45,299
Depreciation of fixed assets	114,824	53,368
Increase (decrease) in provisions	97,809	96,883
(Increase) decrease in stocks	16,627	16,250
(Increase) decrease in advances	11,953	-15,426
(Increase) decrease in receivables from donors	(364,270)	-1,182,411
(Increase) decrease in Founders and other receivables	188,423	489,771
(Increase) decrease in prepaid expenses	(14,199)	-166,082
Increase (decrease) in payables	805,226	93,764
Increase (decrease) in accrued expenses	(427,846)	676,892
Increase (decrease) in deferred income	(8,316,270)	10,751,691
<b>Funds flow (used in) from operations</b>	<b>(7,767,718)</b>	<b>10,880,289</b>
<b>FUNDS FLOW FROM INVESTING ACTIVITIES</b>		
(Increase) decrease of investments in tangible fixed assets	(306,741)	-74,795
(Increase) decrease in bank guarantee deposits	(140,017)	-15,324
<b>Funds flow from investing activities</b>	<b>(446,758)</b>	<b>-90,119</b>
<b>FUNDS FLOW FROM FINANCING ACTIVITIES</b>		
Cash increase (decrease)	(8,214,475)	10,790,170
Cash and cash equivalents – beginning of year	32,799,946	22,009,776
<b>Cash and cash equivalents – end of year</b>	<b>24,585,471</b>	<b>32,799,946</b>

## STATEMENT OF CHANGES IN CAPITAL

FOR THE YEAR ENDED 31 DECEMBER 2015 (with 2014 comparative figures)

Internally generated funds

(Expressed in EUR)

	Opening balance	Allocation	Internal fund transfers	Closing balance
<b>FUNDS FLOW FROM OPERATIONS</b>				
Paid-in capital	32,510	-	-	32,510
Surplus for the year	-	120,006	(120,006)	-
Restricted operating funds	114,547	-	(61,183)	53,365
Unrestricted operating funds	10,370,966	-	181,189	10,552,155
Capital of the organization	10,518,023	120,006	-	10,638,029

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2015

## 1 GENERAL INFORMATION

### a) Legal aspects

The Drugs for Neglected Diseases *initiative* (DNDi) is a Swiss foundation registered in Geneva under statutes dated 17 July 2003 as a not-for-profit legal entity, with its headquarters in Geneva. DNDi is monitored by the Swiss Federal Supervisory Board for Foundations, and was granted 'Other International Organisation' status in 2011. DNDi is compliant with Swiss law and with Swiss GAAP FER.

The annual average number of full-time positions in the reporting year, as well as in the previous year, did not exceed 250.

DNDi aims to, as per the Charter:

- a) Stimulate and support research and development of drugs, as well as vaccines and diagnostics for neglected diseases;
- b) Seek equitable access and development of new drugs, to encourage the production of known effective drugs, diagnostic methods, and/or vaccines for neglected diseases;
- c) Adapt new treatments for neglected diseases, to meet patients' needs, as well as to meet the requirements of delivery and production capacity in developing countries;
- d) Raise awareness of the need to research and develop drugs for neglected diseases.

DNDi is governed by the Board of Directors, with the Scientific Advisory Committee, Audit Committee, and Executive Board Committee providing key scientific and management guidance for decision making. The DNDi Executive Team implements the R&D strategy, manages the global portfolio, allocates resources, raises funds, and advocates.

The DNDi Executive Team is led by the Executive Director and includes the R&D Director, the Operations Director, and the Fundraising, Advocacy and Communication Director.

The Strategic Committee, in addition to the Executive Team members, includes the Finance and Planning Director, the Business & Legal Development Director, the Medical Director, the Discovery & PreClinical Director, and the Directors of Regional Offices.

### b) Income tax

An agreement was signed with the Swiss Federal Council under provisions of the promulgated Swiss Host State Act, to grant DNDi certain privileges effective as of 1 January 2011 for an indeterminate period. The principal advantages for DNDi as a Swiss foundation with 'Other International Organisation' status are:

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

DNDi is exonerated from income tax from the Swiss federal income tax and from the Geneva cantonal and communal taxes for a ten-year period granted in September 2008 until 2018.

### c) Situation of Regional Offices

DNDi has seven Regional Offices (RO) that help identify patients' needs, support Heads of Disease Programmes, identify and support regional partners, and undertake regional advocacy work for DNDi. Their strategic role is defined in DNDi's Business Plan. Their operational contributions are defined in the context of the yearly Action Plan and budget approved by the Board of Directors of DNDi.

From an operational perspective, the ROs can be characterized either as a Regional office, a Liaison Office, or a Project Support Office depending on the purpose of their mission.

From a legal standpoint, DNDi can establish the RO as a simple office (e.g. branch, representation, or Liaison Office) of the DNDi Foundation or as an independent legal entity, depending on needs, local regulations, and requirements. Establishment of a DNDi RO outside Switzerland requires the authorization of the Board of Directors. Such ROs are set up according to the DNDi vision and mission, and model (in particular as a Not-for-Profit organization). DNDi is compliant with all local laws and regulations, where it operates.

RO accounting is fully incorporated into DNDi accounts, following the method of full integration (i.e. all income and expenditures are incorporated into DNDi financial statements).

The chart below gives an overview of the relationships established between DNDi Geneva and the different Regional Offices:

As of December 2015, DNDi has established branches in Kenya (2006), Brazil (2008), India (2009), and in Penang, Malaysia. Additionally, DNDi has one Project Support Office in the Democratic Republic of Congo (2006).

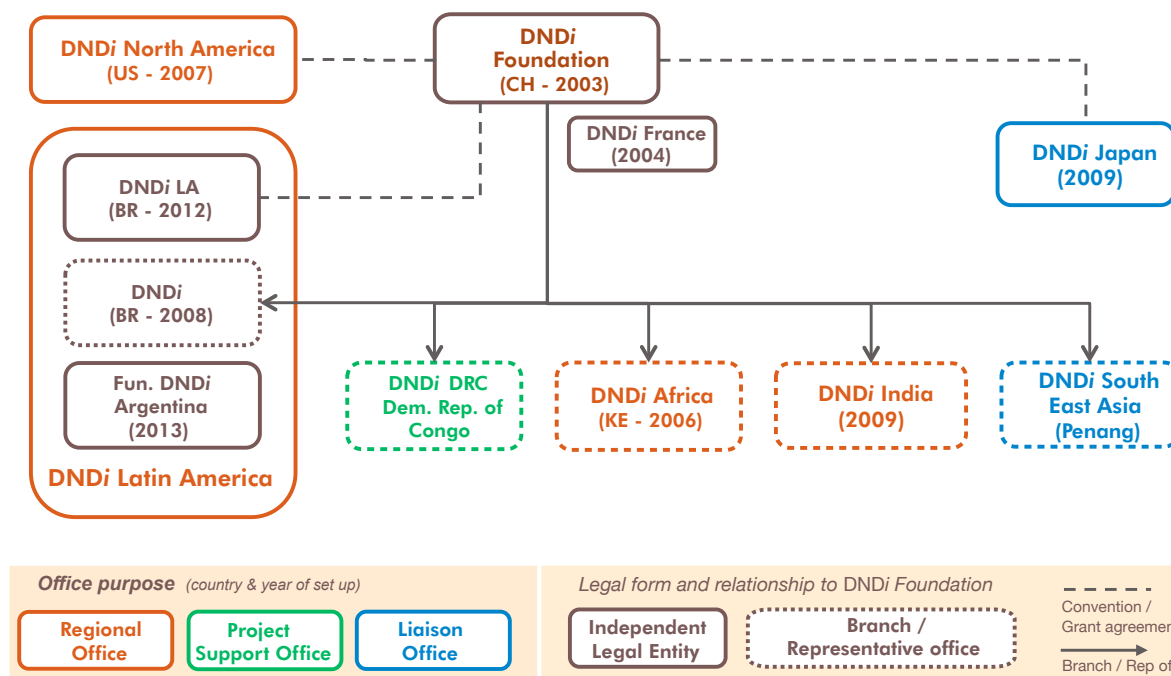
In June 2009, the Board approved the creation of a liaison office in Japan, under the form of a 'specified non-profit organization', a legal entity registered with the city of Tokyo. DNDi Japan was established in November 2009.

Drugs for Neglected Diseases *initiative* North America, Inc., (DNDi NA), a Delaware not-for-profit corporation exempt from U.S. Federal income taxation pursuant to Section 501(c) (3) of the U.S. Internal Revenue Code, was established in February 2007. This affiliate is based in New York City, New York, USA, and operates under the Direction of the DNDi NA Board of Directors.

In June 2009, the Board approved the creation of a new legal entity in Brazil, in addition to the branch in the form of an 'Organização da Sociedade Civil de Interesse Público', DNDi Latin America. The process was completed in October 2012. Since 2012 accounts were audited by an external auditor and by Deloitte Touche Tohmatsu as from 2014 accounts.

In 2013, DNDi decided to setup a new legal entity in Argentina with the initial purpose of addressing regional fundraising needs.

## DNDi legal framework



This entity was named Fundacion DNDi Argentina “Iniciativa medicamentos para enfermedades olvidadas” with a legal status to operate in Argentina under AFIP and IGJ regulations.

In addition, a legal entity was set up in France in September 2004 in the form of a not-for-profit association.

### b) Scope of the financial statements

The scope of the financial statements of DNDi includes all the offices presented under 1.c) above, which are controlled by DNDi. Some are separate legal entities.

These financial statements present all activities of the Foundation and the controlled offices.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

The financial statements have been prepared in accordance with the statutes and by-laws of DNDi, the applicable provisions of the Swiss Code of Obligations and Swiss GAAP FER. They include:

- a) Balance sheet
- b) Statement of operations (activity based method)
- c) Funds flow statement
- d) Statement of changes in capital
- e) Notes, and
- f) Performance Report.

The financial statements have been prepared on a historical cost basis. The principal accounting policies are set forth below.

### c) Social mission expenditure

Social mission expenditures represent expenses made according to the purposes defined in Article 5 of the DNDi statutes. They are defined in the present general notes under point 1.a) Legal aspects. Research & development, strengthening existing capacities, and advocacy are the three chapters that comprise ‘social mission expenditure’.

### d) Functional currency

The Board of DNDi 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 statements are stated in EUR, except when specified otherwise.

### e) Foreign currency translation

Transactions in currencies other than the entity's measurement and reporting currency (EUR) are converted at the average monthly rates of exchange. Year-end balances in other currencies are converted at the prevailing rates of exchange at the balance sheet date. Resulting exchange differences are recognised in the statement of operations.

The following are the principal rates of exchange used at the end of the year to revalue the balance sheet items to EUR for reporting purposes:

	2015	2014
USD	0.9152	0.8226
CHF	0.9245	0.8315
GBP	1.3563	1.2804
100 CDF	0.1017	0.0915
100 INR	1.3867	1.2971
100 KES	0.8967	0.9146
100 JPY	0.7604	0.6875
100 BRL	23.1027	31.0965

### f) Income

Restricted public and private institutional 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 institutional 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 DNDi and income recognized in the statement of operation is shown in table 7.b. Other donations are recorded on a cash basis.

### g) Funding committed to projects

After Board approval of the annual Action Plan and budget comprising the approved projects to be funded by DNDi, contracts are drawn up and signed by two Directors, including the Executive Director, the R&D Director, the Discovery & Pre-clinical Director, and/or the Medical Director for important and complex agreements and contracts above EUR 50,000, as detailed in the agreement signature policy. Thereafter, funds are allocated to the partner(s) in charge of the project.

Partners' expenditures are recorded:

- a) According to a financial report presenting expenditures incurred during the year on an accrual basis;
- b) If financial reports are unavailable as per the deadline of the 15 March of the following year, an estimated amount is calculated on a pro rata temporis basis, based on the time between the contract signing date and 31 December. This estimated amount is considered as an accrued expense following Swiss GAAP FER to be regularised in the following year. The unpaid portion remaining at year-end is included under current liabilities.

### h) Expenditures incurred for projects and activities

The annual action plan and budget as well as the revised budgets are approved by the Board.

They include funding for projects subcontracted to partners (see point g) and current expenditures required (mainly via vendors) to achieve the objectives of the year. All expenditures incurred on behalf of a project or for any activity of DNDi are recorded on an accrual basis.

### i) Credit risk, market risk, and liquidity risk cash-flow management

DNDi's liquid assets are maintained in cash, low-risk short-term deposits or capital-guaranteed investments. At the balance sheet dates, there are no significant concentrations of credit risk. Any form of speculation is prohibited.

The main financial risk for DNDi is the volatility of foreign exchange rates that can affect the value of its holding in various currencies (USD, EUR, GBP, and CHF). DNDi is exposed to currency risk on donations received, projects expenditure 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, BRL, KES, INR, JPY, and AUD.

DNDi 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 fundraising currencies represents a 'natural hedging' mechanism (income in BRL, CHF, EUR, GBP, JPY, and USD).

### j) 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%

### k) Provisions

A provision is recognized on the balance sheet when the organization has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits 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.



### **l) Capital of the organization**

The founding capital (paid-in capital) of EUR 32,510 (CHF 50,000) referenced in the statutes was received from the founding members of DNDi, including the Indian Council of Medical Research, the Institut Pasteur, the Kenya Medical Research Institute, and the International Office of Médecins Sans Frontières. The capital is fully paid in.

### **m) Restricted and unrestricted reserves**

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

### **n) In-kind donations**

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

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

Partners' voluntary involvement in joint projects and activities, in particular if the partner does not aim to achieve DNDi's project objectives, are not considered as gifts-in-kind. 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 DNDi would have paid to utilize the goods or service. Fair market value can be suggested by partners. However, DNDi will be careful not to overestimate such valuations in compliance with Swiss GAAP FER 3 basic principles of materiality and prudence.

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

### 3 STOCKS OF DRUGS

In 2015, DNDi purchased vials of SSG, liposomal amphotericin B (Ambisome®), paromomycin, and caps of miltefosine 10mg and 50mg at an estimated value of EUR 154,357 from various partners (MSF Logistique, MSF supply, IDA Foundation), for use in the routine VL patient management and on-going VL clinical trials (HIV/VL

co-infection study and Miltefosine Allometric Study). Stocks of SSG, Ambisome®, miltefosine, and paromomycin at an estimated value of EUR 156,537 are stored at clinical trial sites in Ethiopia, Kenya, Sudan, and Uganda. The stock held in India in 2014 was donated to the Indian Ministry of Health in 2015.

Countries / drugs	Quantity Vials			Quantity Caps		Total in EUR
	SSG <sup>(1)</sup>	Ambisome® <sup>(2)</sup>	Paromomycin	Miltefosine 50mg	Miltefosine 10mg	
India		2,895	13,050	15,894	38,022	107,496
Ethiopia	500	1,839	3,000	2,300	-	34,546
Kenya	1,070	128	4,060	-	-	13,342
Sudan	1,000	160	930	-	-	10,170
Uganda	650	140	1,100	-	-	7,610
Total vials/caps	3,220	5,162,00	22,140	18,194	38,022	
<b>Total in EUR</b>	<b>22,540</b>	<b>72,268</b>	<b>22,140</b>	<b>18,194</b>	<b>38,022</b>	<b>173,164</b>

(1) SSG Cost per vial = EUR 7; (2) Ambisome® Cost per vial = EUR 14; paromomycin & miltefosine are valued at EUR 1 per unit

Countries / drugs	Quantity Vials			Quantity Caps		Total in EUR
	SSG <sup>(1)</sup>	Ambisome® <sup>(2)</sup>	Paromomycin	Miltefosine 50mg	Miltefosine 10mg	
India		-	-	-	-	-
Ethiopia	4,367	555	2,150	-	-	38,342
Kenya	4,769	1,726	4,620	3,150	3,822	71,274
Sudan	1,825	835	2,105	-	-	28,085
Uganda	800	541	700	840	2,758	18,836
Total vials/caps	11,761	3,657	9,575	3,990	6,580	-
<b>Total in EUR</b>	<b>70,566</b>	<b>65,826</b>	<b>9,575</b>	<b>3,990</b>	<b>6,580</b>	<b>156,537</b>

(1) SSG Cost per vial = EUR 6; (2) Ambisome® Cost per vial = EUR 18; paromomycin & miltefosine are valued at EUR 1 per unit

#### 4 TANGIBLE FIXED ASSETS, NET

<i>(Expressed in EUR)</i>	Computer Equipment	Office fittings & Installations	Office Equipment	<b>Total</b>
<b>Net carrying amounts 1.1.2014</b>	46,854	1,524	1	<b>48,379</b>
<b>Gross values of cost</b>				
Beginning of the period 1.1.2014	421,791	167,367	172,526	<b>761,684</b>
Additions	53,275	5,037	16,483	<b>74,795</b>
Disposals				-
End of the period 31.12.2014	475,066	172,404	189,009	<b>836,479</b>
<b>Accumulated depreciation</b>				-
Beginning of the period 1.1.2014	(374,938)	(165,843)	(172,525)	<b>(713,306)</b>
Change of the year	(47,539)	(2,531)	(3,298)	<b>(53,368)</b>
End of the period 31.12.2014	(422,477)	(168,374)	(175,823)	<b>(766,674)</b>
<b>Net carrying amounts 31.12.2014</b>	<b>52,589</b>	<b>4,030</b>	<b>13,186</b>	<b>69,805</b>
<b>Net carrying amounts 1.1.2015</b>	52,589	4,030	13,186	<b>69,805</b>
<b>Gross values of cost</b>				-
Beginning of the period 1.1.2015	475,066	172,404	189,009	<b>836,479</b>
Additions	110,312	147,870	48,559	<b>306,741</b>
Disposals				-
End of the period 31.12.2015	585,378	320,274	237,568	<b>1,143,220</b>
<b>Accumulated depreciation</b>				-
Beginning of the period 1.1.2015	(422,477)	(168,374)	(175,823)	<b>(766,674)</b>
Change of the year	(71,234)	(30,581)	(13,008)	<b>(114,824)</b>
End of the period 31.12.2015	(493,711)	(198,955)	(188,831)	<b>(881,498)</b>
<b>Net carrying amounts 31.12.2015</b>	<b>91,667</b>	<b>121,319</b>	<b>48,736</b>	<b>261,722</b>

## 5 PROVISIONS

(Expressed in EUR)	Provision for taxes (Social taxes)	Provision for HR expenses (holidays not taken)	Provision for pension plan (DRC team)*	Total
<b>Carrying period as per 1.1.2014</b>	-	136,558	0	<b>136,558</b>
Creation	15,386	213,945	4111	<b>233,442</b>
Utilization		(136,558)		<b>(136,558)</b>
Reversal				-
<b>Carrying period as per 31.12.2014</b>	<b>15,386</b>	<b>213,945</b>	<b>4,111</b>	<b>233,442</b>
<b>Carrying period as per 1.1.2015</b>	15,386	213,945	4,111	<b>233,442</b>
Creation		309,630	14,750	<b>324,380</b>
Utilization	(11,211)	(213,945)	-1,416	<b>(226,571)</b>
Reversal				-
<b>Carrying period as per 31.12.2015</b>	<b>4,175</b>	<b>309,630</b>	<b>17,445</b>	<b>331,251</b>

\* In the Democratic Republic of Congo the pension plan for the DNDi team is saved and cumulated on a specific bank account.

## 6 RESTRICTED OPERATING FUNDS

Restricted Funds	Increased	Utilization	Net utilization
Royalties	304	(43,092)	(42,788)
Donor Advance		(18,395)	(18,395)
<b>Total</b>	<b>304</b>	<b>(61,487)</b>	<b>(61,183)</b>

### a) Royalties

In December 2004, DNDi signed an agreement with Sanofi, a pharmaceutical company, pertaining to the implementation of coformulation treatments artesunate + amodiaquine (ASAQ) against malaria, developed originally by DNDi together with Sanofi. Article VI of the contract states that 3% royalties resulting from net sales of this drug, whose brand name is Coarsucam®, to the private sector in developing countries are to be paid to DNDi.

DNDi has decided to allocate this money to supporting pharmacovigilance projects or activities such as the implementation

of the ASAQ and ASMQ treatment in developing countries, notably in Africa, or the ASMQ clinical trial in Africa.

The 3% royalties on the 2014 sales of Coarsucam® amounting to EUR 304 were entirely allocated to the malaria (ASAQ and ASMQ) projects.

The total costs of this project in 2015 amount to EUR 43'092. The balance of EUR 42'788 was taken from the 'Restricted operating fund', which is used for collaborative projects for observational studies and other access-related expenses in Africa and in Asia for ASAQ and ASMQ treatments. After the 2015 utilization, the total amount of the restricted fund incurred by the payment of the royalties amounts to EUR 53'364 as per 31 December 2015.

### b) Restricted operating funds

In December 2014, the Drugs for Neglected Diseases *initiative* North America raised a grant from the Rockefeller Brothers Fund of USD 25,000. Out of this grant, USD 2,083 was allocated against 2014 accounts and USD 22'916 (EUR 18'395) against 2015 accounts. On 31 December 2015 the grant was entirely released from restricted operating funds.

## 7 INCOME

### a) Deferred income

The total deferred income decreased by EUR 8,316,270 in 2015 compared to 2014, mainly because a donor grant advance related to a five-year grant signed in 2014 (for the period 2015-2019) paid in 2014 as a 15-month advance payment was significantly used in 2015 (~80%). As per the contract, the advance payment was not renewed in 2015. The next advance payment related to this grant (i.e. the second payment) is scheduled for May 2016.

### b) Cumulative donations committed to DNDi and/or received by 2015 (in EUR)

DONORS	Currency	Total Commitment in currencies <sup>(5)</sup>	Total Commitment in EUR <sup>(5)</sup>	As per Statement of Operations 2015 in EUR	To be used after 2015 in EUR
Bill & Melinda Gates Foundation	USD	123,766,688	102,422,200	12,571,477	45,089,648
UK Government DFID <sup>(1)</sup>	GBP	67,389,550	85,585,249	11,734,008	18,988,200
Médecins Sans Frontières	EUR	65,933,920	65,933,920	4,014,944	12,121,356
Dutch Government DGIS	EUR	32,975,000	32,975,001	800,000	15,200,000
French Government MAEE / AFD <sup>(2)</sup>	EUR	16,255,000	16,255,000	1,040,335	3,161,808
UNITAID	USD	17,335,304	15,543,461	2,077,688	11,888,172
WHO-TDR	EUR	2,340,000	2,340,000	967,566	1,372,434
Spanish Government AECID	EUR	12,000,000	12,000,000	-	-
Swiss Government SDC <sup>(3)</sup>	CHF	13,020,000	10,924,703	1,855,605	1,849,000
US Government NIH/NIAID/USAID	USD	11,896,405	10,745,270	536,843	8,583,869
German Government <sup>(4)</sup>	EUR	10,101,383	10,101,383	1,910,606	789,337
European Union, FP5, FP6, FP7, EDCTP	EUR	4,413,112	4,413,102	1,373,096	506,223
Wellcome Trust UK	EUR/USD	4,999,801	4,371,296	324,399	142,615
Medicor Foundation	EUR/USD	3,219,424	3,027,821	240,000	240,000
GHIT	USD/JPY	866,047,081	6,678,599	2,043,154	4,509,303
Norwegian Government NORAD	NOK	15,000,000	1,713,787	553,423	0
Canton of Geneva	CHF	2,100,000	1,546,741	154,874	0
UBS Optimus Foundation	CHF	2,000,000	1,448,640	125,152	247,841
Brazil Government MoH, BNDS and FINEP	BRL	5 029 948	1 250 306	246 441	0
Various other donors (ARPE Found., found. NA, individual NA, royalties, Brian Mercer Charitable Trust, Rockefeller Brothers Fund)	EUR/GBP	1,077,824	1,159,736	267,536	27,126
Family Moreau	BRL	3,500,000	1,059,339	288,096	115,514
Sasakawa Peace Found., Tuscany Region, and others	EUR	611,396	611,396	-	-
Global Fund (AMFm)	EUR	532,809	532,809	-	-
BBVA	EUR	400,000	400,000	-	-
Starr International Foundation	USD	625,000	491,402	116,503	0
Ruta N Medellin	EUR	317,500	290,576	0	290,576
Sandoz Family Foundation & anonymous donation	CHF	701,229	446,808	-	-
Kalacore	GBP	213,900	290,808	49,496	241,312
Rockefeller Found. & Carlos Slim Found.	USD	200,000	147,549	-	-
<b>TOTAL DONATIONS (EUR)</b>			<b>394,706,902</b>	<b>43,291,243</b>	<b>125,364,336</b>

(1) The UK Government, DFID, funded DNDi with 6 grants. A first unrestricted grant of GBP 6.5 million in 2006 for the period 2006-2008; a second unrestricted grant of GBP 18 million in 2009 for the period 2009-2013; a third restricted grant of GBP 1,381,529 in 2010 for the period 2010-2011; a fourth restricted grant of GBP 2 million in 2011 for 2011; a fifth restricted grant of GBP 3.5 million in 2012 for the period 2011-2013; and a sixth unrestricted grant of GBP 33 million for the period 2013-2018.

(2) The French Government, Ministry of Foreign and European Affairs, funded DNDi with 5 portfolio grants. From the MAEE: EUR 5.955 million in April 2007 for the period 2007-2010; from the MAEE: EUR 1.3 million in December 2009 for the period 2009-2011; from the AFD: EUR 1.5 million in June 2006 for the period 2006-2008; from the AFD: EUR 0.5 million in December 2009 for the period 2009-2010; and from the AFD: EUR 5 million in November 2012 for the period 2012-2017.

(3) The Swiss Government, SDC, funded DNDi with 4 grants. A first restricted grant of CHF 0.12 million in 2008 for the period 2008-2009; a second unrestricted grant of CHF 4 million in 2010 for the period 2010-2012; a third restricted grant of CHF 0.9 million in 2012 for period November 2012 to November 2013; and a fourth unrestricted grant of CHF 8 million in 2013 for the period 2013 to 2016.

(4) The German Government funded DNDi with 2 portfolio grants. From the GtZ: EUR 1 million for the period 2008-2009; and from the BMBF through KfW: EUR 8 million in November 2011 for the period 2011-2015.

(5) Exchange rates used for 'Total Commitment in EUR' and 'As per Statement of Operations 2014' are real exchange rates following the DNDi exchange rate policy. Exchange rates used for 'To be used after 2014' appear in EUR at the USD/EUR, CHF/EUR, and GBP/EUR exchange rates as per 31.12.2014 (see note 2). 'Total Donations' therefore yield an approximate value as exchange rates will vary over time.



## c) Funding per project (restricted and unrestricted)

Operational Income (Grand TOTAL = 43,283,345) (Expressed in EUR)

		UK Government DFID <sup>(1)</sup> (Unrestricted)	Dutch Government DGIS <sup>(2)</sup> (Restricted)	German Government KfW-BMBF (Restricted)	Switzerland SDC (Unrestricted)	French Government AFD <sup>(3)</sup> (Restricted)	EU FP7 (Restricted)	UNITAID (Restricted)	Norwegian Government (Restricted)	Switzerland Canton of Geneva (Restricted)
Implementation & Development	FACT (ASAQ & ASMQ fixed-dose) for Malaria	123,368			12,871	329,771				
	Nifurtimox + Eflornithine co-administration (NECT) for stage 2 for HAT				16,295					
	New VL treatments (Asia, SSG & Paromo, Latin America; co infection HIV/VL)	27,826	15,909		81,501		357,207			
	Fexinidazole for HAT	1,329,949	191,831			212,922			306,516	75,186
	Chagas Access	103,495								
Translation	Nitroimidazole VL-2098 (& back-up VL0690) for VL	270,684		227,431						
	Macrofilaricide for Filariasis (Flubendazole, Emodepside, TylAMac, Oxfendazole)	4,113		176						
	Combination Fexinidazole/ Miltefosine for VL	116,667	65,481	158,450	59,334	30,532	706,010			
	Fexinidazole for Chagas	294,792		133,963	150,523					
	Oxaborole SCYX-7158 for HAT	3,586		252,921					199,851	
	Biomarkers for Chagas	194,871								
	New Benz Regimen for Chagas	69,972		2,138						
	Anfoleish for CL & CL Combination	412,486	44,171		27,000					
	CpG-D35 (CL) + PKDL	60,229	2,758		41,172	4,631				
Research	Paediatric HIV: PI sprinkles CHAPAS-2 & super boosting TB/HIV					240,997		1,881,666		
	Lead Optimization Consortia (for VL, Chagas, and HAT), including Fenarimol series and Nitroimidazole & Oxaborole back-ups	2,477,820	147,653	391,487	198,818					
	Discovery & Exploratory Kinetoplastids	457,120	29,102	324,836	51,609					
	Filariasis Screening	3,843		27,986						
Exploratory	HCV, Mycetoma, Anti-infective	56,830								
	R&D Coordination, Supervision costs	1,345,294	108,295	139,914	457,956			71,383		
	HAT, LEAP, Filariasis & Chagas Platforms	439,273	71,535	74,022	35,734	109,812	90,401		9,578	58,086
	Other Strengthening Capacity activities	1,270,520			210,529	114				
	Advocacy	1,036,269	34,376		366,667	33	6,372	27,055		
	Fundraising	671,190	7,057	95,310	11,465	29,857	53,887	23,807	4,783	9,319
	General Management	963,812	81,832	81,974	134,130	64,742	151,321	73,777	32,696	12,282
	Net surplus allocated to unrestricted funds					16,924				
	Net surplus allocated to restricted funds									
<b>TOTAL Income + other income</b>		<b>11,734,008</b>	<b>800,000</b>	<b>1,910,606</b>	<b>1,855,605</b>	<b>1,040,335</b>	<b>1,365,198</b>	<b>2,077,688</b>	<b>553,423</b>	<b>154,874</b>

**(1)** UK Government, DFID: 1) an unrestricted grant of GBP 5.5 M (EUR 5,540,990), and an exceptional unrestricted grant of GBP 3 M (EUR 4,193,018) covering the period from Aug to Dec 2015 only. **(2)** The Netherlands Government, DGIS EUR 0.8 M with a new grant starting in Oct 2015. **(3)** French Government, AFD 1) A portfolio grant for malaria, HAT, and paediatric HIV EUR 912,462 and 2) a restricted grant to VL projects EUR 127,873. Requirement to open a specific bank account which bears its own financial result **(4)** GHIT 2015: a restricted grant of JPY 37,688,293 (EUR 282,129) for Chagas disease, a restricted grant of JPY 206,772,882 (EUR 1,549,753) for an early discovery project, and a restricted grant of JPY 28,409,954 (EUR 211,272) for NTD Booster project. **(5)** B&M Gates Foundation, includes four restricted grants and one portfolio grant: 1) EUR 729,455 for new VL treatments in Asia project; 2) EUR 147,771 for flubendazole macrofilaricide for the filarial programme terminated in Mar 2015; 3) EUR 97,206 for the Filarial screening programme terminating Mar 2015, 4) EUR 707,359 for an innovative fund terminating Dec 2015, and 5) EUR 12,240,783 as Portfolio grant for HAT, filarial programme, and discovery for leishmaniasis projects. Interests resulting from deferred incomes are

GHIT <sup>(4)</sup> (Restricted)	MOH Brazil (Restricted)	USAID (Restricted)	Bill & Melinda Gates Foundation <sup>(5)</sup> (Restricted)	Médecins Sans Frontières <sup>(6)</sup> (Restricted/ Unrestricted)	Wellcome Trust (Restricted)	Medicor Foundation (Restricted)	WHO-TDR <sup>(7)</sup>	UBS OPTIMUS (Restricted)	Foundations & Other <sup>(8)</sup> (Restricted/ Unrestricted)	Financial income (Net) =	Utilization of restricted reserves	TOTAL Expenditure = 43,002,832
				55,441					14,408		42,788	578,648
												16,295
			536,953	272,497		27,894			34,132			1,353,920
			5,230,411	101,143								7,447,957
	2,175								123,083			228,753
				17,766								515,882
		265,108	1,780,709						1,107			2,051,213
				318,451		89,394	111,757		37,394			1,693,469
				33,852					26,892			640,021
			799,973	2,458								1,258,789
	40,393			4,754	324,399				7,716			572,133
263,673	31,373			36,556					27,932			431,643
	10,320			4,963								498,941
				17,700			191,982					318,472
				3,987				113,991				2,240,641
1,383,170	44,411		214,052	554,534			190,330		12,688			5,614,961
140,384				51,681			185,653		93,271			1,333,656
			930,025						12,418			974,272
			413,775	147,444								618,048
28,560	558	2,962	816,640	1,176,148			103,570		69,282			4,320,562
		94,594		84,074		85,375			60,282			1,212,765
						15,644			45,076			1,541,884
			39,892	721,729			23,012		10,590			2,265,996
70,670		95,830	763,933	109,136			41,109		48,275			2,035,629
156,697		78,348	1,055,495	188,748		21,693	120,152	11,161	9,420			3,238,280
			(10,380)	111,882					223,271	(160,507)		181,190
									(18,395)		(42,788)	(61,183)
<b>2,043,154</b>	<b>129,229</b>	<b>536,843</b>	<b>12,571,477</b>	<b>4,014,944</b>	<b>324,399</b>	<b>240,000</b>	<b>967,566</b>	<b>125,152</b>	<b>838,843</b>	<b>(160,507)</b>	<b>-</b>	<b>43,122,838</b>

reallocated to projects funded by the donor. **(6)** MSF: 1) a multi-year unrestricted grant of EUR 4,000,000; 2) EUR 14,944 for the payment for services of the data management centre based in Nairobi in 2015. **(7)** WHO-TDR portfolio grant started in August 2015 EUR 967,566. **(8)** ARPE Foundation [EUR 10,000]; Kalacore consortium [EUR 49,496], Rockefeller Brothers Fund [EUR 18,395]; Starr International Foundation [EUR 116,503]; Family Moreau [EUR 288,096]; Brian Mercer Charitable Trust [EUR 13,526]; FINEP- Brazil [EUR 117,212]; Various individual donations from Individual donors, private foundations and corporations [EUR 170,932] mainly from North America; Royalties from Sanofi for EUR 304 earmarked for FACT activities [see note 6]. In addition, DNDi in Geneva has collected various reimbursements and participation of partners throughout the year for a total of EUR 55,883 plus exceptional incomes for the year for a total of EUR 17,445. **(9)** The restricted operating fund has been partially used [EUR 42,788] to fund and support the total expenditure attached to this project.

## 8 EXPENDITURE

### a) R&D projects related expenditure

Recognized in (Expressed in EUR)	2015	2014
<b>IMPLEMENTATION PROJECT</b>		
ASAQ - Fixed-dose Artesunate - Amodiaquine (Malaria) <sup>[11]</sup>	330,026	386,214
ASMQ - Fixed-dose Artesunate - Mefloquine (Malaria) <sup>[11]</sup>	248,622	698,075
NECT - Nifurtimox - Eflornithine co-administration for stage 2 (HAT) <sup>[4]</sup>	16,295	57,259
SSG & Paromomycin Combination Therapy for VL in Africa <sup>[2]</sup>	20,279	96,869
New VL treatments in Asia <sup>[3]</sup>	536,953	659,246
Paediatric Benznidazole (Chagas)	-	143,790
<b>TOTAL IMPLEMENTATION PROJECTS</b>	<b>1,152,176</b>	<b>2,041,453</b>
<b>DEVELOPMENT PROJECTS (PHASE IIB/III; REGISTRATION)</b>		
Fexinidazole (HAT) <sup>[4]</sup>	7,447,957	5,843,148
New VL treatments for Bangladesh	-	205,824
New VL treatments in Latin America	111,936	110,517
Coinfection HIV / Visceral Leishmaniasis <sup>[5]</sup>	684,752	698,094
<b>TOTAL DEVELOPMENT PROJECTS</b>	<b>8,244,645</b>	<b>6,857,581</b>
<b>TRANSLATION PROJECTS (PRE-CLINICAL; PHASE I; PHASE IIA/POC)</b>		
Fexinidazole (Chagas) <sup>[6]</sup>	640,021	1,212,669
Oxaborole SCYX-7158 (HAT) <sup>[7]</sup>	1,258,789	1,236,612
Combination Fexinidazole/Miltefosine (VL) <sup>[2]</sup>	1,693,469	1,252,599
Anfoleish (CL) <sup>[8]</sup>	405,377	350,718
CL Combination <sup>[9]</sup>	93,564	
CpG-D35 (CL) <sup>[10]</sup> + PKDL <sup>[11]</sup>	318,472	216,251
Azoles E1224 (Chagas)	-	46,892
New Combination including New Benz Regimen (Chagas) <sup>[12]</sup>	431,643	268,908
Biomarkers (Chagas) <sup>[13]</sup>	572,133	1,131,282
Paediatric HIV ("4-in-1" LPV/r based fixed-dose combination & Superbooster TB/HIV) <sup>[14]</sup>	2,240,641	1,078,126
Nitroimidazole (VL-2098) + VL 0690 <sup>[15]</sup>	515,882	808,472
Flubendazole Macrofilaricide (Filaria) <sup>[16]</sup>	123,618	938,583
Emodepside Macrofilaricide (Filaria) <sup>[17]</sup>	1,584,830	58,828
Oxfendazole Macrofilaricide (Filaria) <sup>[18]</sup>	19,007	0
TylAMac Macrofilaricide (Filaria) <sup>[19]</sup>	323,758	0
<b>TOTAL TRANSLATION PROJECTS</b>	<b>10,221,204</b>	<b>8,599,939</b>
<b>RESEARCH PROJECTS (SCREEN; HIT TO LEAD; LEAD OPTIMIZATION)</b>		
Lead Optimization Consortia <sup>[20]</sup>	5,614,961	4,667,142
Screening Resources & Reference Screening Centres <sup>[21]</sup>	1,333,656	1,359,345
Screening Filaria <sup>[22]</sup>	974,272	823,924
<b>TOTAL RESEARCH PROJECTS</b>	<b>7,922,889</b>	<b>6,850,411</b>
Project-related variable expenditure		
HCV, Mycetoma, and Anti-infective	618,048	187,268
Chagas Access <sup>[23]</sup>	228,753	0
R&D Coordination & Supervision <sup>[24]</sup>	4,320,562	3,109,458
<b>TOTAL OF PROJECTS RELATED EXPENDITURE</b>	<b>32,708,277</b>	<b>27,646,111</b>

## MAIN R&D PARTNERS & SUB-CONTRACTORS:

### Partners and service providers with financial compensation above EUR 5,000 in 2015 are:

(1) SITEC, India / Bertin Pharma, France / AEDES, Belgium / Centre Hospitalier Universitaire Vaudois (CHUV), Switzerland / VENN Life Sciences, France / Mahidol Oxford, Thailand / National Institute of Medical Research, Tanzania

(2) Kenya Medical Research Institute, Kenya / Amudat Hospital, Uganda / Uppsala University, Sweden / Biomedic, France / MSF Logistique, France / UBC United Biosource, Switzerland / Institute of Endemic Diseases (IEND) and University of Khartoum, Sudan / IDA Solution, the Netherlands / Organisation for Social Science Research in Eastern and Southern Africa (OSSREA), and Addis Abeba University, Ethiopia / Arba Minch Hospital, Ethiopia / Makerere University, Uganda / MDL Srl, Italy / i+solutions, the Netherlands

(3) Rajendra Memorial Research Institute of Medical Sciences (RMRl), India / GVK Biosciences, India

(4) Swiss TPH, Switzerland / PNLTHA, DRC / INRB Kinshasa, DRC / Jeffery travels, DRC / La Référence Médicale, DRC / UBC United Biosource, Switzerland / Biotrial, UK / Institute of Tropical Medicine-Antwerp, Belgium / SGS, Belgium and France / VENN life Science, France / Vanga CBCO Clinic, DRC / RCTS, France / Phinc Development, France / Cardiabase, France / MSF-Logistique, France and Switzerland / Aptuit, UK / Scinopsis, France / Bertin Pharma, France / Theradis Pharma, France / Biomedic, France / Sanofi Aventis, France / Sunnikan, France / PNLTHA, Chad

(5) Gondar University, Ethiopia / LSHTM, UK / UBC United Biosource, Switzerland / Institut Tropical Medicine (ITM), Belgium / NLADF Research Foundation, the Netherlands / Appledown, UK / Uppsala University, Sweden

(6) CEADES, Bolivia / JSS, Canada / Phinc, France / UBC United Biosource, Switzerland / Cardiabase, France

(7) AVISTA (SCYNEXIS), USA / Patheon, UK / Eurofins Optimed, France / SGS, Belgium & France / Voisin consulting, France / Phinc, France / Cardiabase, France

(8) PECET Universidade de Antioquia, Colombia / JSS, Canada / CECIF, Colombia / Allianz, Brazil

(9) Universidad Peruana Cayetano Heredia, Peru

(10) Genedesign, Japan / Ohio University, USA

(11) ICDDR, Bangladesh / Hospital Universitario de Fuenlabrada (FCSA), Spain

(12) Fundacion Instituto De Biologica Y Medicinal, Argentina / Núcleo de Desenvolvimento Farmacêutico e Cosmético (NUDFAC), Brazil / Phinc, France / LAT Reasearch, Argentina /

(13) Texas Biomedical Research Institute, USA / McGill University, Canada / University of Georgia, USA / Barcelona Center for International Health Research (CRESIB), Spain

(14) CIPLA, India / University of Stellenbosch, South Africa / Kenya Paediatric Research Consortium, Kenya / WuXi AppTech, China / Associated Medical Sciences, Thailand / Joint Clinical Research Centre, Uganda / Kenya Medical Research Institute, Kenya / Baylor College of Medicine, USA / Kotak, India / Epicentre, France / Ger-tude Hospital Foundation, Kenya / Biomedic, France

(15) Aptuit, UK / Bsys, Switzerland / Advinus, India / Diane Creasy, USA

(16) Juniper Pharma, UK / Swansea Innovations, UK / Wuxi App Tec, China

(17) Hammersmith Medicine, UK / Bayer, Germany / UBC United Biosource, Switzerland / Creapharm, France / Syngene, India / MC Toxicology Consul, Austria

(18) Wuxi App Tec, China

(19) Abbvie, USA / Wuxi App Tec, China

(20) Epichem Pty Ltd, Australia / Syngene, India / CEMSA Laboratory, Brazil / WuXi AppTech, China / Monash University, Australia / TCG Life Science Ltd, India / Advinus, India / London School of Hygiene & Tropical Medicine LSHTM, UK / Griffith University, Australia / Antwerp University, Belgium / Centro Nacional de Energia em Energia e Materiais (CNPEM), Brazil / Sandexis, UK / Accelera, Italy / Wil Research, France / Advinus, India / CEREP, France / Selvita, Poland / Pharmaterials Limited, UK / Sara Pharm, Romania / Eurofins, France

(21) Swiss TPH, Switzerland / University of Antwerp, Belgium / GlaxoSmithKline (GSK-Tres Cantos), Spain / IPK, South Korea / Exquiron, Switzerland / Dundee University, UK / Bio ascent, UK

(22) Northwick Park Institute for Medical Research (NPIMR), UK / National Museum of Natural History, France / University Hospital of Bonn, Germany / WuXi AppTec, China / University of Bari, Italy / CEA LETI, France / REFOTDE, Cameroon

(23) Elea, Argentina / ISGlobal Barcelona Institut for Global Health, Spain

(24) R&D Coordination & Supervision: Sunnikan, UK / VOLT Europe Limited: UK / M Benton, UK

### Breakdown of R&D coordination expenditure per activities

(Expressed in EUR)	2015	2014
Coordination	2,379,164	1,790,898
Scientific Advisory Committee	130,771	94,713
Business Development	1,220,343	847,990
Japan Representation Office	453,506	255,461
Medical, Access and Medical Coordination Latin America	136,779	120,396
<b>TOTAL</b>	<b>4,320,562</b>	<b>3,109,458</b>

### CONSULTANTS AND PROJECT STAFF INVOLVED IN R&D PROJECTS:

**Latin America office:** Rodrigues, Belaine; De Jesus, Teresinha; Pinheiro, Eloan; Garcia, Facundo; Gonçalves, Luciana; Caicedo, Andres; Mechali, Daniel (in memoriam); Valencia, Carlos; Marchiol, Andrea; Zicker, Fabio; Barbeitas, Mady; Bernal, Oscar; Marques, Tayná; Boni, Marina; Christmann, Leandro; Desso, Marco; Martinez, Pablo; De Oliveira, Celso; Noya, Oscar; Barp, Cristiane; Certo, Marina

**India office:** Sharma, Bhawna

**DRC office:** Dinanga Muzadi, Josés; Kabangu Mundidimbi, Patrice; Ngolo Tete, Digas; Kande, Victor; Ciebue Bilumbu, Laurent; Diyi Lobo, Michel; Cimanga Kabongo, Dieudonne; Kabulu, Jean-Albert; Solo, Monique; Kabangu, Gabriel; Maki, Baudouin; Babingwa, Delon; Lenvo, Dally; Tsaku, Justin; Malenge, Lazare; Konga, Raymond; Pambala, Odette

**Geneva office:** Ansong, Daniel; Api J. Seltzer, Jonathan; Bacchi, Cyrus; Benmabrouk, Charles; Benton, Marcus; Bessis, Anne-Sophie; Besson, Dominique; Den Boer, Margriet; Boulet, Pascale; Bray, Mike; Brenner, Jennifer; Campbell, Simon; Carmody, Lesley; Chang, Shing; Chappuis, François; Clay, Robert; Courtemanche, Gilles; Cressey, Timothy; Evans, Dean; Dormeyer, Matthias; Duke, Jeff; Elango, Varalakshmi; Flamion, Bruno; French, Edward; Frey, Reiner; Gardner, Mark; T Hoe, Elisabeth; Hooft Van Huijsduijnen, Rob; Hulbert, Kuemmerle, Andrea; Last, Paul; Larrey, Dominique; Leping, Li; Love, James; Mazué, Guy; Modabber, Farrokh; Monnerat, Séverine; Moya Alonso, Laura; O'Reilly, Terry; Paillasseur Effi, Jean-Louis;

Piedangnel, Jean-Michel; Rithea, Leang; Porkony, Rolf; Rosenkranz, Bernd; Ross, Fiona; Rowan, Tim; Salerno, Katia Sasella, Daniella; Scherrer, Bruno; Schilling, Cristophe; Schijmann, Alejandro; Schneider, Manfred; Smith, Graham Seixas, Jore; Sosa Estani, Sergio; Speed, Bill; Taylor, Bob; Than-in-at, Kanchana; Thenot, Jean-Paul; Tweats, David; Vaillant, Michel; Vie de Dieu N'goko-Zenguet; Viotti, Rodolfo; Voigt, Linda; Von Geldern, Thomas; Walker, Don; Walmsley, Andrea; Williams, Mike; Zijlstra, Eduard.

**Africa office:** Mbui, Jane; Asrat, Hailu; Olobo, Joseph; Ahmed Mudawi, Eltahir Khalil; Mudawi, Musa; Wamalwa, Dalton, Kivaya, Irene; Gacheru, Poline

## b) Presentation of the DNDi expenditure per nature of expenses

Recognized in (Expressed in EUR)	2015	2014
<b>PERSONNEL</b>		
Personnel at Headquarters	11,411,975	8,892,611
Personnel at Regional Offices	3,061,737	2,429,564
Consultants	2,100,159	1,762,857
Travel and Accommodation	1,715,373	1,386,652
<b>TOTAL PERSONNEL</b>	<b>18,289,244</b>	<b>14,471,684</b>
<b>OPERATIONAL R&amp;D</b>		
Purchase & Logistics	1,039,351	1,360,232
Equipment	1,116,423	621,995
Discovery & Lead Optimization (partners & services)	6,472,712	5,484,863
Pre-clinical (partners & services)	1,571,039	1,844,174
Training for partners	141,961	200,516
Clinical & post-clinical (partners & services)	8,058,268	7,520,003
Product manufacturing & CMC (partners & services)	1,203,390	749,349
<b>TOTAL OPERATIONAL R&amp;D</b>	<b>19,603,145</b>	<b>17,781,131</b>
<b>OTHER</b>		
Communication (tools, meetings, documents)	1,646,284	1,371,668
Administration & IT (depreciation, furniture, service providers)	3,464,159	2,772,625
<b>TOTAL OTHER</b>	<b>5,110,443</b>	<b>4,144,293</b>
<b>GRAND TOTAL</b>	<b>43,002,831</b>	<b>36,397,108</b>

## 9 STRENGTHENING CAPACITIES EXPENDITURE

DNDi expenditure on strengthening existing capacities in developing countries aims to:

- build networks around specific projects between researchers from developing and developed countries;
- establish working partnerships, including technology transfers, with public and private institutions, and researchers from developing and developed countries; and
- invest in sustainable capacity and leadership in developing countries at all stages of research and development.

(Expressed in EUR)	2015	2014
Regional Offices, managmt. costs: Rio, Delhi, Nairobi, Penang	1,541,884	1,267,631
Leishmaniasis East Africa Platform (LEAP)	627,608	737,444
Human African Trypanosomiasis (HAT) Platform	263,347	355,522
Chagas Clinical Research Platform	224,517	185,928
Filariasis Platform	97,293	
Exceptional expenditure (HAT Platform)	-	28,422
<b>TOTAL</b>	<b>2,754,649</b>	<b>2,574,948</b>



## 10 ADVOCACY, FUNDRAISING, AND GENERAL & ADMINISTRATION EXPENSES

	Advocacy		Fundraising		General & Administration	
(Expressed in EUR)	2015	2014	2015	2014	2015	2014
Human resources	1,560,290	1,171,479	1,524,010	1,253,638	2,296,603	1,907,229
Office charges	72,195	50,895	109,619	89,464	187,707	127,237
Travel expenses	69,658	76,479	144,270	97,766	160,161	116,276
Administration	56,997	38,215	124,903	66,411	245,045	252,576
IT & telecommunications	102,193	44,906	90,789	43,743	226,172	419,772
Communication	390,358	266,171	29,257	19,377	89,766	104,075
Depreciation	11,482	5,337	11,482	6,404	29,854	13,342
Exceptional expenses	2,824	7	1,300	2,979	2,971	2,270
<b>TOTAL</b>	<b>2,265,996</b>	<b>1,653,489</b>	<b>2,035,629</b>	<b>1,579,783</b>	<b>3,238,280</b>	<b>2,942,777</b>

*Latin America office:* Lotrowska, Michel; Mortensen, Claudio; Pontes, Flavio; Enciso Peláez, Lucía; Childs, Michelle; Drumond, Madalena; Rojas, Nubia; McCarthy, Robert; Paiva, Luciano; Martin, Jorge; Abi-Saab, Mariana; Schermutzki, Pierre; Cavedon, Felipe; Alapenha, Julia. *North America office:* Biddle Reath, Driker; Katz, Jennifer; Curtis, Jodie. *India office:* Sunil Prakash, Goel; Agarwal. *Africa office:* Ngoye, Ben. *Geneva office:* Bowen, Sian; Burrows, Louise; Piper Roche, Lynda; Tissot, Raphael; Bloemen, Sophie; El Thir, Ghada; Furrer, Mariella; Langbein, Lena; Mahon, Anette; Njoroge, Andrew; Sarumaru, Michiko; Haberstroh Sabine, Allizzatti, Vincent.

## 11 INDEMNITIES & REMUNERATIONS GIVEN TO BOARD MEMBERS AND DIRECTORS

All members of the Board are appointed on a voluntary basis. The Board members did not receive any remuneration for their mandate in 2015, nor did they in 2014.

The top five salaries (including salaries and all benefits) cumulated at DNDi in 2015 amount to CHF 1,560,298 or EUR 1,453,319.

## 12 ASSETS PLEDGED AS GUARANTEE FOR COMMITMENTS AND BANK GUARANTEE DEPOSITS

**a) Assets pledged:** At year end, a bank of the Foundation provided two letters guaranteeing rental deposits of CHF 70,000 (EUR 64,715) and CHF 20,000 (EUR 18,490) in favour of a third party. Cash for an equivalent amount is pledged at the corresponding bank.

**b) Bank guarantee deposits:** Guarantees are presented as non-current assets. To date, DNDi has six guarantees representing six deposits related to office rental in Tokyo, New Delhi, and Geneva (office and parking) and deposits for a travel agent and petrol in Kinshasa. In addition, a letter of guarantee pertaining to the Geneva premises is still valid.

It is recoverable, subject to prevailing contract terms, upon vacating the premises.

2015				2014			
	Currency	Amount in Currency	Amount in EUR		Currency	Amount in Currency	Amount in EUR
Guarantees office Geneva	CHF	135,925	125,662	Guarantee office Geneva	CHF	56,186	46,719
Guarantee office Tokyo	JPY	2,682,000	20,383	Guarantee office Tokyo	JPY	770,000	5,290
Guarantee office New Delhi	INR	2,475,000	34,328	Guarantee office New Delhi	INR	630,000	8,171
Guarantee office Kinshasa	USD	18,000	16,474	Guarantee office Kinshasa	USD	18,000	14,807
Guarantee travel agency and petrol Kinshasa	USD	6,500	5,949	Guarantee travel agency and petrol Kinshasa	USD	6,500	5,347
Guarantee office Nairobi	KES	1,977,000	17,734				
Guarantee Nairobi credit cards	KES	1,000,000	8,970	Guarantee Nairobi credit cards	KES	1,000,000	9,150
<b>Total guarantees</b>			<b>229,500</b>	<b>Total guarantees</b>			<b>89,483</b>

## 13 CONTRIBUTIONS IN-KIND

(Expressed in EUR)	Staff Scientific	Staff non-Scientific	R&D Services	Office, furniture & admin.	TOTAL
Lead Optimization Consortia (Australia)	149,242	68,828		58,335	276,405
Screening Resources & Reference Screening Centres	545,030	63,949	264,963	338,901	1,212,843
Macrofilariicide Filaria	633,802	0	-		633,802
Azole E1224 (Chagas)	1,313,787	56,420	-183,431	0	1,186,776
Regional Offices	14,596	13,019	2,853	5,848	36,316
New VL treatments: Asia, America	128,936	671	32,835	-	162,442
ASMQ Fixed-dose Artesunate - Mefloquine (Malaria)					-
Cutaneous Leishmaniasis projects	3,715	-	-	0	3,715
Paediatric HIV (4-in-1, LPV/r-based fixed-dose combination)	157,109	-	-	72,390	229,499
<b>TOTAL</b>	<b>2,946,217</b>	<b>202,887</b>	<b>117,220</b>	<b>475,473</b>	<b>3,741,798</b>

**Main in-kind contributors:** AbbVie, USA; Eisai Ltd, Japan; ARC-Australian Research Council, Australia; University of Dundee, UK; University of Brasilia, Brazil; Monash University, Australia; KEMRI, Kenya; Astellas Pharma Inc, Japan; Cipla, India; Fiocruz, Brazil; Shionogi, Japan; Sanofi ID, France; GeneDesign, Inc., Japan; Swiss TPH, Switzerland; Takeda Pharmaceutical Company Ltd, Japan; Institut Pasteur Korea, Korea; Daniela Sassela, Italy; Epichem Pty Ltd, Australia

## 14 STRUCTURED PRODUCT AND OPEN DERIVATIVE

In January 2015, after the Swiss National Bank dropped its 1.2 EUR/CHF floor, the Foundation decided to put in place a hedging strategy for balancing probability of loss from fluctuation of CHF. In June 2015, after Audit Committee endorsement and Board approval, the Foundation started a hedging strategy of at least 50% of needs in CHF at six months, renewable (extended by one month at the end of each monthly period). As the Foundation is long in GBP and USD these two currencies are used to cover the needs in CHF. Two tools are used: Forward (FWD) and options (the Risk Reversal – RR and Kick Into Forward – KIF). The RR and KIF offer the potential of a better rate than the current market forward rate with a predefined Strike.

### Derivative financial instruments

DNDi uses forward contracts and options to hedge its exposure to foreign currency risks arising from its future cash flows.

The financial instruments are recognised at fair value, initially on the date on which the contract is entered into and subsequently at each reporting date.

Any gains or losses arising from changes in fair value of the financial instruments during the year are reported directly in the statement of operations.

See below the total commitment toward the year 2016 at year-end 2015.

Buy	Sell	Solution	Expiry	Strike	Instrike	Net present value
<b>FORWARDS</b>						
CHF 221,306	GBP 150,000	FWD	16-Mar-16	1.4798	-	220,985
CHF 221,625	GBP 150,000	FWD	18-Apr-16	1.4775	-	220,899
CHF 221,310	GBP 150,000	FWD	18-May-16	1.4754	-	220,903
CHF 220,980	GBP 150,000	FWD	16-Jun-16	1.4732	-	220,849
<b>OPTIONS</b>						
CHF 300,000	GBP	RR	18-Jan-16	1.3900	1.5180	
CHF 300,000	USD	KIF	18-Jan-16	0.9350	1.0105	
CHF 300,000	GBP	RR	18-Feb-16	1.4250	1.4900	
CHF 300,000	USD	KIF	18-Feb-16	0.9350	1.0151	
CHF	USD 300,000	RR	16-Mar-16	0.9300	1.0010	
CHF	GBP 150,000	KIF	16-Mar-16	1.4700	1.5270	
CHF	USD 300,000	RR	18-Apr-16	0.9300	1.0015	
CHF	USD 300,000	RR	18-May-16	0.9300	1.0010	
CHF	USD 300,000	RR	16-Jun-16	0.9300	1.0000	

**RR Strategy:** If spot at expiry trades at or below the Lower Strike, the client sells USD or GBP buys CHF at the Lower Strike. If spot at expiry trades at or above the Upper Strike, the client sells USD buys CHF at the Upper Strike.

**KIF Strategy:** If spot trades at or above the Instrike at any time during the life of the structure, the long option position turns into a forward with the conversion rate at the Strike.

## 15 SWISS FRANC EQUIVALENT OF KEY FIGURES

The Foundation maintains its accounting records in Euro. The key figures below have been translated into CHF for information purposes only, using a closing rate of EUR/CHF 0.9245 (2014: 0.8315).

(Expressed in EUR)	2015	2014
Total assets	30,730,868	43,453,714
Capital of the organization	11,506,791	12,649,456
Total income	46,818,112	43,963,286
Total social mission expenditure	40,810,084	38,333,791
Total non-social mission expenditure	5,704,607	5,439,038

## 16 AUDIT FEES

Fees for audit services and other services: Audit services include statutory audit, audit of projects, and donor's audit. To date, Deloitte is not providing other services such as tax and legal services.

(Expressed in EUR)	2015	2014
Total Audit services	124,167	106,543

## 17 SUBSEQUENT EVENTS

DNDi Kinshasa Office informed the headquarters on March 31<sup>st</sup>, 2016 that BIAC, the financial services provider, may be at risk of bankruptcy.

**Mitigation strategy:** DNDi is evaluating a new banking set-up and exploring Western Union Business Solutions as a potential answer, after Citibank refused DNDi as a new client. In addition DNDi is working on a rapid opening of a new bank account at ECOBANK or at Standard Bank; due diligence is ongoing. In the meantime local payments are temporarily covered by DNDi headquarters in Geneva to ensure activities continue as planned.

**BIAC's track record:** DNDi, along with other BIAC clients, received communication from the Government of DRC and the Congo Central Bank that this incident was a temporary situation to be resolved. DNDi chose BIAC as its financial service provider in December 2009, a decision approved by FR-AFD in May 2013 when they pledged to support our HAT activities over a five-year period. BIAC is the third largest bank in DRC which provides financial services in the communities where DNDi has activities. It is the first time DNDi has faced such a situation with a bank. Bank ratings for such banks in Africa do not exist. In February 2016, the long-term rating of the country was revised by Standard & Poor's from stable to negative, due to the fall in the price of copper, political instability, and the lack of visibility over the election.

In April, DNDi Geneva was returned three transfers of USD 18,000, USD 30,000 and USD 65,000 from BIAC Kinshasa accounts. In addition, since the beginning of the crisis we have been able to make local payments to vendors who have an account at the BIAC (~USD 12,000).

Our Head of DRC Project Office and the DNDi Geneva Finance Department and the Executive Team are following the situation very closely, and expect the resolution of all funds located in the accounts of the BIAC to take time to be regularized. To date, the risk is considered low, an assessment based on the money already recovered (~30%). Today, the amount at risk (~USD 200,000) should be recovered by the end of the year 2016. No provision has thus been recorded at this stage.

## 18 CONSOLIDATED ACCOUNTS

These consolidated financial statements include the activities of the Swiss Foundation, its branches, and subsidiaries. The table below summarizes the detail by legal entity:

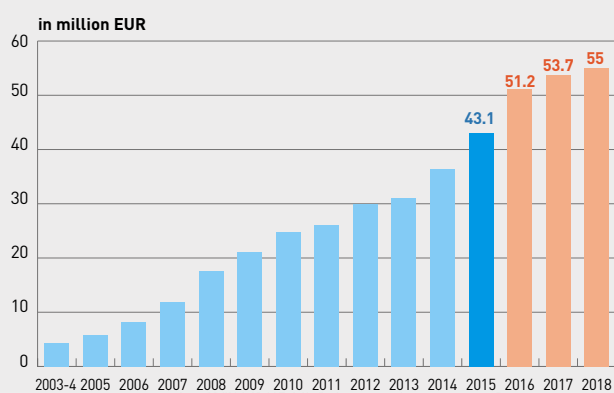
Amount are in '000 EUR	Income transferred by DNDi Geneva (1)	Income raised by legal entity (2)	Total income 2015 (1) + (2)	% of the income raised by legal entity	Total expenditure 2015	% of the expenditure by legal entity
DNDi Geneva and branches	-3,396	42,451	39,180	98.1%	39,266	91.3%
DNDi Japan	327	1	328	0.0%	336	0.8%
DNDi North America	1,018	297	1,190	0.7%	1,026	2.4%
DNDi Latin America	2,051	535	2,586	1.2%	2,375	5.5%
<b>Total consolidated accounts</b>	<b>0</b>	<b>43,284</b>	<b>43,284</b>	<b>100.0%</b>	<b>43,003</b>	<b>100.0%</b>

## EUR 43 MILLION BUDGET FOR 155 DNDi CORE STAFF AND CLOSE TO 700 ESTIMATED FTEs WORLDWIDE

### Major growth for HAT disease and in the recent portfolios, as well as in feasibility studies

Since its inception in 2003, DNDi expenditure totals EUR 260 million. In 2015, expenditure amounted to EUR 43 million, +18% (+EUR 6.6 M) compared to 2014. This increase is principally due to HAT projects expenditure (+EUR 1.6 M) and the projects recently entered in the portfolio (+EUR 1.2 M for filarial diseases; +EUR 1.1 M for the HIV paediatric project, and +EUR 0.5 M for feasibility studies). In addition, the variation of exchange rates in 2015, and particularly the higher price of the US dollar (+17%) and the Swiss franc (+9%) against the Euro, led to a significant increase in our accounts, as these are held in Euros (~EUR 3 M, accounting for ~8% out of the total 18% 2015 growth). The operating gain of EUR 0.28 million is partly canceled because of exchange rate loss (EUR 0.16 million).

### STATEMENT OF ACTIVITIES 2003-2015 AND FORECAST for 2016-2018



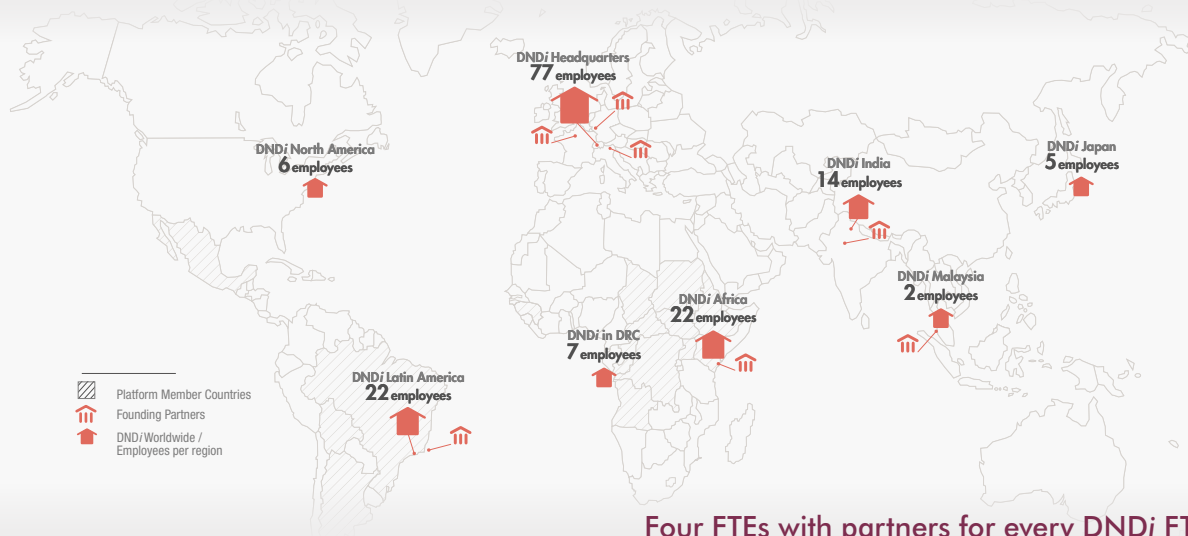
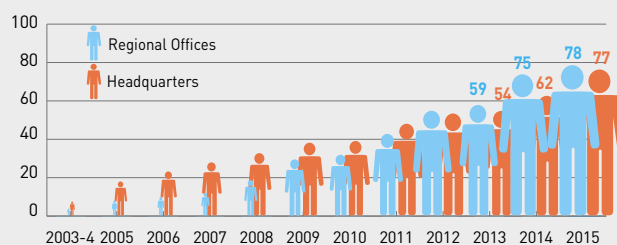
### 155 people worldwide, with most new positions dedicated to R&D coordination and External affairs

In 2015, DNDi recruited an additional 18 people (24 people in 2014), which represents an increase of 13%. Recruitment occurred mainly at headquarters in Geneva, with 15 new people (+24%) with 3 new positions in regional offices (ROs) - Kinshasa, Tokyo, and Rio de Janeiro (+4%). The increase in the Geneva R&D team is mainly due to the strengthening of the R&D coordination (4 FTE in Geneva and 2 in Japan) and HAT disease (+2 FTE in Geneva and 1 FTE in Kinshasa). Other new positions are mostly dedicated to External Affairs (Communication and Fundraising activities +4 FTE). Staff in ROs is now of an equivalent number (50%) to staff based in headquarters (50%). Also noteworthy: of the 16 recruitments completed in 2016 by the end of April, 5 are in the headquarters (4 replacements and 1 new position), and 11 implemented in ROs (3 replacements and 8 new positions).

For 2015, the exact amount of FTE working at DNDi was calculated taking into account start date, end date, and percentage of time for each person working in DNDi, and giving a total of 139 FTE with 155 people working at DNDi.

### HUMAN RESOURCES EVOLUTION 2014-2015

Growth of activities (+18%) sustained by staff increase (+13%)

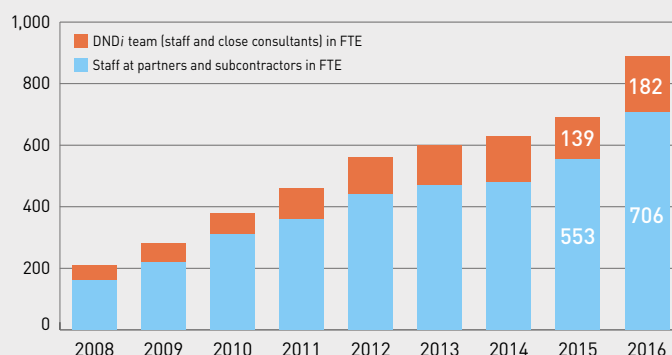


### FOUNDING PARTNERS

In 2003, seven public and private institutions came together to form DNDi: Médecins Sans Frontières (MSF) (Doctors Without Borders) • Oswaldo Cruz Foundation, Brazil • Indian Council for Medical Research, India • Kenya Medical Research Institute, Kenya • Ministry of Health, Malaysia • Institut Pasteur, France • The Special Programme for Research and Training in Tropical Diseases (WHO-TDR)

### Four FTEs with partners for every DNDi FTE

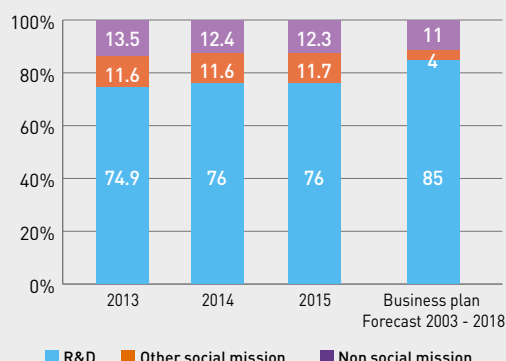
692 FTEs WORLDWIDE IN 2015 (888 FORECASTED IN 2016)





## Stabilization of the Social Mission ratio

### 2015 SOCIAL MISSION BREAKDOWN: 87.8% OF EXPENDITURE

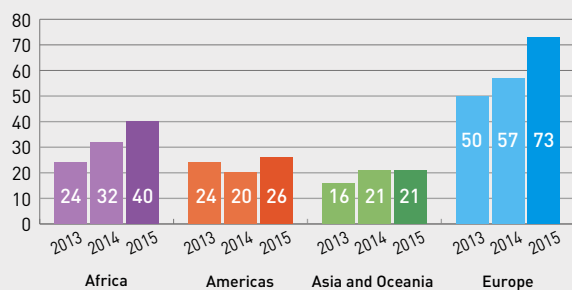


In 2015, DNDi's non-social mission ratio remains highly stable compared to 2014. The growth in non-social mission (+EUR 0.8 M) and social mission expenditures (+EUR 5.8 M) were balanced, at 18% each. However these steady figures mask some specific points worth highlighting:

- The External Affairs department covering Communications, Advocacy, Policy affairs, and Fundraising activities experienced one of the highest growths in 2015 of all departments, with a 33% increase (+EUR 1.1 M).
- Activities related to Strengthening Capacities, with 7% growth (+EUR 0.2 M), and General Administration, with 10% growth (+EUR 0.3 M) maintained the same level of activity compared to 2014, with the rise in expenditure mostly due to the increase in the CHF & USD exchange rates against the EUR.

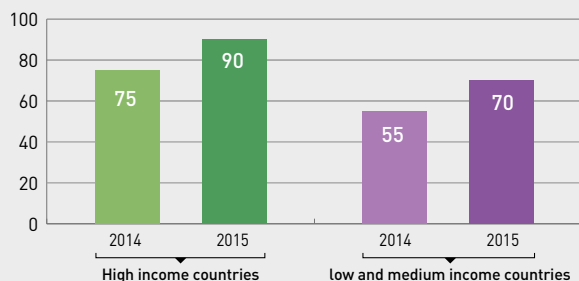
## Partnerships increase of 23% to support the growth of R&D activities

### MAIN R&D PARTNERS & SERVICE PROVIDERS PER CONTINENT, with financial compensation over EUR 5,000



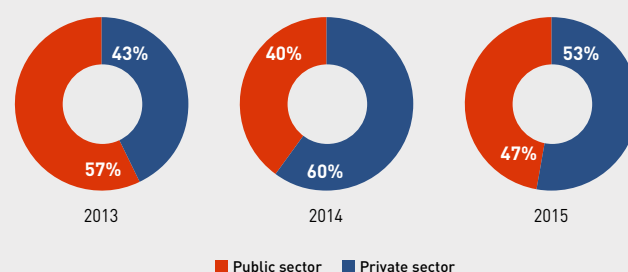
In 2015, the number of partners and service providers DNDi had business relations valuing over EUR 5,000 with increased by 23% (160 in 2015, compared to 130 in 2014). All regions increased except Asia. The Americas saw a rise of 30% with 6 additional partners & service providers to support the new activities related to CL and Chagas access projects in Latin America. In Europe the figure progressed by 28% with 16 additional partners & service providers, reflecting the growth of the new diseases activities in 2015 in Europe. In Africa there was growth of 25%, with 8 additional partners & service providers, particularly with the Kenya office increasingly engaging local vendors for regional activities related to paediatric HIV, mycetoma, and leishmaniasis.

### MAIN R&D PARTNERS: FASTER GROWTH IN LOW & MIDDLE-INCOME (+27%) THAN IN HIGH-INCOME COUNTRIES (+20%)



## Private versus public sector ratio remains stable at around 50%/50% over the last 4 years

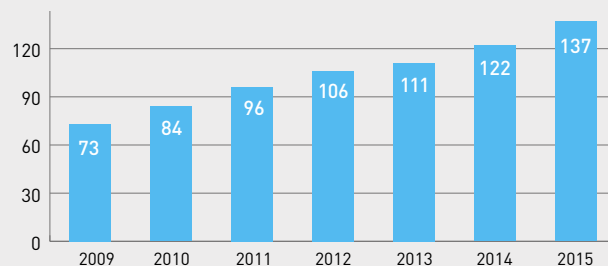
### MAIN R&D PARTNERS AND SERVICES PROVIDERS with financial compensation over EUR 5,000



Comparison of percentage of partnerships with the public institutional sector (research institutes, public hospitals, academic groups, universities, PDPs, and other not-for-profit organizations) with numbers of partnerships with the private sector (pharmaceutical and biotechnology companies and contract research organizations).

## Steady growth in number of partnerships

### NUMBER OF CONTRACTS SIGNED ANNUALLY\*



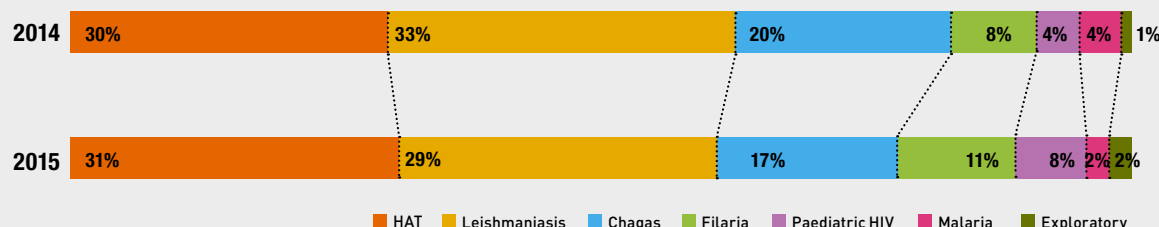
The number of contracts finalized each year follows a trend similar to that of R&D partners & service providers with a financial compensation of over EUR 5,000. There is a regular annual increase between 5% and 15%, with 5% in 2013 and 12% in 2015.

\*Except confidentiality agreements; some new contracts may be extensions.



## EUR 32.7 million: moving toward a more dynamic R&D portfolio while maintaining a robust Kinetoplastids disease pipeline

### R&D EXPENDITURE BY DISEASE (2014-2015)



Overall R&D expenditures (EUR 32.7 M) increased by 18% (EUR 5.1 M) compared to 2014.

Percentage breakdown highlights of 2015 R&D expenditures per disease (screening and lead optimization expenditures are split and allocated towards disease expenditures)

• **Kinetoplastids diseases** remain at the heart of the portfolio with 77% of the expenses:

#### Human African trypanosomiasis (HAT)

With a total of EUR 8.7 M, HAT represents the most substantial R&D expenditure (31%). Investments increased due to the growth in clinical activities for fexinidazole (+EUR 1.6 M), with the Phase IIb/III clinical study and the two additional cohorts (for stage 1 & early stage 2 and for children) with 10 operational sites in the DRC plus the preparation of three new clinical trial sites. The SCYX-7158 project completed Phase I, with Phase II/III now being prepared (writing synopsis, getting scientific advice from EMA, meeting with CARSAC (Cameroon) to present and evaluate the protocol, and finally submission to the Ethics Committee in the DRC). More details on page 25, "Development".

#### Leishmaniasis

Overall expenditures remained stable between 2014 and 2015 at EUR 8.4 M. Some projects are entering into the portfolio or progressing, such as the preclinical work for VL with DNDi-0690 (+EUR 0.4 M), the CPG for CL project (+EUR 0.1 M), the preparation of clinical trial study for PKDL treatment (+EUR 0.1 M), the combination fexinidazole / miltefosine project, and the completion of the recruitment of 30 patients for the Miltefosine Allometric Study (+EUR 0.4 M). Other projects are completed, such as the preclinical package for VL-2098 (-EUR 0.7 M) and the VL Combo study in Asia (-EUR 0.2 M), or progressing in a different phase, like the VL India implementation (-EUR 0.2 M).

#### Chagas disease

Projects remained stable in 2015 (- EUR 0.2 M), accounting for a total of EUR 4.8 M (17%) of R&D expenditure. The screening and lead optimization work toward Chagas disease increased by EUR 0.7 M. The Chagas access projects (+EUR 0.2 M) are developing activities in Latin America and North America. The completion of the study of fexinidazole for Chagas and the closure of the E1224 project incurred a decrease of EUR 0.7 M. The biomarker project was put on hold due to safety issues at the end of 2015, which entailed a budget decrease of EUR 0.4 M.

• **Portfolio expansion:** The three new disease and exploratory areas represent 23%, compared to 17% in 2014. Their increase (+EUR 2.3 M, +55%) is the most significant of the DNDi portfolio.

#### Filaria

Project expenditures increased by 66% (+EUR 1.2 M). Screening work is ongoing and increased (+EUR 0.2 M) as well as the preclinical activities (+EUR 0.3 M), with two new candidates (oxfendazole and TylAMac). The flubendazole project was however closed in early 2015 (-EUR 0.8 M). The main increase is related to the Phase I for emodepside (+EUR 1.5 M).

#### Paediatric HIV

Project expenditure increased by 108% (+EUR 1.1 M). The implementation study for a "4-in-1" product (+EUR 0.3 M) is developing with three countries and 9 sites involved in the project, and 49 patients recruited in January 2016. The clinical 'superbooster' study (ritonavir for super boosting LPV/r) in South Africa (+EUR 0.1 M) is ongoing with the purchase of equipment (+EUR 0.7 M) for the formulation development of the "4-in-1" with Cipla Ltd as an industrial partner to enable the production of treatments for the implementation study.

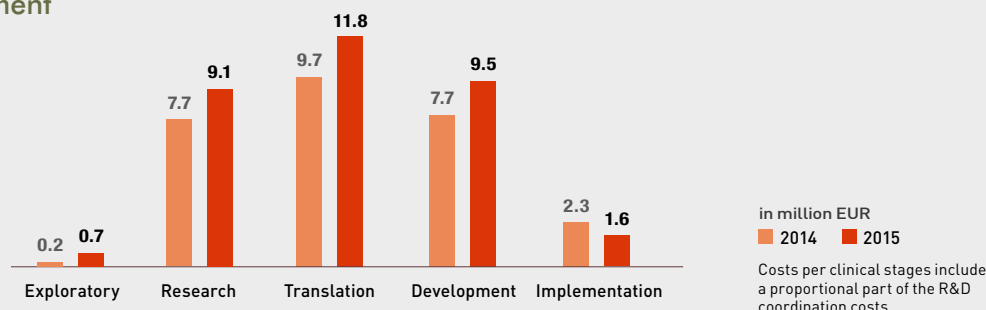
#### Malaria

Handover to MMV is complete (-EUR 0.5 M), however the ASAQ technology transfer was still ongoing in 2015.

#### Dynamic portfolio - Exploratory and feasibility studies

Based on the new business plan objectives, and as a part of the 'dynamic portfolio' concept, various feasibility studies were undertaken in 2015 to evaluate the possibility of adding new projects to the portfolio, including for hepatitis C, anti-infectives, and mycetoma (+EUR 0.5 M).

## Development and translation increase with several new projects entering into pre-clinical stage or clinical development



### Overall R&D expenditure increased by 18% between 2014 and 2015 to reach a total of EUR 32.7 M.

The most important fluctuation relates to growth of development projects (+23%), and the progress of translational projects including pre-clinical, Phase I, and Phase IIa/proof of concept (+22%). The R&D coordination & supervision costs (EUR 4.3 M) are included proportionally in the R&D expenditure per stage (+EUR 1.2 M).

### Implementation

Projects costs decreased by 31% (-EUR 0.7 M) in 2015 compared to 2014.

With six projects in implementation (the first one entered in 2007), four projects are now terminated:

ASMQ for Malaria, NECT for HAT, and SSG & paramomycin combination therapy for VL in Africa were finalized in 2014, with some expenses related to publication still ongoing (-EUR 0.4 M). The paediatric benzidazole for Chagas project was closed in 2015 (-EUR 0.1 M). The activity of New Treatments for VL in Asia is decreasing since the adoption of the treatment policy by the Indian Ministry of Health (-EUR 0.2 M).

### Development

Projects costs increased by 23% (+EUR 1.8 M) in 2015 compared to 2014.

This progression is mainly due to the clinical activities for fexinidazole for HAT in the DRC. 88% of data concerning the 359 patients included in the fexinidazole Phase II/III clinical study have been cleaned. The complementary cohort trials, for stage 1 and early stage 2 in adults completed recruitment, with 230 patients and 95% of data cleaned. The clinical trial with children aged between 6 and 14 years completed recruitment, with 125 patients (last patient included mid-January 2016) and 95% of data cleaned. A total of 714 patients are thus included in the three clinical trials. Expenditures related to the HIV/VL co-infection and the new VL treatment in Latin America projects remain stable.

### Translation

Expenditures increased by 22% (+EUR 2.1 M) in 2015 compared to 2014.

The three main drivers of this growth are paediatric HIV projects (+EUR 1.1 M), with development work including the bioequivalence CMC work, and equipment purchase with Cipla in order to select the best formulation for the "4-in-1"; the filarial portfolio (+EUR 1.2 M), with the first-in-human Single Ascending Dose Study (SAD); the emodepside study and the on-going evaluation via pre-clinical activities of opportunities from partners including rifampicin, oxfendazole, TylAMac; and the fexinidazole projects for Chagas disease in Phase II is on hold (-EUR 0.6 M) while the fexinidazole/miltefosine combination for VL in phase II is ongoing (+EUR 0.4 M).

### Research

Screening and lead optimization expenditure increased by 18% (+EUR 1.4 M) in 2015 compared to 2014.

This was mainly due to more work on PK, chemistry, efficacy studies, API scale up, and exploratory toxicity studies (+EUR 0.9 M). In addition, three series were in late-stage lead optimization instead of the usual two series and candidate selection stage (DNDi-0690; DNDi-6148). The NTD Drug Booster project was also implemented during the entire year (+EUR 0.3 M) and a special effort was made for the Lead Optimization Latin America programme (LOLA), with an increase of chemist FTE from 1 to 4 during the last part of the year (+EUR 0.2 M). Screening and lead optimization efforts were entirely redirected towards leishmaniasis and Chagas disease.

### Exploratory

In relation to the new business plan launched in 2015, exploratory activities were implemented for hepatitis C, mycetoma, and anti-infectives (+EUR 0.5 M).

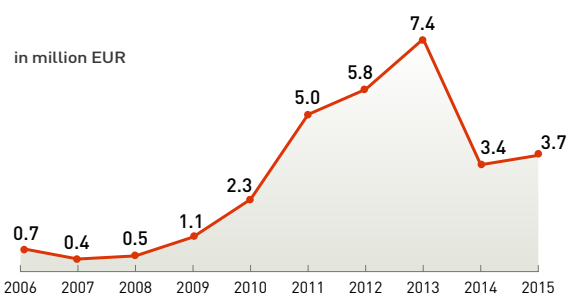
## Leveraging partners' resources

In order to present a comprehensive picture of its activities, DNDi values the generous in-kind contribution of its partners including private companies, academic groups, and individuals.

The cumulated in-kind contribution over nine years amounts to EUR 30.3 M, reflecting DNDi's investment in building strong partnerships. The 11% increase in 2015 compared to 2014 (+EUR 0.3 M) is largely due to the support from several pharmaceutical companies towards the NTD Drug Discovery Booster experiment.

DNDi has access to pharmaceutical libraries that will allow the development of innovative medicines with new chemical entities. The pharmaceutical companies provide compound libraries for screening and lead optimization at no cost. It is difficult for companies to value such contributions given the number of internal and external collaborators involved in this important effort and the existence of many indirect and intangible contributions.

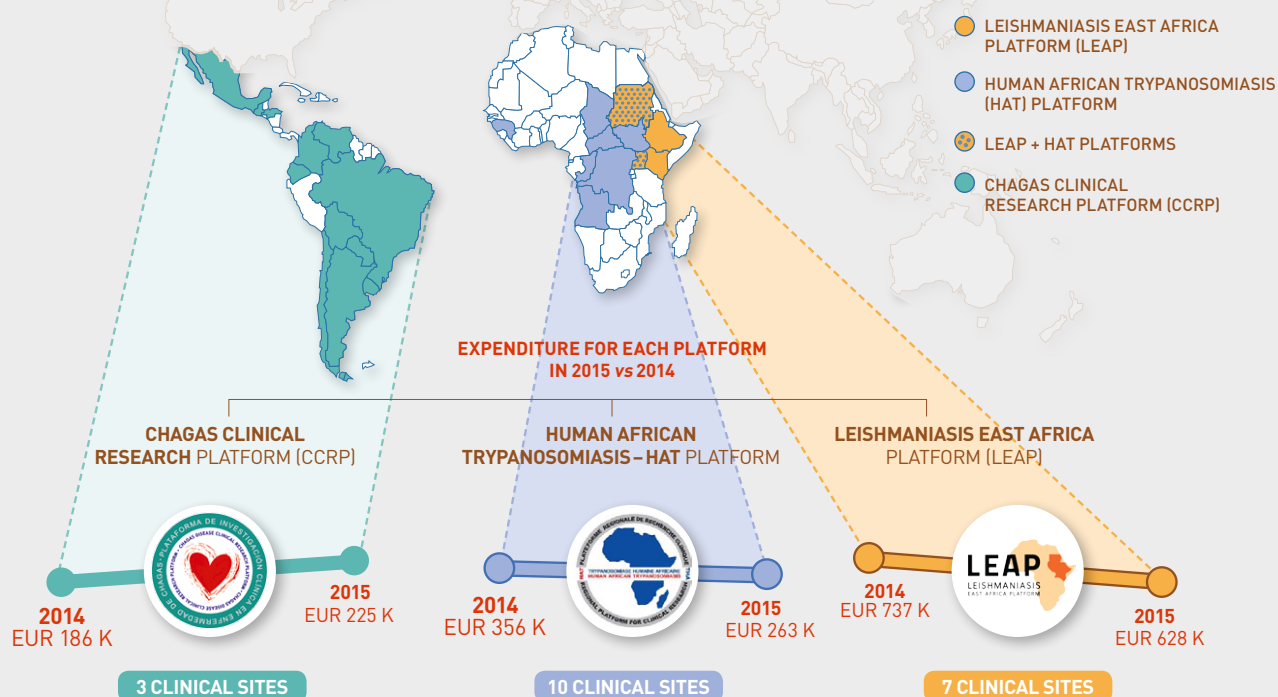
To illustrate this contribution, the total number of compounds screened in 2012, 2013, 2014, and 2015 was consolidated and compared; it showed an increase of 76% between 2014 and 2015 with 300,000



compounds screened (representing a total of more than 820,000 wells) in priority against visceral leishmaniasis and Chagas disease. By the end of 2015, 34 partnership agreements had been signed between DNDi and research companies (pharmaceutical and biotech companies), including access to compound libraries, pre-clinical activities, and industrial development.

Stabilization of investment in regional disease-specific networks to build capacity, conduct clinical research in endemic countries, facilitate treatment access, and disseminate information

### THREE REGIONAL CLINICAL RESEARCH PLATFORMS IN ENDEMIC COUNTRIES



The overall platform budgets decreased by 13% between 2014 and 2015 (from EUR 1'279 K in 2014 to EUR 1,115 K in 2015).

- The Chagas platform expenditure (CCRP) increased by 21% because 2015 was a year of transition characterized by a consolidation of the main clinical research groups, with a specific agenda for each one. Consequently, the number of trainings between 2014 and 2015 increased by 129%. In addition the number of members of the platform grew by 23% (~40% of new members come from non-endemic countries) and this has a direct impact on the cost of the annual platform meeting.

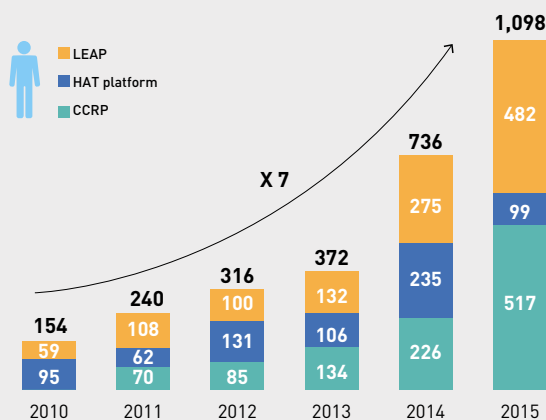
- The HAT platform expenditure decreased by 26% while the recruitment of the new coordinator was ongoing. Since mid-2015, with the arrival of the new coordinator of the HAT platform, the activities have fully resumed.

- The Leishmaniasis East Africa platform (LEAP) costs decreased by 15%, due to the fact that the LEAP meeting was not organized together with a scientific day meeting as in 2014. LEAP continues to maintain clinical trial sites (mainly the team) even though they were not involved in R&D activities. The costs of these sites (Kimalael clinical trial site of KEMRI in Kenya, Abdu Rafi in Ethiopia, Kassab and Dooka in Sudan) were removed from R&D expenditures and allocated toward the strengthening capacities budget. Patients treated outside clinical trials in 2015 in the seven VL clinical trial sites reached 1,363 (3,910 people screened).

People trained between 2014 and 2015 increased by almost 50%

### DEVELOPING RESEARCH CAPACITIES IN ENDEMIC REGIONS

In six years, platforms have been able to multiply by 7 the number of people trained every year.

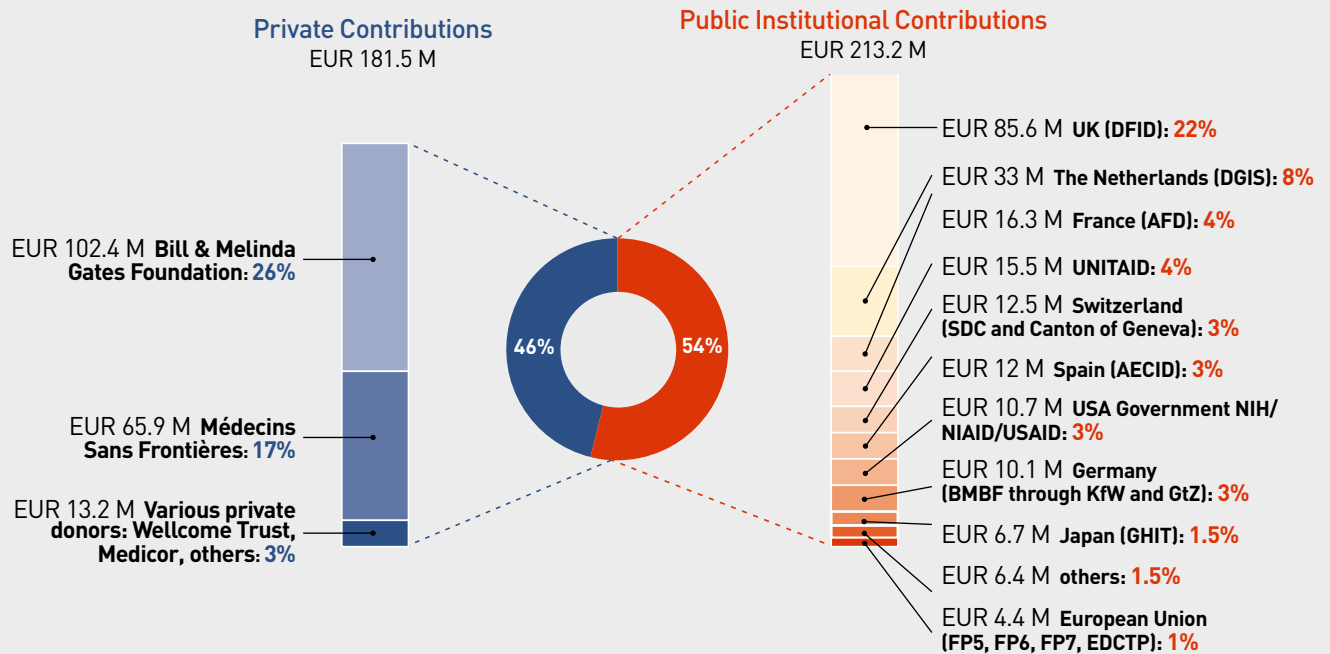


## Maintaining balanced and diversified funding is essential to DNDi's vision and independence

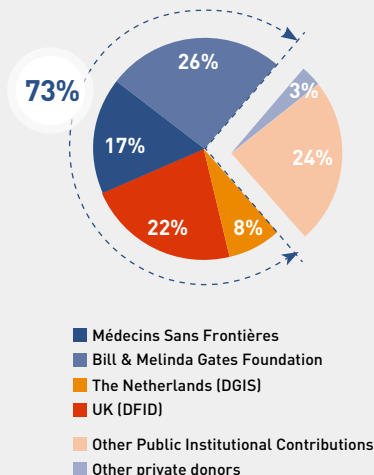
To develop its activities and meet its objectives, DNDi seeks diversified sources of funding from public and private sources, which include financial contributions from governments, public institutions, private individuals, foundations, founding partners, and innovative funding mechanisms. The diversification of donors increased in 2015 with three new donors. DNDi welcomed WHO-TDR, the Ministry of Health of Brazil, and Kalacore, all public sources of financing, and one from an endemic country.

Concerted efforts were made to ensure that no one donor contributes more than around 25% towards DNDi's business plan and that at maturity, half of DNDi's budget is covered by public funds and half by private funds.

In 2014, public funding (projected to 2019) was at 51%, with private support at 49%. In 2015, with secured funds until 2020, the split remains balanced with public funding at 54% and 46% for private support. This is mainly due to the fact that most (EUR 30.2 M, 98%) of the new funding granted in 2015 for the period 2015-2020 are contributions from public institutions, including the UK (DFID), WHO-TDR, France (AFD), Japan (GHIT), Brazil (BNDS), Germany (KfW), and the Netherlands (DGIS).



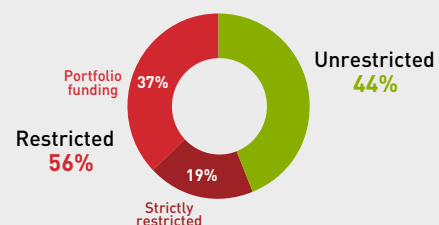
### FOUR MAIN FUNDERS BETWEEN 2003-2020 CUMULATE 73% OF THE FUNDS COMMITTED TO DNDi



## A successful shift toward unrestricted funding

Over the last five years, DNDi managed to maintain a balance between restricted and unrestricted grants. While the ratio is relatively balanced, this requires substantial effort. Unrestricted funding has been part of DNDi's success to date as it allows the organization to respond quickly to research opportunities and also terminate projects that do not meet targeted goals set forth in the business plan. In 2015 DNDi continued to receive significant portfolio funding (EUR 21.2 M, 69%) from various donors including the Netherlands (DGIS), France (AFD), WHO-TDR, and Brazil (BNDS). This allows a certain degree of risk mitigation within restricted grants, as it supports three diseases and various projects within each disease. Portfolio grants accounted for 18% of total income in 2011, 22% in 2012, 29% in 2013, 33% in 2014, and 37% in 2015.

### CUMULATED 2003-2020: EUR 394.7 MILLION



## DNDi BOARD MEMBERS



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Special Programme for Research  
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\* Former DNDi's Board or SAC member

More details on each person available on DNDi's websites



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**Joel Keravec**, Director, DNDi Latin America\* (since Jan. 2016)

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**Fumiko Hirabayashi**, Head of Liaison office, DNDi Japan

**Visweswaran Navaratnam**, Head of Liaison office, DNDi South East Asia (until March 2016)

**Jean-Michel Piedagnel**, Head of Liaison office, DNDi South East Asia (since April 2016)

\* Member of the Strategic Committee

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▲ Joined DNDi in 2016 (as of April 2016).

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## Report of the Statutory Auditor

To the Board of  
**Drugs for Neglected Diseases initiative (DNDi)**, Geneva

### Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Drugs for Neglected Diseases initiative (DNDi), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statement of operations, the consolidated funds flow statement, the consolidated statement of changes in capital and notes to the consolidated financial statements, presented on pages 3 to 21, for the year then ended. In accordance with Swiss GAAP FER 21, the content of the performance report presented on pages 22 to 29 is not audited.

#### *Board's Responsibility*

The Board is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements 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 consolidated financial statements. 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 consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law and the charter of the foundation.

**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.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board.

We recommend that the consolidated financial statements submitted to you be approved.

**Deloitte SA**

Annik Jatón Hüni  
Licensed Audit Expert  
Auditor in Charge



Jürg Gehring  
Licensed Audit Expert

Geneva, 24 May 2016



Drugs for Neglected Diseases *initiative*

The Drugs for Neglected Diseases *initiative* (DNDi) is a patient-needs driven, not-for-profit research and development (R&D) organization that develops safe, effective, and affordable treatments for the millions of people across the world affected by neglected diseases, notably human African trypanosomiasis (sleeping sickness), leishmaniasis, Chagas disease, filariasis, paediatric HIV, mycetoma, and hepatitis C.

### **DNDi's primary objective:**

- Deliver 16 to 18 new treatments by 2023 for targeted neglected diseases and establish a robust R&D portfolio that addresses patients' treatment needs

### **In doing this, DNDi has two further objectives:**

- Use and strengthen capacities in disease-endemic countries via project implementation
- Raise awareness about the need to develop new drugs for neglected diseases and advocate for increased public responsibility

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