

A photograph of two women sitting and looking at a brochure. The woman on the left is wearing a blue and gold patterned sari, and the woman on the right is wearing a pink and floral patterned sari. They are both looking down at the brochure with serious expressions. The background is a plain, light-colored wall.

ADVANCING
THE BEST
SCIENCE FOR
THE MOST
NEGLECTED

2019 Financial and Performance Report

DNDi

Drugs for Neglected Diseases *initiative*

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2019

| in numbers



FOCUSED SPEND

2.8%

year-on-year growth in expenditure

88%

of all expenditure is on social mission

77.7%

of all expenditure is on R&D



MISSION FOCUS

72%

of all R&D spend is on neglected tropical diseases (NTDs)

10%

year-on-year growth in spend on NTDs



GLOBAL SPEND FOOTPRINT

38%

of R&D is in low- and middle-income countries

64%

of all R&D partner FTEs are in Africa

47%

of all staff are in international offices



LEVERAGE

4.7:1

ratio of partner FTEs to DNDi FTEs

6%

growth of virtual FTEs in partner organizations



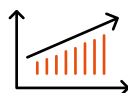
SUPPORT RECEIVED

EUR 615.5 million

income received since 2003

14%

of expenditure as cumulative in-kind contributions since 2006, equal to EUR 67.6 million



RISK MANAGEMENT

4

grant audits completed in 2019

4

internal control projects completed in 2019

2019 KEY FINANCIAL PERFORMANCE INDICATORS

EXPENDITURE

| Steady growth in spend with focus on R&D

- Expenditure in 2019 amounts to EUR 63.3 million (2018: EUR 61.5 million), a 2.8% increase.
 - This includes expenditure on behalf of GARDP, which decreased from EUR 11.1 million (2018) to EUR 7.8 million (2019)
 - DNDi exclusive expenditure increased by 10% from EUR 50.4 million to EUR 55.5 million
- The operating gain of EUR 612,000 for the year was allocated to reserves (EUR 576,000) and to the financial result (EUR 36,000).
- Since the inception of DNDi in 2003, the organization's total spend amounts to EUR 489 million.

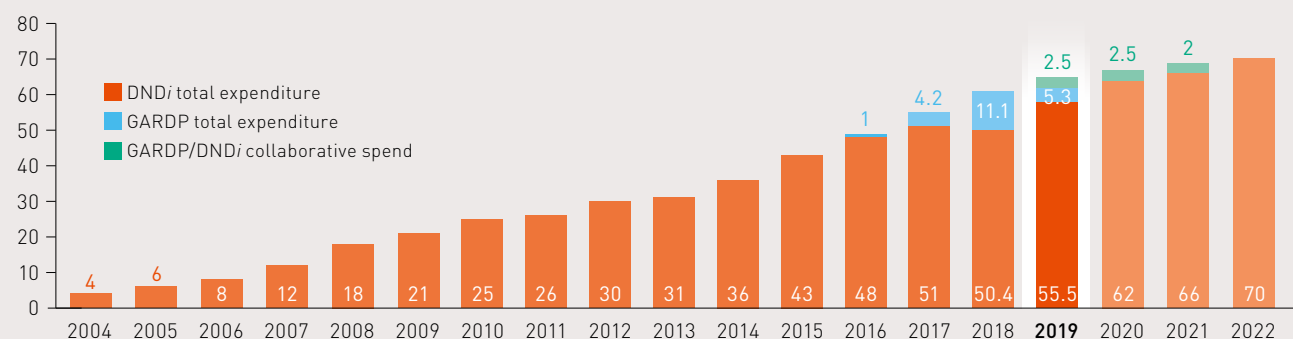
Focused spend*

- R&D spend is a key Value for Money (VfM) indicator and represents 75.2% (2018: 75.8%) of total spend.
- R&D expenditure grew by 10% from EUR 39.5 million (2018) to EUR 42.8 million (2019).

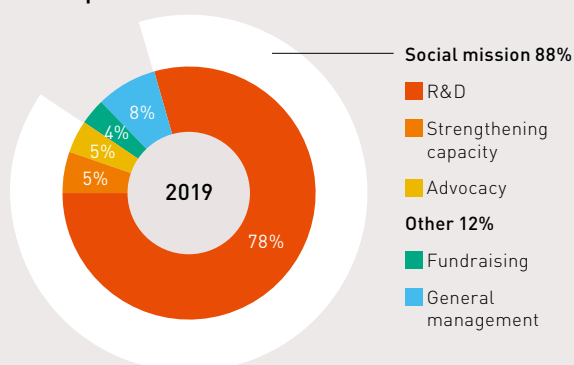
Understanding the numbers

- GARDP was established as a separate legal entity in July 2018. Since then, the GARDP team has progressively managed its accounts. Where possible, employment, R&D and donor contracts managed by DNDi on behalf of GARDP have also been reassigned. This process was complete by the end of 2019.
- In 2019, DNDi and GARDP concluded a three-year collaborative agreement to synergize costs.

Activities 2004-2019 and forecast 2020-2022 (EUR million)



2019 expenses



Social mission expenses on target: 88%

- DNDi targets a ratio of social mission spend to total spend of between 87-90%; the remainder covers support costs.
- In 2019, support costs were 12%, which is on target but slightly higher than previous years due to one-off costs incurred to support the new independent GARDP.
- In addition, to enhance VfM, DNDi conducts regular benchmark surveys, constantly reviews systems through a dedicated team, and promotes investment in technology to keep operating costs low.

*The metrics are for DNDi only, excluding GARDP, and are therefore not comparable with the 2018 report.

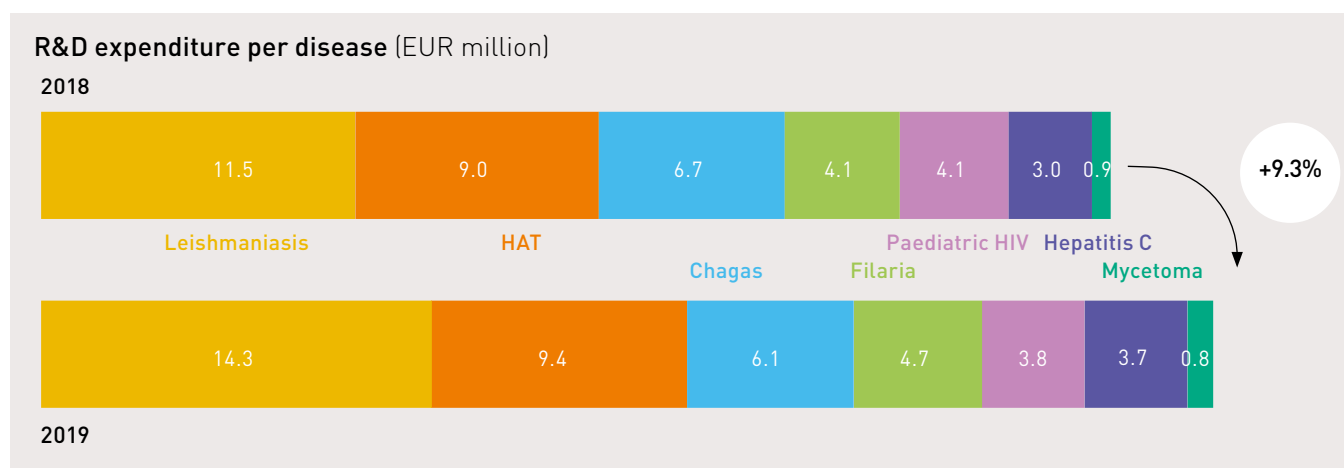
EXPENDITURE BY DISEASE

| Staying true to the mission

R&D represent 77.7% of all expenditure in 2019 (2018: 79.5%), amounting to EUR 49.1 million (including GARDP expenditure representing 13% of the R&D expenditure in 2019).

Expenditure in DNDi's core disease areas account for 72% of R&D expenditure in 2019 (2018: 65%), with total spending amounting to EUR 35.3 million. The portfolio focuses on:

- 7 disease initiatives across
- 47 countries of which almost 50% are LMICs



Core diseases and key clinical developments

Leishmaniasis, EUR 14.3 m (+EUR 2.8 m)

600 million+ at risk worldwide

- 6 new chemical entities moved from discovery into pre-clinical stage and Phase I/POC
- 8 studies and clinical trials ongoing or completed on 3 continents for VL, HIV/VL, post-kala-azar dermal leishmaniasis, and cutaneous leishmaniasis

HAT, EUR 9.4 m (+EUR 0.4 m)

8.5 million people live in areas with moderate to very high risk

- 4 clinical trials ongoing (2 in 2018): Phase I Acoziborole mass balance study and acoziborole Phase II/III for *gambiense*, Phase IIIb fexinidazole for *gambiense*, and Phase III fexinidazole for *rhodesiense*
- Implementation strategy set and activities starting in DRC

Chagas disease, EUR 6.1 m (-EUR 0.6 m)

70 million people at risk

- 52% of the total expenditure is focused on access activities and biomarker research to support diagnostics
- 2 clinical trials in Phase II completed and strategy for the short-course benznidazole set up

Filaria, EUR 4.7 m (+EUR 0.6 m)

205 million people at risk

- Investment in rehabilitation and equipment to prepare 2 Phase Ib clinical trial sites and 2 back-up sites in Africa for 2 products
- Manufacturing of oxfendazole for clinical trials

Mycetoma, EUR 0.8 m

- Proof-of-concept study of fosravuconazole in Sudan still ongoing; no changes in expenditure

Paediatric HIV, EUR 3.8 m (-EUR 0.3 m)

1.7 million children live with HIV

- Deployment of access activities with sub-Saharan African partners
- Investment to complete preparation for US FDA approval of 4-in-1

Hepatitis C, EUR 3.7 m (+EUR 0.7 m)

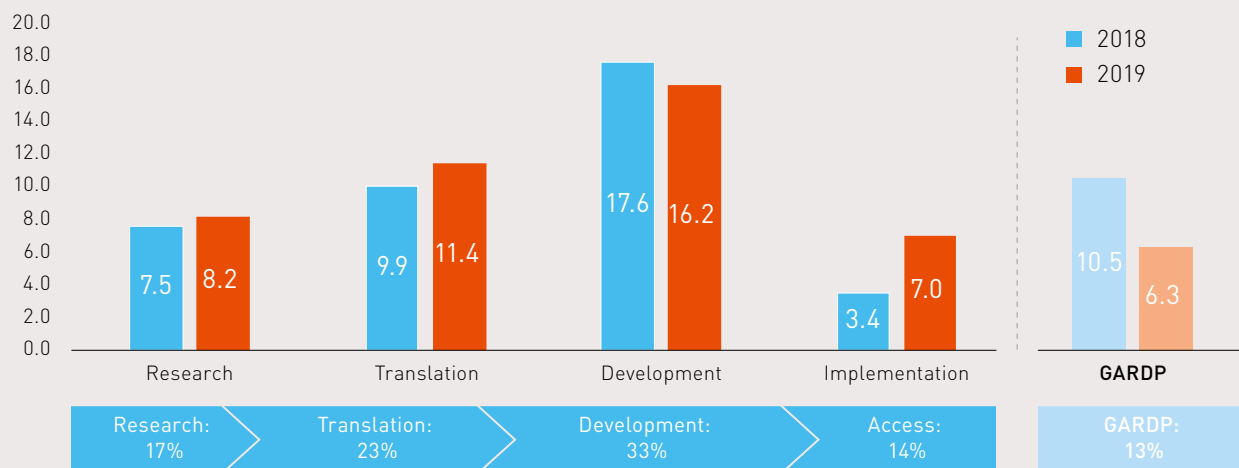
71 million have the disease

- Finalization of studies and investment in regulatory activities to prepare the submission of the ravidasvir registration file for Malaysia and Argentina

EXPENDITURE BY STAGE

Implementation investment up +105% with fexinidazole for HAT entering its implementation phase following European Medicines Agency's positive opinion

R&D expenditure per stage of development (EUR million)



Research

There was an increase in expenditure (+EUR 0.7 million) for discovery activities covering investment in the lead optimization consortium in Latin America, preparation of the lead optimization consortium in India, new collaborations set in 2019 with the Open Synthesis Network (22 active participating partners in 2019 versus 16 in 2018), and discovery activities.



Translation

With 11 clinical studies (3 new, 6 ongoing and 2 completed) spending on translation projects totalled EUR 11.4 million in 2019 (+EUR 1.5 million). The increase in expenditure was due to the progress of the leishmaniasis NCE from pre-clinical stage to Phase I (+EUR 2.1 million).



Development

In 2019, development expenditure covering 5 clinical trials (1 new and 4 ongoing) dropped by EUR 1 million, mainly due to portfolio advances: fexinidazole for HAT moved to the

implementation phase (-EUR 2.8m), not entirely compensated by increases due to the development of new benznidazole regimens (+EUR 0.5 million), leishmaniasis projects fully active on 3 continents (+EUR 0.8 million), and preparation for registration of a new hepatitis C regimen (+EUR 0.5 million).



Implementation

Spend on implementation activities increased significantly (+EUR 3.6 million) with a total of EUR 7 million in 2019 with 5 projects compared to 4 in 2018 and 2 post-registration clinical trials ongoing:

1. New VL treatments in Asia
2. Development of an access strategy for Chagas disease
3. Preparation for implementation of the 4-in-1 for HIV
4. Development of an access plan for hepatitis C
5. Implementation of fexinidazole for HAT

GARDP

Expenditures are presented in the GARDP report and include detailed costs related to the development of GARDP programmes.

HUMAN RESOURCES

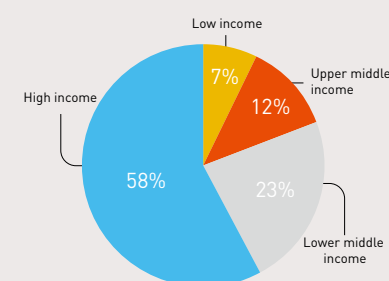
HR* costs increased in 2019 by EUR 3.3 million (+16%) to EUR 23.4 million (2018: EUR 20.1 million) due to impact of strategic hiring in last two years.

Global presence – DNDi is headquartered in Geneva, Switzerland, with eight regional offices worldwide supporting the development and implementation of R&D projects, as well as business development and fundraising. The breakdown of resources, based on headcount between HQ and regional offices, remains balanced in 2019 (53%:47%) vs 2018 (56%:44%), with 132 employees working at HQ and 115 working in regional offices.



Team nationality and country income

Thirty different nationalities work at DNDi but five of them account for 60% of the staff: France (20%), Kenya (14%), Switzerland (14%), India (6%), and Brazil (6%).



Breakdown of EUR 3.3 million increase

Increased HR costs are due to the time lag from intensive recruitment in 2018 and execution of the 2019 staffing plan, amongst other factors:

Full-year salary in 2019 of 36 new positions recruited in 2018	+ EUR 1.3 m
Recruitment and effective start of 18 new positions in 2019	+ EUR 1.0 m
Key leadership transitions incurring high costs during the transition period	+ EUR 0.2 m
Various HR issues such as grading structure adjustment, training costs, etc.	+ EUR 0.6 m
Miscellaneous	+ EUR 0.2 m

HR & Value for Money

DNDi appreciates that its people are its greatest asset. To promote VfM we regularly review our costs and allocation of resources:

- **Benchmarking** – DNDi conducts regular surveys against peers to ensure that staff pay is in the median to upper quartile of benchmarked sector pay. In 2019, a benchmark survey in Brazil demonstrated overall market alignment. A similar exercise was started in North America and the UK.
- **Staff/consultants costs** – Recruitment in regional offices takes priority over recruitment for HQ, which keeps operations close to patients' needs. In 2019, 22 new positions were created: 14 in DNDi's regional offices and 8 at HQ.

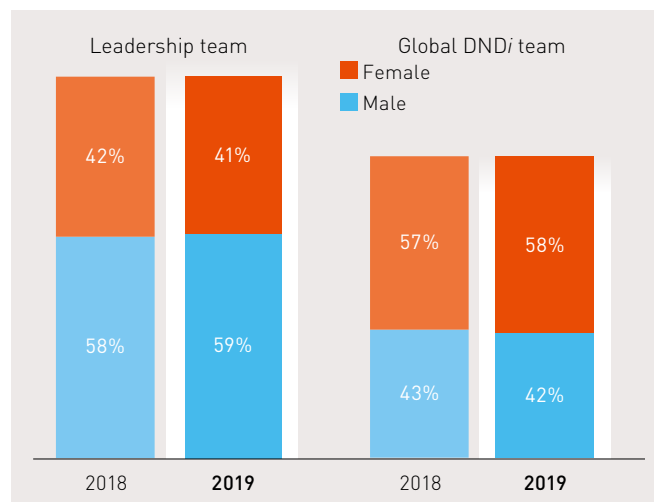
*The metrics are for DNDi only, excluding GARDP figures. Adjustment is made to allow the comparison with 2018 figures

DNDi GENDER MISSION STATEMENT

Gender equality is a human right. We take all reasonable steps to ensure that individuals are treated equitably and that decisions on recruitment, selection, training, conditions of work, promotion, career management, termination, and every other aspect of employment are based solely on objective and job-related criteria.

Gender parity at DNDi

DNDi adheres to its gender policy across its offices, and regularly monitors the data. The metrics are stable with little change in 2019 compared to 2018. Gender parity at DNDi's management level is stable, with 41% female staff in leadership positions (Heads and Directors) compared to 59% male. Overall gender parity across DNDi personnel has slightly shifted towards a greater proportion of female employees, with 58% female staff compared to 42% male staff.



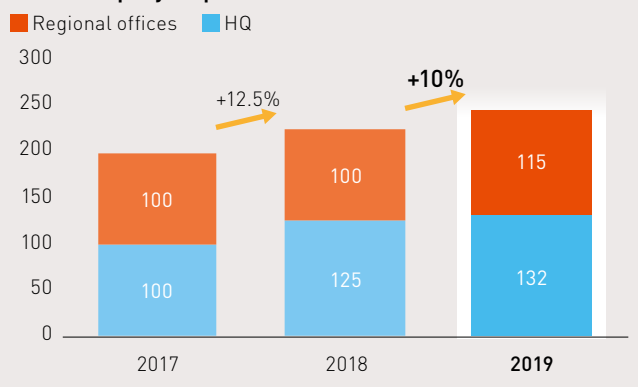
DNDi's staffing strategy in 2019

The 2019 staffing strategy addressed the needs of DNDi's growth and the evolving external environment, with a 10% staff increase year-on-year (2018: 12.5%). The areas of growth were in R&D (translational sciences, access, clinical development, and clinical operations) and financial management.

Of the 22 new employees, 8 are in HQ, and the remainder are in the regional offices with 10 new positions and 4 transitioning from consultants. The new positions in summary (excluding consultant migrating to employee) by initiative/department programme are as follows:

R&D	NTD	HIV/ Hep C	Advocacy	Support	Total
4	6.5	0.5	1	6	18.0

DNDi employee positions (2017-2019)

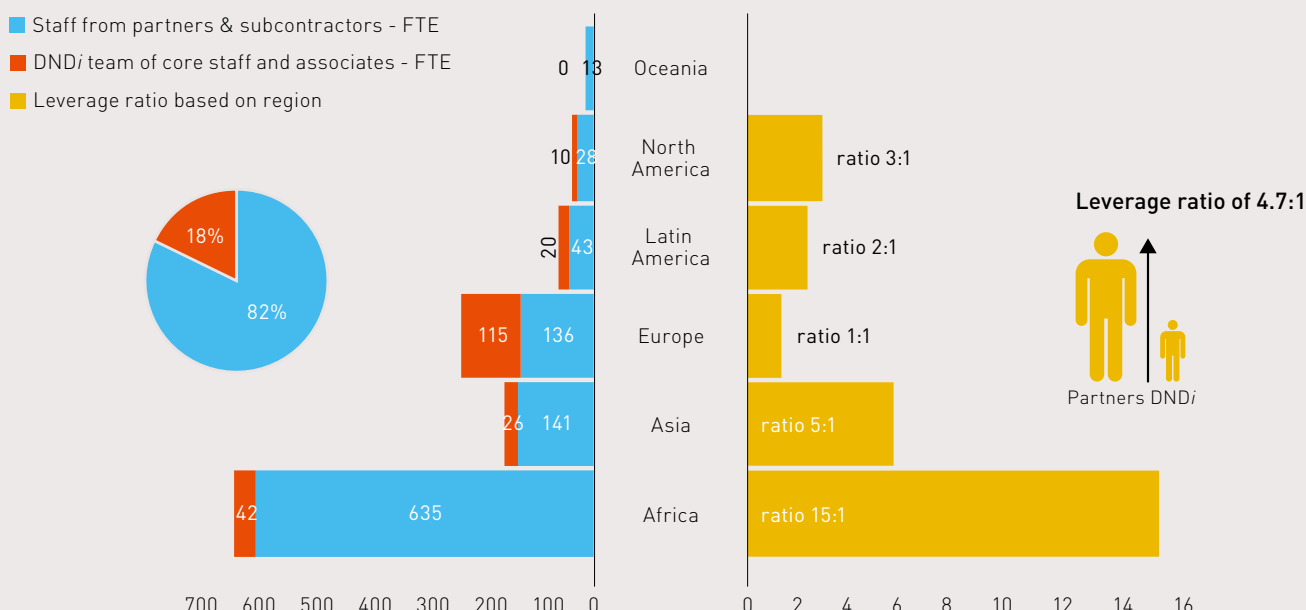


Global footprint: building a nimble organisation and promoting capacity

DNDi is a virtual R&D organization that leverages its resources by subcontracting its R&D activities to partners, thereby reducing FTEs and maintaining its ability to respond to changing needs.

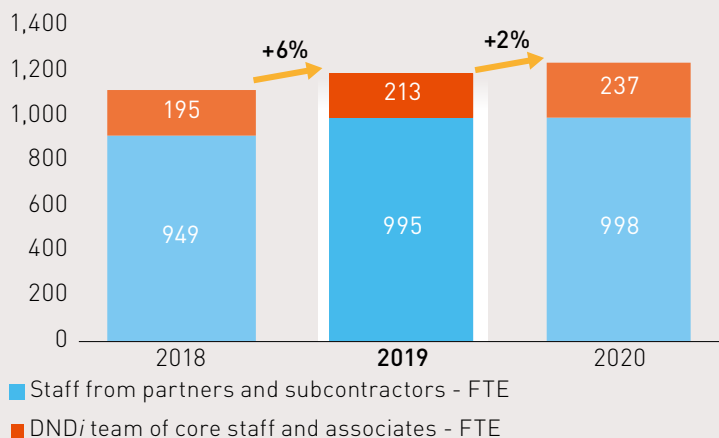
- Leveraging donor funds and building capacity. The largest part of DNDi's virtual R&D platform is in Africa, which accounts for 64% of all partner FTEs and where the leverage ratio is 15:1. This global reach enables DNDi to work closely with local partners in endemic countries, which boosts the quality of the research outcome (i.e. close to patients' needs) and engages partners that contribute to advanced research for neglected patients and treatment implementation, thereby strengthening local research capacity. Additionally, 82% of partner FTEs are outside high-income countries, which further leverages donor funding as it increases purchasing power given lower costs of living.

Estimated distribution of FTEs by region 2019

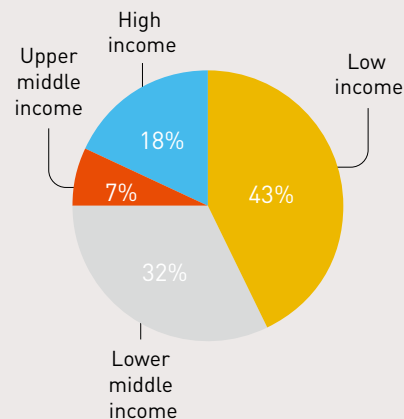


- Leveraging FTE resources. DNDi tracks the number of FTEs created in partner organizations and working on DNDi activities. The leverage ratio is consistently greater than 4:1, which allows us to leverage our limited resources over a wider R&D portfolio.
- In 2019, there were 995 FTEs in partner organizations and 213 FTEs at DNDi for a total of 1,208 FTEs supporting the organization's activities – a ratio of 4.7:1 [2018: 4.9:1].
- Total FTEs in the virtual organization grew by 6% compared to 2018 and are likely to grow by 2% in 2020 in light of the COVID-19 pandemic.

Annual evolution of DNDi & partners FTE



Partner FTEs by country income



THIRD PARTIES: PARTNERSHIPS AND SUBCONTRACTORS

Increased engagement with third parties resources DNDi's "virtual business model". In 2019, the number of partners and service providers was up by 7% to 197 (2018: 183).

Key outputs in 2019 vs 2018

▲ +7%

Number of partners and service providers

▲ +10%

DNDi expenditure

Number of third-party engagements

R&D is a resource-intensive activity and therefore it is imperative that DNDi leverages its resources by project-managing the process through engagement with third parties.

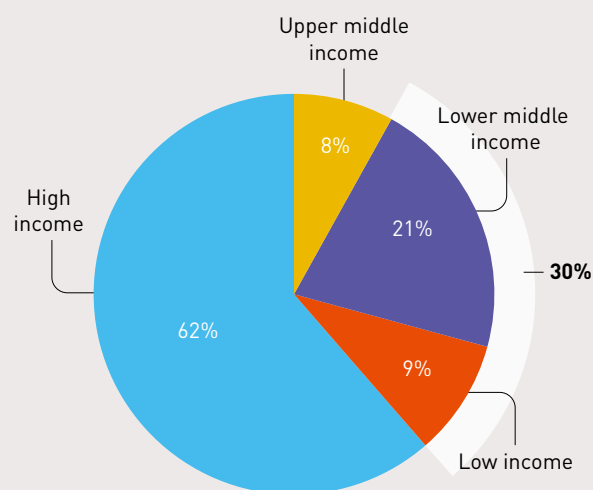
- Number of partners and service providers¹ increased by 7% to 197 in 2019 (2018: 183).
- The majority (66.3%) of partners are in high-income countries because partners involved in Phase I clinical trial and registration stages are primarily based in Europe. The corollary is that Phase II and Phase III trials are conducted in the endemic countries, which benefits capacity building. These ratios are in line with 2018.

Focus on spend with third parties

- In 2019, R&D spend was EUR 27.1 million, of which EUR 8.13 million (30%) was spent in low-and lower-middle-income countries. These ratios are consistent with 2018.
- Almost 22% of the 197 contracts with third parties (43 new partnerships) are new relationships for DNDi (including one for GARDP). The number and evolving nature of third parties reflects the dynamism of the portfolio. Establishing a list of preferred providers partially offsets the increased workload on project managers.
 - ▶ In 2019, the Human African Trypanosomiasis (HAT) and leishmaniasis portfolio worked with more than 100 third parties (covering a third of total partnerships). It should be noted that some partnerships are also working on other diseases.
 - ▶ The ratio of private to public partners DNDi worked with in 2019 was 54% private vs 46% public (56% and 44% respectively in 2018). This is driven by the goal to build sustainable capacity with a good balance between private and public partners.

Since its inception in 2003, DNDi has worked with 90 different partners on a non-commercial basis, 23 (25%) of which are based in low- and middle-income countries.

R&D third-party spend by country income



¹ Refers to partners and providers of R&D activities valued at over EUR 5,000 with which DNDi had business relations.

LEVERAGING PARTNERS' RESOURCES

Collaborative funding and in-kind contributions are valued at 14% (EUR 68 million) of total expenditure for the period 2003-2019.

- To present a comprehensive picture of its activities, DNDi accounts for collaborative funding¹ from partners and attributes an estimated value to their generous in-kind contributions, be they private companies, academic groups, or individuals.

- Collaborative funding in 2019 was valued at EUR 0.6 million, up by 50% vs 2018. In addition to three 2018 collaborative funding agreements that were still ongoing in 2019, two new collaborative agreements were signed in 2019 and one was starting:

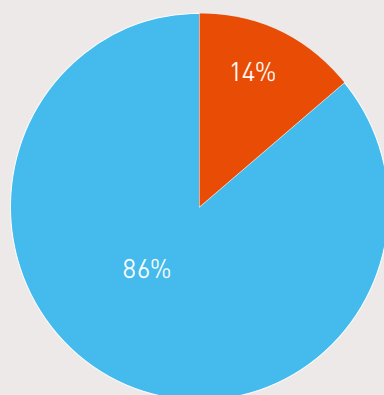
1. From the Ministry of Health of Brazil with Fiocruz (CNPq), for cutaneous leishmaniasis (BRL 1.6 million) that will be implemented in 2020.
2. From InnoSuisse with University of Geneva and University of Sussex, a hit to lead project for Chagas (CHF 243,000).
3. In addition the agreement signed with Ruta-N, Colombia, in 2018 for cutaneous leishmaniasis, Lead Optimization, Leishmaniasis network and access activities in Latin America (USD 473,200) started in 2019.

4. In 2019, in-kind contributions were valued at EUR 5.6 million, down by EUR 14.6 million because we were not able to value Sanofi's main contribution in 2018 (fexinidazole for the HAT project). However, Sanofi contributed to the same project in 2019 with the preparation of the application for FDA submission. The year 2020 will mark 2 years of valuable contributions from this partner.

Contributing partners in figures

	2018	2019
Value of in-kind contributions (in EUR million)	20.2	5.6
Total number of contributing partners	17	18
Number of pharmaceutical partners	8	8
Pharmaceutical partner contribution as % of total value	95%	75%

The total value of DNDi activity for the period 2003-2019 = EUR 557 million



- In-kind contributions 2003-2019: EUR 68 m
- DNDi total expenditure 2003-2019: EUR 489 m

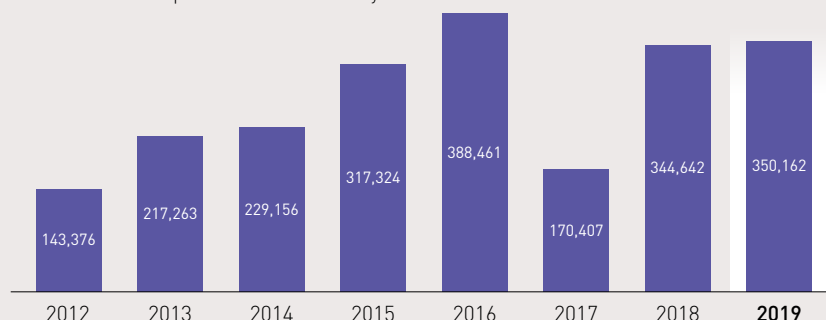
¹ Funding agreement with donors that directly funds partners to support activities included in the DNDi portfolio

Access to compound libraries

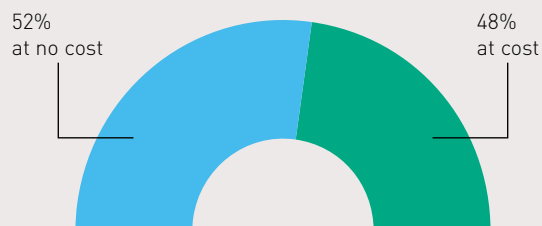
■ DNDi screened over 350,000 compounds in VL and Chagas assays in 2019, a level of screening comparable to 2018. In collaboration with the compound providers (through partnerships with the pharmaceutical industry, and collaboration with private and public research institutions, product development partnerships, and chemical vendors), we applied various strategies tailored to our screening capacity to select the most promising sets of molecules for submission to screening. While most compound collections screened to date originate from chemical synthesis, DNDi has recently expanded its sourcing to include natural products.

Number of compounds screened (2012-2019)

Over 2 million compounds screened in 8 years



Access to compound libraries (2012-2019)



■ Libraries at no cost (pharma/academia): 1,119,789 compounds
 ■ Commercial libraries: 1,041,002 compounds

- We accessed a total of 91,700 (26%) compounds free of charge through our partnerships (including the NTD Drug Discovery Booster), and selectively purchased 258,500 (74%) from various chemical suppliers.
- At the early discovery and screening stage, we received several substantial in-kind contributions through our partnerships with Astellas, Daiichi Sankyo, Eisai, Institut Pasteur Korea, Mitsubishi Tanabe, Shionogi, Takeda Pharmaceutical Company Limited, the Swiss Tropical and Public Health Institute, and the University of Tokyo.

CONTRIBUTIONS

| Growing DNDi funding portfolio while ensuring renewal of existing donors

In 2019, DNDi secured a total of EUR 57.5 million, bringing the total raised since its inception in 2003 to EUR 615.5 million, thereby furthering DNDi's growth through solid relationships with our donors and the development of new opportunities. The GARDP foundation was created in 2016 and hosted by DNDi until 2018, but it now manages all new fundraising contracts itself.

Renewal of donor support

In 2019, the Bill & Melinda Gates Foundation (BMGF) renewed its support with a donation of USD 29 million to DNDi to accelerate the development of innovative new drugs for patients in sub-Saharan Africa with sleeping sickness and onchocerciasis.

The French Development Agency (AFD) renewed its support through a EUR 8 million donation to DNDi for new treatments for paediatric HIV and sleeping sickness.

The Canton of Geneva renewed its support to DNDi with CHF 600,000 for the development of a new clinical treatment for mycetoma in Sudan.

In 2019, DNDi continued to develop its relationship with the European Union by joining the Helminth Elimination Platform (HELP), a new public-private partnership between research institutes, universities, not-for-profit organizations, and pharmaceutical companies led by the Swiss Tropical and Public Health Institute (Swiss TPH) to develop novel drugs for infections caused by parasitic worms (helminths). The European Union's Horizon 2020 research and innovation programme funds HELP, and DNDi will garner about EUR 2.3 million for its research into filarial diseases.

DNDi received positive feedback on 2 consortium applications at the European and Developing Countries Clinical Trials Partnership (EDCTP): one to ensure the implementation of fexinidazole in Africa for sleeping sickness patients (EUR 2.2 million) and the other for the development of an improved, affordable, sustained-release 5FC (SR 5FC) formulation (twice-daily administration and dosing adjustment) to reduce HIV-related mortality (EUR 3.5 million). Contract negotiations are under way for 2020.

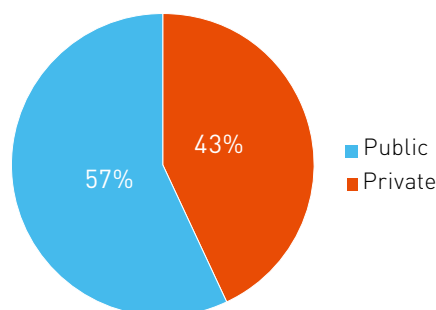
Supplemental funding

To support the growth of its activities, the Swiss Agency for Development and Cooperation (SDC) and UK aid provided DNDi with supplemental funding of CHF 1.3 million and GBP 10 million, respectively, in 2019. This supplemental funding was used to implement critical activities that might otherwise have been delayed due to funding restrictions and helped reduce the time between drug development and patient access.

From 2003, public institutional contributions (EUR 349 million)

Public	UK Government (UK aid)	154.4	25%
Public	DGIS	33.0	5.3%
Public	AFD/MEAE	24.3	4%
Public	BMBF/KfW and GIZ	20.1	3.3%
Public	SDC	19.6	3.2%
Public	GHIT	18.1	3%
Public	Various public donors	17.6	3%
Public	EU-EDCTP	16.0	3%
Public	GARDP sub award	14.3	2.2%
Public	Unitaid	13.6	2%
Public	AECID	12.0	2%
Public	NIH/USAID	6.0	1%

Cumulative total, 2003-2023



From 2003, private income (EUR 266.5 million)

Private	BMGF	125.8	20%
Private	MSF	92.8	15%
Private	Wellcome Trust	17.2	3%
Private	Various private donors	15.5	3%
Private	Takeda Global CSR Program	8.3	1%
Private	Priority Review Voucher	6.9	1%

Private committed funds are growing with the support of new donors

Apart from BMGF's renewed support (see above), DNDi secured significant funds from the following new private donors in 2019:

- **Takeda Global CSR Program (Japan)** provided a multi-year commitment through Takeda employee voting under the Global CSR Program 2019. Takeda Global CSR Program contributed JPY 1 billion (approximately EUR 8 million) over 5 years to enable DNDi to bring quality diagnosis and treatment to people living with 5 neglected tropical diseases in endemic countries.
- **Pharmaniaga (Malaysia)** contributed approximately EUR 2 million (USD 2.2 million) to support the registration of a new treatment combination for people living with hepatitis C virus in Malaysia.

New collaborative funds are creating opportunities with new types of donors, such as Ministries of Health and Ministries of Research

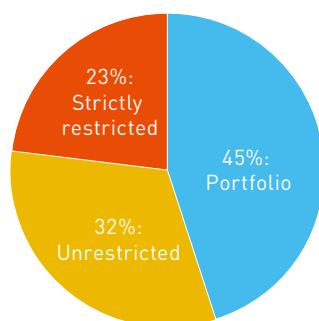
Collaborative funding involves approaching partners with the intent to submit joint funding applications to third-party donors, which help offset R&D costs, as funding is given directly to our partners and vendors for DNDi R&D-related initiatives in endemic countries.

1. DNDi, together with Fiocruz, secured 1 new collaborative grant from the Ministry of Health of Brazil for cutaneous leishmaniasis (BRL 1.6 million).
2. RutaN in Colombia renewed its collaborative support to DNDi for cutaneous leishmaniasis, Lead Optimization and Various access activities with USD 473,200.
3. In Switzerland, DNDi secured CHF 243,000 from Innosuisse in collaboration with the University of Geneva for early discovery research for Chagas disease.

DNDi fundraising is still in line with fundraising policies:

- **Ensure public funding represents the majority of DNDi funding.** In the balance between public (57%) and private funding (43%), public funding is still prevalent in our portfolio but decreased in 2019 compared to 2018 (58%). This is mainly due to the renewal of the BMGF funding (USD 29 million) and the new support from Takeda Global CSR Program and Pharmaniaga.
- **Restricted versus unrestricted.** DNDi wants to maintain a balance between restricted and unrestricted funding to preserve its agility and flexibility to efficiently manage its scientific portfolio. In 2019, the proportion of restricted funding (23%) compared to unrestricted funding increased, as donors favoured targeted grants (in 2018: 19%). In 2019, while renewing its commitment, BMGF support became more restricted than in the previous round and is therefore classified in the restricted category. Several donors such as Wellcome Trust, BMGF, GHIT, EDCTP, and EU-Horizon 2020 are conditioning their support to milestone payments, reducing the flexibility DNDi has in managing its scientific portfolio.

A total of EUR 615.5 million raised by end of 2019



The total amount raised by year end 2019 includes funds committed to GARDP (EUR 28.8 million)

- To decrease the risk of over-reliance on a single donor, no single donor should contribute more than 25% of the total funding in a given period. For example, UK Government support has exceeded 25% in the past, peaking in 2017 (28%). There has been a yearly decrease since then and it now represents 25% of our cumulative total donor funds committed to DNDi since 2003.

2019 COMBINED FINANCIAL STATEMENTS

BALANCE SHEET – As at 31 December 2019 with 2018 comparative figures

(in EUR)	Notes	2019	2018
CURRENT ASSETS			
Cash and cash equivalents			
Banks and cash at headquarters		9,524,961	17,195,263
Banks and cash at regional offices		2,468,403	1,889,535
Time deposits		125,737	3,174,514
Total cash and cash equivalents		12,119,101	22,259,312
Stocks of drugs	3	203,748	233,174
Current accounts and receivables			
Advances to staff and regional offices		35,588	32,338
Receivables from donors	7a	10,356,779	4,585,077
Other receivables		3,305,893	1,697,580
Prepaid expenses		754,808	1,028,573
Total current accounts and receivables		14,453,068	7,343,569
TOTAL CURRENT ASSETS		26,775,917	29,836,054
NON-CURRENT ASSETS			
Tangible fixed assets, net	4	305,218	412,788
Bank guarantee deposits	12	523,327	472,727
Total non-current assets		828,545	885,515
TOTAL		27,604,462	30,721,569
CURRENT LIABILITIES			
Payables		3,632,487	4,543,297
Accrued expenses		3,551,756	2,243,508
Deferred income	7	7,506,671	11,582,208
Provisions	5	657,317	672,006
Total current liabilities		15,348,231	19,041,019
CAPITAL OF THE ORGANIZATION			
Paid-in capital		32,510	32,510
Unrestricted operating funds		12,223,721	11,648,040
Total capital of the organization		12,256,231	11,680,550
TOTAL		27,604,462	30,721,569

STATEMENT OF OPERATIONS – As at 31 December 2019 with 2018 comparative figures

(in EUR)	Notes	2019	2018
INCOME			
Public institutional funding			
Governments and public international organizations, unrestricted		21,445,723	20,596,789
Governments and public international organizations, restricted		21,187,241	22,115,261*
Total public institutional funding		42,632,964	42,712,050
Private resources			
Private foundations, corporate and individual, unrestricted		630,386	864,115
Private foundations, corporate and individual, restricted		14,107,429	12,806,662*
Total private resources		14,737,814	13,670,777
Resources from founders			
Médecins Sans Frontières, unrestricted		4,000,000	4,000,000
Médecins Sans Frontières, restricted		1,945,158	1,943,492
Total resources from founding partners		5,945,158	5,943,492
Other income			
Sundry income and reimbursements	7a	567,836	95,658
Other income net		567,836	95,658
TOTAL INCOME	7	63,883,773	62,421,977
SOCIAL MISSION EXPENDITURE			
R&D expenditure			
R&D coordination and supervision		5,276,327	5,118,865
Strategy M&E and exploratory		514,702	190,727
Lead optimization and portfolio-building		6,147,234	5,743,299
Human African trypanosomiasis (HAT) projects		8,234,546	7,831,334
Leishmaniasis projects		9,533,511	7,138,991
Chagas disease projects		2,300,944	2,994,996
Filarial disease projects		4,130,693	3,626,332
Mycetoma projects		719,674	745,605
Paediatric HIV projects		3,369,019	3,559,480
Hepatitis C projects		3,258,183	2,597,207
Global Antibiotic Research and Development Partnership (GARDP)		5,657,701	9,339,019
Total R&D expenditure		49,142,534	48,885,856
Strengthening capacities	9	3,423,922	3,239,108
Advocacy expenses	10	3,070,261	2,708,172
TOTAL SOCIAL MISSION EXPENDITURE	8	55,636,717	54,833,136
NON-SOCIAL MISSION EXPENDITURE			
Fundraising	10	2,389,449	2,014,185
General and administration	10	5,245,759	4,683,071
Total non-social mission expenditure		7,635,208	6,697,256
TOTAL EXPENDITURE		63,271,925	61,530,392
Operating surplus		611,848	891,585
OTHER INCOME (EXPENSES)			
Financial income (loss), net		65,337	82,554
Exchange gain (loss), net		(101,504)	(47,134)
TOTAL OTHER INCOME (EXPENSES)		(36,167)	35,420
Net surplus for the year prior to allocations		575,681	927,005
Participation to GARDP capital		-	(21,975)
Allocation to unrestricted operating funds		(575,681)	(905,030)
NET SURPLUS FOR THE YEAR AFTER ALLOCATIONS			

* Income of EUR 4,001,955 from GARDP received in 2018 was shown in 2018 Statement of Operations as Income from Private resources. We decided in 2019 to restate this income from Private resources to Public institutional funding as the original source of this income for GARDP is almost entirely from Public institutions.

FUNDS FLOW STATEMENT – As at 31 December 2019 with 2018 comparative figures

(in EUR)	2019	2018
FUNDS FLOW FROM OPERATIONS		
Net surplus for the year, unrestricted	575,681	905,030
Depreciation of fixed assets	354,311	226,872
Increase (decrease) in provisions	(14,689)	179,374
(Increase) decrease in stocks	29,425	196,144
(Increase) decrease in advances	(3,249)	2,761
(Increase) decrease in receivables from donors	(5,771,702)	945,935
(Increase) decrease in founding partner and other receivables	(1,608,313)	(741,311)
(Increase) decrease in prepaid expenses	273,764	(43,077)
Increase (decrease) in payables	(910,810)	(1,026,023)
Increase (decrease) in accrued expenses	1,308,248	(1,152,583)
Increase (decrease) in deferred income	(4,075,536)	(381,947)
Funds flow from operations	(9,842,870)	(888,824)
FUNDS FLOW FROM INVESTING ACTIVITIES		
(Increase) decrease of investments in tangible fixed assets	(246,742)	(378,247)
(Increase) decrease in bank guarantee deposits	(50,599)	(132,708)
Funds flow from investing activities	(297,341)	(510,955)
FUNDS FLOW FROM FINANCING ACTIVITIES		
Cash increase (decrease)	(10,140,212)	(1,399,780)
Cash and cash equivalents – beginning of year	22,259,313	23,659,092
Cash and cash equivalents – end of year	12,119,101	22,259,313

STATEMENT OF CHANGES IN CAPITAL – As at 31 December 2019 with 2018 comparative figures

2019 (in EUR)	Opening balance	Allocation	Internal fund transfers	Closing balance
Paid-in capital	32,510	-	-	32,510
Surplus for the year	-	575,681	(575,681)	-
Restricted operating funds	-	-	-	-
Unrestricted operating funds	11,648,040	-	575,681	12,223,721
Capital of the organization	11,680,550	575,681	-	12,256,231

2018 (in EUR)	Opening balance	Allocation	Internal fund transfers	Closing balance
Paid-in capital	32,510	-	-	32,510
Surplus for the year	-	905,030	(905,030)	-
Restricted operating funds	-	-	-	-
Unrestricted operating funds	10,743,010	-	905,030	11,648,040
Capital of the organization	10,775,520	905,030	-	11,680,550

NOTES TO THE FINANCIAL STATEMENT

1. GENERAL INFORMATION¹

a) Legal aspects

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 headquarters in Geneva. DNDi is monitored by the Swiss Federal Supervisory Board for Foundations, and was granted 'Other International Organization' status in 2011. DNDi complies with Swiss law and with Swiss GAAP FER.

DNDi incubated a new initiative, the Global Antibiotic Research and Development Partnership (GARDP), which became an independent entity in July 2018. Transfer of activities, assets, and resources was completed in 2019. Accounts for GARDP were embedded in DNDi accounts from 2016 to 2018.

DNDi complies with the Code of Obligations Art. 728. As per its charter, DNDi aims to:

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

DNDi is governed by a Board of Directors. Key scientific and management guidance for decision-making is provided by: a Scientific Advisory Committee; Audit Committee; Nomination, Remuneration, and Safeguarding Committee; and an Executive Board Committee. The DNDi Executive Team implements the R&D strategy, manages the global portfolio, allocates resources, raises funds, and advocates.

Led by the Executive Director, the DNDi Executive Team includes the R&D Director, the Director of Neglected Tropical Diseases, the HIV and Hepatitis C Initiative Director, the Strategy and Operations Director, the External Affairs Director, and the International Development Director.

b) Income tax

Under provisions of the promulgated Swiss Host State Act, DNDi signed an agreement with the Swiss Federal Council that granted 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 Organization' status are:

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

c) Regional offices

DNDi has a global presence with offices in several countries. Establishment of DNDi regional offices outside Switzerland requires the authorization of the Board of Directors. Such regional offices are set up according to the DNDi vision, mission, and model as a not-for-profit organization. DNDi complies with all local laws and regulations wherever it operates.

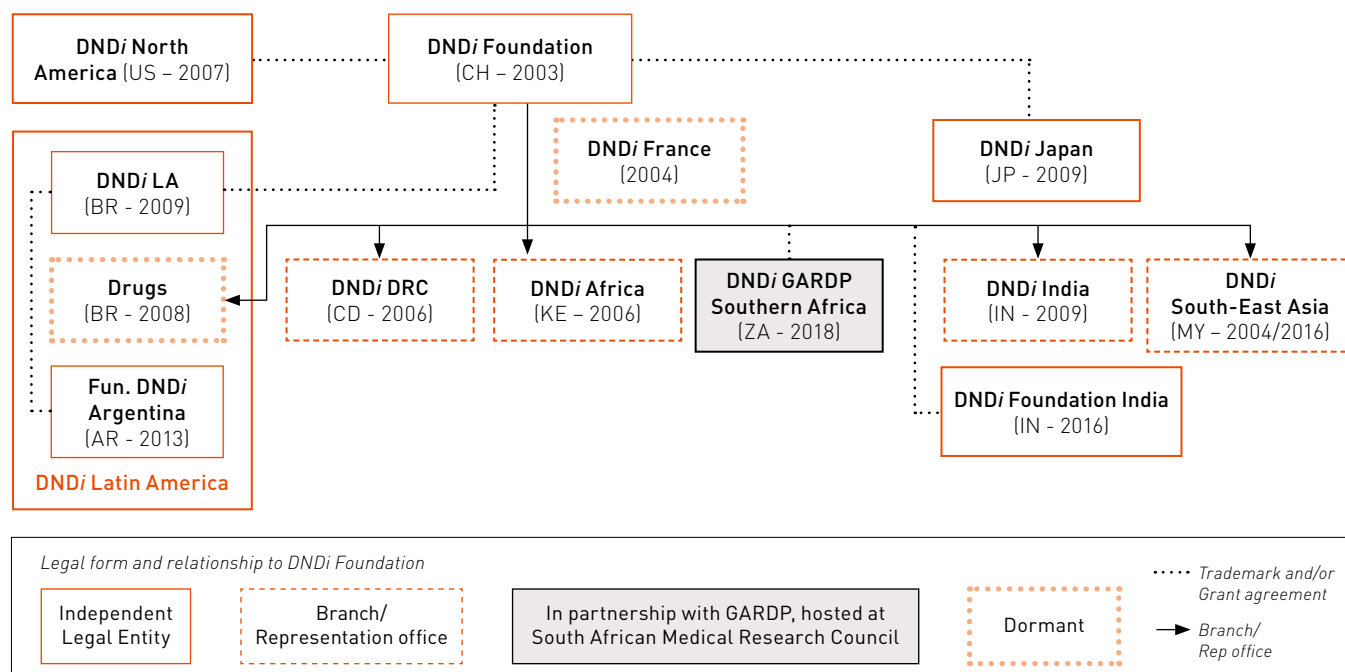
From an **operational** perspective, DNDi has ten regional offices (and two dormant offices) that help determine patients' needs, support implementation of disease programmes, identify and liaise with regional partners, and undertake regional communications, advocacy, and occasionally fundraising work for DNDi. DNDi's Business Plan defines the strategic role of regional offices and their operational contributions are defined in the context of the yearly action plan and budget approved by DNDi's Board of Directors. From a **legal** standpoint, in response to varying needs and local regulations and requirements, these ten regional offices include:

- Representation Offices (or branches) in: Africa (established in Nairobi, Kenya in 2006); South Asia (New Delhi, India, 2009); South-East Asia (Penang, Malaysia, 2004, moved to Kuala Lumpur in 2016); and DRC (Kinshasa, 2006);
- Legal entities: North America (New York, USA, 2007); Latin America (Rio de Janeiro, Brazil, 2009 and Buenos Aires, Argentina, 2013); South Asia (New Delhi, India, 2016); Japan (Tokyo, 2009); and Southern Africa (Cape Town – jointly with GARDP Foundation).

For all regional offices (except the Southern Africa office as of July 2019), accounting is fully incorporated into DNDi accounts, following the method of full integration (i.e., all income and expenditure is incorporated into DNDi consolidated financial statements).

¹ All dates refer to the establishment of branches or legal entities

DNDi Legal framework



2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting basis

The financial statements of the Foundation have been prepared in accordance with the provisions of the Swiss Code of Obligations and in accordance with the Swiss GAAP, in particular Swiss GAAP FER 21 relating to accounting for charitable non-profit organizations. Swiss GAAP FER are Swiss accounting standards geared to entities that operate primarily in Switzerland. The recommendations have been established for entities seeking to present their financial statements to reflect a true and fair view of the financial situation, including:

- Balance sheet;
- Statement of operations (activity-based method);
- Funds flow statement;
- Statement of changes in capital;
- Notes.

The principal accounting policies are set forth below.

b) Scope of the financial statements

The scope of the financial statements of DNDi includes all the offices presented above in point 1.c (situation of regional offices), which DNDi controls. Some are separate legal entities.

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

c) Social mission expenditure

Social mission expenditure represents expenses according to the purposes defined in Article 5 of the DNDi statutes. They are defined in the present general notes above in point 1.a (Legal aspects). DNDi's social mission expenditure comprises: R&D, strengthening existing capacities, and advocacy.

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 EUR are converted at the monthly average of the daily closing exchange rates of the previous month, as of 1 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 year end to re-evaluate the balance sheet items in EUR are:

CURRENCY	2019	2018
USD/EUR	0.9051	0.8799
CHF/EUR	0.9113	0.8790
GBP/EUR	1.1660	1.1351
100 CDF/EUR	0.0544	0.0535
100 INR/EUR	1.2662	1.2258
100 KES/EUR	0.8841	0.8595
100 JPY/EUR	0.8311	0.7765
100 BRL/EUR	21.762	23.248

f) Income

Public and private institutional donations based on annual or multi-year agreements are recorded on an accrual basis over the life of the agreement, as and when the milestones set out in the agreement are achieved. A reconciliation between donations committed to DNDi and income recognized in the statement of operations is shown under point 7.b below.

g) Expenditures incurred for projects and activities

The Board approves the annual action plan and budget, and all revised budgets.

After Board approval, the contracts are drawn up and signed, as per the signature policy: above EUR 50,000 by at least 1 Director, while strategic and long-term agreements and contracts above EUR 200,000 are signed by 2 relevant Directors.

Partner expenditures are recorded:

- According to a financial report presenting expenditures incurred during the year on an accrual basis;
- If the financial reports are unavailable by the deadline of 1 March of the following year, the amount is calculated based on an estimate provided by the partner or on the prorated approved budget when the former is not available. The unpaid portion remaining at year end is included under current liabilities.

Vendor expenditures incurred on behalf of a project or for any activity of DNDi are recorded on an accrual basis.

h) Credit, market liquidity risks, and 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 holdings in various currencies (USD, EUR, GBP, JPY, and CHF). DNDi is exposed to currency risk on donations received, project expenditures, and general and administrative expenses that are denominated in a currency other than EUR. These transactions are mainly denominated in CHF, USD, GBP, BRL, KES, INR, and JPY.

DNDi has put in place a hedging strategy to cover half of its CHF needs. Forward contracts are utilized as hedging instruments with a horizon that can extend to 12 months. The remaining needs are ensured by buying or selling foreign currencies at spot rates when necessary.

i) Tangible fixed assets

Tangible fixed assets are stated at cost in EUR, less accumulated depreciation. The threshold for capitalization of an asset is EUR 5,000 in all DNDi offices. 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:

IT equipment	
Laboratory equipment	
Site/Field equipment	33%
Motor vehicle equipment (cars and motorbikes)	
Office fittings and equipment	20%

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 (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.

l) 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 specific projects. Unrestricted reserves will be utilized for DNDi core projects as incurred.

m) In-kind contributions

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: in-kind 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.

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. However, DNDi is careful not to overestimate such valuations in compliance with Swiss GAAP FER basic principles such as materiality or 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. DRUG STOCKS



LEISHMANIASIS DRUG STOCKS AS OF 31 DECEMBER 2019

At the end of 2019, stocks of sodium stibogluconate (SSG), liposomal amphotericin B (AmBisome), miltefosine, and paromomycin, worth around EUR 110,000, were stored at clinical trial sites in Ethiopia, Uganda, Kenya, and Sudan. The decrease in stocks is mainly due to the full utilization of the drugs that India bought in 2018.



HEPATITIS C DRUG STOCKS AS OF 31 DECEMBER 2019

At the end of 2019, stocks of hepatitis C drugs, worth around EUR 93,800, were stored at clinical trial sites in Malaysia and Thailand.

DRUG STOCKS (EUR)	2019	2018
Leishmaniasis	109,980	157,590
Hepatitis C	93,768	75,584
TOTAL	203,748	233,174

4. TANGIBLE FIXED ASSETS, NET

(in EUR)	Computer equipment	Office fittings and installations	Office equipment	R&D equipment	Total
Net carrying amounts 1 January 2019	135,103	90,812	78,759	108,113	412,787
Gross values of cost					-
Beginning of the period, 1 January 2019	967,033	417,841	353,745	120,957	1,859,576
Additions	46,285	24,281	-	176,176	246,742
End of the period, 31 December 2019	1,013,318	442,122	353,745	297,133	2,106,318
Accumulated amortization					-
Beginning of the period, 1 January 2019	(831,930)	(327,029)	(274,985)	(12,845)	(1,446,789)
Change for the year	(121,402)	(66,893)	(78,760)	(87,256)	(354,311)
End of the period, 31 December 2019	(953,332)	(393,922)	(353,745)	(100,101)	(1,801,100)
Net carrying amounts 31 December 2019	59,986	48,200	-	197,032	305,218
Net carrying amounts 1 January 2018	97,975	93,547	69,890	-	261,412
Gross values of cost					-
Beginning of the period, 1 January 2018	802,216	370,481	308,631	-	1,481,329
Additions	164,817	47,360	45,113	120,957	378,247
End of the period, 31 December 2018	967,033	417,841	353,744	120,957	1,859,576
Accumulated amortization					-
Beginning of the period, 1 January 2018	(704,241)	(276,934)	(238,741)	-	(1,219,917)
Change for the year	(127,689)	(50,095)	(36,244)	(12,845)	(226,872)
End of the period, 31 December 2018	(831,930)	(327,029)	(274,985)	(12,845)	(1,446,789)
Net carrying amounts 31 December 2018	135,103	90,812	78,759	108,113	412,787

Note: DNDi made the following main changes to its fixed assets policy in 2019: a) the threshold for capitalization of an asset increased from EUR 1,000 to EUR 5,000; b) the assets are capitalized in all DNDi offices (previously, only assets in Geneva were capitalized). This resulted in a review of all the individual net carrying amounts at 31 December 2018 and the depreciation of the assets whose purchase values were inferior to the new threshold of EUR 5,000. This explains the decrease in net carrying amount for the following categories: computer equipment, office fittings and installations, and office equipment. The R&D equipment category increased in value in 2019 due to the capitalization of assets in all DNDi offices.

5. PROVISIONS

(in EUR)	Provision for HR expenses (holidays not taken and other HR expenses)	Provision for pension plan for the DRC team ⁽¹⁾	Provision for BIAC bankruptcy risk ⁽²⁾	Total
Carrying period as per 1 January 2019	495,609	37,255	139,142	672,006
Creation ⁽³⁾	468,416	32,291	3,984	504,691
Utilization	(71,987)	(23,616)	(164)	(95,767)
Reversal	(423,613)	-	-	(423,613)
Carrying period as per 31 December 2019	468,425	45,930	142,962	657,317
Carrying period as per 1 January 2018	355,599	55,744	81,290	492,633
Creation ⁽³⁾	495,609	30,520	57,874	584,003
Utilization	-	(49,010)	(21)	(49,031)
Reversal	(355,599)	-	-	(355,599)
Carrying period as per 31 December 2018	495,609	37,255	139,142	672,006

(1) In the DRC, the pension plan for the local DNDi team is being saved in a specific bank account held by DNDi DRC until a reliable pension plan provider is identified locally.

(2) On 31 March 2016, DNDi learned that its financial services provider in the DRC, BIAC - Banque internationale pour l'Afrique au Congo, was at risk of bankruptcy. To help manage this risk, DNDi provisioned the blocked assets progressively from 2016 to 2018. The provision is utilized for the monthly bank charges as the bank continues to operate, but the funds are still blocked and withdrawals are not allowed.

(3) Creation includes both new provisions and foreign exchange re-evaluation of the provisions. In the case of the provision for BIAC bankruptcy, creation is entirely due to changes in the USD/EUR exchange rate.

6. CONSOLIDATED ACCOUNTS

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

(in '000 EUR)	Income raised by legal entity ⁽¹⁾ (A)	Income transferred by DNDi Geneva (B)	Total income 2019 (A) + (B)	Income raised by legal entity (%)	Total expenditure 2019 (1)	Expenditure by legal entity (%)
DNDi Geneva and branches	63,345	-4,692	58,653	99.2	58,188	92.0
DNDi Japan	-	533	533	0.0	596	0.9
DNDi North America	538	1,493	2,031	0.8	1,935	3.1
DNDi Latin America	1	2,666	2,667	0.0	2,553	4.0
Total consolidated accounts	63,884	-	63,884	100.0	63,272	100.0

(1) Total operational income and expenditure excluding financial income and expenses, such as bank interest and exchange gains and losses.

7. INCOME

a) Donor receivables versus deferred income and Sundry income and reimbursements

The total deferred income decreased significantly by EUR 4,075,537 (-35%) in 2019 compared to 2018, totalling EUR 7,506,671. This is due to the change of payment schedule of the donors (new and existing), decreasing the amount of advance payments and rolling advances. Some other donors postponed payment milestones until the financial report was submitted and

once the expenses had been accounted. For the same reason, receivables from donors increased by EUR 5,771,702 (+126%) in 2019 compared to 2018, totalling EUR 10,356,779. Sundry income and reimbursements increased significantly in 2019 compared to 2018 from EUR 95,658 to EUR 567,836. This is mainly due to two contractual engagements from DNDi's longstanding partners - Sanofi and Cipla.

b) Cumulative donations committed to DNDi and/or received by 2019

Donors	Currency	Total commitment since inception (own currency)	Total commitment since inception (EUR)	As per statement of operations 2019 (EUR)	To be used after 2019 (EUR)
UK Government (UK aid) ⁽¹⁾	GBP	126,439,502	150,903,151	19,292,127	20,406,736
Bill and Melinda Gates Foundation ⁽²⁾	USD	150,148,628	124,799,374	7,567,186	27,144,232
Médecins Sans Frontières ⁽³⁾	EUR	92,194,404	92,194,404	5,945,158	18,067,804
Dutch Government DGIS	EUR	32,975,000	32,975,000	2,700,000	2,400,000
French Government AFD/MEAE ⁽⁴⁾	EUR	24,255,006	24,255,006	694,826	7,305,174
German Government BMBF through KfW	EUR	20,101,381	20,101,381	2,200,000	2,300,000
Swiss Government SDC ⁽⁵⁾	CHF	22,820,000	19,648,305	2,523,593	2,258,649
GHIT Fund, Japan ⁽⁶⁾	JPY/USD	2,254,709,264	18,135,075	3,918,227	2,032,472
Wellcome Trust, UK	EUR/USD	16,937,369	16,271,514	2,340,665	8,745,180
European Union EDCTP ⁽⁷⁾	EUR	16,029,106	16,029,106	2,672,973	7,386,273
Unitaid ⁽⁸⁾	USD	15,647,316	13,638,998	837,622	173,391
Spanish Government AECID	EUR	12,000,000	12,000,000	-	-
Takeda Global CSR Program ⁽⁹⁾	JPY	1,000,000,000	8,315,262	615,357	7,699,905
Fundación Mundo Sano (Priority Review Voucher)	USD	7,829,850	6,944,502	1,469,782	3,946,236
US Government NIH/NIAID/USAID ⁽¹⁰⁾	USD	7,196,791	5,981,492	734,630	-
Various other donors ⁽¹¹⁾	EUR/GBP/USD	5,527,187	4,983,371	572,691	243,470
Medicor Foundation, Liechtenstein	EUR/USD	1,950,000	3,627,821	100,000	-
WHO-TDR	EUR/USD	2,675,000	2,624,159	-	-
Republic and Canton of Geneva ⁽¹²⁾	CHF	3,180,000	2,522,373	182,087	364,520
Norwegian Government NORAD	NOK	22,000,000	2,469,551	-	-
Pharmaniaga , Malaysia ⁽¹³⁾	USD	2,266,151	2,048,148	981,165	1,066,983
Associação Bem-Te-Vi Diversidade (Latin America private donor)	BRL	6,700,000	1,883,588	-	-
UBS Optimus Foundation, Switzerland	CHF	2,000,000	1,441,440	-	-
Starr International Foundation, Switzerland	USD	1,250,000	1,034,215	133,980	-
The Global Fund	EUR	532,809	532,809	-	-
Stavros Niarchos Foundation, USA	USD	500,000	426,315	-	-
Brazil Government MoH and Finep	BRL	1,384,212	409,611	-	-
BBVA Foundation, Spain	EUR	400,000	400,000	-	-
IDRC Canada	EUR	115,560	115,560	20,071	46,793
GARDP DNDi transition/Collaborative agreement ⁽¹⁴⁾	EUR	14,310,110	14,310,110	5,736,879	4,571,276
GARDP UK Government (UK aid) ⁽¹⁾	GBP	3,075,047	3,494,923	374,050	-
GARDP German Government MoH	EUR	3,573,893	3,573,893	233,667	-
GARDP Dutch Government MoH	EUR	2,500,000	2,500,000	-	-

Donors	Currency	Total commitment since inception (own currency)	Total commitment since inception (EUR)	As per statement of operations 2019 (EUR)	To be used after 2019 (EUR)
GARDP BMGF	USD	1,107,583	973,739	538,702	-
GARDP UK Government DHSC	GBP	968,016	1,086,751	373,706	-
GARDP Wellcome Trust	EUR	887,505	887,505	398,598	-
GARDP Swiss Government FOPH	CHF	788,722	703,789	48,769	-
GARDP South African Medical Research Council	ZAR	7,315,519	472,833	64,926	-
GARDP MSF	EUR	600,000	600,000	-	-
GARDP Grand Duchy of Luxembourg	EUR	100,000	100,000	-	-
GARDP Leo Model Foundation	USD	100,000	86,520	44,500	-
TOTAL DONATIONS			615,501,594	63,315,937	116,159,094

Notes:

- (1) In 2019, the UK Government (UK aid) granted a total unrestricted contribution of GBP 17,283,335 (EUR 19,666,177) including GBP 16,953,758 (EUR 19,292,127) for DNDi and GBP 329,577 (EUR 374,050) for GARDP. The grant totals GBP 64 million for the period April 2018–March 2021 including an initial grant of GBP 50 million, an amendment of GBP 4 million to be spent during the period August 2018–March 2019, and an additional GBP 10 million to be spent in the period September 2019–March 2021.
- (2) The Bill and Melinda Gates Foundation portfolio grant of USD 8,478,456 (EUR 7,567,186) for HAT and onchocerciasis terminated in 2019. The remaining USD 735,832 is under negotiation for a no-cost extension to cover the specific project in 2020/2021. In addition, there were 2 restricted grants signed in 2019 with a total of USD 29 million to be spent during the period January 2020–December 2023.
- (3) MSF granted: (a) A multi-year unrestricted sum of EUR 4 million to spend from January 2019 to December 2023, (b) EUR 52,267 for services provided in 2019 by the data management centre based in Nairobi, and (c) EUR 1,892,891 as a specific grant for HCV.
- (4) The French Government (AFD) granted a portfolio in July 2019 of EUR 694,826 from a EUR 8 million 3-year grant for HIV paediatric, HAT, and DNDi model.
- (5) The Swiss Government (SDC) granted an unrestricted and restricted contribution of CHF 2,821,509 (EUR 2,523,593), which included CHF 2 million from a CHF 8 million (unrestricted) 4-year grant starting in January 2017 and CHF 0.8 million from a CHF 1.3 million (restricted) grant to be spent from March 2019 to September 2020.
- (6) The GHIT Fund Japan granted 7 restricted grants ongoing in 2019: (a) JPY 153,193,497 (EUR 1,240,647) for visceral leishmaniasis (VL); (b) JPY 66,458,600 (EUR 550,301) for the NTD Drug Discovery Booster; (c) JPY 169,734,491 (EUR 1,379,380) for the CpG project for cutaneous leishmaniasis; (d, e, f) JPY 10,324,877 (EUR 85,677) for screening and discovery in NTDs (this contract was renewed in 2019); and (g) JPY 81,098,998 (EUR 662,222) for mycetoma.
- (7) EDCTP/EU restricted grants include (a) EUR 1,908,598 for VL projects in Africa from a EUR 5.6 million 3-year grant (New VL Combination Treatment paramomycin and miltefosine, Diagnostic, and Capacity Building) starting in December 2017; (b) a restricted grant of EUR 747,740 for the HAT rhodesiense project in Africa from a EUR 3.8 million 5-year grant starting in September 2018; and (c) a restricted grant of EUR 16,635 for the filarial onchocerciasis from a EUR 2.8 million (EU-H2020) grant starting in September 2019.
- (8) Unitaid gave 2 grants: (a) a portfolio grant for HIV paediatric projects of USD 347,526 (EUR 314,076) was the subject of a no-cost extension with a revised end date of 31 December 2019, and (b) the grant as a partner of FIND of USD 584,365 (EUR 523,546) from a USD 0.9 million 3-year restricted grant for HCV.
- (9) Takeda Global CSR Program granted a portfolio for NTD Access contribution of JPY 73,528,408 (EUR 615,357) from a JPY 1 billion 5-year grant starting in October 2019.
- (10) In 2019, USAID granted USD 831,995 (EUR 734,630) to DNDi's filaria programme, which reached the end of the initial obligated tranche of funding (USD 5 million) under the USAID–DNDi Global Development Alliance (USD 10 million total was awarded in 2014). Due to a lack of appropriated funds by the US Congress for USAID at the time DNDi requested its second tranche of funding, an agreement could not be entered into and the grant was terminated.
- (11) Figures given here include: (a) grants from ARPE Foundation CHF 20,000 (EUR 17,900); (b) Brian Mercer Charitable Trust GBP 30,000 (EUR 34,007); (c) PAHO Brazil for VL EUR 4,547; (d) KalaCORE for VL EUR 20,265; (e) various donations from individual donors, private foundations, and corporations, mostly from North America (EUR 451,043 in unrestricted funding, and EUR 885 restricted to HAT); and (f) various donations received by DNDi in Geneva (EUR 40,044).
- (12) Republic and Canton of Geneva granted a restricted contribution for mycetoma of CHF 200,000 (EUR 182,087) from a 3-year grant of CHF 600,000 starting in January 2019.
- (13) Pharmaniaga Malaysia granted a restricted contribution for Hepatitis C regulatory of USD 1,095,315 (EUR 981,165) from a 3-year grant of USD 2,266,151 starting in January 2019.
- (14) GARDP/DNDi transition and collaboration agreements comprising EUR 5,301,304 of German (BMBF) funds, EUR 142,722 of German (MOH) funds, EUR 119,152 of Dutch (VWS) funds, EUR 20,015 of Swiss (FOPH) funds, EUR 70,886 of UK (DHSC) funds, and EUR 82,800 of Principality of Monaco funds. The remaining EUR 4,571,276 will cover the collaboration expenses for the following two years (2020 and 2021), until the end of the current agreement between GARDP and DNDi.

c) 2019 funding per project (restricted and unrestricted)

Operational Income (Grand TOTAL = 63,883,773)

(in EUR)

DONORS		UK GOVERNMENT (UK AID) (UNRESTRICTED)	DUTCH GOVERNMENT DGIS (RESTRICTED)	GERMAN GOVERNMENT BMBF-KFW (RESTRICTED)	SWISS GOVERNMENT SDC (RESTRICTED/ UNRESTRICTED) (1)	FRENCH GOVERNMENT AFD (RESTRICTED)	EDCTP (RESTRICTED)	UNITAID (RESTRICTED)	JAPAN GHIT FUND (RESTRICTED)
IMPLEMENTATION AND DEVELOPMENT	R&D coordination and supervision	2,593,676	318,121	307,853	363,368	-	-	2,587	19,841
	New treatment for PKDL	458,723	119,415	12,942	205	-	-	-	-
	New VL treatments (Asia, Latin America, HIV/VL co-infection, combination in Africa)	886,594	224,321	206,642	7,393	-	1,639,315	-	-
	Fexinidazole (HAT)	889,655	59,144	285,429	-	60,695	694,024	-	-
	Acoziborole (HAT)	1,166,276	106,555	233,212	642,389	5	-	-	-
	Mycetoma – fosravuconazole	24,433	-	-	121,717	-	-	-	573,523
	Hepatitis C – ravidasvir/sofosbuvir – policy and access	194,086	-	-	70,853	-	-	508,098	-
	Paediatric HIV – 2-in-1 LPV/r pellets – 4-in-1 (ABC/3TC/LPV/r) and access	-	-	-	472,500	299,233	-	293,264	-
	New benznidazole regimen for Chagas and access	107,743	71,040	40,193	-	-	-	-	-
TRANSLATION	Leishmaniasis candidates: DNDi-0690 + DNDi-6148 + DNDi-5561 + DNDi-6174 + GSK compounds	877,695	22,853	39,398	-	-	-	-	1,091,082
	Macrofilaricide for filaria (emodepside, TylAMac, oxfendazole)	316,896	-	138,281	-	-	15,132	-	-
	Fexinidazole (Chagas)	375,911	163,240	99,640	-	-	-	-	-
	Biomarkers (Chagas)	301,484	1,455	1,326	-	-	-	-	-
	CpG-D35 (CL) and CL combination	228,496	180,696	19,598	-	-	-	-	1,205,286
RESEARCH	Lead optimization consortia (for VL and Chagas)	3,522,596	570,608	183,449	5,642	19,165	-	-	477,711
	Discovery and exploratory kinetoplastids	1,033,127	158,631	63,342	873	-	-	-	83,285
	Filaria screening	19,274	-	163,478	27,629	-	-	-	-
	Strategy M&E and exploratory	298,480	-	5,785	75,600	73,471	-	-	-
	GARDP	-	-	-	-	-	-	-	-
	HAT, LEAP, filaria and Chagas platforms	93,113	121,241	125,680	-	152,354	72,860	-	-
	Other strengthening capacity activities	1,656,186	-	-	361,512	36	5,082	15,447	-
	Advocacy	1,769,592	283,894	29,300	301,666	18,086	1,503	-	1,726
	Fundraising	907,310	35,580	54,134	49,430	11,335	155,980	-	60,814
	General management	1,570,781	263,206	190,318	204,902	60,445	89,077	18,226	404,959
Financial expenses									
Net surplus allocated to unrestricted funds									
Total income + other income		19,292,127	2,700,000	2,200,000	2,705,680	694,826	2,672,973	837,622	3,918,227

Notes:

(1) Swiss Government SDC (EUR 2,523,593) and Republic and Canton of Geneva (EUR 182,087)

(2) Foundations and other: ARPE Foundation (EUR 17,900); Brian Mercer Charitable Trust (EUR 34,007); PAHO Brazil for VL (EUR 4,547); KalaCORE for VL (EUR 20,265); various donations from individual donors, private foundations, and corporations, mostly from North America (EUR 451,043 unrestricted, and EUR 885 restricted to HAT); various donations received by DNDi in Geneva (EUR 40,044) and other sundry income and reimbursements for a total of EUR 567,836.

US GOVERNMENT USAID (RESTRICTED)	BILL & MELINDA GATES FOUNDATION BMGF (RESTRICTED)	MÉDECINS SANS FRONTIÈRES (RESTRICTED/ UNRESTRICTED)	MUNDO SANO (PRV) (RESTRICTED)	WELLCOME TRUST (RESTRICTED)	PHARMANIAGA (RESTRICTED)	TAKEDA GLOBAL CSR PROGRAM (RESTRICTED)	FOUNDATIONS AND OTHER (2)	GARDP (3)	RESULT ON FX GAIN/LOSS (NET)	TOTAL EXPENDITURE*
-	242,038	392,528	109,011	215,750	19,740	19,731	16,054	656,029	-	5,276,327
-	-	7,711	-	-	-	-	-	-	-	598,996
-	-	79,290	-	179,871	-	15,892	111,146	-	-	3,350,465
-	1,489,596	44,880	-	-	-	304,678	170,403	-	-	3,998,504
-	2,082,433	1,663	-	-	-	3,509	-	-	-	4,236,042
-	-	-	-	-	-	-	-	-	-	719,674
-	-	1,563,313	-	-	842,632	-	79,200	-	-	3,258,183
-	-	1,954,315	-	-	-	-	349,707	-	-	3,369,019
-	-	-	485,515	-	-	143,601	58,371	-	-	906,464
-	-	6,278	-	1,886,385	-	-	-	-	-	3,923,691
541,092	2,037,298	22,323	-	-	-	3,509	10,857	-	-	3,085,389
-	-	953	31,900	-	-	1,754	16,637	-	-	690,035
-	-	-	387,207	-	-	-	12,972	-	-	704,445
-	-	18,664	-	-	-	7,619	-	-	-	1,660,359
-	-	18,797	-	-	-	-	-	-	-	4,797,968
-	-	2,648	-	-	-	-	5,726	1,634	-	1,349,266
100,800	705,363	26,172	-	-	-	-	2,589	-	-	1,045,305
-	-	61,367	-	-	-	-	-	-	-	514,702
-	-	-	-	-	-	-	-	5,657,701	-	5,657,701
10,891	-	10,607	68,768	-	-	6,768	13,700	-	-	675,981
-	-	292,868	82,503	-	13,806	-	4,348	316,152	-	2,747,940
-	95,010	226,113	60,588	3,761	-	41,711	181	237,133	-	3,070,261
16,735	167,225	389,576	100,354	36,602	104,986	36,822	78,805	183,762	-	2,389,449
65,112	748,224	500,479	143,936	18,296	1	29,763	176,319	761,715	-	5,245,759
									36,167	36,167
		324,614					287,234		(36,167)	575,681
734,630	7,567,186	5,945,158	1,469,782	2,340,665	981,165	615,357	1,394,250	7,814,125	-	63,883,773

[3] GARDP: German Government BMBF-KfW (EUR 5,301,304); German Government MoH (EUR 233,667 and EUR 144,722); UK Government DFID (EUR 374,050); UK Government DHSC (EUR 373,706 and EUR 70,886); BMGF (EUR 538,702); Wellcome Trust (EUR 398,598); Dutch Government VWS (EUR 119,152); Principality of Monaco (EUR 82,800); Swiss Government FOPH (EUR 48,769 and EUR 20,015); South African Medical Research Council (EUR 64,926); Leo Model Foundation (EUR 44,500).

* The total amount of expenditures as per the Statement of Operations is EUR 63'271'925. The difference with the total of EUR 63'883'773 is related to operating surplus.

8. EXPENDITURE

R&D project-related expenditure

(in EUR)	2019	2018
Implementation project		
New VL treatments in Asia	143,040	233,917
Chagas disease – access	502,171	519,573
Paediatric HIV – 2-in-1 LPV/r Pellets/Super-boosting ritonavir for children with HIV/TB co-infection	1,629,764	2,290,084
Paediatric HIV – access	401,893	-
Hepatitis C – policy and access	270,665	-
Fexinidazole (HAT) for <i>T.b. gambiense</i> and access	3,217,248	-
Total Implementation projects	6,164,781	3,043,574
Development projects (phase IIB/III, registration)		
Fexinidazole (HAT) for <i>T.b. rhodesiense</i> (<i>T.b. gambiense</i> moved to implementation in 2019)	781,255	3,540,081
Acoziborole (HAT)	4,236,042	4,291,253
New VL treatments in Latin America	79,833	92,561
New VL treatments in Africa	3,098,091	2,226,904
HIV/VL co-infection	29,501	75,575
Post-kala-azar dermal leishmaniasis	598,996	809,093
Mycetoma	719,674	745,605
Hepatitis C – Ravidasvir/Sofosbuvir	2,987,518	2,597,207
Paediatric HIV – 4-in-1 (ABC/3TC/LPV/r)	1,337,362	1,269,396
New combination including new benznidazole regimen (Chagas)	404,293	-
Total Development projects	14,272,565	15,647,676
Translation projects (pre-clinical, phase I, phase IIA/proof of concept)		
Leishmaniasis candidates: DNDi-0690 + DNDi-6148 + DNDi-6174 + GSK compounds	3,923,691	2,206,202
CL Combination	438,962	422,587
CpG-D35 (CL)	1,221,397	1,072,152
New combination including new benznidazole regimen (Chagas) - progressed to Development in 2019	-	1,194,849
Fexinidazole (Chagas)	690,035	928,626
Biomarkers (Chagas)	704,445	351,948
Oxfendazole macrofilaricide (filaria)	524,077	193,125
TylAMac/ABBV-4083 macrofilaricide (filaria)	1,076,597	256,625
Emodepside macrofilaricide and coordination (filaria)	1,484,715	2,239,490
Total Translation projects	10,063,919	8,865,603
Research projects (screening, hit-to-lead, lead optimization)		
Lead optimization consortia	4,797,968	4,447,479
Screening resources and reference screening centres	1,349,266	1,295,820
Screening filaria	1,045,305	937,093
Total Research projects	7,192,539	6,680,392
Project-related variable expenditures		
GARDP ⁽¹⁾	5,657,701	9,339,019
R&D coordination, supervision, strategy, M&E, and exploratory	5,791,029	5,309,592
Total project-related variable expenditures	11,448,730	14,648,611
TOTAL R&D EXPENDITURE	49,142,534	48,885,856

(1) Total 2019 GARDP expenditure included direct costs (EUR 5,657,701) and indirect costs (EUR 2,156,424) totalling EUR 7,814,125 as stated in the total income table (Note 7c funding per project) for GARDP. Indirect costs are included in the DNDi statement of operations in the following categories: R&D coordination and supervision; strengthening capacities; advocacy expenses; fundraising; and general and administration.

Breakdown of R&D coordination expenditure per activities

(in EUR)	2019	2018
Coordination	3,156,933	2,786,473
Scientific Advisory Committee	150,570	145,919
Business development	1,393,206	1,636,839
Japan representation office	545,327	549,643
Medical, Access	2,650	-
GARDP R&D	27,641	-
TOTAL	5,276,327	5,118,874

Presentation of DNDi expenditure per nature of expenses

(in EUR)	2019	2018
Personnel		
Personnel at headquarters	18,735,334	18,317,666
Personnel at regional offices	5,789,763	5,170,930
Consultant	3,083,371	2,559,537
Travel and accommodation	2,380,088	2,242,519
Total personnel	29,988,556	28,290,651
Operational R&D		
Purchase and logistics	1,616,892	2,102,185
Equipment	584,569	539,395
Discovery and lead optimization (partners and service)	5,391,363	5,109,290
Pre-clinical (partners and service)	2,408,566	1,535,147
Training for partners	272,951	119,561
Clinical and post-clinical (partners and service)	12,261,407	13,590,607
Product manufacturing and CMC (partners and service)	4,527,238	3,456,282
Total operational R&D	27,062,986	26,452,468
Other		
Communication (tools, meetings, organization of documents)	1,157,891	1,628,768
Administration and IT (depreciation, furniture, service providers)	5,062,492	5,158,505
Total Other	6,220,383	6,787,273
Grand Total	63,271,925	61,530,392

9. STRENGTHENING CAPACITIES EXPENDITURE

DNDi expenditure on strengthening existing capacities in developing countries is for:

- Building networks around specific projects among researchers from developing and developed countries;
- Establishing working partnerships, including technology transfers, with public and private institutions and researchers from developing and developed countries;
- Investing in sustainable capacity and leadership in developing countries at all stages of research and development; and
- Supporting GARDP activities in the regions. These expenses are recharged to GARDP.

(in EUR)	2019	2018
Regional support offices: Brazil, India, Kenya, Malaysia, South Africa, North America	2,747,940	2,456,760
Leishmaniasis East Africa Platform (LEAP)/Redleish Network Latin America	222,292	323,718
HAT platform	274,502	269,913
Chagas clinical research platform	153,949	120,507
Filaria platform	25,239	68,210
TOTAL	3,423,922	3,239,108

10. ADVOCACY, FUNDRAISING, AND GENERAL AND ADMINISTRATION EXPENSES

(in EUR)	Advocacy		Fundraising		General and administration	
	2019	2018	2019	2018	2019	2018
Human resources	2,222,986	1,926,932	2,029,578	1,675,023	3,438,467	3,417,604
Office charges	98,195	81,728	66,832	53,267	502,881	210,937
Travel expenses	168,417	128,972	102,425	68,374	174,531	195,305
Administration	53,746	112,573	82,494	67,820	534,111	435,180
IT and telecommunications	112,812	98,473	65,456	46,977	403,282	188,511
Communication	393,975	341,729	26,903	92,282	151,229	119,013
Depreciation	20,130	17,764	15,761	10,059	44,272	41,521
Exceptional expenses	-	-	-	383	-3,014 ⁽¹⁾	75,000
TOTAL	3,070,261	2,708,172	2,389,449	2,014,185	5,245,759	4,683,071

(1) EUR -3,014 represents a partial reversal of an HR expense provisioned in 2018

11. INDEMNITIES & REMUNERATION GIVEN TO BOARD MEMBERS AND DIRECTORS

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

In 2019, the top 5 salaries (including salaries, all benefits, and all social charges) at DNDi totalled CHF 1,498,484 (EUR 1,343,433). In 2018, the top 5 salaries totalled CHF 1,571,975 (EUR 1,359,385).

12. ASSETS PLEDGED AS GUARANTEE FOR COMMITMENTS, BANK GUARANTEE DEPOSITS, AND CREDIT LINES

- a) Assets pledged:** CHF 90,000 was pledged at a bank of the Foundation, representing a credit facility for the same amount that can be used by the Foundation to guarantee payments in favour of third parties.
- b) Bank guarantee deposits:** Guarantees are presented as non-current assets in the balance sheet.

- c) Credit line:** In 2017, the Board of Directors approved DNDi to enter into a credit facility agreement with a bank in Geneva for CHF 2 million. DNDi can utilize this facility a maximum of twice per year. If the facility is used more than once per year, the Audit Committee must give its approval, ensuring internal control. This facility has not been used since its creation.

13. COLLABORATIVE FUNDING AND IN-KIND CONTRIBUTIONS

a) 2019 collaborative funding

In collaboration with its R&D partners and vendors, DNDi secured funding from local donors to help offset R&D expenditures. These collaborative funds were directly given to our partners and vendors for DNDi R&D-related initiatives.

Project	Donor	Currency	Amount (own currency)	Amount (EUR)
Hepatitis C	Ministry of Health Malaysia: Clinical Research Malaysia	MYR	20,271	4,361
Hepatitis C	Ministry of Health Malaysia: Selayang Hospital	MYR	937,944	201,798
Lead Optimization Consortium Latin America	Brazilian Development Bank – BNDES	BRL	585,276	133,070
Lead Optimization Consortium Latin America	Ruta-N, City of Medellin, Colombia	USD	25,000	22,288
Early discovery for Chagas	InnoSuisse	CHF	243,844	218,616
Total collaborative funding				580,134

b) 2019 in-kind contributions

The value of in-kind contributions secured by DNDi in 2019 totalled EUR 5,585,463. For policy on in-kind contributions, see Section 2: Significant accounting policies, m) In-kind contributions.

(in EUR)	Staff scientific	Staff non-scientific	R&D services	Office, furniture admin & travel	Total
Azole E1224 (Chagas disease)	-	15,645	-	24	15,669
DNDi communications	-	10,500	-	22,488	32,988
Lead Optimization Consortium Latin America (LOLA)	171,023	23,298	215,447	84,095	493,863
NTD Drug Discovery Booster	98,232	12,671	315,988	199,056	625,947
Screening resources and reference screening centres	203,096	26,000	141,159	48,310	418,565
TylaMac/ABBV-4083 Macrofilicide (filaria)	3,273,671	-	-	13,970	3,287,641
Visceral leishmaniasis	28,171	-	154,600	13,886	196,657
Paediatric HIV ['4-in-1' LPV/r-based fixed-dosed combination]	199,005	-	-	87,682	286,687
Lead Optimization Consortia Australia	23,464	51,582	-	54,331	129,377
Toxicological study of Acoziborole (SCYX-7158)	-	-	98,069	-	98,069
TOTAL	3,996,662	139,696	925,263	523,842	5,585,463

Main in-kind contributors in 2019: Abbvie, USA; Astellas Pharma Inc., Japan; CIPLA, India; Daiichi Sankyo, Japan; Eisai Co., Ltd., Japan; EUROFARMA, Brazil; Found Objects Music Production, USA; Institut Pasteur Korea, Korea; Instituto de Ciências Biomédicas, Universidade de São Paulo, Brazil; Monash University, Australia; National Center for Advancing Translational Sciences, NIH, USA; SAS Institute, USA; Shionogi Co., Ltd., Japan; Structural Genomics Consortium, Brazil; Swiss TPH, Switzerland; Takeda Pharmaceutical Company Limited, Japan; Universidade de São Paulo, Brazil; Universidade Estadual de Campinas, Brazil

14. FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

DNDi works in a multi-currency environment, with income and expenses in various currencies, and is therefore exposed to the risk of foreign currency fluctuations. This risk is covered by natural hedging for income received in the same currency as expenses incurred. However, DNDi needs to buy CHF using the unutilized balance of other currencies. DNDi hedges up to 50% of its CHF needs and the remainder is bought on spot. Forward contracts are utilized as hedging instruments with a horizon that can extend to 12 months. At the end of 2019, approximately 15%

of the total 2020 budget needs were covered. At 31 December 2019, the theoretical unrealized loss on these instruments (CHF 122,479) was due to the depreciation of CHF in relation to the counterparty currencies hedged. The trend reversed in 2020 and the theoretical loss diminished as CHF strongly appreciated. With its hedging strategy, DNDi is not only looking at limiting the budgetary variations due to exchange market volatility, but also ensuring the receipt of CHF monies in time for its current operations.

Hedging instruments at the 31st of December					Valuation as at 31 December 2019		Profit/Loss
Expiry date (2020)	Currency sold	Sold	Strike rate	CHF to receive	Spot rate	Amount in CHF	CHF
21 January	EUR	1,000,000	1.098	1,098,200	1.097	1,097,333	867
20 March	EUR	1,000,000	1.097	1,097,400	1.097	1,097,333	67
22 June	EUR	1,000,000	1.096	1,096,400	1.097	1,097,333	(933)
21 January	GBP	500,000	1.188	594,100	1.279	639,745	(45,645)
20 February	GBP	500,000	1.186	593,150	1.279	639,745	(46,595)
21 April	GBP	1,000,000	1.264	1,264,100	1.279	1,279,491	(15,391)
20 May	GBP	1,000,000	1.262	1,262,400	1.279	1,279,491	(17,091)
21 July	GBP	500,000	1.283	641,350	1.279	639,745	1,605
21 February	100 JPY	110,000,000	0.913	1,003,833	0.912	1,003,193	640
Total				8,650,933		8,773,412	(122,479)

15. SWISS FRANC EQUIVALENT OF KEY FIGURES

The Foundation maintains its accounting records in EUR. The key figures below have been converted into CHF for information purposes only, using a closing rate of CHF 1 = EUR 0.9113 (2018: CHF 1 = EUR 0.879).

(in CHF)	2019	2018
Total assets	30,291,301	34,950,590
Capital of the organization	13,449,172	13,313,453
Total income	70,101,802	71,014,763
Total social mission expenditure	61,052,032	62,381,269
Total non-social mission expenditure	8,378,370	7,644,176

16. AUDIT FEES

Audit services include statutory audits, project audits, and donor audits. To date, Deloitte, the Foundation's Statutory Auditor, does not provide DNDi with other services such as tax or legal services. Audit fees slightly decreased in 2019 compared to 2018 due to fewer statutory audits performed in 2019 (2 fiscal years were audited in 2018 at the regional offices in Kenya and India: 2017 and 2018). The partner audits are performed in collaboration with Ernst & Young.

(in EUR)	2019	2018
Total audit services	249,219	262,985

17. SUBSEQUENT EVENTS

The Coronavirus outbreak (COVID-19) occurred in the first quarter of 2020 in China and has developed into a pandemic affecting over 170 countries worldwide. More than 90% of the contributions received by DNDi are public and funded by governments or strong private institutions or foundations. With grant agreements already in place for 2020, the pandemic should not affect the year 2020 and the going concern assumption under which the 2019 financial statements have been prepared. However, it is too early to reasonably assess total and/or long-term impacts of this unprecedented crisis on our finances. Therefore, DNDi is developing business continuity plans and continually monitoring the situation through constant dialogue with our network of partners worldwide to assess the impact on staff, patients, partners, and clinical studies, and to prepare our contribution to the COVID-19 response.

Action taken:

- DNDi task force to evaluate the impact on personal and professional lives of DNDi employees. DNDi has taken measures to protect the team;

- For R&D and clinical activities, DNDi anticipates that some 2020 milestones will not be achieved as patients could not be enrolled due to stay-at-home restrictions, despite our best efforts to continue providing treatment. The impact of delays will depend on how the situation evolves. Led by the Medical Director, the clinical task force is monitoring all activities;
- Financial measures have been applied to reduce expenditure where possible, while remaining focused on addressing patient needs; and
- Participation in COVID-19 efforts include: involving technical staff members in specific COVID-19 activities with partner organizations; providing access to compound libraries of potential interest to the COVID-19 R&D efforts; sharing of resources in clinical trial design, regulatory strategies, and intellectual property approaches; facilitating a coalition to accelerate clinical research relevant to low- and middle-income countries; and contributing to better-informed global and national policies by sharing data, for instance. From a cash perspective, based on our latest (May 2020) cash forecasts and analysis, we do not foresee cash issues related to COVID-19 in 2020.

18. GARDP collaboration and transfer agreements

- Effective 1 January 2019, DNDi entered into a 3-year collaboration agreement with GARDP. Under this agreement, DNDi and GARDP agreed to collaborate strategically to drive efficiencies by sharing specialized R&D expertise and capacity, policy advocacy expertise, and some infrastructure and support services. In-country implementation of GARDP's programmes is now supported by DNDi's regional network and a joint DNDi-GARDP office in Southern Africa.
- Effective 1 January 2019, DNDi also entered into a transfer agreement with GARDP. Under this agreement, all assets and

employees were transferred to the new GARDP Foundation on 1 April 2019. The first tranche of R&D programmes was transferred on 1 April 2019 and the rest transferred by 31 October 2019.

- As a result of the above agreements, DNDi received funding from GARDP in 2019 for the collaborative activities related to GARDP and for the costs incurred by DNDi relating to the R&D programmes until their transfer to GARDP was complete. Compared to 2018, expenditures paid in 2019 by DNDi on behalf of GARDP were as follows:

GARDP 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 Expenses reimbursed by GARDP	7,556,461	11,141,194
GARDP Expenses re invoiced to DNDi	257,664	-
Total GARDP expenses in DNDi	7,814,125	11,141,194
Total DNDi Expenditures	63,271,925	61,530,392
GARDP expenses as % of total Expenditures	11.9%	18.1%

REPORT OF THE STATUTORY AUDITOR



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Report of the Auditor

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

Report of the Auditor on the Combined Financial Statements

As statutory auditor, we have audited the accompanying combined financial statements of Drugs for Neglected Diseases initiative (DNDi), which comprise the combined balance sheet as at 31 December 2019, the combined statement of operations, the combined funds flow statement, the combined statement of changes in capital and notes to the combined financial statements, presented on pages 16 to 33, for the year then ended.

Board's Responsibility

The Board is responsible for the preparation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT OF THE STATUTORY AUDITOR



Drugs for Neglected Diseases initiative (DNDi), Geneva
Report of the statutory auditor
For the year ended 31 December 2019

Opinion

In our opinion, the combined financial statements for the year ended 31 December 2019 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 combined financial statements according to the instructions of the Board.

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

Deloitte SA

Annik Jatón Hüni
Licensed Audit Expert
Auditor in Charge

Sophie Durand
Licensed Audit Expert

Geneva, 24 June 2020
AJH/SD/rex

Enclosures

- Financial statements (combined balance sheet, combined statement of operations, combined funds flow statement, combined changes in capital and notes)

GOVERNANCE

DNDi BOARD OF DIRECTORS



Marie-Paule Kieny
Chair, Institut national de la santé et de la recherche médicale, France, formerly with WHO, Switzerland



Suerie Moon
Secretary (until December 2019); Harvard University, USA and The Graduate Institute of Research International and Development Studies, Switzerland



Paul Herrling
Secretary (since January 2020, Board member since June 2019); formerly with Novartis International AG, Switzerland



Frédéric Vallat
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Ministry of Health, Malaysia



Jorge Bermudez
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Balram Bhargava
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Christos Christou
Médecins Sans Frontières (since November 2019)



Stewart Cole
Institut Pasteur, France



Joanne Liu
Médecins Sans Frontières (until November 2019)



Alwyn Mwinga
Patient representative; Zambart, Zambia



Bernhards Ogutu
Kenya Medical Research Institute, Kenya



Bennett Shapiro
PureTech Ventures, formerly with Merck & Co, USA



Marcel Tanner
University of Basel, formerly with Swiss Tropical and Public Health Institute, Switzerland (until June 2019)



John Reeder
Permanent observer; WHO-TDR Special Programme for Research and Training in Tropical Diseases, Switzerland

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Rashmi Barbhuiya
formerly with Advinus Therapeutics, India



Kirana Bhatt
University of Nairobi, Kenya



Pierre-Etienne Bost
formerly with Institut Pasteur, France



Pierre Buffet
Paris Descartes University and INTS, France



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ADC Therapeutics, Switzerland (since June 2019)



J. Carl Craft
formerly with Medicines for Malaria Venture, Switzerland



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Andre Daher
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AbbVie, USA



Kiyoshi Kita
Nagasaki University, Japan (until December 2019)



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Shahnaz Murad
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Tomo Nozaki
University of Tokyo, Japan (since December 2019)



Koert Ritmeijer
Médecins Sans Frontières



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Faustino Torrico
Universidad Mayor de San Simón, Bolivia



Muriel Vray
Institut Pasteur, France



John Westwick
Imperial College, London University, UK (until December 2019)

DNDi AUDIT COMMITTEE

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Olivier Dunant, Eversheds Sutherland, Switzerland
Barbara Kessler, formerly with Novartis, Switzerland

Marie-Paule Kieny, Chair of DNDi Board of Directors, France
Bernard Pécoul, Permanent guest; DNDi, Switzerland
Statutory auditors: Deloitte

Note: Lists include membership from January to December 2019

A WORD OF THANKS

DNDi has now delivered eight new treatments for neglected patients and aims to deliver another eight to ten, for a total of 16-18 new treatments by 2023. DNDi is deeply grateful for the support of all its donors, and for their commitment and collaboration since 2003. All contributions large and small have helped advance DNDi's mission and goals. Listed below are supporters who have given a cumulative contribution of at least USD/EUR 10,000 since 2003.

PUBLIC INSTITUTIONAL SUPPORT

- Australian Trade and Investment Commission (Austrade), Australia
- Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazil
- Department of Health and Social Care (DHSC), UK*
- Dutch Ministry of Foreign Affairs (DGIS), the Netherlands
- Dutch Ministry of Health, Welfare and Sport (VWS), the Netherlands*
- European and Developing Countries Clinical Trials Partnership Association (EDCTP1 and 2 Programmes) supported by the European Union
- European Union – Framework Programmes 5, 6, and 7 and Horizon 2020 research and innovation programme
- Federal Ministry of Education and Research (BMBF) through KfW, Germany
- Federal Ministry of Health, Germany*
- Federal Office of Public Health (FOPH), Switzerland*
- Foundation for Innovative New Diagnostics (FIND) (supported by Unitaid)
- French Development Agency (AFD), France
- French Ministry for Europe and Foreign Affairs (MEAE), France
- Fundação de Amparo à Pesquisa do Estado de São Paulo (FAPESP), Brazil
- Fundação Oswaldo Cruz (Fiocruz), Brazil
- Fundação para a Ciência e a Tecnologia (FCT), Portugal
- German Corporation for International Cooperation (GIZ) on behalf of the Government of the Federal Republic of Germany, Germany
- Global Health Innovative Technology Fund (GHIT Fund), Japan
- Grand Duchy of Luxembourg, Luxembourg*
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- International Development Research Centre (IDRC), Canada
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- Ministry of Health, Malaysia
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- National Science and Technology Development Agency (NSTDA), Ministry of Science and Technology, Thailand
- Norwegian Agency for Development Cooperation (Norad), Norwegian Ministry of Foreign Affairs, as part of Norway's in-kind contribution to EDCTP2
- PANAFTOSA – Organização Pan-Americana da Saúde/Organização Mundial da Saúde (OPAS/OMS)
- Region of Tuscany, Italy
- Republic and Canton of Geneva, International Solidarity Service, Switzerland
- Ruta-N, City of Medellin, Colombia
- Science and Technology Innovation Agency (Finep), Brazil, through the Regional and National Finep Awards for Innovation in Social Technology
- South African Medical Research Council (SAMRC), South Africa*
- Spanish Agency for International Development Cooperation (AECID), Spain
- Swiss Agency for Development and Cooperation (SDC), Switzerland
- The Global Fund to Fight AIDS, Tuberculosis and Malaria
- UK aid, UK
- Unitaid
- US Agency for International Development (USAID), USA
- US Agency for International Development (USAID), via the 4th Sector Health Project implemented by Abt Associates, Inc., USA
- World Health Organization – Special Programme for Research and Training in Tropical Diseases (WHO-TDR)

*Donors who contributed to DNDi specifically for GARDP incubation

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- Anna-Maria and Stephen Kellen Foundation, USA
- Associação Bem-Te-Vi Diversidade, Brazil
- BBVA Foundation (through the 'Frontiers of Knowledge Award in Development Cooperation'), Spain
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- Marsha Fanucci, USA
- Médecins Sans Frontières International and the MSF sections of Australia, Brazil, France, Italy, Japan, Norway, and the USA
- Médecins Sans Frontières International-Transformational Investment Capacity (MSF-TIC)
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- Stavros Niarchos Foundation, USA
- Steve Rabin and Jonathan Winslow, USA
- Takeda Pharmaceutical Company Limited, Japan
- The Broder Family Foundation, USA
- The Peter and Carmen Lucia Buck Foundation, USA
- The Robin O'Brien Fund, USA
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- UBS Optimus Foundation, Switzerland
- Wellcome, UK
- Zegar Family Fund, USA
- Anonymous individuals and organizations

Best science for the most neglected

The Drugs for Neglected Diseases *initiative* (DNDi) is a collaborative, 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, filarial infections, mycetoma, paediatric HIV, and hepatitis C.

We innovate to save lives

We develop urgently needed treatments for neglected patients and work to ensure they're affordable, available, and adapted to the communities who need them.

We partner for impact

We conduct research where it's needed most, utilizing and strengthening R&D capacity in countries affected by neglected diseases.

We advocate for change

We speak out for policy change to enable more effective and equitable R&D and access to the fruits of science for all people in need, no matter their income or where they live.

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