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Geneva, 3 May 2022

To the Governance Board of
Medicines Patent Pool Foundation, Geneva

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Medicines Patent Pool Foundation, Geneva, which comprise the balance sheet, statement of operations, cash flow statement, statement of changes in capital and notes, for the year ended 31 December 2021.



Governance Board' responsibility

The Governance Board is responsible for the preparation of the financial statements in accordance with Swiss GAAP FER (Core FER), the requirements of Swiss law and the Foundation's statutes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Governance 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 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 financial statements are free from material misstatement.

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



Opinion

In our opinion, the financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER (Core FER) and comply with Swiss law and the Foundation's statutes.

Emphasis of matter

As discussed in Note 2 to the financial statements, the comparative period 31 December 2020 has been restated to correct the revenue recognition for multi-year donations. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Medicines Patent Pool Foundation for the year ended 31 December 2020 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 14 April 2021.



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 in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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 financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Licensed audit expert

Enclosure

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

MEDICINES PATENT POOL FOUNDATION

Balance Sheet as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

ASSETS

CURRENT ASSETS	NOTES	31.12.2021	31.12.2020 Restated
Cash and cash equivalent		15,839,214	2,642,040
Donors receivable	3	6,793,570	7,244,558
Other receivable		41,258	35,476
Prepaid expenses	4	729,547	167,842
Total current assets		23,403,589	10,089,916
NON-CURRENT ASSETS			
Donors receivable	3	17,764,276	24,290,016
Tangible fixed assets	5	91,731	74,118
Financial assets	6	80,244	79,767
Total non-current assets		17,936,251	24,443,901
Total ASSETS		41,339,840	34,533,817

LIABILITIES, FUNDS AND CAPITAL

Current liabilities			
Accounts payable		533,114	456,973
Accrued liabilities	2 g	80,273	22,036
Provisions	7	340,130	169,327
Deferred income	8	6,793,570	7,244,558
Total current liabilities		7,747,086	7,892,896
Non-Current Liabilities			
Deferred income		17,764,276	24,290,016
Total non current Liabilities		17,764,276	24,290,016
Total Liabilities		25,511,362	32,182,912
RESTRICTED FUNDS			
Restricted Funds	2 e	15,700,384	2,272,684
Total restricted funds		15,700,384	2,272,684
CAPITAL			
Paid-in capital		50,000	50,000
Unrestricted Funds		78,094	28,221
Total capital of the Foundation		128,094	78,221
Total LIABILITIES, FUNDS AND CAPITAL		41,339,840	34,533,817

MEDICINES PATENT POOL FOUNDATION

Statement of operations for the period from January 1st, to December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

INCOME	NOTES	2021	2020
Donations	9	22,849,078	5,479,341
Total Donations		22,849,078	5,479,341
Other Income		9,800	32,604
Total Operating Income		22,858,878	5,511,945
OPERATING EXPENDITURE			
Personnel costs			
Personnel costs and social charges		4,947,643	4,186,711
Other personnel costs		51,290	34,435
Total personnel costs		4,998,934	4,221,146
Administrative expenditure			
Professional fees		1,851,575	907,612
Rent		330,318	330,015
General and administrative costs		93,436	57,138
IT services and maintenance		242,753	283,377
Marketing and Advertising		27,148	15,673
Travel and representation costs		115,730	111,863
Depreciation of tangible assets		34,827	30,586
Total administrative expenditure		2,695,787	1,736,262
Sub-grant expenditure			
Sub-grants		1,404,298	0
Total sub-grant expenditure		1,404,298	0
Operating Surplus / (Deficit)		13,759,859	(445,463)
Financial result (Deficit) / Surplus	10	(282,286)	(244,751)
Total Surplus / (Deficit) prior to allocation		13,477,573	(690,214)
(Allocation to) / use from Restricted Funds		(13,427,700)	690,214
(Allocation to) / use from Unrestricted Funds		(49,873)	-
Total surplus / (deficit) after allocation		-	-

MEDICINES PATENT POOL FOUNDATION

Statement of Cash Flow for the period from January 1st, to December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

	NOTES	2021	2020 Restated
Cash flows from operating activities			
Total Surplus / (Deficit) prior to allocation		13,477,573	(690,214)
Depreciation		34,826	30,586
Increase / (Decrease) on Provisions	7	170,802	(7,044)
(Increase) / Decrease on Other receivables		(5,782)	(14,661)
Decrease / (Increase) on Donors receivable	3	6,976,729	(24,864,196)
(Increase) / Decrease on Prepaid expenses	4	(561,706)	(32,095)
Increase / (Decrease) on Accounts payable		76,141	284,208
(Decrease) / Increase on Deferred income	8	(6,976,729)	24,864,196
Increase / (Decrease) on Accrued liabilities	2g	58,236	(41,854)
Net cash provided (used) by operating activities		13,250,091	(471,074)
Cash flow from investing activities			
(Increase) / Decrease Financial Assets		(477)	7,121
Acquisition of tangible fixed assets	5	(52,440)	(29,297)
Net cash used in investing activities		(52,918)	(22,176)
Cash flow from financing activities			
Net cash flow from financing activities		-	-
NET CHANGE IN CASH		13,197,173	(493,250)
Cash and cash equivalents			
At the beginning of the fiscal year		2,642,040	3,135,290
At the end of the fiscal year		15,839,214	2,642,040
NET CHANGE IN CASH		13,197,173	(493,250)

MEDICINES PATENT POOL FOUNDATION, GENEVA

Statement of changes in Capital For the period ending December 31st, 2021

(Expressed in Swiss Francs)

Restricted funds	Beginning of the period 01.01.2021	Allocation of funds	Use of funds	Adjustement	End of the period 31.12.2021	Note
UNITAID MPP3	2,179,430	6,922,843	(5,414,156)	-	3,688,118	2 e
Swiss Agency for Cooperation and Development - SDC 3 (Expansion activities)	93,252	552,000	(432,621)	-	212,631	
Government of Japan (COVID 19 activities)	-	913,710	(673,282)	-	240,428	
Government of France MPP (Support to the Tech Transfer HUB) SUBGRANTS (Transfers to the Tech Transfer HUB)	-	5,355,750	(1,200,768)	-	4,154,982	
	-	9,104,775	(1,700,550)	-	7,404,225	
Total Restricted funds	2,272,683	22,849,078	(9,421,377)	-	15,700,384	
Capital						
Paid-in capital	50,000	-	-	-	50,000	
Unrestricted funds	28,221	49,873	-	-	78,094	2 e
Total Capital of the Foundation	78,221	49,873	-	-	128,094	

Statement of changes in Capital For the period ending December 31st, 2020

(Expressed in Swiss Francs)

Restricted funds	Beginning of the period 01.01.2020	Allocation of funds	Use of funds	Adjustement	End of the period 31.12.2020	Note
UNITAID MPP2	2,498,897	5,511,945	(5,831,410)	-	2,179,430	2 e
Swiss Agency for Cooperation and Development - SDC 3 (Expansion activities)	464,000	-	(370,748)	-	93,252	
Total Restricted funds	2,962,897	5,511,945	(6,202,158)	-	2,272,684	
Capital						
Paid-in capital	50,000	-	-	-	50,000	
Unrestricted funds	28,221	-	-	-	28,221	2 e
Total Capital of the Foundation	78,221	-	-	-	78,221	

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

Note 1 : Presentation

The organisation's full name is "Medicines Patent Pool Foundation". It is registered in Geneva, Switzerland and is known as MPP. MPP is a Foundation under the Swiss Civil Code and has signed in February 2018 a "seat agreement" with the Swiss Confederation granting to the Foundation the status of "Other International Organisation".

The purpose of the Foundation is to improve health by providing patients in low and middle income countries with increased access to quality, safe, efficacious, more appropriate and more affordable health products, including through a voluntary patent pool mechanism.

The financial statements of the Foundation reflect 100% of the Geneva Headquarter activities as well as 100% of the activities conducted by the MPP Indian Liaison Office.

The audited financial statements are publicly available on MPP's website here:

<https://medicinespatentpool.org/who-we-are/annual-reports>.

The Foundation Governance Board has validated the financial statements 2021 on May 3rd, 2022.

Note 2 : Significant accounting policies

a - Statement of compliance

The MPP financial statements include the balance sheet, statement of operations, statement of changes in capital, statement of cash Flow, and notes.

b- Basis of presentation for preparing the financial statements

The financial statements of the Foundation have been prepared in accordance with the statutes of the Foundation, the provisions of the Swiss Code of Obligations (Art. 957 to 963b) and the Swiss Generally Accepted Accounting Principles (Swiss GAAP Core FER and Swiss Gaap FER 21).

Certain prior period amounts within the financial statements and related notes have been reclassified for comparison purposes.

The Financial Statements are presented in Swiss Francs ("CHF") unless otherwise stated.

All amounts are rounded to the nearest Swiss Franc with the consequence that the rounded amounts may not add to the rounded total in all cases.

The financial statements have been prepared using historical cost principles and are based on the assumptions that the going concern is possible for the foreseeable future.

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

c - Translation of operations in foreign currency

Balance sheet positions in currencies other than Swiss Francs are converted into Swiss Francs at the year-end rate as follows:

Balance sheet accounts :	0.91513 USD
	0.01229 INR
	1.03638 EUR

Statement of operations transactions are recorded in Swiss Francs at the average foreign exchange rate of the previous month.

d- Correction of an Error

In 2021, an error has been identified with regard to the proper revenue recognition of multi-years donations. Multi-years donations were not recognized on the balance sheet upon receipt of a written confirmation or agreement from the donor but on cash basis.

The Foundation evaluated the materiality of the error, both quantitatively and qualitatively, and determined the effect of the correction of the error was material to the previously issued financial statements. Therefore, the 31 December 2020 financial statements have been restated to reflect the correction of the error.

The following corrections have been made to the information reported in the financial statements as of and for the year-end 31 December 2020.

Balance sheets

	31 December 2020	
	Restated	As reported
Current Donors receivable	7,244,558	-
Non- Current Donors receivable	24,290,016	-
Current Deferred income	(7,244,558)	-
Non-Current Deferred income	(24,290,016)	-

Statement of Cash Flows

	31 December 2020	
	Restated	As reported
Increase on Donors receivable	(24,864,196)	-
Increase on Deferred income	24,864,196	-

Notes to the financial statements as of December 31st, 2021

 (with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

The following corrections have made to the information disclosed in Note 3 and Note 8 of financial statements as of and for the period ended 31 December 2020:

Donors receivable

	31 December 2020	
	Restated	As reported
Current Donors receivable	7,244,558	-
Non- Current Donors receivable	24,290,016	-

Deferred income

	31 December 2020	
	Restated	As reported
Current Deferred income	(7,244,558)	-
Non-Current Deferred income	(24,290,016)	-

e - Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will inure to MPP and can be reliably estimated, upon receipt of a written confirmation or agreement from the donor.

MPP is receiving two types of donation: yearly donation related to the fiscal year and mutli-years donation covering several years.

Donations are recognised in the statement of operations once they definitely belong to MPP. They are considered as unrestricted funds, unless the donor stipulates a specific restriction.

When the use of funds are restricts to specific activities, the donation is considered to be an allocated fund. Allocated funds not used at year-end are presented in a specific section of the balance sheet.

Donations designated for use after the reporting date are reported as a deferred income in the financial statements and recognized as revenue in the year designated by the donor.

Donations that will fall due after five years or are estimated as unlikely to be paid are not accounted for and are disclosed as contingent assets owing to uncertainties associated with their receipt. In 2021 and 2020, no donations were considered contingent assets.

Notes to the financial statements as of December 31st, 2021

 (with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

f - Fixed assets

The fixed assets are valued at historical cost of acquisition, less the accumulated depreciation. The depreciation is recognised on the straight-line method over the useful life, as follows :

Category of fixed assets	Useful life (years)
Office equipment	8 years
IT infrastructure	3 years
Leasehold improvement	5 years

g - Accrued liabilities

This position includes the charges related to the current exercise that will be paid the following exercise.

h - Taxes

Thanks to the seat agreement signed in February 2018, MPP is not subject to any taxation in Switzerland. This exemption only relates to Swiss activities. The Indian Liason office is subject to all local taxes such as VAT.

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

Note 3: Donors receivable

Donors receivable come from contractual commitment signed with donors. The current donors receivable amount include the commitment up to one year and the non-current donors receivable amount include the commitment above one year.

	31 December 2021	31 December 2020 (Restated)
Unitaid (6,820,419 USD)	6,241,570	6,692,558
SDC (552,000 CHF)	552,000	552,000
Total Current Donors receivable	6,793,570	7,244,558
	31 December 2021	31 December 2020 (Restated)
Unitaid (19,220,480 USD)	17,589,238	23,562,978
SDC (175,038 CHF)	175,038	727,038
Total Non-Current Donors receivable	17,764,276	24,290,016

There were no provision on donors receivable, either in 2021 or in 2020.

Note 4: Prepaid expenses

	31 December 2021	31 December 2020
Sub-grant Afrigen	547,329	-
Other prepaid expenses	182,218	167,842
Total	729,547	167,842

Afrigen is a sub-grantee in South-Africa financed in 2021 through the funding granted by the Government of France and the amount represents the unspent funds by Afrigen as at December 31st, 2021.

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(Expressed in Swiss Francs)

Note 5 : Fixed assets

	Office Equipment	IT Infrastructure	Leasehold Improvement	Total
NET VALUE AS OF 01.01.2021	43,152	29,415	1,551	74,118
Gross value				
Beginning of the period as of 01.01.2021	167,315	215,563	7,754	390,632
Additions	9,241	43,199	-	52,440
Disposals	-	-	-	-
End of the period as of 31.12.2021	176,556	258,762	7,754	443,072
Accumulated depreciation				
Beginning of the period as of 01.01.2021	(124,163)	(186,148)	(6,204)	(316,514)
Depreciation	(8,263)	(25,013)	(1,551)	(34,826)
End of the period as of 31.12.2021	(132,425)	(211,161)	(7,754)	(351,340)
Net value as of 31.12.2021	44,130	47,601	(0)	91,731

Notes to the financial statements as of December 31st, 2020

(Expressed in Swiss Francs)

Note 5 bis : Fixed assets

	Office Equipment	IT Infrastructure	Leasehold Improvement	Total
Net value as of 01.01.2020	41,350	30,955	3,101	75,406
Gross value				
Beginning of the period as of 01.01.2020	155,362	198,218	7,754	361,334
Additions	11,953	17,345	-	29,297
Disposals	-	-	-	-
End of the period as of 31.12.2020	167,315	215,563	7,754	390,632
Accumulated depreciation				
Beginning of the period as of 01.01.2020	(114,012)	(167,263)	(4,653)	(285,928)
Depreciation	(10,151)	(18,884)	(1,551)	(30,586)
End of the period as of 31.12.2020	(124,163)	(186,148)	(6,204)	(316,514)
Net value as of 31.12.2020	43,152	29,415	1,551	74,118

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

Note 6: Financial Assets

Financial assets consists of rental deposit for the Head office and Indian office

Note 7: Provisions

	Untaken vacations	Financial reward to staff	Others	Total
Balance as of 01.01.2021	147,846	-	21,481	169,327
Additional provisions	70,054	108,750	13,479	192,284
Amounts used	-	-	(21,181)	(21,181)
Unused amounts reversed	-	-	(300)	(300)
Balance as of 31.12.2021	217,900	108,750	13,479	340,130

	Untaken vacations	Financial reward to staff	Others	Total
Balance as of 01.01.2020	87,667	-	87,327	174,994
Additional provisions	60,179	-	21,481	81,660
Amounts used	-	-	(87,127)	(87,127)
Unused amounts reversed	-	-	(200)	(200)
Balance as of 31.12.2020	147,846	-	21,481	169,327

Note 8: Deferred Income

	31 December 2021	31 December 2020 (Restated)
Unitaid (6,820,419 USD)	(6,241,570)	(6,692,558)
SDC (552,000 CHF)	(552,000)	(552,000)
Total Current Deferred Income	(6,793,570)	(7,244,558)

Unitaid (19,220,480 USD)	(17,589,238)	(23,562,978)
SDC (127,038 CHF)	(175,038)	(727,038)
Total Non-Current Deferred Income	(17,764,276)	(24,290,016)

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

Note 9: Donations

	31 December 2021	31 December 2020
Unitaid (7,717,430)	6,922,843	5,479,341
SDC (552,000 CHF)	552,000	-
Government of France (13,500,000 EUR)	14,460,525	-
Government of Japan (1,000,000 USD)	913,710	-
Total	22,849,078	5,479,341

UNITAID

The Medicines Patent Pool Foundation ("MPP") was established as an independent legal entity on 16 July 2010 with the support of UNITAID, which remains MPP's main donor.

Per MPP's statutes the majority of MPP's third party funding (excluding royalty payments, if any) shall come from sources of public and/or non-profit nature.

On 16 November 2020, MPP and UNITAID signed the 3rd Memorandum Of Understanding granting MPP a maximal amount of USD 34,270 Mios for the period January 2021 to December 2025, subject to pre-approval of yearly budgets submitted by MPP.

The donations from UNITAID are restricted to serve the objectives of the Foundation.

Swiss Agency for Cooperation and Development

In December 2019, MPP and the FDFA/SDC signed a new grant of CHF 1,743 Mios for the period 2020-2022.

This new grant is a co-funding along with Unitad (50%/50%) to finance MPP's expansion activities with co-morbidities.

Government of Japan

On August 19th, 2020, MPP and the Gouvernement of Japan, through the WHO, signed an Memorandum Of Understanding granting MPP an amount of USD 1 Mio for 2021. This grant financed activities relating to the COVID 19 disease.

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

Government of France

The French Government has agreed to support MPP with the funding of the Technology Transfers activities with an initial Grant of EUR 13,5 Mios signed the 5th of October 2021 for a period of one year. This Grant is made of two different components :

EUR 5 Mios to fund MPP activities and EUR 8,5 Mios to be allocated to the creation of the Hub in South Africa.

Note 10 : Net financial result

The financial income and costs are the following :

	31 December 2021	31 December 2020
Exchange (loss), net	(279,464)	(240,068)
Bank interest income	5,689	307
Others, net	(8,511)	(4,990)
TOTAL	(282,286)	(244,751)

Note 11 : Pro-Bono Agreements

The MPP did not receive pro bono legal services this fiscal year (0.- CHF in 2020).

Note 12 : Other information

Remuneration of the Governing Bodies of the Foundation and management

The members of the Governing Bodies of the Foundation - the Governance Board and the Expert Advisory Group - do not receive any remuneration in respect of their activities within the Foundation. The management of the Foundation is handled by one person. As permitted by Swiss GAAP FER 21.45, the disclosure of the compensation has been waived.

Note 13 : Number of employees

The Foundation had an average of 30,3 employees (FTE) in 2021 (24.6 employees - 2020) including 5 employees in India.

MEDICINES PATENT POOL FOUNDATION, GENEVA

Notes to the financial statements as of December 31st, 2021

(with December 31st, 2020 comparative figures)

(Expressed in Swiss Francs)

Note 14: Liabilities from leasing contracts

	31 December 2021	31 December 2020
Liabilities from leasing agreement up to one year	292,799	272,091
Liabilities from leasing agreement from one year to five years	1,055,960	189,355

Note 15: Pension Funds

As of December 31, 2021, the organisation has a liability due to the pension fund amounting of CHF 126,396.- (2020 : CHF 108,236)

Note 16 : Subsequent events

Beginning of 2022 MPP signed new grant agreements with the World Health Organisation (EUR 1 Mios for the period January 2022 - August 2023) and the Canadian Department of Foreign Affairs, Trade and Development (CAD 15 Mios for the period March 2022 - March 2024) and with the Government of Norway through Unitaid (NOK 40 Mios for the year 2022) to support the COVID-19 Manufacturing and Technology Transfer Hub project in South Africa.

In that context, MPP and Afrigen have signed a Grant Agreement allocating a maximum amount of EUR 39 Mios for the period Q4 2021 - 2026 to Afrigen for establishing the technology transfer and training hub for covid-19 mRNA-based vaccines.