



2020  
**Annual report**







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## Highlights

# Foreword from the Chair



The world entered 2020 optimistic about a new decade of opportunity. We ended the year having lived through many months of anxiety, isolation and uncertainty. COVID-19 has touched the lives of almost everybody on the planet, but its impact has been felt especially hard in the countries where we work.

Many countries entered the pandemic with weak health systems. These weaknesses lead to unpredictability and inefficiency in health markets. Such markets are unattractive for manufacturers and make it difficult for procurers to work effectively. The human cost of inefficient markets can be measured in lack of access to affordable healthcare and, ultimately, increased illness and death.

**Our guarantees give manufacturers and procurers confidence to act, enabling them to reach more patients with more healthcare products at lower prices.**

Manufacturers often have legitimate concerns about patient demand, ability to pay, and whether the clinical environment could support a product. Too often they conclude that these uncertainties make it too risky to make a product available in low- and middle-income countries (LMICs). Where demand is difficult to forecast or funding cycles are long or unreliable, procurers have to use shorter supply agreements with higher price points. Combined, these perpetuate a cycle of low availability and high pricing.

MedAccess tackles these inefficiencies with innovative finance tools. Our guarantees give manufacturers and procurers confidence to act, enabling them to reach more patients with more healthcare products at lower prices. Our impact is long lasting. Healthy markets attract and maintain multiple

suppliers, driving competition that leads to more secure supply and sustainable pricing.

Like most companies, we faced significant headwinds in 2020. Our entire team shifted to home working, we adapted how we diligence and monitor transactions and we worked closely with our partners to solve the immediate challenges thrown up by the pandemic.

Despite the headwinds we demonstrated our capability and value. Products supported by our guarantees reached hundreds of thousands of people with minimal interruption. We brought our expertise to discussions about financing COVID-19 products. And we moved quickly to finalise our first procurement guarantee, supporting UNICEF to increase access to essential COVID-19 supplies.

We are ready for the challenges of the COVID-19 era. In 2020, we refocused our strategy, adapting in real time to the changing landscape for finance and health. From 2021, we will multiply our impact by deploying a wider range of tools, working in new disease areas and building stronger partnerships across the health value chain. Our mission to improve access to healthcare remains the same but we are now a sharper, more agile company, ready to solve problems old and new.

On behalf of the Board, I would like to thank CDC Group for its steadfast support for MedAccess and its mission. I would also like to thank the Foreign Secretary and officials at the UK's Foreign, Commonwealth and Development Office for continuing to champion innovative finance for global health.

Finally, I would like to thank Michael and the whole MedAccess team for a year of delivery in adversity. We have set ourselves a high bar and I look forward to continuing working together to provide innovative finance solutions to the healthcare challenges of a changing and uncertain world.

A handwritten signature in black ink that reads "Nigel Keen". The signature is written in a cursive style and is underlined with a double line.

**Nigel Keen**  
Board Chair

## Highlights

# CEO welcome



For the next decade at least, our world will be shaped by the health impact and economic fallout of 2020. A year that was supposed to kick off a decade of action towards achieving the Sustainable Development Goals ended with warnings that years, or even decades, of development gains are at risk.

Rightly, the world focused on protecting life in the first year of the pandemic. Unprecedented collaborations between science, industry and governments have brought effective vaccines more quickly than any of us dared to hope. MedAccess has played its part in their rollout: our \$50 million procurement guarantee for UNICEF, announced in July 2020, has supported the purchase of essential COVID-19 supplies, including the syringes being by used countries to administer vaccines doses provided by the COVAX Facility.

Despite the pandemic, MedAccess' guarantees continue to save and improve lives, reduce costs for procurers and shape markets for the better. Our partnership with Hologic has supported access to 2.5 million HIV and hepatitis viral load tests since 2019, while our volume guarantee for BASF has seen almost 12 million additional next-generation mosquito nets delivered to nine sub-Saharan African countries. The nets delivered since 2019 are expected to save approximately 10,000 lives and avert 6.7 million cases during their three-year lifespan.

Our guarantees continue to deliver results thanks to the remarkable efforts of a range of partners including Hologic, BASF, UNICEF, the Clinton Health Access Initiative (CHAI), and the Bill & Melinda Gates Foundation. We are also grateful to the International Vector Control Consortium (IVCC), Unitaid and the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) for their technical support.

Most of all, we are thankful to the health workers who distribute, deliver and administer the products we support. Their work is remarkable at any time but even more so in a year on the frontline of a pandemic. Their skill and dedication saves and protects millions of lives every year.

As the world adapts to the COVID-19 era, so MedAccess will change too. In 2021 we will have a greater range of financial tools to deploy in pursuit of impact. We have also reviewed and updated our business model to ensure we can achieve

more while remaining lean and focused. Finally, we will expand our range of work, seeking to secure partnerships to tackle a wider range of diseases, including non-communicable diseases. What will not change is our commitment to rigour and commercial insight as we relentlessly pursue health impact.

## **Innovative finance and market shaping organisations have an increasingly important role to play in ensuring that people do not miss out on healthcare.**

I often say that we have a head for business and a heart for humanity. Everything we do at MedAccess is underpinned by our five values. We are mission driven, humble, relentless about rigour, open to scrutiny and trustworthy. As MedAccess has grown, these values have remained our North Star. As we transitioned to remote working for most of 2020, it was humbling to see how the entire team lived our values every day.

Smart investments will have a key role to play in the post-COVID-19 world. As donor and domestic budgets for health come under increasing strain, innovative thinking and new partnerships will be required to make up the ground lost in 2020. I expect innovative finance and market shaping organisations will play an increasingly important role in ensuring that people do not miss out on the healthcare they seek.

2020 was an exceptional year but we came through it together. I am grateful to the MedAccess Board and our shareholder, CDC Group, for continuing to support and challenge me and the whole MedAccess team. I look forward to working with them and you to ensure that healthcare products reach the people who need them, no matter where they live.



**Michael Anderson**  
Chief Executive Officer

Highlights

Development impact 2020

**HOLOGIC®**

**4-year**

Volume guarantee

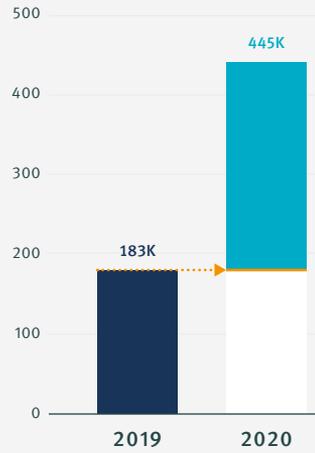
As part of Hologic's Global Access Initiative, our guarantee increases access to viral load testing for HIV and viral hepatitis as well as diagnostic testing for human papillomavirus (HPV) through the Panther® platform.

Actual volume supplied during 2020 also included volumes procured in previous year



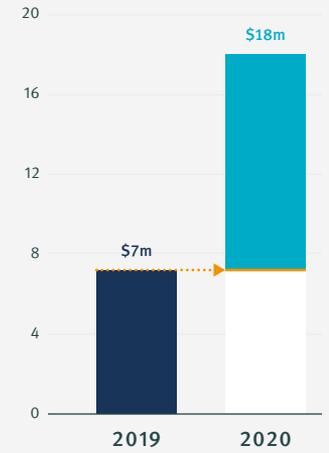
**445,000**

Lives changed



**\$18m**

Money saved



**BASF**

We create chemistry

**4-year**

Volume guarantee

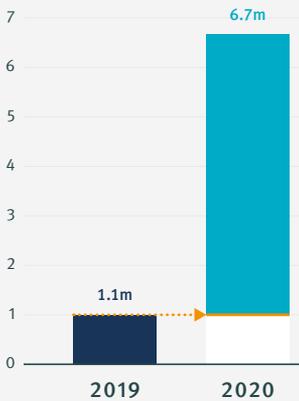
BASF's Interceptor® G2 mosquito nets use a new type of insecticide to combat the threat of increasing resistance in mosquitos. Our guarantee is helping countries to accelerate use of this lifesaving innovation.

Actual volume supplied during 2020 also included volumes procured in previous year



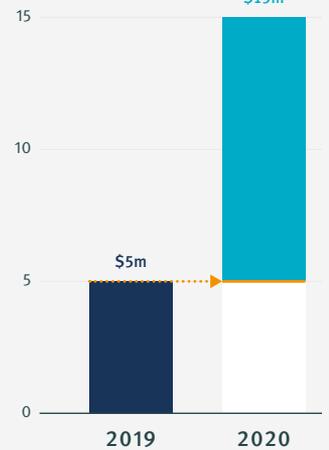
**6.7m**

Malaria cases averted & 10,000 lives saved



**\$15m**

Money saved



**unicef**



Prefinancing for 55 countries to order more than

**250,000,000**

items of essential equipment to tackle COVID-19 and other pressing health needs

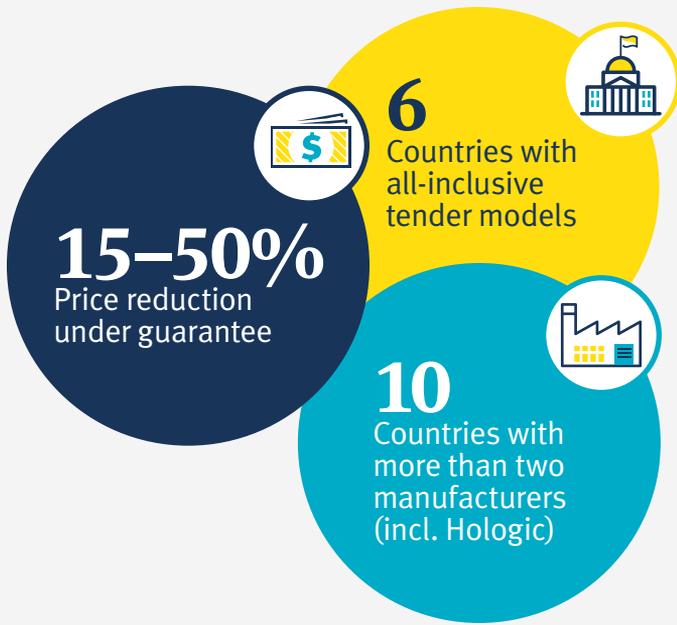
**\$50m**

Procurement guarantee

Our first procurement guarantee enables UNICEF to accelerate procurement of essential COVID-19 products, ensuring frontline healthcare workers have more of the tools they need to tackle the pandemic.



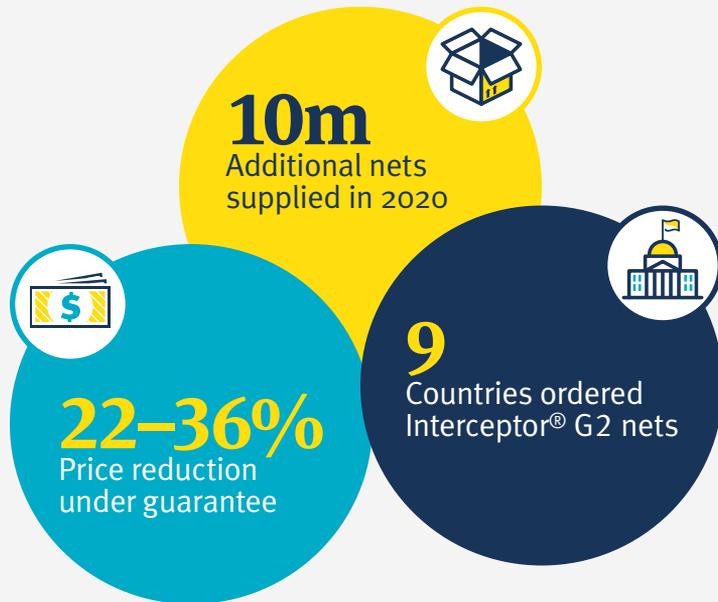
These results estimate the total impact achieved through the guarantee and related activities undertaken by partners, including MedAccess. No deductions have been made for impact that may have occurred without a guarantee, although MedAccess does calculate this for investment decision making purposes. For more on our methodology see our website.



**11** Countries increased access to viral load testing

**12** New Panther platforms installed in 2020

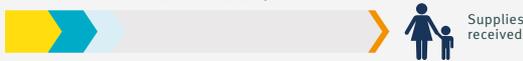
**3** Countries installed their first Panther in 2020



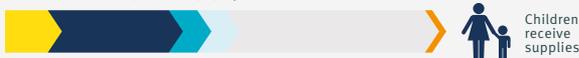
**9** Countries placed orders since 2019

### Essential supplies: Procurement and delivery timeline

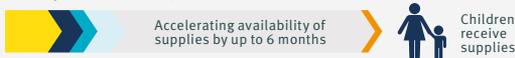
#### Without a funding timing gap



#### With a funding timing gap



#### With pre-financing intervention



- Request by Country Office / Govt (based on annual forecast)
- Funding timing gaps
- UNICEF receives funds
- Goods readiness lead time (up to three months)
- Purchase order placed with manufacturers
- Air freight 2–3 days

Goods readiness and mode of shipment depend on the type of commodity. This example illustrates air freight. Sea freight takes an average of 6–8 weeks.

Our guarantee helped UNICEF secure:

**500,000,000** syringes for use with COVID-19 vaccines provided to 92 countries through the COVAX AMC

**3,100,000** diagnostic test kits to help frontline health workers detect COVID-19 in 63 countries

**3,000,000** rapid diagnostic tests to provide faster results for people with suspected COVID-19. Secured in 2020 for delivery in 2020 and 2021

## Highlights

# 2020: A changing context for global health

On 11 March 2020, the World Health Organization (WHO) declared the SARS-CoV-2 virus (COVID-19) a pandemic. By then, an estimated 114,000 people had already been infected and almost 4,300 had lost their lives.

The WHO estimated that by the end of 2020 there had been 83 million COVID-19 cases and the infection had claimed 1.8 million lives.

The pandemic sparked a seismic shift in global health. It led to an unprecedented focus on a single disease, setting back progress against other health priorities. It also underlined the lifesaving power of scientific and medical innovation while bringing into sharp focus the extent and consequences of unequal access to healthcare.

As the world responded to COVID-19, we saw market shaping interventions at a historically unprecedented scale. Donors provided billions of dollars to support urgent research and

development for new COVID-19 tools and offered incentives, such as advance purchase commitments, that enabled manufacturers to scale up production of candidate vaccines that had not completed clinical trials so that hundreds of millions of doses would be available as quickly as possible.

New market shaping mechanisms were created. The COVAX Facility supported large scale production of promising candidate vaccines and entered into advance purchase agreements for billions of doses. The Facility works with the COVAX Advance Market Commitment, which uses donor funds to provide COVID-19 vaccines for 92 of the lowest income countries to immunise their most vulnerable citizens.



**MedAccess moved quickly to respond to the extraordinary challenges of COVID-19 and maintain our focus as a rigorous, impact-driven healthcare company.**



**We agree our first procurement guarantee.**

In July 2020 we announced a guarantee of \$50 million to support UNICEF's procurement of essential COVID-19 supplies. Our approval timeframe was accelerated to ensure maximum impact during the first wave of the pandemic. UNICEF has used the guarantee to support high-volume procurement of vital COVID-19 tools on behalf of countries, enabling the tools to reach healthcare workers on the frontline of the pandemic more quickly.



**We assessed opportunities for guarantees to support emerging COVID-19 products.**

We anticipated the need for innovative finance tools to support future access to products that were in clinical development. We brought our expertise to discussions on how to incentivise at-risk production of not-yet-approved products and undertook significant deal development work while exploring options with partners.

The deadline for achieving the Sustainable Development Goals (SDGs) is now just nine years away but the targets look more challenging than ever. Progress towards every SDG has been adversely affected by COVID-19, not least Goal 3, which focuses on human health. As the pandemic's immediate impact begins to ease, leaders will be looking closely at which Goals are attainable and how to mobilise resources to achieve them. The SDGs remain central to reducing poverty and inequality. Getting back on track will require significant political and financial commitment.

In this difficult environment, it is more important than ever to maximise the impact of every dollar invested in global health.

With its focus on innovative finance for sustainable market shaping – and relentless pursuit of impact – MedAccess is well positioned to respond to the evolving global health landscape. The economic recovery will be fragile and setbacks are inevitable. This will affect perceptions of risk among manufacturers and purchasers – with the likely outcome that patients in LMICs will have to wait longer for medical supplies. MedAccess' tools reduce the risks all sides face in uncertain markets, enabling manufacturers to bring their products to new territories and reach more people while securing lower ceiling prices and stable supplies for procurers.

3

**We remained focused on rigour, remotely.**

When international travel stopped, we quickly reimagined how we monitor our existing guarantees and conduct diligence on new opportunities. We increased virtual contact with our existing guarantee partners to monitor and address issues arising as a result of the pandemic and we adapted our diligence process for new transactions to mitigate for being unable to conduct site visits. Although we are doing things differently, our commitment to rigour and building trust remains as strong as ever.

4

**We became a hybrid working organisation.**

After shifting seamlessly to home working in March 2020, we took the decision to become a fully hybrid working organisation from 2021. The requirement to work from home initially tested our systems and processes, as well as our resilience, but our team adapted, supported each other and emerged stronger for the experience.

5

**We developed a new strategy for a new era.**

We are going to have to work harder – and smarter – to make up lost ground against a range of diseases. MedAccess is ready to rise to the challenge. Our new strategy gives us a wider range of tools to use. In addition to volume and procurement guarantees, we will provide working capital and loans with returns linked to targets on access and affordability. We will expand the range of diseases we focus on and where we work in the healthcare value chain, seeking partnerships with distributors and a wider range of purchasers.

## Highlights

### Our story so far

MedAccess was established in response to ongoing concerns in the global health community that people in LMICs were continuing to miss out on medical care because of persistent market failures.

In November 2017, MedAccess was founded by CDC Group, a development finance institution owned by the UK government, with support from the UK's Department for International Development (now the Foreign, Commonwealth & Development Office) and the CHAI. MedAccess remains a wholly-owned subsidiary of CDC, which has provided \$200 million in capital.

We began work on our first volume guarantee in early 2018. This resulted in an agreement with Hologic – a medical technology company – to provide its Panther® viral load testing platform for HIV, hepatitis B and C (HBV and HCV) and diagnostic testing for human papillomavirus (HPV) to 12 countries in sub-Saharan Africa, which was announced at the 2018 International AIDS Society Conference.

Negotiations and due diligence on a volume guarantee for BASF's Interceptor® G2 insecticide-treated nets were conducted in 2019. The agreement, which is accelerating access to an innovative mosquito-control technology for communities in malaria-endemic countries, was announced at the Global Fund Replenishment Conference in Lyon in October 2019.

In July 2020, as the COVID-19 pandemic swept across the world, we announced our first procurement guarantee, supporting UNICEF to increase and accelerate access to essential COVID-19 supplies including diagnostic tests, oxygen and clinical management supplies. Using our guarantee, UNICEF also procured 500 million syringes to support countries to administer vaccines supplied through the COVAX Facility.

For more insights on the impact generated through these partnerships, see pages 11–17.



## Partnering for impact

In 2020, we implemented our first **procurement guarantee**. A \$50 million guarantee from MedAccess enabled UNICEF to accelerate access to essential COVID-19 supplies in 55 LMICs and to non-COVID supplies, such as childhood vaccines, in 26 LMICs.

The impact of our two existing **volume guarantees** – with Hologic and BASF – increased in 2020, benefitting hundreds of thousands of people.

This section outlines the impact we have achieved to date across these three guarantees.



## Expanding access to viral load testing

In July 2018, we launched a volume guarantee with Hologic to reduce the price of viral load testing for **HIV** and **viral hepatitis** and diagnostic testing for **human papillomavirus** (HPV), improve patient access to high-quality tests, and shift the market towards all-inclusive procurement. Implementation of the volume guarantee began in 2019.

### The case for intervening

In 2020, there were 1.5 million new **HIV** cases worldwide and an estimated 690,000 people lost their lives to AIDS-related illnesses<sup>1</sup>, making it one of the leading causes of death by an infectious disease. HIV transmission and mortality can be reduced if patients are started on treatments – called antiretrovirals (ARVs) – soon after infection. People living with HIV who consistently take effective ARV regimens can effectively suppress their viral load, which can prevent death, onward transmission and can allow patients to live longer, healthier lives. This requires timely, accurate testing and monitoring.

The WHO recommends routine HIV viral load testing as the “gold standard” for detecting when ARV therapy is failing. Viral load testing is also a key component of the Joint United Nations Programme on HIV/AIDS (UNAIDS) Fast-Track strategy for ending the HIV epidemic by 2030 – known as the 95-95-95 targets – which aims for 95% of people who know their HIV status and are on treatment to be virally suppressed. However, many patients are

not able to access the viral load testing needed to ensure effective treatment. In LMICs, the number of viral load tests run in 2019 provided 70% of the coverage projected to meet the needs of patients on ARVs<sup>2</sup>.

While there has been gradual improvement in access to viral load tests in recent years, barriers to access continue to exist, hindering optimal coverage. These barriers include high and non-transparent test prices with hidden costs, poor instrument servicing and maintenance and uncoordinated and under-resourced patient sample transport networks.

Globally, an estimated 350 million people are living with **Hepatitis B** or **Hepatitis C**<sup>3</sup>. If untreated, viral hepatitis leads to chronic infection. Approximately 30% of people living with untreated chronic viral hepatitis will develop complications such as cirrhosis or liver cancer<sup>4</sup>. Effective vaccines and treatments exist for both illnesses, but access is limited in LMICs. The WHO estimates that more than 400,000 people die each year as a result of Hepatitis C,

while Hepatitis B is responsible for close to 900,000 deaths per year – approximately two people every minute<sup>5</sup>. Most viral hepatitis deaths are the result of cirrhosis or primary liver cancer. Diagnosis and regular viral load testing are critical to preventing disease progression as they indicate the treatment and dosing that patients require. In Africa, more than 90% of people living with viral hepatitis are undiagnosed and fewer than 5% are on treatment<sup>6</sup>.

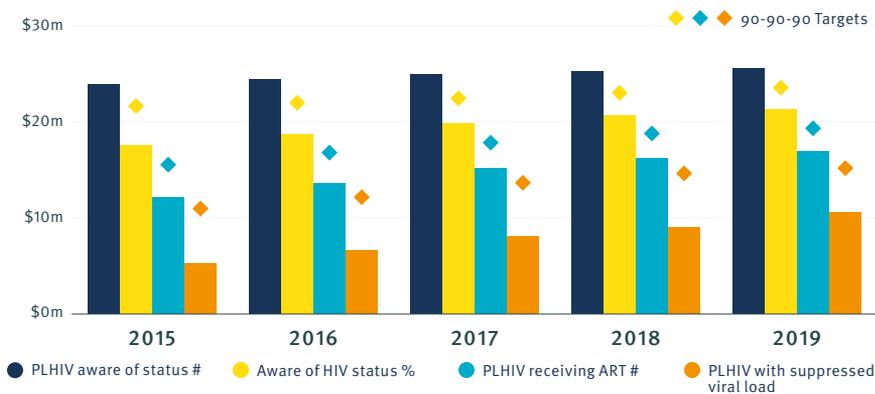
**HPV** is the leading cause of cervical cancer, the second most common cancer among women in LMICs. In 2020, there were 600,000 new cases of cervical cancer globally, 84% of which were in LMICs and of the 340,000 women who lost their lives to cervical cancer, 80% were from LMICs<sup>7</sup>. Women in LMICs usually seek medical attention for cervical cancer when it is at an advanced stage due to lack of regular screening. This, along with fewer treatment options and high costs in countries where treatment is available, leads to higher mortality. In recent years, global health organisations have focused on increasing access to HPV vaccines and treatments in LMICs. Improved diagnosis will complement better access to prevention and care.

The *Global Access Initiative*, a partnership between Hologic, MedAccess and CHAI, aims to directly address these barriers by:

- ▶ Supporting Hologic to enter the market with a high-throughput and user-friendly technology at a lower price.
- ▶ Setting an all-inclusive ceiling price to run a molecular test, which includes the cost of placing the instrument, consumables and reagents, training, and instrument service and maintenance.

### Progress towards 90-90-90 targets in sub-Saharan Africa

In 2016, the United Nations General Assembly’s Political Declaration on Ending AIDS committed countries to the 90-90-90 targets, which aimed to bring HIV testing and treatment to the vast majority of people living with HIV by the end of 2020. The targets were for 90% of people living with HIV to know their status, 90% of people diagnosed with HIV to receive sustained antiretroviral therapy (ART) and 90% of people receiving ART to have a suppressed viral load.



Source: AIDS Info Database – UNAIDS <https://aidsinfo.unaids.org> (last cited: 8 April 2021)



**445k**

Patients with improved outcomes



**\$18m**

Savings for procurers



**11**

Countries with increased competition



### Development impact

Our volume guarantee with Hologic currently supports the delivery of molecular tests to patients in Africa. We projected that clinical outcomes will be improved for at least 500,000 people over the lifetime of the guarantee and the all-inclusive pricing model will save procurers at least \$14 million compared to what would otherwise have been spent on tests. The guarantee led to the world's first multi-country all-inclusive pricing offer, simplifying the purchasing process and providing greater price clarity and transparency, encompassing critical aspects such as the platform itself, reagents, chemicals, repairs and staff training. Through this partnership, Hologic has led the way on all-inclusive pricing, a move that others have since followed.

**Lives changed:** Routine viral load testing is vital for ensuring people living with HIV are on the most appropriate treatment and helping them achieve an undetectable viral load. It efficiently detects when ARVs are failing and enables treatment counselling to take place before patients develop drug resistance, which usually requires more expensive second- or third-line treatments.

Our volume guarantee with Hologic has increased access to viral load testing across 11 countries. In 2020 alone, four countries installed an additional 12 Panther® platforms as a result of the MedAccess guarantee. By the end of 2020, more than 2.5 million tests had been procured by multiple countries in sub-Saharan Africa. These tests are estimated to have contributed to improved clinical outcomes for at least 445,000 patients.

Panther® instruments installed under the MedAccess guarantee also played a significant role in helping countries to diagnose COVID-19 cases. Early in the pandemic, Hologic secured Emergency Use Authorization for a new COVID-19 assay, which was made available to countries. Viral load testing was the only COVID-19 testing option until October 2020 and remains the only recommended diagnostic for asymptomatic patients. Since March 2020, seven Panther® platforms in Zambia have been used to diagnose COVID-19 cases, with 26,000 tests performed by the end of 2020. This impact cannot be directly attributed to MedAccess' guarantee, but it is

a positive secondary benefit of our work. Despite the disruption caused by COVID-19, countries were diligent in continuing to provide viral load testing for HIV and diagnostic testing for HPV.

**Money saved:** Since 2019, the all-inclusive ceiling price of \$12 per test result is estimated to contribute to price reductions ranging from 15–50%. Thanks to faster than expected uptake, we estimate this ceiling price saved purchasers – including donors and national governments – approximately \$18 million, far exceeding our projection of \$14 million.

**Markets shaped:** By the end of 2020, the guarantee had enabled Hologic to register Panther® in 11 countries, increasing competition in those markets. These 11 countries benefited from all-inclusive pricing for viral load testing for the first time, improving their diagnostics procurement through better consistency and transparency. Following the launch of our guarantee, PEPFAR adopted an all-inclusive pricing model in its HIV tenders, which were awarded to Hologic and two other HIV viral load test manufacturers.

### The importance of understanding viral load – a doctor's perspective

Dr. N Kumarasamy is an HIV clinician and researcher and Chief & Director of Infectious Diseases at Voluntary Health Services (VHS), India. He explains why it is so important to know a patient's HIV viral load and how this can help their treatment outcome.

*“Not knowing a patient's viral load is like walking around in the dark with a pair of scissors. You don't know who you will cut. Without knowing the viral load, you don't know if the drugs are working. And if you don't know if the drugs are working, the patient may be unknowingly transmitting HIV to others. Knowing the viral load allows us to quickly change the ARV therapy if it is not working, or to implement measures such as adherence counselling.”*

*“We currently test a patient's viral load at treatment initiation, six months later, and then annually. If we could test patients' viral loads every other month, at three months, and at six months, we would, as this would give the best indication of a patient's health.”*

*“Since March 2020, we have seen a lot of disruption to HIV service access. People have not been coming to clinics to collect their treatment – something we have tried to mitigate by couriering treatment to people's homes or offering multi-month dispensing. But despite these initiatives, we have had to increase adherence counselling via video consultation or over the phone to encourage people to get their treatment. Being able to monitor a patient's viral load since COVID-19 disruptions is going to be even more vital to achieve the best treatment outcomes.”*

## Reducing the price of next-generation mosquito nets

In October 2019, we launched a volume guarantee with BASF and the Bill & Melinda Gates Foundation to reduce the price of, and accelerate access to, at least 35 million next-generation mosquito nets by 2022.

### The case for intervening

In 2019, malaria killed approximately 409,000 people, more than two-thirds of whom were children<sup>8</sup>. The WHO has warned that even moderate disruption to malaria services caused by the COVID-19 pandemic could result in up to almost 50,000 additional malaria deaths, the majority in sub-Saharan Africa<sup>9</sup>.

Insecticide-treated nets (ITNs) help to prevent the spread of malaria by providing a physical barrier between mosquitos and sleeping people. In 2019, an estimated 46% of all people at risk of malaria in Africa had access to an ITN, compared to 2% in 2000. However, ITN coverage had been at a standstill since 2016<sup>10</sup>.

Growing resistance among mosquitos to pyrethroids – the main insecticide class

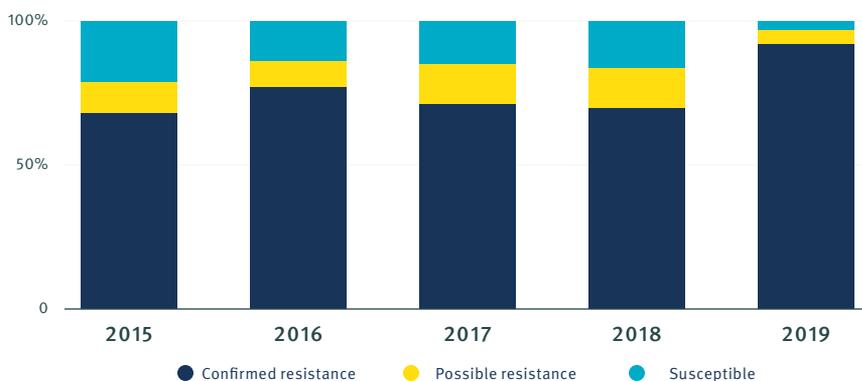
used in ITNs – is threatening to hinder progress. Resistance to pyrethroids has been reported in 73 of the 81 malaria-endemic countries, covering all regions of sub-Saharan Africa<sup>11</sup>. This resistance makes nets less effective in preventing malaria cases and, after decades of cases falling in Africa, they have been rising since 2015.

This partnership accelerates access to Interceptor® G2, a dual active ingredient net that uses an insecticide new to public health – chlorfenapyr – in combination with the current standard pyrethroid. Chlorfenapyr works in a different way to conventional public health insecticides and so the new net is more effective in killing mosquitos that are resistant to pyrethroids, while still being able to kill mosquitos that have not developed resistance.

Despite its benefits, uptake of this new net was expected to be slow due to market-related barriers. Limited visibility on future order volumes meant that BASF would have difficulty scaling up production, which would have kept prices significantly above traditional pyrethroid nets. By working with our partners to guarantee a minimum sales volume of nets over the life of the guarantee, BASF had the certainty required to scale up production and reduce prices.

Our guarantee builds on the commitment of organisations such as IVCC, who partnered with BASF to support the development of the nets and now lead the Global Fund and Unitaid-funded New Nets Project.

### Increase in mosquito resistance to pyrethroid insecticides

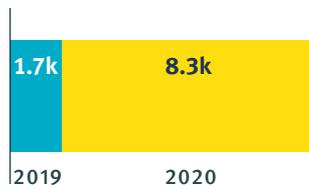


Source: WHO Malaria Threats Map – WHO <https://www.who.int/malaria/maps/threats> (last cited 17 May 2021)



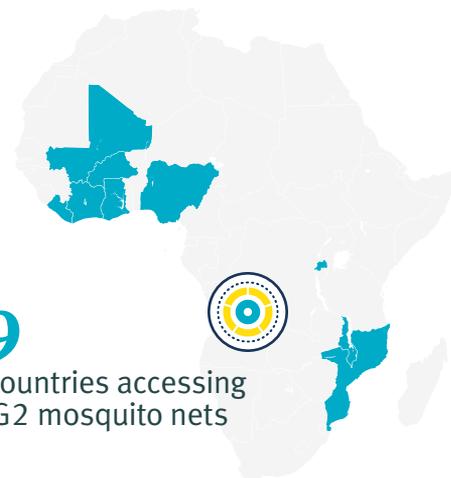
**\$15m**

Saved for procurers



**10k**

Lives saved  
6.7m cases averted



**9**

Countries accessing  
IG2 mosquito nets



### Development impact

MedAccess and the Bill & Melinda Gates Foundation's volume guarantee is supporting BASF to distribute at least 35 million next-generation Interceptor® G2 nets across sub-Saharan Africa, which is projected to avert approximately 19.7 million cases of malaria and save 30,000 lives over the lifetime of the guarantee. These projections, and the results herein, represent the impact of the total volume guarantee, including both MedAccess' 70% contribution and that of Gates Foundation.

Interceptor® G2 nets are an innovative product for which there is currently limited evidence demonstrating effectiveness in real-world settings. Our projected impact is based on a model that draws on available experimental data to predict cases and deaths averted across our target countries with varying resistance profiles. The model evolves

in response to new evidence, and these estimates could change as data is collected from ongoing randomised control trials and pilot studies, which are part of the New Nets Project. Further information can be found on the [IVCC website](#).

**Lives changed:** As at the end of 2020, 11.9 million Interceptor® G2 nets have been distributed to five countries. These nets are expected to avert approximately 6.7 million cases of malaria and save 10,000 lives over their three-year lifespan over and above standard pyrethroid nets.

**Money saved:** Since 2019, negotiated price reductions of up to 36% resulted in direct savings of at least \$15 million for procurers compared to what they otherwise would have paid for these nets. This money can be reinvested into malaria control efforts.

**Markets shaped:** This guarantee has accelerated the introduction of a net designed to address the increasing issue of insecticide resistance and has catalysed rollout in countries with high malaria burden. Nine countries have placed orders for these next-generation nets since the guarantee was signed in 2019: Burkina Faso, Cote d'Ivoire, Ghana, Liberia, Malawi, Mali, Mozambique, Nigeria and Rwanda.

**COVID-19:** Following initial delays caused by the pandemic, Interceptor® G2 nets were distributed door-to-door, with distributors observing social distancing and using personal protective equipment. Thanks to the efforts of community health workers, the New Nets Project is on course to distribute more than 35 million nets by the end of the project.

### The importance of tackling resistance in mosquitos

Dr. Tom McLean, Director of Access at IVCC and a former chemist in product development, explains why mosquito resistance to insecticides is rising and what can be done about it.

*"Darwin was right. If you apply pressure to a biological system, that animal or insect will change in response to that pressure, and mosquitos are extremely well adapted to do so. We are seeing them change their biological makeup to prevent insecticides from working, create new metabolic enzymes that 'chew up' insecticides, and learn where not to go to avoid insecticide-treated products.*

*"The result is that people are realising their older formulations of bed nets or sprayed walls are no longer as effective as they*

*used to be and malaria cases are rising. This in turn exerts more pressure on healthcare professionals and the systems under which they operate. Older bed nets are therefore coming to the end of their product lifecycle and we need new vector control products with new insecticide technology.*

*"We know that bed nets are generally well-received by users and have the lowest cost per person protected, so these dual-treated nets are a real breakthrough. But to ensure the nets are accessible to the people who really need them has meant they needed to meet four factors: availability, affordability, acceptability, and adoptability. Thanks to partnerships between big actors through to smaller civil society groups, these nets have made it to market and are part of the global drive to achieve zero new malaria cases by 2040."*

# Increasing access to essential COVID-19 supplies

In July 2020, we announced support for UNICEF to secure and distribute vital COVID-19 supplies for LMICs, including diagnostic tests, oxygen and clinical management supplies. The guarantee has also supported UNICEF’s pre-financing of non-COVID-19 supplies, such as childhood vaccines.

### The case for intervening

On 11 March 2020, the World Health Organization declared the SARS-Cov-2 virus (COVID-19) a pandemic. By the end of 2020, there had been an estimated 83 million cases of the virus globally and 1.8 million deaths<sup>12</sup>.

COVID-19 remains the most widespread public health crisis in more than a century. During the initial phase of the crisis, demand outstripped supply for even the most basic medical products. Many countries, including those with significant purchasing power, found themselves unable to provide vital equipment to frontline workers battling the virus.

This situation was even more acute in LMICs. Restricted supply, export bans and volatile prices meant that many countries were unable to access COVID-19 supplies, leaving their doctors

and nurses exposed to the virus as they tried to protect others.

UNICEF is the world’s largest procurer of essential supplies on behalf of LMICs. Through its procurement mechanisms, UNICEF purchased more than \$4.4 billion of goods and services in 2020, primarily on behalf of LMICs, country programmes and development partners, making quality lifesaving supplies available, accessible and affordable.

As the virus spread rapidly around the world, it was clear that UNICEF would play a leading role in helping ensure access to essential products to tackle COVID-19 on top of its regular work procuring vaccines and other items on behalf of countries.

In July 2020, MedAccess announced a \$50 million procurement guarantee for UNICEF. The guarantee enables

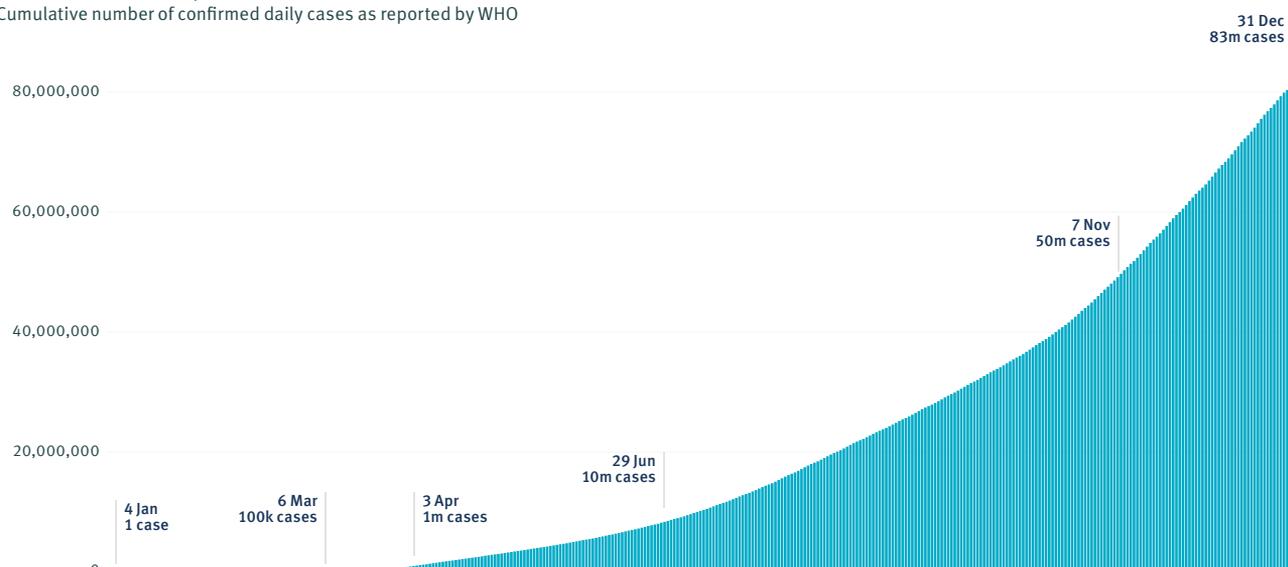
UNICEF to accelerate access to essential COVID-19 supplies in LMICs, providing healthcare workers on the frontline of the pandemic with more of the products they need to tackle the virus.

Many countries affected by COVID-19 already have significant burdens of other infectious diseases, such as HIV, malaria, and tuberculosis. Reports since the onset of COVID-19 have indicated that health systems that were already under pressure dealing with other diseases faced being overrun, resulting in people with other illnesses missing out on care.

MedAccess’ guarantee supports UNICEF’s procurement of COVID-19 and non-COVID-19 supplies, such as early childhood vaccines against measles, polio and pneumococcal disease and other essential commodities.

### Confirmed COVID-19 cases in 2020

Cumulative number of confirmed daily cases as reported by WHO



Source: WHO COVID-19 Dashboard – Geneva: World Health Organization <https://covid19.who.int> (last cited: 17 June 2021)

Our guarantee helped UNICEF secure:

**500,000,000**  
syringes for use with  
COVID-19 vaccines provided  
to 92 countries through  
the COVAX AMC

**3,100,000**  
diagnostic test kits to help  
frontline health workers detect  
COVID-19 in 63 countries

**3,000,000**  
rapid diagnostic tests to  
provide faster results for  
people with suspected  
COVID-19. Secured in 2020 for  
delivery in 2020 and 2021

#### Development impact

As the COVID-19 pandemic took hold around the world, demand for essential COVID-19 products significantly outstripped supply. UNICEF also reported that countries were being quoted prices for some items which were up to 20 times what they were pre-pandemic.

Speed was at the heart of our response. We accelerated our approval process and adapted our approach to projecting development impact to ensure we could provide a guarantee quickly. Our assessment of the development impact for our \$50 million guarantee is based on the volume of goods procured and shipped by UNICEF; price reductions secured through contracting; and the accelerated speed at which products were distributed.

MedAccess' guarantee was directed towards further capitalising UNICEF's already-established pre-financing mechanisms, which support countries utilising their own domestic resources for procurement of health-related supplies. UNICEF's pre-financing mechanisms help countries bridge short-term cash flow gaps, which might otherwise lead to supply shortages and stock-outs.

Through these pre-financings, countries are able to place orders with UNICEF and

make payment after delivery, rather than having to pay upfront. Already a useful tool for LMICs, it is vital in emergency situations when waiting for funds to be available means delays in addressing critical health needs.

As well as responding to country requests, by leveraging financing capacity provided by MedAccess, UNICEF proactively secured supply commitments in anticipation of country demand, further reducing the lead times for supplies for patients and healthcare workers.

Products secured using the mechanism include but are not limited to:

- ▶ 500 million syringes for use with vaccines provided to LMICs through the COVAX Advance Market Commitment. UNICEF was able to bulk order the auto-disable syringes in 2020 as part of a commitment to secure 1 billion syringes by 2021. By securing the syringes in advance, UNICEF ensured that vaccination programmes could start as soon as the first shipment of vaccines touched down in Accra, Ghana in February 2021.
- ▶ 3.1 million molecular diagnostic tests. As the pandemic spread in early 2020, there were no vaccines or treatments to protect or treat people. Diagnostic

testing was a critical part of infection control in every country. UNICEF entered into contracts with multiple suppliers to ensure that LMICs were not excluded from the diagnostic testing market.

- ▶ 3,000,000 rapid diagnostic tests. The tests provide results within 15–30 minutes, as opposed to several days with tests requiring laboratory analysis. Faster test results enable healthcare workers to act quickly and trace patients' contacts and test them too, helping to stop the spread of the virus.. These tests were secured in 2020 for delivery in Q4 2020 and Q1 2021.

UNICEF pre-financed a further 250 million essential COVID-19 items on behalf of 55 countries. Items included oxygen, infection control kits and testing consumables during 2020.

*MedAccess is one of a number of contributors to UNICEF's pre-financing activities through a pooled mechanism. The information above is based on total pre-financed procurement undertaken by UNICEF on such a consolidated basis and is not solely attributable to MedAccess' contribution.*

## About MedAccess

We believe in a world where everyone can access the medicines and healthcare products they need to lead healthy lives.

MedAccess is a finance business with a difference. We are motivated by purpose, not profit.

We use innovative finance tools to shape healthcare markets, securing lower prices and sustainable supplies of medical products for people in LMICs.

We combine commercial insight and rigour with a relentless pursuit of health impact, enabling healthcare companies and global health institutions to reach more people with life-changing health products.

### The challenge

Progress on global health over the past two decades has been nothing short of remarkable. People are living longer, healthier lives than at any point in history. Diseases that were once often fatal have, thanks to scientific and medical advances, become survivable and manageable. Every year, often through donor-funded global partnerships, billions of people have access to the vaccines, testing and treatment that they need to stay healthy.

But this is only half of the story. The global focus on HIV, tuberculosis (TB), malaria and childhood vaccination has helped to increase life expectancy in LMICs to record levels but many modern, effective health products are still unavailable to people who need them.

The Access to Medicine Foundation estimates that almost two billion people do not have access to essential healthcare products while innovative drugs reach less than 1% of patients living in LMICs five years after launch.

The COVID-19 pandemic has put years of progress at risk, with global health organisations and NGOs reporting significant reductions in the number of people accessing testing and treatment for HIV, TB and malaria. The pandemic has underlined the need for stronger health systems in LMICs and better pandemic preparedness globally.

**In some cases, it can take years or even decades for products that are available in high-income countries to reach people in lower-income countries.**

Healthcare markets in LMICs are often characterised by inefficiencies. These inefficiencies breed risks – or perceived risks – for manufacturers and procurers.

Manufacturing health products, such as therapeutics, vaccines, and diagnostics, generally requires significant upfront investment and is scale intensive. As a result, visibility into the volume and timing of sales is often necessary for manufacturers to make the upfront investments required to develop, register and commercialise products across markets. In addition, when manufacturers can predict sales volumes, they can optimise production capacity and costs to ultimately reduce the selling price and improve supply security.

Given the fragmentation and volatility in health product procurement across many LMICs, manufacturers have not been able to build confidence when projecting sales volumes. In the absence of reliable demand forecasts, manufacturers may offer prices based on costs at lower production volumes and may include a risk premium to account for capital expenditures and other costs that may not be recovered if demand does not materialise.

For procurers, often national governments have limited or volatile healthcare budgets, so supplies are ordered at lower volumes on shorter-term contracts. This can lead to uncertainty on future pricing, which could go up or down, and availability. In turn, healthcare professionals are often reluctant to prescribe treatments that they know might not be available the next time they see the patient. If a product is not registered in a country at all then the only people who will have access to it are those who can afford to import it or travel to another country for medical care.

The human cost of market inefficiency can be calculated in human health – people being unable to access the products they need when they need them. This leads to worse health outcomes and, in many cases, significantly reduced life expectancy.

We, alongside our partners, are working to reduce the risks posed by inefficient healthcare markets.

## Increasing access to healthcare through guarantees

Our guarantees accelerate access to healthcare products for patients by lowering prices, securing supply and building partnerships.

We play an essential role in increasing access to, and shaping markets for, healthcare products. Our guarantees reduce the uncertainties and risks faced by procurers and manufacturers by increasing visibility into demand, promoting supply security and lowering prices in underserved markets.

Our approach draws heavily on the lessons learned from global health and development organisations including CHAI, Gavi, the Gates Foundation, Unitaid and USAID.

### What is a volume guarantee?

The objective of a volume guarantee is to increase supply and lower prices by offsetting risks that manufacturers face in LMIC healthcare markets.

A volume guarantee is a legally binding contract that sets out a maximum price in return for assured sales volumes. In effect, it provides procurers with confidence that sufficient supply of the product will be available at a ceiling price, while providing manufacturers with assurance that they will not suffer losses should sales volumes not meet anticipated demand.

The guarantee contract is entered into by MedAccess and the supplier. Procurers enter into separate agreements with the supplier to purchase the product. The MedAccess guarantee makes us liable for the supplier's losses if sales fall below the guaranteed level.

Under a volume guarantee, the supplier commits to:

- ▶ **Pricing:** Sell the product at or below the agreed ceiling price(s) during the term of the agreement.
- ▶ **Volume:** Make an agreed minimum volume of product available for each year of the guarantee.
- ▶ **Support:** Conduct supporting regulatory and other activities, including registration, product support and pharmacovigilance.

If product sales are less than the agreed upon target, we will either purchase the shortfall volume or make a payment to the supplier to compensate for losses due to the shortfall.

At the end of 2020, we had two volume guarantees in place. Our first guarantee, signed in July 2018, is with Hologic for the supply of HIV and hepatitis viral load tests and HPV diagnostic tests run on its Panther® testing platform. Our second guarantee, signed in October 2019, is with BASF for the supply of next-generation Interceptor® G2 insecticide-treated mosquito nets.

### What is a procurement guarantee?

The objective of a procurement guarantee is to enable procurers to accelerate and increase high-volume procurement and distribution so that supplies reach those who need them more quickly.

Many healthcare procurement agencies have strict procurement and disbursement rules. For example, orders can only be placed when donor funding – sometimes committed years earlier – has been transferred to the organisation. Procurement guarantees provide a bridge between funds that have been committed and their arrival – enabling the procurer to place orders in line with country need rather than when funds are received.

MedAccess enters into an agreement with a procurer to support its procurement or market shaping activity. The procurer can make a call on the guarantee if there is a shortfall in demand for the product (or products).

Procurement guarantees also enable procurers to enter into long-term agreements with manufacturers, securing allocations on preferential terms.

Purchasers benefit from the terms agreed upon by the procurers and the manufacturers in the form of improved value for money, reduced lag time and quality assurance on purchased products.

Patients benefit from faster and wider availability of affordable high-quality health commodities.

In July 2020, we announced our first procurement guarantee with UNICEF to increase access to essential COVID-19 supplies.

# Volume guarantees

**Problem:**  
Healthcare market inefficiencies



Uncertainties such as poor data, uncertain demand, unreliable funding and unpredictable regulation can make markets appear risky for **manufacturers**.



**Procurers** face higher costs in fragmented and uncertain markets. In some cases, manufacturers may decide not to register, sell or distribute their product at all.



**Healthcare providers** can only provide products if they are available and affordable. Doctors are reluctant to prescribe products when supply is uncertain as stockouts can have a significant effect on patients' health.



**Patients** are unable to access the medical products they need when they need them. In some cases it can take years, or even decades, for healthcare products to reach people in Africa and Asia.

Volume guarantees can play a vital role in reducing the market risks that prevent products from reaching the people who need them.

**A solution:**  
Volume guarantees

A volume guarantee is an agreement with price and volume commitments of a product. The objectives of volume guarantees are to increase demand and ensure stable, affordable supply.



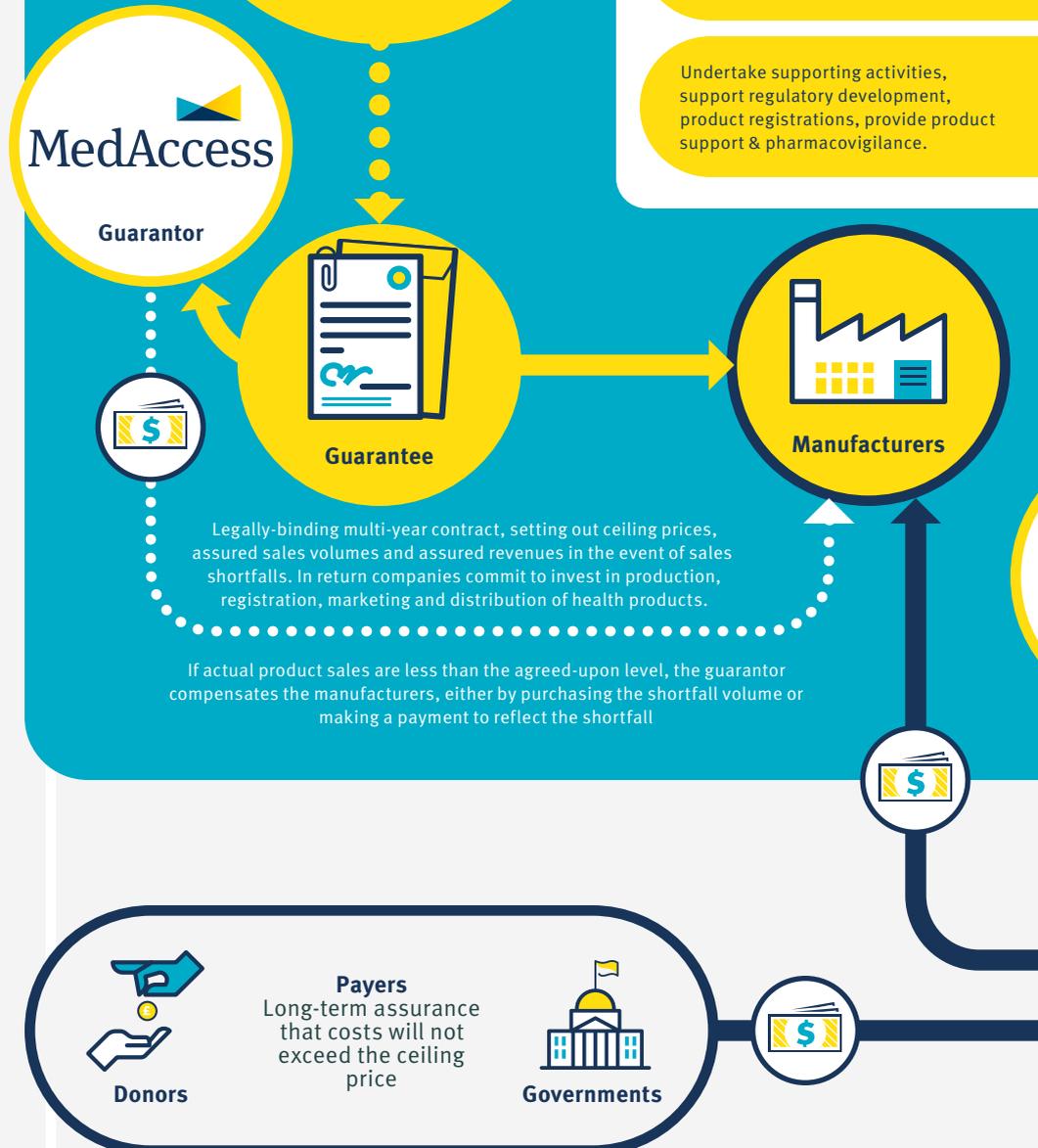
Volume guarantees reduce the commercial risks of bringing more products to new markets at lower prices. The guaranteed ceiling price reduces risks for procurers and health providers, who can have confidence when using new products.

**Under the guarantee, the manufacturer commits to:**

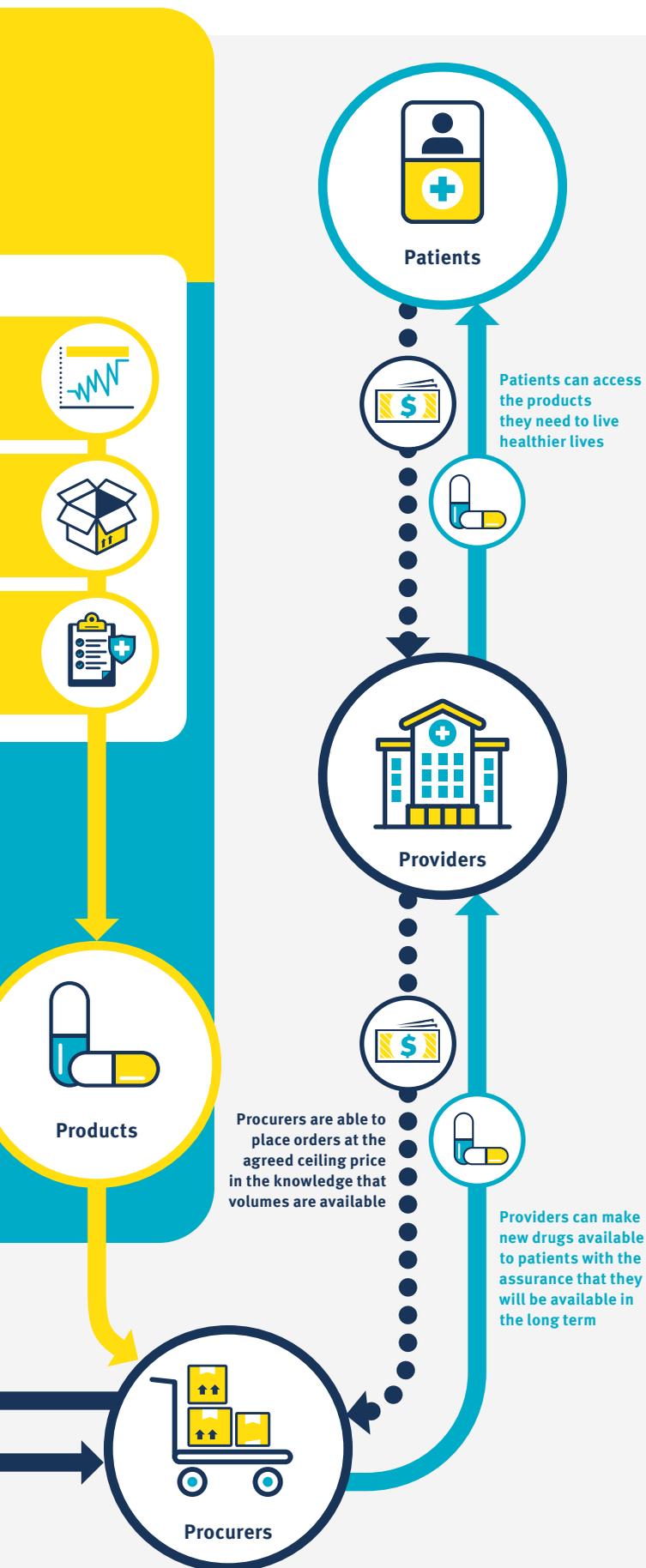
Agree on a ceiling price, then sell the product at or below that level during the term of the agreement.

Make a pre-agreed minimum volume of their product available for each year of the guarantee.

Undertake supporting activities, support regulatory development, product registrations, provide product support & pharmacovigilance.



Since 2018, MedAccess has deployed two volume guarantees. Our first guarantee, with Hologic, is increasing access to viral load testing while our second, with BASF, is accelerating access to next-generation mosquito nets.



## Legend

Financial flows

Potential financial flows

Product flows

### Outcome: Healthy markets



#### Short-term benefits

Opportunities to reach more people with healthcare products. Cost savings from production optimisation.

#### Long-term benefits

Economies of scale achieved through long-term planning. Greater incentives to make products available for diseases that typically affect people in LMICs.



#### Short-term benefits

Financial savings can be used to procure larger volumes of products under volume guarantee or reinvested into other healthcare priorities.

#### Long-term benefits

Long term affordability and supply security as volume guarantees demonstrate demand in the market, making it more likely that other manufacturers will join.



#### Short-term benefits

Stable access to innovative, quality-assured healthcare products.

#### Long-term benefits

Healthier and more economically active populations. Protection from price spikes when moving to domestic financing.



#### Short-term benefits

Accelerated access to innovative products that save lives and improve health.

#### Long-term benefits

Improved long-term health outcomes and greater empowerment on health decision-making. Reduced risk of economic hardship through punitive healthcare costs.

## Living our values

Everything we do at MedAccess is underpinned by our five core values. Individually and collectively, we strive to live by our values every day.



### We are mission-driven

We make decisions based on the development impact that MedAccess can achieve.

We go further than expected in the pursuit of our mission.

We actively seek out knowledge on emerging trends and ideas in health and social finance.



### We are humble

We recognise the remarkable achievements by others in the global health space over the past 20 years and we seek to learn from their experiences.

We actively solicit feedback on our work.

We always seek to champion the work of our partners and others committed to improving lives and livelihoods around the world.



### We are relentless about rigour

We base our decision on the highest quality data available.

We are continuously curious; asking questions and challenging assumptions to deepen our understanding.

We review and refine our work to ensure we deliver the best possible outcomes.



### We embrace scrutiny

We are open, honest and transparent in all areas of our business.

We are fully accountable, as individuals and as a team, for our decisions.

When we make mistakes, we acknowledge and learn from them quickly.



### We build trust

We value and nurture positive relationships at all levels.

We keep our word and follow through on our commitments internally and externally.

We recognise people as individuals and invest time in their emotional wellbeing.

## Development impact: the heart of our mission

Our mission is to increase access to affordable healthcare. We measure the impact of our work using a Development Impact Framework comprising three indicators:



### Lives changed

How many people will gain access to the product?

How much difference could it make to them?

### Money saved

How much has our guarantee reduced the price of the product?

What does this mean in total dollars saved?

### Markets shaped

Will the guarantee improve price transparency and efficient procurement?

Will the increase in demand certainty encourage other suppliers into the market?

We estimate the impact of each opportunity against all three indicators by comparing the expected outcomes against a counterfactual situation, where we are not involved. This ensures we only capture the additional impact generated by a MedAccess guarantee.

Our framework is based on four principles:

- 1 Balancing rigour and pragmatism, making careful, evidence-based assumptions where required.
- 2 Focusing on the direct outcomes resulting from our involvement, rather than the impacts that follow.
- 3 Focusing on our contribution to the change, rather than attribution, as we always work in partnerships.
- 4 Accompanying quantitative data with qualitative evidence.

We use the framework to identify and prioritise high impact opportunities, to ensure we deploy our capital in the most valuable way. All opportunities must meet a minimum development impact threshold to be considered. Once we enter into an agreement with our partners, we use the framework to estimate the impact. We use these findings to support the implementation of existing agreements and to guide our future

strategy by considering how we can identify other impactful opportunities.

When calculating the results in this report, we estimated the total impact achieved through the guarantee and related activities undertaken by partners, including MedAccess. No deductions have been made for impact that may have occurred without a guarantee, although MedAccess does calculate this for investment decision making purposes. For more on our methodology see our website.

We reviewed our approach to assessing Development Impact in late 2020 to ensure it continues to be fit-for-purpose as we build and expand our portfolio of transactions.

## How we work

Our approach focuses on deploying the appropriate financial product for the market, for our partners and ultimately for patients. We select high-quality partnerships and apply rigorous standards of due diligence when underwriting guarantees and analysing the potential impact of these guarantees.



We scope opportunities through active monitoring of developments and trends in healthcare and innovative financing. This includes the healthcare financing and delivery landscape in LMICs, disease burden trends, innovations in the pharmaceutical, diagnostics, and devices industries, and shifts in the market dynamics of specific healthcare products. We also engage a wide range of partners across the healthcare landscape to source and assess opportunities.

When we determine a proposed guarantee is appropriate for consideration, our due diligence process begins, and the proposal is formally presented to the Project Investment

Committee, which reviews and approves proposed guarantees before they are executed.

When conducting due diligence, we evaluate a number of commercial, financial, impact, environmental, social, governance, legal and regulatory issues to determine whether a guarantee is suitable. While the due diligence process differs depending on the type of guarantee, we generally spend significant time meeting with partners, visiting plants and facilities, and talking to other interested stakeholders to understand the associated development impact and risks.



**Stakeholders across the healthcare ecosystem play a vital role in ensuring MedAccess guarantees ultimately deliver the intended development impact.**

We may use the services of external experts to assist in this process. In 2019, we formally established a Technical Advisory Group to provide detailed guidance on proposals.

From the date a guarantee is active, we work to ensure that strategic and development impact objectives are achieved, and that the performance of the guarantee is closely monitored. We work with partners to execute on our guarantee and development impact thesis, and we rigorously track performance through regular monitoring of operational, financial and impact-related metrics.

Stakeholders across the healthcare ecosystem play a vital role in ensuring MedAccess guarantees ultimately deliver the intended development impact. We work with civil society, healthcare providers, policymakers, manufacturers, donors and procurers, who are all committed to increasing equitable access to healthcare.

# Our contribution to the Sustainable Development Goals

The SDGs comprise 17 goals adopted by all United Nations Member States in 2015, with the aim of advancing the equitable development of people and the planet by 2030.

Michael Anderson served as the UK Prime Minister’s Special Envoy for the UN Development Goals and he was intimately involved in drafting the goals and their associated targets.

Our work is aligned with the SDG agenda, particularly through the realisation of the following goals.



### Ensure healthy lives and promote well-being for all at all ages

Medical products can save and change lives. But only if they reach the people who need them, when they need them. Nearly two billion people are currently living without access to basic medicines. Our innovative finance tools – including volume guarantees – work specifically to accelerate access to modern and effective healthcare supplies for people in LMICs.



### Reduce inequality within and among countries

Market failures lead to unequal healthcare provision within and among countries. People in high-income countries are typically able to access newer products more quickly, while people in LMICs often wait years – or even decades – for access to the same medicines, tests and treatments. Our guarantees seek to ensure countries can introduce new healthcare products more quickly.



### Strengthen the means of implementation and revitalise the global partnership for sustainable development

With overseas development assistance declining, alternative funding methods and long-term cost savings are becoming increasingly important. Our guarantees catalyse partnerships between countries, procurers, manufacturers and distributors, by reducing risks and lowering prices. Although we primarily contract with manufacturers, all our transactions are supported by strong partnerships that ensure products get from the production line to the people that need them.





## The MedAccess Senior Management Team

Our Senior Management Team has collective responsibility and oversight of all aspects of our business and operations, and for delivering on the MedAccess business plan. The team brings high levels of expertise in public health, market shaping, financial analysis and risk assessment.

Hema Srinivasan, Chief Access Officer, leads our **Health Markets** team. The team analyses and develops pipeline opportunities for the deployment of innovative finance tools, manages monitoring and implementation of guarantees post-execution, and analyses development impact throughout the partnership development and execution process.

Michelle Teo, Chief Investment Officer, leads our **Investments** team. The team manages our guarantee portfolio and capital investments. The team also provides rigorous risk analysis and due diligence on our partnerships.

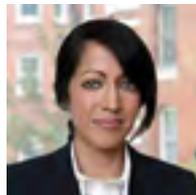
Jonathan Hutchins, Chief Operating Officer and General Counsel, leads our **Operations** team. The team supports all aspects of the business operations, human resources and external relations. Jonathan is also responsible for the development and execution of legal documents relating to our guarantees.

Deal teams are assembled to work on proposed transactions that progress from our pipeline. These teams leverage skills and experience from across MedAccess and will typically include staff from the Health Markets, Investments and Operations Teams.



**Michael Anderson**  
Chief Executive Officer and Board member

Before joining MedAccess, Michael was CEO of the Children's Investment Fund Foundation, having previously served as Director General at DFID, Special Envoy for the UK Prime Minister on International Development, and on the UN Commission for Life-Saving Commodities.



**Hema Srinivasan**  
Chief Access Officer

Hema joined MedAccess from Gilead Sciences, where she was Senior Director for South Asia. Hema previously served as Associate Director of the Global Markets Team at CHAI, leading negotiations to increase access to life-saving supplies in LMICs. Hema started her career in Equity Research at Morgan Stanley and Goldman Sachs.



**Dr. Michelle Teo**  
Chief Investment Officer

Before joining MedAccess, Michelle was a Managing Director at Bank of America Merrill Lynch. Michelle's career began in the field of medicine, after graduating from the University of Oxford with a BA in Physiological Sciences and a BM, BCh.



**Jonathan Hutchins**  
Chief Operating Officer and General Counsel

Jonathan began his career at Clifford Chance before moving on to COO and GC roles at Globeleq, Actis Energy Fund and the Nigeria Sovereign Investment Authority. Before joining MedAccess, Jonathan worked as Legal Consultant for IFC InfraVentures.

## Governance structure and Board

The Board and its committees are actively involved in the oversight of our organisation. Board members and committee members take a close interest in our success, providing guidance, scrutiny and approval on key activities.

### Board composition

MedAccess is governed by an independent Board of Directors, chaired by Nigel Keen. Board members are drawn from the fields of public health, pharmaceuticals and finance.

The Board had seven Directors as at 31 December 2020. Daniel Camus joined the MedAccess Board in April 2020, replacing Clive MacTavish. MedAccess CEO Michael Anderson is also a Board member.

### Making decisions

The Board delegates specific tasks and decisions to three standing committees, which have Committee Chairs that report on their activities to the Board:



**Nigel Keen**

Nigel brings decades of experience in healthcare and commerce to the governance of MedAccess, having been involved in the formation of high technology businesses for more than 30 years.



**Daniel Camus**

Daniel joined the Board in April 2020 after serving as CFO of the Global Fund to Fight AIDS, Tuberculosis and Malaria. He brings more than 25 years' experience to his role, having previously held CFO roles at Aventis and EDF.



**Diana Noble CBE**

Diana brings more than 30 years of experience in private equity, venture capital and international development. She combines Board responsibilities with chairing the MedAccess Project Investment Committee.



**Dr. Egbe Osifo-Dawodu**

Egbe is a Partner at the Anadach Group, and a member of the UK Royal College of Physicians. Egbe's 30 years of healthcare experience covers policy, provision and financing in Africa, Asia, Europe and Latin America.



**Holger Rothenbusch**

Holger is Managing Director of the Debt Team at CDC Group. Holger has spent 20 years in development finance in Latin America, Africa, Asia and Eastern Europe, working across emerging markets, sectors and products.



**Willem Verhoofstad**

Willem has three decades' experience in the pharmaceutical industry, holding leadership roles in product development, business development, strategic marketing, R&D strategy and portfolio management.

- ▶ **The Project Investment Committee** screens potential transactions and can provide approval on proposals up to \$75 million. Membership of the Committee includes John Kelting, an independent member.
- ▶ **The Audit & Finance Committee** provides oversight on MedAccess financial activities. Made up of a minimum of three members, this Committee approves the organisation's annual accounts, provides guidance on financial risk and compliance with all applicable laws and standards.
- ▶ **The Remuneration & Nominations Committee** is responsible for approving and monitoring our remuneration policy.







**“In 2020, MedAccess displayed a resilient performance in a challenging environment. Our balance sheet remained robust, supporting the growth in scale and scope of our guarantee portfolio. This enabled us to continue serving our partnerships and creating meaningful impact.”**

Dr. Michelle Teo  
Chief Investment Officer

## Financial highlights

First procurement guarantee added in 2020...

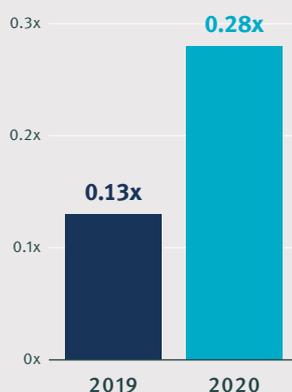
...robust balance sheet continues to support growth in guarantee portfolio...

...with investments for future growth starting to stabilise.

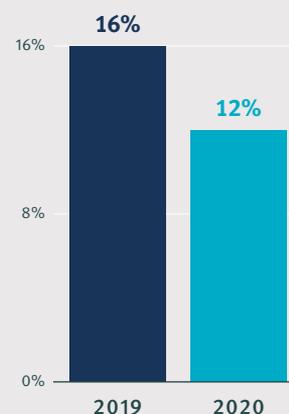
### Net guarantee exposure



### Leverage<sup>13</sup>



### Operating costs / net guarantee exposure



### Summary of results

	2020 \$	2019 \$
Realised fees – volume guarantee contracts	1,170,935	753,435
Fair value of volume guarantee contracts	709,274	408,763
Fair value gains on guarantee portfolio	<b>1,880,209</b>	<b>1,162,198</b>
Fair value gains on treasury portfolio	9,202,303	7,110,176
Administrative expenses and other expenses	(7,221,527)	(4,208,585)
Income/(expense) from operations before tax and finance costs	<b>3,860,985</b>	<b>4,063,788</b>
Tax and finance income/(costs)	(526,297)	(716,651)
Total comprehensive income/(expense)	<b>3,334,688</b>	<b>3,347,137</b>
<b>Net assets</b>	<b>206,409,723</b>	<b>203,075,037</b>

## Financial review

### Review of results

MedAccess' guarantee portfolio comprises three guarantee transactions, of which two volume guarantee transactions were executed in 2019 and one procurement guarantee was executed in 2020.

The year-end net guarantee exposure was \$58.4 million (2019: \$26.5 million), reflecting the addition of the \$50.0 million procurement guarantee and the discharge of \$18.0 million of commitments over 2020.

Reported fair value gains on the Company's investment portfolio was \$11.1 million (2019: \$8.3 million), comprising fair value gains on the guarantee portfolio (\$1.9 million) and the treasury portfolio (\$9.2 million).

Of the \$1.9 million of fair value gains generated by the guarantee portfolio,

\$1.2 million was realised fees due from counterparties and \$0.7 million resulted from the change in fair value.

MedAccess' treasury portfolio is invested in short duration fixed-income assets. The performance of the treasury portfolio remained strong in 2020, appreciating by 4.5% (after fees).

The key metrics of financial success for MedAccess are its balance sheet strength and liquidity. In any year, its comprehensive income would fluctuate due to the unrealised valuation gains and losses in its investment portfolio.

### Balance sheet highlights

The Company's balance sheet remains healthy even through a turbulent year. Total net assets increased in the year to \$206.4 million, from \$203.1 million in 2019, primarily driven by gains on the investment portfolio.

Total liabilities in 2020 were \$3.5 million, compared to \$2.2 million in 2019. This increase was primarily due to the increase in tax liability outstanding as at 31 December 2020, which comprised 2019 and 2020 tax liabilities totalling \$1.6 million (2019: \$0.7 million). The 2019 tax liability has since been settled.

### Cash flow highlights

The Company maintains sufficient cash to meet its operational overheads and regularly reviews its cash levels to ensure adequate liquidity for unforeseen cash commitments. The cash requirements of the business are funded by returns on the treasury portfolio.

There was a net cash inflow of \$7.7 million in 2020, resulting in year-end cash and cash equivalents of \$8.2 million (2019: \$0.3 million). This increase reflects the liquidation of a portion of the treasury portfolio to fund the

### Net assets

As at 31 December 2020 and 2019.

	2020	2019
Total assets	209,952,414	205,257,179
Total liabilities	(3,542,691)	(2,182,142)
<b>Net assets</b>	<b>206,409,723</b>	<b>203,075,037</b>

expected cash operating requirements of the business.

### Income and expenditure

Reported income from operations before tax and finance costs was \$3.9 million (2019: \$4.1 million).

Operating costs increased 72% to \$7.2 million in 2020 (2019: \$4.2 million), reflecting the growth in the business and continued investment to support the delivery of the Company's strategic objectives.

The growth of the guarantee portfolio resulted in higher costs relating to deal origination, due diligence and execution. Additionally, significant investment was made in recruitment to increase the Company's capacity to deliver on its objectives with headcount increasing

to 17 in 2020 (2019: 14). Staff costs represent 49% of the operating costs, which is in line with the previous year.

In late 2019, MedAccess expanded its office premises to accommodate the growth in headcount. This resulted in an 85% increase in facilities costs in 2020. Following the ongoing national lockdown restrictions imposed through the majority of 2020, it was agreed a renewed approach to office rental requirements was needed. As a result, MedAccess has subsequently reduced its office rental space and thus anticipates reduced rental costs for 2021.

Operating costs represent 12% of MedAccess' net guarantee exposure. As the Company grows its guarantee portfolio and levels the growth in headcount, operating costs as a

percentage of net guarantee exposure is expected to decline.

### Taxes

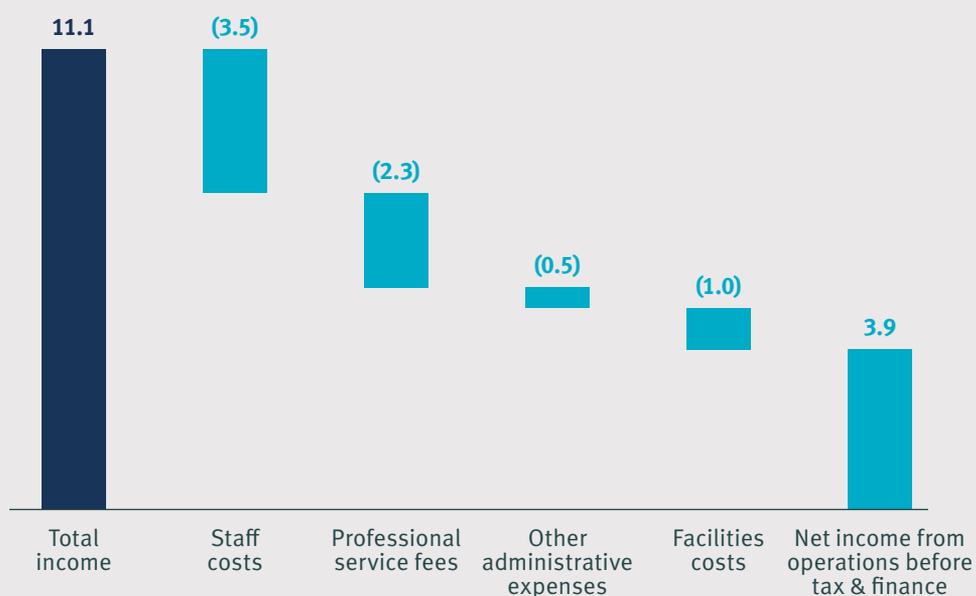
The tax liability for 2020 (provisional) is \$0.8 million slightly up from \$0.7 million in 2019.

### Earnings

The Company generated a financial profit of \$3.3 million, driven by increased returns on the treasury portfolio, and offset by increased operating costs.

It is the Company's intent to retain all profits after tax to support future guarantees. As a social finance company, MedAccess' distribution policy does not contemplate the payment of dividends to its shareholder.

**2020 net income from operations (before tax and finance) waterfall**  
(\$ millions)



## Outlook

### Financial performance

MedAccess expanded its operational reach and capacity in 2020, entering into its first procurement guarantee and making significant organisational investments for future growth. The financial performance in the second half of the year showed an improvement over the first half.

COVID-19 has significantly affected the global economy and financial markets. COVID-19 has had an impact on the

business, in particular on transaction opportunities due to shifting healthcare priorities and social distancing measures. Overall, MedAccess' business model has proven to be more resilient than that of many other sectors, but the Company is not immune to the challenges.

### Balance sheet, liquidity and headroom

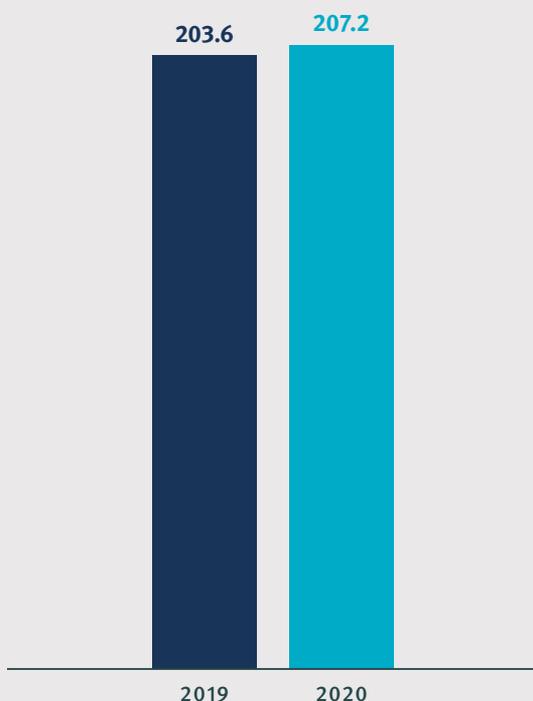
MedAccess has a robust balance sheet and good liquidity.

At year-end, the leverage ratio was 0.28x (2019: 0.13x). Despite the significant disruptions during 2020, the Company's balance sheet remains robust. The liquidity position is strong, with \$207.2 million of total liquid assets<sup>14</sup>, and no external debt. MedAccess is in a stable position to meet the continuing needs of clients and stakeholders.

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### Liquid assets

(\$ millions)



# Annual report and financial statements

For the year ended 31 December 2020

Company Number: 11080032

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## Directors' report

The Directors are pleased to present their annual report together with the audited financial statements of MedAccess Guarantee Ltd (Company Number: 11080032) for the year ended 31 December 2020.

### Directors

The directors who served during the year, and to the date of this report, are:

Director	Appointment	Resignation
Michael Anderson	23 November 2017	
Clive MacTavish	23 November 2017	30 September 2020
Holger Walter Rothenbusch	29 November 2017	
Nigel Keen	17 January 2018	
Diana Noble	30 April 2018	
Egbe Osifo-Dawodu	11 September 2018	
Wilhelmus Verhoofstad	11 September 2018	
Daniel Camus	1 April 2020	

### Principal activity

The principal activity of MedAccess Guarantee Ltd (MedAccess) is that of an innovative social finance company committed to expanding and accelerating access to life-saving medicines, vaccines and diagnostics primarily in Africa and South Asia. MedAccess was incorporated on 23 November 2017.

### Business and performance review

MedAccess is a wholly owned subsidiary of CDC Group plc. CDC Group plc made a US\$200 million commitment to MedAccess, of which the full amount was contributed as at 31 December 2019. The net income generated by MedAccess is from short-term investments and volume guarantee contracts. MedAccess recorded a net income of US\$3,334,688 for the year ended 31 December 2020 (2019: US\$3,347,137). The net asset value of MedAccess was US\$206,409,723 as at 31 December 2020 (2019: US\$203,075,037).

### Financial statements

MedAccess's principal financial assets (as defined in IFRS 7) comprise cash

and investments, refer to note 13 for detail. MedAccess's Financial liabilities comprise amounts due to its parent company. Details are provided in note 10 of the financial statements. MedAccess has taken advantage of section 414b of the Companies Act 2006 not to produce a strategic report on the grounds that it is a small company.

### Proposed dividend

The Directors do not recommend payment of a dividend for the year (2019: US\$ nil).

### Going concern

The Directors have a reasonable expectation that MedAccess has adequate financial resources to continue in operational existence for the next 12 months. The Directors have given consideration to the share capital of \$200 million, business plan assumptions, operational risks, guarantee exposure and operational expenditure commitments. The Directors have concluded that MedAccess has sufficient liquidity to meet business obligations and commitments as they fall due. The Directors have also

assessed the implications of Brexit and COVID-19, concluding that there are no material impacts on the business operations of MedAccess. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

### Subsequent events

There have been no material events since the reporting period that would require adjustment to these financial statements, refer to note 15 for detailed note.

### Disclosure of information to auditor

So far as each Director is aware at the date of approval of this report, there is no relevant audit information of which MedAccess's auditor is unaware and each Director confirms that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that MedAccess's auditor is aware of that information.

### Appointment of auditor

In accordance with Section 485 and 487 of the Companies Act 2006, Deloitte were reappointed as auditors for MedAccess.

Approved by the Board of Directors on 13 April 2021 and signed on behalf of the Board on 13 April 2021.



**Nigel Keen**  
Board Chair



MedAccess Guarantee Ltd – Annual accounts 2020

## Directors' responsibilities statement

In respect of the financial statements.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of MedAccess and of the profit or loss of MedAccess for the financial year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- ▶ properly select and apply accounting policies;
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- ▶ provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- ▶ make an assessment of MedAccess's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records

that are sufficient to show and explain MedAccess's transactions and disclose with reasonable accuracy at any time the financial position of MedAccess and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of MedAccess and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on MedAccess's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent auditor's report to the members of MedAccess Guarantee Ltd

Report on the audit of the financial statements.

### Opinion

In our opinion the financial statements of MedAccess Guarantee Ltd (MedAccess):

- ▶ give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the EU; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- ▶ the statement of financial position;
- ▶ the statement of comprehensive income;
- ▶ the statement of cash flows;
- ▶ the statement of changes in equity; and
- ▶ the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of MedAccess in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have

fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent auditor's report to the members of MedAccess Guarantee Ltd

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to

fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- ▶ had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and relevant tax legislation; and
- ▶ do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified there is a risk that the guarantees may be materially misstated due to over/under estimation of the fair value including an inherent risk of fraud associated with significant judgements, and our specific procedures performed to address it are described below:

- ▶ The fair value of the guarantee contracts. We assessed the key inputs and judgements pertaining to these contracts to determine their appropriateness and determined if the fair values were within acceptable valuation range.

As a result of performing the above, we identified there is a risk that the guarantees may be materially misstated due to over/under estimation of the fair value including an inherent risk of fraud associated with significant judgements, and our specific procedures performed to address it are described below:

- ▶ The fair value of the guarantee contracts. We assessed the key inputs and judgements pertaining to these contracts to determine their appropriateness and determined if the fair values were within acceptable valuation range.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the



## Independent auditor's report to the members of MedAccess Guarantee Ltd

appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- ▶ reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- ▶ performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- ▶ enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- ▶ reading minutes of meetings of those charged with governance.

### Report on other legal and regulatory requirements Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of MedAccess and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- ▶ the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report;
- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



### Ghorzang Aziz (Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
20 April 2021

## Statement of financial position

As at 31 December

	Notes	2020 US\$	2019 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	11	191,881	303,612
Deferred tax asset	6	101,347	49,202
Volume guarantee contracts	2	1,118,037	408,763
		<b>1,411,265</b>	<b>761,577</b>
<b>Current assets</b>			
Short-term investments	2	198,928,134	203,277,866
Trade and other receivables (including prepayments)	5	1,381,196	886,861
Cash and cash equivalents	3	8,231,819	330,875
		<b>208,541,149</b>	<b>204,495,602</b>
<b>Total assets</b>		<b>209,952,414</b>	<b>205,257,179</b>
<b>Equity and liabilities</b>			
Attributable to equity holders of the parent			
Issued capital	4	200,000,000	200,000,000
Accumulated income		6,409,723	3,075,037
		<b>206,409,723</b>	<b>203,075,037</b>
<b>Non-current liabilities</b>			
Long-term leases	7, 11	-	190,320
Other payables	7	533,409	263,881
		<b>533,409</b>	<b>454,201</b>
<b>Current liabilities</b>			
Trade and other payables	7	1,032,938	829,511
Amounts due to parent company	7, 9	166,780	7,584
Taxation payable	6, 7	1,606,342	771,691
Long-term leases	7, 11	203,222	119,155
		<b>3,009,282</b>	<b>1,727,941</b>
<b>Total liabilities</b>		<b>3,542,691</b>	<b>2,182,142</b>
<b>Total equity and liabilities</b>		<b>209,952,414</b>	<b>205,257,179</b>

The accompanying notes form an integral part of these financial statements.

The accounts were approved by the members of the Board on 13 April 2021 and were signed on their behalf by:



**Nigel Keen**  
Board Chair



**Michael Anderson**  
Chief Executive Officer

Registered in England No 11080032

## Statement of comprehensive income

For the year ended 31 December

	Notes	2020 US\$	2019 US\$
Fair value gains on investment portfolio	2	9,202,303	7,110,176
Fair value gains on volume guarantee contracts	2	1,880,209	1,162,198
Administrative and other expenses	8	(7,221,527)	(4,208,585)
<b>Income from operations before tax</b>		<b>3,860,985</b>	<b>4,063,788</b>
Finance income		14,621	-
Net foreign exchange differences		241,586	5,839
<b>Income from operations before tax</b>		<b>4,117,192</b>	<b>4,069,627</b>
Corporation tax charge	6	(782,504)	(722,490)
<b>Total comprehensive income for the year</b>		<b>3,334,688</b>	<b>3,347,137</b>

All the above items are derived from continuing operations.

MedAccess has no items of other comprehensive income for the current year or the previous year.

The accompanying notes form an integral part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
<b>Cash flows from operating activities</b>			
Income from operations before tax		4,117,192	4,069,627
Depreciation	11	475,498	125,017
Finance income		(14,621)	-
Fair value gains from investment portfolio	2	(9,202,303)	(7,110,176)
Foreign exchange movements		(241,586)	(5,839)
<b>Cash flows used in operations before changes in working capital</b>		<b>(4,865,820)</b>	<b>(2,921,371)</b>
Increase in other receivables		(494,335)	(779,472)
(Decrease)/Increase in long term lease liability		(260,645)	309,475
Movements in amounts due to parent company		159,196	7,203
Increase in trade and other payables		472,955	393,974
<b>Cash flows (used in)/from operations</b>		<b>(4,988,649)</b>	<b>(2,990,191)</b>
Fair value gains from volume guarantee portfolio		(709,273)	(408,763)
Bank interest received		14,621	-
Tax paid		-	-
<b>Cash flows used in operating activities</b>		<b>(5,683,301)</b>	<b>(3,398,954)</b>
<b>Cash flows from investing activities</b>			
Movement in short-term investments	2	13,552,036	(99,000,000)
<b>Cash flows from/(used in) investing activities</b>		<b>13,552,036</b>	<b>(99,000,000)</b>
<b>Cash flows from financing activities</b>			
Lease payment		(209,375)	(428,629)
Proceeds from the issue of ordinary shares		-	100,000,000
<b>Cash flows (used in)/from financing activities</b>		<b>(209,375)</b>	<b>99,571,371</b>
Net increase/(decrease) in cash and cash equivalents		7,659,358	(2,827,583)
Cash and cash equivalents at 1 January		330,875	3,152,620
Effect of exchange rate fluctuations on cash held		241,586	5,838
<b>Cash and cash equivalents at 31 December</b>	3	<b>8,231,819</b>	<b>330,875</b>

The accompanying notes form an integral part of these financial statements.

## Statement of changes in equity

For the year ended 31 December 2020

	Notes	Share capital US\$	Accumulated Income/(deficit) US\$	Total US\$
At 1 January 2019		100,000,000	(272,100)	99,727,900
<b>Changes in equity for 2019</b>				
Issued share capital	4	100,000,000	-	100,000,000
Total comprehensive income for the year		-	3,347,137	3,347,137
At 31 December 2019		200,000,000	3,075,037	203,075,037
<b>Changes in equity for 2020</b>				
Issued share capital		-	-	-
Total comprehensive income for the year		-	3,334,688	3,334,688
<b>At 31 December 2020</b>		<b>200,000,000</b>	<b>6,409,725</b>	<b>206,409,725</b>

The accompanying notes form an integral part of these financial statements.



## Notes to the financial statements

### 1. Corporate information and accounts preparation

#### Corporate information

The financial statements of MedAccess Guarantee Ltd (MedAccess) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 13 April 2021. MedAccess Guarantee Ltd is a limited company incorporated on 23 November 2017 in England and Wales, limited by shares. It is a wholly owned subsidiary of CDC Group plc, a public limited company incorporated in England and Wales. MedAccess's registered office is located at 123 Victoria Street, London SW1E 6DE, England. CDC Group plc acts as the intermediate parent and its financial statements are publicly available. The ultimate parent of the Company is the Secretary of State for Foreign, Commonwealth and Development Affairs (previously Secretary of State for International Development).

The principal activity of MedAccess is that of an innovative social finance company committed to expanding and accelerating access to life-saving medicines, vaccines and diagnostics primarily in Africa and South Asia.

#### Statement of compliance

The financial statements of MedAccess have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and as adopted by the EU.

#### Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and other financial instruments that have been presented and measured at fair value in accordance with relevant accounting standards. The financial statements are presented on a going concern basis.

The financial statements are presented in US dollars, which is also MedAccess's functional currency. Assets and liabilities are retranslated at spot rates at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of assets and liabilities denominated in foreign currencies at the period end exchange rate are recognised in the statement of comprehensive income.

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. A summary of the significant accounting policies can be found in note 13.

#### Going concern

The Directors have a reasonable expectation that MedAccess has adequate financial resources to continue in operational existence for the next 12 months. The Directors have given consideration to the share capital of \$200 million, business plan assumptions, operational risks, guarantee exposure, and operational expenditure commitments. The Directors have concluded that MedAccess has sufficient liquidity to meet business obligations and commitments as they fall due. The Directors have also assessed the implications of Brexit and COVID-19, concluding that there are no material impacts on the business operations of MedAccess. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

## Notes to the financial statements

### 2. Assets

#### i. Short-term investments

The short-term investments relate to the assets managed by PIMCO Europe Ltd, under an Investment Management Agreement.

	2020 US\$	2019 US\$
At 1 January, at fair value	203,277,866	97,167,690
Additions	-	100,000,000
Disposals	(13,552,035)	(1,000,000)
Fair value gains	9,202,303	7,110,176
<b>At 31 December, at fair value</b>	<b>198,928,134</b>	<b>203,277,866</b>

#### ii. Guarantee contracts

The exposure of new guarantee contracts underwritten during the year was \$50 million (2019: \$37.4 million). The total net exposure of all guarantee contracts as at 31 December 2020\* was \$58.5 million (2019: \$26.5 million). Guarantee contract movements for the financial year are summarised in the below:

Guarantee contracts exposure	2020 US\$	2019 US\$
<b>Volume guarantees</b>		
Opening net exposure	26,464,599	-
New volume guarantee contracts	-	37,355,624
Commitments discharged	(18,019,855)	(10,891,025)
Closing net exposure	<b>8,444,744</b>	<b>26,464,599</b>
<b>Procurement guarantees</b>		
Opening net exposure	-	-
New procurement guarantee contracts	50,000,000	-
Closing net exposure	<b>50,000,000</b>	-
<b>Total closing exposure</b>	<b>58,444,744</b>	<b>26,464,599</b>

MedAccess's guarantee portfolio comprises two volume guarantee contracts as at 31 December 2020 (2019: two volume guarantee contracts) and one procurement guarantee (2019: nil). The fair value of all guarantee contracts as at 31 December 2020\* was:

Guarantee contracts fair valuation	2020 US\$	2019 US\$
Volume guarantees	1,118,037	408,763
Procurement guarantees	-	-
<b>Guarantee contracts fair valuation</b>	<b>1,118,037</b>	<b>408,763</b>

#### Volume guarantee contracts

MedAccess provides volume guarantee contracts that reduce commercial risk for medical manufacturers, allowing them to accelerate supplies into new markets at affordable and sustainable prices.

MedAccess classifies its volume guarantee contracts as derivative financial instruments.

The volume guarantee contracts are initially recognised at fair value at the date when MedAccess enters into derivative contract. At each subsequent reporting period, the fair value of the contracts are estimated, and the resulting gain or loss immediately recognised in the statement of comprehensive income.

\* Corrected to 2020 from 2021 as reported in the audited MedAccess Guarantee Ltd. Annual Accounts 2020

## Notes to the financial statements

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Derivatives are not offset in the financial statements unless MedAccess has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and is not due to be realised or settled within 12 months. A derivative with remaining maturity that is less than 12 months and that is due to be realised or settled within 12 months is presented as current assets or current liabilities.

Volume guarantee contracts guarantee a certain volume of sales over a specified period. For any volume guarantee contract that MedAccess underwrites, the initial exposure for that contract is the maximum amount that MedAccess could be contractually obliged to pay out under that contract's terms. New contracts entered into in the course of the year are reported using the same approach.

MedAccess's commitments under the volume guarantee contracts are discharged as sales are achieved by guarantee counterparties. This is reported in the 'Commitments discharged' line, and for this year was \$18.0 million (2019: \$10.9 million).

The resulting net exposure is the net total outstanding contractual exposure at year end, and for 2020 was \$8.7 million (2019: \$26.4 million). This information on exposure is presented independently, as it is an important measure by which MedAccess assesses its performance. This is different from the Fair Value of the volume guarantee contracts, which is shown separately and is explained in the following note.

### Procurement Guarantees

MedAccess provided a procurement guarantee during the year with a total exposure value of \$50 million. The agreement operates by providing a revolving guarantee to a third party (United Nations Children's Fund) to support the accessibility of affordable medical supplies. This specific guarantee was put in place to enable the United Nations Children's Fund (UNICEF) to accelerate access to vital coronavirus-related medical supplies and differs to the volume guarantees in that there are no fees associated with the guarantee and the guarantee was for a period of 12 months, which has subsequently been renewed for a further 12 months (refer note 15 for further information). The guarantee is accounted for as a derivative financial instrument recognising the fair value of call losses as an expense and an associated negative fair value recognised as a financial liability. The fair value assessment at 31 December indicated there were no call losses and therefore no associated expenses or liabilities were recognised in the financial statements relating to this agreement.

### Volume guarantee contracts – fair value

The net fair value gain of \$1,118,036 (2019: \$408,763) for the volume guarantee contracts has been recognised in the profit and loss statement. The fair value calculation is detailed further on in Note 13.

	2020 US\$	2019 US\$
Opening Value	408,763	-
Fair value gains	1,880,209	1,162,198
Realised fees – volume guarantee contracts	(1,170,935)	(753,435)
<b>At 31 December, at fair value</b>	<b>1,118,037</b>	<b>408,763</b>

The most significant unobservable input into the volume guarantee contracts is the discount rate. The following is a sensitivity analysis of the volume guarantee contract's fair value in respect of the discount rate, which is considered to be an unobservable input:

+1% increase in discount rate will lead to a decrease in Fair Value of US\$14,456 (2019: US\$15,024).

-1% decrease in discount rate will lead to an increase in Fair Value of US\$14,813 (2019: US\$15,587).

At each subsequent reporting period, the fair value of the contracts are estimated, and the resulting gain or loss immediately recognised in the profit and loss statement.

## Notes to the financial statements

### 3. Cash and cash equivalents

	2020 US\$	2019 US\$
Cash at bank and in hand	8,231,819	330,875
<b>Total cash and cash equivalents</b>	<b>8,231,819</b>	<b>330,875</b>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is US\$8,231,819 (2019: US\$330,875).

### 4. Issued capital

	2020 US\$	2019 US\$
Authorised	200,000,000	200,000,000
<b>Ordinary shares of US\$1 each</b>	<b>200,000,000</b>	<b>200,000,000</b>

	No. of shares	2020 US\$	No. of shares	2019 US\$
Allotted, called up and fully paid Ordinary shares				
At 1 January, Ordinary shares of US\$1 each	200,000,000	200,000,000	100,000,000	100,000,000
Issued Ordinary shares of US\$1 each	-	-	100,000,000	100,000,000
At 31 December, Ordinary shares of US\$1 each	200,000,000	200,000,000	200,000,000	200,000,000

### 5. Trade and other receivables

	2020 US\$	2019 US\$
VAT Recoverable	240,478	43,376
Other receivables	1,140,718	843,485
<b>Total receivables</b>	<b>1,381,196</b>	<b>886,861</b>

Other receivables include accrued income from guarantee fee income.

### 6. Corporation tax

	2020 \$	2019 \$
<b>Current tax</b>		
Current year charge / (credit)	829,775	771,692
Prior year charge / (credit)	4,875	-
	834,650	771,692
<b>Deferred tax</b>		
Current year charge / (credit)	(47,388)	(49,202)
Prior year charge / (credit)	(4,758)	-
<b>Total income tax expense per the statement of comprehensive income</b>	<b>782,504</b>	<b>722,490</b>

## Notes to the financial statements

The UK Corporation tax rate is reconciled to the effective tax rate for the period as follows:

	2020 %	2019 %
UK Corporation rate	(19.0)	(19.0)
Effect of:		
Temporary timing differences	(1.2)	0.3
Recognition of deferred tax asset on temporary timing differences	1.2	0.3
Prior year unrecognised losses	-	0.6
Non-deductible expenditure	-	-
<b>Effective tax rate for the year</b>	<b>(19.0)</b>	<b>(17.8)</b>

The deferred tax asset recognised on temporary timing differences stated on the balance sheet is comprised as follows:

	Opening Balance	Current-year movement	Closing balance
<b>Provisions</b>	<b>49,202</b>	<b>52,145</b>	<b>101,347</b>

### 7. Trade and other payables (current and non-current)

	2020 US\$	2019 US\$
Trade payables	171,319	123,941
Accruals	861,619	705,570
<b>Total trade and other payables</b>	<b>1,032,938</b>	<b>829,511</b>
Amounts due to parent company	166,780	7,584
Tax payable	1,606,342	771,691
Long-term leases	203,222	119,155
<b>Total payables (current)</b>	<b>3,009,282</b>	<b>1,727,941</b>
Long-term leases	-	190,320
Other payables	533,409	263,881
<b>Total other payables (non-current)</b>	<b>533,409</b>	<b>454,201</b>

### 8. Administrative and other expenses

	2020 US\$	2019 US\$
Wages and salaries	2,423,204	1,210,914
Social security costs	429,054	196,323
Pension costs – defined contribution	152,891	60,832
Variable element of pay plan (VEPP)	539,531	340,299
<b>Total employee benefits expense</b>	<b>3,544,680</b>	<b>1,808,368</b>
Professional services	2,210,412	1,117,008
Auditor remuneration	43,744	15,734
Other administrative expenses	1,422,691	1,267,475
<b>Total administrative and other expenses</b>	<b>7,221,527</b>	<b>4,208,585</b>

## Notes to the financial statements

The average monthly number of employees during the period was 17 (2019: 6). MedAccess operates a long-term incentive scheme called the Variable Element of Pay Plan (VEPP). The VEPP is an additional element of the organisation's remuneration, which aims to reward and recognise employees' contribution to the delivery of the organisation's strategic goals over time. Pay-out under the current plan is capped, limiting the maximum potential reward of all employees.

Auditors remuneration is for the audit of the statutory financial statements.

The aggregate of Directors' emoluments is presented below:

	2020 US\$	2019 US\$
Salaries, fees, bonuses and benefits in kind	507,389	361,716
Amounts receivable under long-term incentive plans	102,621	60,800
<b>Total Directors' emoluments</b>	<b>610,010</b>	<b>422,516</b>

One director is a member of MedAccess's defined contribution\* pension plan.

The remuneration of the director, who is the key management personnel of MedAccess is set out below:

	2020 US\$	2019 US\$
Salaries, fees, bonuses and benefits in kind (short-term employee benefits)	377,545	269,843
Amounts receivable under long-term incentive plans (other long-term benefits)	102,621	60,800
<b>Total key management personnel compensation</b>	<b>480,166</b>	<b>330,643</b>

There are no post-employment benefits payable.

### 9. Related party transactions

During the financial year, MedAccess entered into transactions with its parent company CDC Group plc, all of which were carried out on an arm's length basis. The transactions entered into and trading balances outstanding at 31 December were as follows:

	2020 US\$	2019 US\$
Statement of comprehensive income		
Service level agreement fees	(401,019)	(287,014)
Statement of financial position		
<b>Amounts due to CDC Group plc</b>	<b>(166,780)</b>	<b>(7,584)</b>

\* Corrected to *defined contribution pension plan* from *defined benefit pension plan* as reported in the audited MedAccess Guarantee Ltd. Annual Accounts 2020

## Notes to the financial statements

### 10. Financial instruments

MedAccess's principal financial assets (as defined in IFRS 7) comprise of cash and short-term investment. Financial liabilities comprise amounts due to parent company.

#### Interest rate exposures

	Fixed rate US\$	Floating rate US\$	No interest US\$	Total US\$	Fixed rate weighted average interest rate %	Fixed rate weighted period to full maturity Years	No interest maximum period to full maturity Years
<b>Financial assets: Cash</b>							
31 December 2020	-	8,231,819	-	8,231,819	-	-	-
31 December 2019	-	330,875	-	330,875	-	-	-

#### Currency exposures

The tables below show MedAccess's currency exposures that give rise to exchange rate gains and losses that are recognised in the statement of comprehensive income. Such exposures comprise those monetary assets and liabilities that are not denominated in MedAccess's functional currency. The following table shows MedAccess's foreign currency denominated cash balances:

Functional currency	2020 US\$	2019 US\$
Sterling	7,520,322	302,561
<b>Total</b>	<b>7,520,322</b>	<b>302,561</b>

#### Liquidity risk

The following tables show the maturity profile of MedAccess's financial assets and liabilities other than cash:

Financial assets: Maturity profile	2020 Short-term investment US\$	2019 Short-term investment US\$
On demand	-	-
Due within one year, but not on demand	198,928,134	203,277,866
<b>Total</b>	<b>198,928,134</b>	<b>203,277,866</b>

Financial liabilities: Maturity profile	2020 Amounts owed to parent company US\$	2019 Amounts owed to parent company US\$
Due within one year, but not on demand	166,780	7,584
Due between two and five years	-	-
<b>Total</b>	<b>166,780</b>	<b>7,584</b>

MedAccess does not net off contractual amounts of financial assets and liabilities.

## Notes to the financial statements

### Fair value of financial assets and liabilities

#### Financial assets

There is no material difference between the fair value and the book value of cash and amounts receivable to MedAccess by its parent company.

#### Financial liabilities

There is no material difference between the fair value and the book value of amounts payable by MedAccess to its parent company.

### 11. Property, Plant and equipment

Property, Plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

The 2019 comparatives included a currency translation error where GBP£ values were not accurately translated into the presentational US\$ currency. The 2019 comparatives have been restated accordingly to reflect the accurate US\$ values.

Property, plant and equipment - Cost	2020 US\$	2019 Restated US\$	2019 Audited US\$
Property, plant and equipment owned	-	-	-
<b>Right of use of assets</b>			
Balance as at 1 January	573,099	-	-
Additions	261,434	573,099	428,629
Disposals and transfers	-	-	-
<b>Total</b>	<b>834,533</b>	<b>573,099</b>	<b>428,629</b>
Accumulated depreciation and impairment	2020 US\$	2019 Restated US\$	2019 Audited US\$
Property, plant and equipment owned	-	-	-
Right of use of assets			
Balance as at 1 January	167,154	-	-
Depreciation charge for the year	475,498	167,154	125,017
Impairment	-	-	-
Disposals and transfers	-	-	-
<b>Total</b>	<b>642,652</b>	<b>167,154</b>	<b>125,017</b>
Net book value	2020 US\$	2019 Restated US\$	2019 Audited US\$
Property, plant and equipment owned	-	-	-
Right of use assets	191,881	405,945	303,612
Lease Liabilities	2020 US\$	2019 Restated \$	2019 Audited \$
Non-current liabilities	-	252,095	190,320
Current liabilities	203,222	160,502	119,155
<b>Total lease liabilities</b>	<b>203,222</b>	<b>412,597</b>	<b>309,475</b>

## Notes to the financial statements

	2020 US\$	2019 Restated US\$	2019 Audited US\$
Interest on lease liabilities/finance costs	18,245	9,805	9,436
Depreciation	475,498	167,154	125,017
<b>Total</b>	<b>493,743</b>	<b>176,959</b>	<b>134,453</b>

MedAccess adopted IFRS 16 on 1 January 2019. For further details on the specific accounting policy relating to the adoption of IFRS 16 refer to note 13.

MedAccess's lease agreements expire in May 2021 and has therefore been classified as a current liability falling due within twelve months. MedAccess's lease agreements in this note relate to rented office premises in 123 Victoria Street, London, SW1E 6DE with monthly rent payable of GBP£31,330.

MedAccess also has a short-term lease for temporary office premises in Brighton expiring on 31 August 2021. In accordance with IFRS 16 MedAccess has not capitalised the short-term lease and all rent payments in relation to the short-term lease are expensed.

### 12. Financial risk management

MedAccess's activities expose them to a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. Market risk includes foreign currency risk, interest rate risk and price risk. The main financial risks managed by MedAccess are foreign currency risk, interest rate risk, liquidity risk and credit risk. MedAccess do not undertake any trading activity in financial instruments.

#### Liquidity risk

MedAccess's policy on liquidity risk is to ensure that they always have sufficient funding to meet all short to medium-term funding requirements. MedAccess's cash balance at 31 December 2020 was US\$8,231,819 (2019: US\$330,875) and its capital commitments including long-term commitments were US\$395,103 (2019: US\$818,542).

In preparing the sensitivity analysis a movement of 1% has been used as it represents a reasonable and realistic potential change in value. The sensitivity analysis is based on the assumption that all other variables remain constant, a 1% movement in the average interest rate with all other variables held constant would impact profit by US\$13,396 (2019: US\$3,026).

#### Credit risk

Credit risk is the risk of financial loss to MedAccess if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December was:

	Notes	2020 US\$	2019 US\$
Cash and cash equivalents	3	8,231,819	330,875
Investments		198,928,134	203,277,866
<b>Total</b>		<b>207,159,953</b>	<b>203,608,741</b>

MedAccess's policy is to recognise an impairment loss when objective evidence exists that the estimated future cash flows of the asset have decreased and that this decrease can be reliably estimated. Several factors are considered when identifying indicators of impairment including breach of contract or financial difficulties being experienced by the obligor. Based on historical trends MedAccess believes no impairment allowance is necessary in respect of financial assets not past due.

Credit risk on MedAccess's cash balances is mitigated as MedAccess transact with institutions with high credit ratings. If possible, cash is deposited with financial institutions that have a long-term credit rating ascribed by Moody's of A2 or above.

## Notes to the financial statements

### Market risk

#### Foreign currency risk

Exposure to currency risk arises in the normal course of MedAccess's activities. MedAccess has exposure to Sterling. MedAccess held a cash balance in Sterling equivalent to US\$7,520,322 (2019: US\$302,561) as at 31 December 2020.

In preparing the sensitivity analysis a movement of 10% has been used as it represents a reasonable and realistic potential change in value. The sensitivity analysis is based on the assumption that all other variables remain constant, a 10% movement in the average exchange rate for Sterling against US dollar with all other variables held constant would impact profit by US\$752,032 (2019: US\$30,256).

#### Capital management

MedAccess considers its capital to be the total equity shown in statement of changes of equity. MedAccess's objectives when managing capital are:

- ▶ to safeguard MedAccess's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- ▶ to maintain a strong capital base to support the development of MedAccess's businesses.

There are no externally imposed capital requirements.

The Board monitors the results of MedAccess and its financial position.

### 13. Summary of significant accounting policies

#### Short-term investments

MedAccess classifies its short-term investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition. Apart from loans and receivables, financial instruments are designated as fair value through profit and loss because the fair value of the investment portfolio is a key performance indicator for MedAccess.

Gains and losses realised on disposal or redemption, by reference to the valuation at the previous statement of financial position date and unrealised gains and losses from changes in the fair values of the investment portfolio are taken to the statement of comprehensive income.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### Fair value

The financial statements have been prepared at historical cost with the exception of the following items:

Items	Measurement Basis
Guarantee contracts	Fair value
Investment portfolio	Fair value
Leases	Fair value

Fair value is defined in IFRS 13 Fair Value Measurement as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market (or the most advantageous market in the absence of a principal market) at the measurement date. In determining the fair value of a financial asset or liability, MedAccess uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs as far as possible.

## Notes to the financial statements

Assets and liabilities measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair value, according to the following fair value hierarchy which distinguishes between observable and unobservable inputs:

- ▶ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ▶ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- ▶ Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, MedAccess determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between the Levels during the period and there were no changes in valuation techniques during the period.

Fair value is estimated by using a discounted cash flow analysis of the guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams (for volume guarantee contracts) less estimated discounted shortfall payment amounts (or guarantee call losses). Estimates of key inputs used in this methodology include the discount rate and assumed inputs used to calculate estimated potential guarantee call losses, including assumptions relating to the probability of a call on the guarantee. It includes the evaluation of historical volumes achieved, estimated future volumes, economic and/or market events, and other pertinent information.

Guarantee contracts are categorised as Level 3 as significant unobservable inputs are utilised. Given the bespoke nature of guarantee contracts, their fair value cannot be readily determined by market prices or observable inputs only. As such, the determination of fair value requires significant judgments, assumptions and estimations.

Due to the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for guarantee contracts existed, and it is reasonably possible that the difference could be material.

### IFRS 16 Leases

MedAccess adopted IFRS 16 (replacing IAS 17) from 1 January 2019 on a modified retrospective basis and did not restate comparatives for the 2018 reporting period as permissible by IFRS 16.

IFRS 16 applies to all leases except for licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38, Intangible Assets, service concession arrangements, leases of biological assets within the scope of IAS 41, Agriculture, and leases of minerals, oil, natural gas and similar non-regenerative resources.

IFRS 16 does not result in a significant change to lessor accounting; however, for lessee accounting there is no longer a distinction between operating and finance leases.

Lessees will be required to recognise both:

- 1 A lease liability, measured at the present value of remaining cash flows on the lease, and
- 2 A right of use asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The right of use asset will amortise to the income statement over the life of the lease.

## Notes to the financial statements

There is a recognition exemption in IFRS 16 for short term leases and leases of low-value assets which allows the lessee to apply similar accounting as an operating lease under IAS 17.

### Financial liabilities

Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, contractual obligations, to deliver cash or another financial asset to another entity are measured at amortised cost using the effective interest method.

### Provisions, contingent liabilities and contingent assets

Provisions are recognised if there is a present obligation, whether legal or constructive, which has arisen as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

### Critical accounting judgements

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the individual financial statements, is the fair value of financial instruments under IFRS 9.

### Sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the use of estimates. The key accounting estimates are the carrying value of our investment assets and guarantee contracts, which are stated at fair value. Asset valuations for unquoted investments are inherently subjective, as they are made on the basis of assumptions which may not prove to be accurate such as discount rates and assumptions in expected cash flows.

The fair value of guarantee contracts is estimated by using a discounted cash flow analysis of the guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams (for volume guarantees) less estimated discounted shortfall payment amounts (or guarantee call losses). Estimates of key inputs used in this methodology include the discount rate and assumed inputs used to calculate estimated potential guarantee call losses, including assumptions relating to the probability of a call on the guarantee. It includes the evaluation of historical volumes achieved, estimated future volumes, economic and/or market events, and other pertinent information.

Given the bespoke nature of guarantee contracts, their fair value cannot be readily determined by market prices or observable inputs only. As such, the determination of fair value requires significant judgments, assumptions and estimations. Due to the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for guarantee contracts existed, and it is reasonably possible that the difference could be material. Refer to note 2 for sensitivity analysis.

### Income

Income is recognised to the extent that it is probable that the economic benefits will flow to MedAccess and can be reliably measured.

### Employee benefits

The Variable Element of Pay Plan (VEPP) is an additional element of the organisation's remuneration, which aims to reward and recognise employees' contribution to the delivery of the organisation's strategic goals over time. The cost of the VEPP is charged to the statement of comprehensive income in the period to which the award relates.

### Taxation

Income tax expense comprises current and deferred tax. Current tax is recognised as income or expense and is included in the net profit for the period, unless it relates to a transaction or event which is recognised directly in equity, whereupon the current tax is charged or credited to equity accordingly.

## Notes to the financial statements

Current and deferred tax assets and liabilities are offset only when they arise from the same tax reporting Company and relate to the same tax authority and when the legal right to offset exists.

Current and deferred taxes are recognised as a tax credit or expense in the period in which they arise except for deferred taxes recognised or disposed of upon the acquisition or disposal of a subsidiary.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in MedAccess financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantially enacted at the statement of financial position date\*.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

### Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, MedAccess has applied the below amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### Amendments to References to the Conceptual Framework in IFRS Standards

MedAccess has adopted 'Amendments to References to the Conceptual Framework in IFRS Standards' for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. The applicable Standards which were amended are IFRS 2, IAS 1, IAS 8, IAS 37, IAS 38, IFRIC 22, and SIC-32.

#### Amendments to IAS 1 and IAS 8 Definition of material

MedAccess has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

### New and revised IFRS Standards in issue but not yet effective

The accounting policies set out in these financial statements have been applied consistently to all periods presented.

\* Corrected to include "at the tax rates", which was omitted in the audited MedAccess Guarantee Ltd. Annual Accounts 2020

## Notes to the financial statements

The following standards are issued but not yet effective, and have not been applied to these financial statements. MedAccess intends to adopt these standards when they become effective. These are not expected to have a material impact on MedAccess's financial statements:

- ▶ Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- ▶ Amendments to IFRS 3: Reference to the Conceptual Framework;
- ▶ Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use;
- ▶ Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract; and
- ▶ Annual Improvements to IFRS Standards 2018-2020 Cycle.

The standards listed below are issued but not yet effective and are not expected to have an impact on MedAccess:

- ▶ IFRS 17: Insurance Contracts; and
- ▶ IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

### 14. Changes in accounting policies and disclosures

There were no changes in accounting policies impacting disclosures for the period ended 31 December 2020.

### 15. Subsequent Events

There have been no material events since the reporting period that would require adjustment to these financial statements. Events after the reporting period that would require adjustment to these financial statements are those that provide evidence of conditions that existed at 31 December 2020. Events after the reporting period that are indicative of conditions that arose after the reporting period do not lead to adjustment of the financial statements, but are disclosed in the event that they are material.

Since 31 December 2019 the COVID-19 pandemic has severely impacted the global economy, including those regions MedAccess provides guarantees. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The quantum of the effect on MedAccess's guarantee portfolio is difficult to determine, however MedAccess is closely monitoring the situation and considering the effect it may have on the valuation of any impacted transactions. MedAccess is also closely monitoring its liquidity needs in order to take action should any emergency funding requirement arise.

In accordance with the requirements of IFRS the fair valuations at the date of the statement of financial position reflect the economic conditions in existence at that date. The next date at which a valuation of investments will be performed will be as at 31 December 2021. The potential losses associated with these developments will be recognised in the 2021 financial statements. At present the extent of these potential losses cannot be reliably estimated, however there are no anticipated going concern issues.

In February 2021, MedAccess settled its 2019 income tax payable by utilising the group relief provisions to recompense the losses of another wholly owned UK subsidiary of CDC Group Plc, CDC India Opportunities Limited (CIOL). The tax liability was settled in full via a bank transfer from MedAccess to CIOL.

In March 2021, MedAccess decided it will not renew its current lease for 123 Victoria Street, London, SW1E 6DE, which will terminate in May 2021. MedAccess have decided to adopt a flexible working approach in light of cost savings initiatives and are in the process of negotiating a new lease agreement at a different location. This decision does not change the nature or extent of MedAccess's current business operations.

On 23 March 2021, MedAccess extended its procurement guarantee agreement in support of UNICEF. The guarantee, of up to \$50 million, will continue to support UNICEF's high-volume purchasing orders with manufacturers for medical supplies and diagnostic tests and has been extended until 2022.

## Endnotes

- 1 [https://www.unaids.org/sites/default/files/media\\_asset/global-commitments-local-action\\_en.pdf](https://www.unaids.org/sites/default/files/media_asset/global-commitments-local-action_en.pdf)
- 2 <https://3cdmh310dov3470e6x16oesb-wpengine.netdna-ssl.com/wp-content/uploads/2020/09/2020-CHAI-HIV-Market-Report.pdf>
- 3 [https://cdafound.org/dashboard/polaris/dashboard\\_regions.html](https://cdafound.org/dashboard/polaris/dashboard_regions.html)
- 4 <https://www.who.int/en/news-room/fact-sheets/detail/hepatitis-b> and <https://www.who.int/en/news-room/fact-sheets/detail/hepatitis-c>
- 5 <https://www.who.int/en/news-room/fact-sheets/detail/hepatitis-b> and <https://www.who.int/en/news-room/fact-sheets/detail/hepatitis-c>
- 6 [https://cdafound.org/dashboard/polaris/dashboard\\_regions.html](https://cdafound.org/dashboard/polaris/dashboard_regions.html)
- 7 <https://www.iarc.who.int/faq/cervical-cancer-awareness-month-2021-qa>
- 8 <https://www.who.int/news-room/fact-sheets/detail/malaria>
- 9 <https://www.who.int/news-room/fact-sheets/detail/malaria>
- 10 <https://www.who.int/news-room/fact-sheets/detail/malaria>
- 11 <https://www.who.int/news-room/fact-sheets/detail/malaria>
- 12 <https://covid19.who.int>
- 13 Assets/Equity. Assets, for the purpose of the leverage ratio, is not an accounting definition.
- 14 \$8.2 million of cash and cash equivalents and \$198.9 million of short-term investments.

## Acknowledgements

This report has been produced by MedAccess.

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