MedAccess

2019

Annual report

Contents

Welcome from our CEO

At MedAccess, we are deeply committed to increasing access to effective healthcare for people in underserved markets, especially in Africa and Asia. I like to say that we combine a brain for business with a heart for humanity, bringing commercial insight and rigour to a relentless drive for development impact.

Our team draws its expertise from public health, the pharmaceutical industry, investment banking and government agencies. I am proud to lead a team that demonstrates its blend of passion and professionalism every single day.

We are privileged to live in an era when medical innovation is helping more people than ever lead longer, healthier lives. Many diseases that would have been fatal in previous generations can be managed and, in some cases, cured completely. Vaccines, diagnostics and therapeutics have transformed the healthcare landscape. However, far too often these innovations do not reach enough of the people who need them.

Market inefficiency has a human cost, both in terms of lives lost and livelihoods diminished. Everyone at MedAccess is working hard to change this. As this report demonstrates, we have already provided guarantees to increase access to viral load testing and next-generation mosquito bed nets. Also, in 2020 we responded swiftly to the unique circumstances presented by the COVID-19 pandemic, putting in place a guarantee enabling UNICEF to accelerate access to vital coronavirus-related medical supplies.

> **"I am proud to lead a team that demonstrates passion and professionalism every day."**

We cannot predict the full impact COVID-19 will have on countries around the world, but we have a responsibility to try to prevent many years of healthcare gains being undone. If COVID-19 has taught us anything, it is that partnership and unity are central to overcoming disease and improving health. I firmly believe MedAccess can bring new finance and new thinking to existing and potential partnerships, helping drive the world towards a brighter, healthier future for all.

Michael Anderson
Chief Executive Officer

Foreword by our Chairman

Welcome to the first published Annual Report from MedAccess. I am pleased to share the progress on our mission to make healthcare products more affordable and accessible for people in underserved markets. This report also marks an appropriate time to reflect on why MedAccess is needed and to reaffirm our mission.

It is not easy to understand why innovative healthcare products might cost more in Uganda or Bangladesh than in the UK. Ideally, the costs of accessing new markets should be offset by the opportunity to provide products to significant populations, therefore realising production cost savings, which can be passed on to procurers. Sadly, many healthcare markets are not so efficient.

> **"MedAccess uses innovative finance tools to address uncertainties that lead to market inefficiencies."**

Uncertainty is rife in inefficient healthcare markets. Suppliers and procurers have legitimate questions about patient demand, long-term pricing and whether the clinical environment would be able to support the product. Before a single tablet, vial or device can be shipped, all parties require assurance on a range of issues. Until these issues are resolved, suppliers continue to focus on tried and tested markets while patients in other countries are forced to wait years, or even decades, to access the product.

MedAccess uses innovative finance tools to address uncertainties that lead to market inefficiencies. Our financial guarantees support partnerships that enable products to enter new markets, ensuring more people benefit from life-changing technologies sooner. We are a well-capitalised social finance company with deep expertise in healthcare and investment. We work collaboratively to navigate the complex questions that emerge when bringing a product to a new population, staying fully involved, and on risk, for the duration of the guarantee. Throughout the journey, we provide technical advice and support to avoid difficulties and disappointments. And, since our aim is to achieve impact rather than generate profit, we re-invest every dollar earned to further our mission.

We have made a positive start. Our first transaction, a volume guarantee with the manufacturer Hologic, has enabled the company to accelerate access to its Panther® viral load testing platform. Our second transaction, a volume guarantee with international chemical company BASF, is supporting increased access to its next generation Interceptor® G2 anti-malaria bed nets in sub-Saharan Africa.

We are well positioned to build on this positive start. We have strengthened all areas of the organisation over the past two years, developing a team that combines passion, determination and expertise. In 2020, we are seeking to widen our range of work, enabling us to explore more opportunities with potential partners. Above all, we recommit to our mission to accelerate and increase access to healthcare products and services for people living in low- and middle-income countries.

Nigel Keen

Who we are

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

We are a social finance company with a difference. We are motivated by purpose, not profit.

We use innovative finance tools to secure lower prices and sustainable supply of medical products for people in low- and middle-income countries (LMICs). Our work combines commercial insight and rigour with a relentless pursuit of health impact.

Our story so far

MedAccess was established in November 2017[1]. We were formed in response to ongoing concerns within the global health community that access to medical supplies in LMICs was being impeded by persistent market failures.

MedAccess was founded by CDC Group plc (CDC), a development finance institution owned by the UK government, with support from the UK's Department for International Development (now replaced by the Foreign, Commonwealth & Development Office) and the Clinton Health Access Initiative (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 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 bed nets were conducted in 2019. The agreement, which will accelerate 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.

For more insights on the impact generated through these partnerships, see pages 12–15.

Our team
Led by Chief Executive Officer Michael Anderson, our lean team brings extensive experience in global health, the pharmaceutical industry, and financial services. We are driven by the same passion: to ensure that people living in underserved markets have access to the healthcare products and services they need to help them survive and thrive.

Where we work
Our financial guarantees primarily benefit people living in LMICs eligible for official development assistance as defined by the Organisation for Economic Co-operation and Development (OECD). At least 50 per cent of patients receiving products as a result of a guarantee must be based in CDC-priority territories (sub-Saharan Africa and South Asia).

Why we are needed
Healthcare saves and improves billions of lives every year. Scientific advances mean that, in many cases, a disease that would have been fatal or severely life-limiting 30 years ago is now both survivable and manageable. However, healthcare products and services are only effective if they reach the people who need them at the right time. 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.

> **Donors and national governments can maximise the impact of their health investments by increasing the efficiency of the use of funds**

This is in part because healthcare markets in LMICs are frequently characterised by inefficiencies. 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 suppliers to make the upfront investments required to develop, register, and commercialise products across markets. In addition, when suppliers have visibility into 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, suppliers have not been able to establish certainty in sales volumes. In the absence of reliable demand forecasts, suppliers 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. The resulting prices may exceed ability and willingness to pay among purchasers in LMICs. Suppliers may also wait until they have certainty in sales volumes before investing in expanded production capacity, which can lead to supply shortages.

Our role in increasing access to healthcare products
Market shaping uses tools or interventions to address market failures and inefficiencies. Used correctly, the result is a sustainable market that facilitates the buying and selling of healthcare products.

We use market-shaping tools to secure more affordable products, with improved supply security, for people living in LMICs. As a result, donors and national governments can maximise the impact of their health investments by increasing the efficiency of the use of funds. For suppliers, the resulting visibility of demand can reduce the risk premiums that are included in their costs, enable investments in higher-volume, lower-cost facilities, and therefore allow for lower prices and a more sustainable commercial operation.

We monitor and analyse healthcare market dynamics and trends in innovative finance. We also engage with a wide group of experts from across the healthcare ecosystem and with governments to understand their healthcare priorities. Using this information, we identify and evaluate opportunities to deploy our guarantees.

By building productive partnerships with procurers and manufacturers, we create a catalytic relationship that leads to sustainable and affordable access to medical supplies.

A sustainable business model
Financial sustainability is a critical component of our drive to improve health outcomes through business rather than charity. To sustain ourselves over the long term, we aim to prevent capital erosion. We do this through robust diligence and risk analysis, our capital investments and by charging a fee to manufacturers to access our financial products.

We are motivated by purpose, not by profit. Any surpluses are reinvested into the business, enabling us to pursue new partnerships.

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 demand visibility, promoting supply security and lowering prices in underserved markets.

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

What is a volume guarantee?

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 supplier's losses if sales fall below the guaranteed level.

Under a volume guarantee, the supplier commits to:

1. Sell the product at or below the agreed ceiling price(s) during the term of the agreement.
2. Make an agreed minimum volume of product available for each year of the guarantee.
3. 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 reflect the shortfall.

> **A volume guarantee is a legally binding contract that sets out a maximum price in return for assured sales volumes.**

At the end of 2019, we had two volume guarantees in place. Our first guarantee, signed in July 2018, is with Hologic for the supply of HIV, HBV, HCV and HPV viral load 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 bed nets.

Intermediated guarantee facilities

Intermediated guaranteed facilities provide credit and other support for international organisations' purchasing and market-shaping activities.

In 2019, we began assessing the global health landscape for opportunities to deploy intermediated guarantee facilities. By the end of 2019, while we had not concluded any intermediated guarantees, we had conducted several promising discussions with a range of potential partners about potential future agreements.

In July 2020, we completed our first intermediated guarantee with the United Nations Children Fund (UNICEF) to increase access to COVID-19 medical supplies. For more information on this partnership, please see page 19.

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 business, 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.

We may use the services of external experts to assist in this process. In 2020, 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, suppliers, donors and procurers, who are all committed to increasing equitable access to healthcare.

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

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?

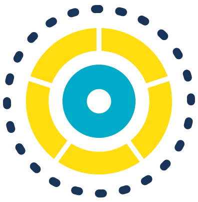
How much difference could it make to them?

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:

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

Before making a decision, 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 have. 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.

Partnering for impact

We implemented our first two volume guarantees – one with Hologic to improve access to high-quality, affordable molecular tests, and one with BASF to improve access to next-generation bed nets – in 2019.

This section outlines the impact we have achieved so far.

Partnering for impact

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 hepatitis and diagnostic testing for human papillomavirus, 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 2018, there were 1.7 million new **HIV** cases worldwide and 770,000 people lost their lives to AIDS-related illnesses, making it one of the leading causes of death. 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 and onward transmission. This requires timely, accurate testing and monitoring.

The World Health Organization (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) strategy for ending the HIV epidemic – known as the 95-95-95 targets.[2] However, access to viral load testing has remained low and inconsistent in LMICs. By the end of 2018, only 58 per cent of people in these countries who were on a treatment regimen for HIV had access to viral load testing. This lack of access was attributed to barriers including high and non-transparent test prices with high hidden costs, poor instrument servicing and maintenance and uncoordinated and under-resourced patient sample transport networks.

Globally, an estimated 325 million people are living with HBV or **HCV**, and a significant number of those who are chronically infected will develop cirrhosis or liver cancer. The WHO estimated that 399,000 people died in 2016 as a result of HCV, while HBV is responsible for close to 900,000 deaths per year. Most viral hepatitis deaths are the result of cirrhosis or primary liver cancer.

HPV is the leading cause of cervical cancer, the second most common cancer among women in LMICs. In 2018, of the 311,000 women who lost their lives to cervical cancer, 85 per cent were from such countries. In the same year, there were 570,000 new cases among women in these countries, 84 per cent of the global total.

Our partnership with Hologic and CHAI (called the Global Access Initiative) aims to directly address these barriers by:

1. Supporting a third supplier, that offers a high-throughput and user-friendly technology at a lower price, to enter the market.
2. Setting an all-inclusive ceiling price to run a viral load test, which includes the cost of placing the instrument, consumables and reagents, training, and instrument service and maintenance.

Development impact

This volume guarantee supports the delivery of molecular tests to patients across Africa and South Asia. We project that clinical outcomes will be improved for at least 500,000 people and the all-inclusive pricing model will save procurers at least $14 million compared to what would otherwise have been spent on tests. This is the world's first multi-country all-inclusive pricing offer. It provides greater price clarity and transparency, encompassing critical aspects such as the platform itself, reagents, software and staff training. Through this partnership, Hologic has been able to lead the way on all-inclusive pricing, a move that others have since followed.

In 2019...

Estimated
182k
Patients with improved outcomes

30%
Price reduction

$7m
Saved

Lives changed: Routine viral load testing can motivate patients to adhere to treatment regimens and can detect when treatment is failing. This allows patients to be transferred onto more effective therapies before they develop drug resistance, which typically requires treatment with more expensive second- or third-line therapies. In 2019, over one million tests were procured by multiple countries in sub-Saharan Africa.[3] These tests are estimated to have contributed to improved clinical outcomes for at least 182,000 patients.[4]

Money saved: The all-inclusive ceiling price of $12 per test result is estimated to be a 30 per cent price reduction on average compared to the pre-guarantee price offered by other suppliers in a sample estimate. Extrapolating this to volumes procured in 2019, we estimate this ceiling price saved purchasers – including donors and national governments – approximately $7 million.

Markets shaped: By the end of 2019, the guarantee had impacted the market in the following ways:

- **Increased competition.** In the first year of the guarantee, Hologic registered Panther® in seven new countries, increasing competition in those markets.
- **Improved procurement practices.** These seven countries benefited from all-inclusive pricing for viral load testing for the first time, improving the consistency and transparency of their diagnostics procurement. 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 suppliers.

The perspective of a scientist who uses Panther®

Erick Ochieng is a Research Scientist at the KEMRI Nairobi Lab in Kenya. He is one of four colleagues at the lab who use the Hologic Panther® platform to conduct HIV viral load testing. He explains how the Panther® has transformed how quickly his team can deliver test results:

"There has been a remarkable difference since we got the Panther®. The flexibility is unparalleled. Because the Panther® testing machine is fully automated, this allows us to load samples for testing randomly, meaning we can load a sample at any given time that the equipment is on. I'm no longer working in batches of 20 and waiting five hours for them to finish before I can load another batch.

"The high throughput means people living with HIV can get their results faster. The Panther® can be left on to run 24 hours a day; so with no machine downtime, it can conduct 1,000 tests a day, doubling the testing capacity of our last machine. Priority samples can be added in straight away, rather than waiting for a new batch like we used to. A sample can render a result within two hours rather than five."

Partnering for impact

Reducing the price of next-generation mosquito bed 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 bed nets over the next four years.

The case for intervening

In 2018, malaria killed approximately 405,000 people, mostly children.[5] Insecticide-treated bed nets (ITNs) help to prevent the spread of malaria by providing a physical barrier between mosquitoes and sleeping people and by using a chemical to kill mosquitoes. Since 2001, ITNs have prevented more than 450 million cases of malaria in sub-Saharan Africa, which is home to more than 90 per cent of malaria cases and deaths in the world.[6]

However, growing resistance among mosquitoes to pyrethroids – the main insecticide class used in ITNs – is threatening to hinder progress. Resistance to pyrethroids has been reported in more than 70 of the 81 malaria-endemic countries, covering all regions of sub-Saharan Africa.[7] This resistance makes bed nets less effective in preventing malaria cases and, after decades of cases falling in Africa, they have been rising since 2015.[8]

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

Despite its benefits, uptake of this dual AI bed 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, or even continuing, production, which would have kept prices significantly above traditional pyrethroid nets. By working with our partners to guarantee a minimum sales volume of bed 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 the Innovative Vector Control Consortium (IVCC) who partnered with BASF to support the development of the nets. It also supports the objectives of the New Nets Project co-financed by the Global Fund and Unitaid.

Development impact

MedAccess and the Bill & Melinda Gates Foundation's volume guarantee is supporting BASF to deliver at least 35 million next-generation Interceptor® G2 bed nets across sub-Saharan Africa, which is projected to avert approximately 21 million cases of malaria and save 32,000 lives. These projections, and the results below, represent the impact of the total volume guarantee, including both our contribution and that of the Gates Foundation.

Lives changed: At the end of 2019, 8.1 million bed nets had been ordered and 3.2 million of these had been delivered to Burkina Faso and Rwanda. These 3.2 million bed nets are expected to avert approximately 4.5 million cases of malaria and save 7,000 lives over their three-year lifespan.[9]

Money saved: As at the end of 2019, the negotiated price reduction resulted in direct savings of at least $5 million for procurers compared to what they otherwise would have paid for these bed nets. This money has been reinvested in malaria control efforts, enabling our partners to accelerate the transition from standard pyrethroid-only bed nets to next-generation bed nets.

Markets shaped: This guarantee has accelerated the introduction of a bed net designed to address the increasing issue of insecticide resistance and has catalysed rollout in countries with high malaria burdens. In 2019, five countries placed orders for these next-generation bed nets: Burkina Faso, Rwanda, Mali, Mozambique and Nigeria.

In 2019

Estimated **4.5m** Cases averted

7k Lives saved

$5m Saved

The science behind the bed net

The Interceptor® G2 bed net uses a new type of insecticide, called chlorfenapyr, to overcome the problem of increasing mosquito resistance. This bed net includes both chlorfenapyr and a pyrethroid and is the first ITN to use a combination of insecticides. This means the bed net is more effective in killing mosquitoes that have developed resistance to pyrethroids, while still being able to kill mosquitoes that have not developed resistance.

We create chemistry

Meet 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.

Led by Chief Executive Officer Michael Anderson, 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 guarantees, 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 Legal 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
Since March 2020

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 the Clinton Health Access Initiative, leading negotiations to increase access to life-saving equipment in LMICs.

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
General Counsel and Chief Operating Officer

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.

Our 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 2019. Daniel Camus joined the MedAccess Board in April 2020. MedAccess CEO Michael Anderson is a 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:

- **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 & Compliance 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.

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.

Clive MacTavish

Clive is the former CFO of CDC Group. Having started his career with PwC as a qualified accountant (ACA), he brings extensive global board-level experience across the e-commerce sectors.

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 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.

Our contribution to the SDGs

The Sustainable Development Goals (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 developing the goals and their associated targets.

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

SDG 3: 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.

SDG 10: 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.

SDG 17: 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.

Our response to COVID-19

At the time of writing this report, the world is facing the largest public health challenge in more than a century.

The COVID-19 pandemic has taken hold in the countries we work with, countries where access to life-saving products was already challenging. As well as the immediate threat to life, COVID-19 risks reversing gains made against killer diseases such as HIV, tuberculosis and malaria.

Demand for COVID-19 medical supplies in these countries is expected to significantly outstrip supply throughout 2020. A crisis of this scale requires innovation and partnership. Strong international coordination between science, industry and government is needed to ensure products are developed quickly and allocated fairly.

unicef

Partnering with UNICEF for access to COVID-19 supplies

In July 2020, we announced new support for UNICEF to secure vital COVID-19 medical supplies for LMICs, including diagnostic tests and clinical management supplies.

Our volume guarantee of up to $50 million will enable UNICEF to secure essential products from suppliers in the fight against the virus. This will support UNICEF's high-volume purchasing orders with manufacturers to respond to country demand for medical supplies and diagnostic tests at affordable prices.

Announcing the partnership, Michael Anderson said:

"Surging demand for COVID-19 healthcare supplies has led to supply shortages and sharp price rises, making even basic equipment for healthcare workers difficult to purchase in many countries.

"Our partnership will help UNICEF to quickly respond to country requests and ensure more healthcare workers have the tools they need to safely care for patients suffering from coronavirus. UNICEF plays a unique and important role in the procurement of medical supplies on behalf of LMICs and we are pleased that our innovative financing tools are helping it to achieve its mission."

Michael's words were echoed by Etleva Kadilli, Director of the UNICEF Supply Division:

"Innovative financing tools are especially critical now in light of the unprecedented global demand for supplies to respond to the COVID-19 pandemic. UNICEF is grateful for the support of MedAccess, which will help accelerate efforts to secure products at scale on behalf of countries to protect frontline health workers and the communities they serve."

"2019 was a successful financial year for MedAccess as we pursued our model of financial sustainability. We sought to maximise the potential impact of our guarantees while spreading risk, and to maintain robust liquidity for flexibility."

Dr. Michelle Teo, *Chief Investment Officer*

Financial highlights

First two volume guarantees underwritten in 2019...

... larger guarantee portfolio and wider activity scope supported by additional $100 million from CDC...

... with headcount investments providing platform for future growth.

$26.5m
Net guarantee exposure

0.1x
Net guarantee exposure / Liquid assets ratio*

16%
Operating cost / Net guarantee exposure**

2019 Summary
As at and for the financial years ended 31 December 2019 and 2018 ($)

	2019	2018
Results		
Realised fees – volume guarantee contracts	753,435	–
Fair value of volume guarantee contracts as at 31 December	408,763	–
Fair value gains on guarantee portfolio	**1,162,198**	–
Fair value gains on treasury portfolio	7,110,176	623,223
Administrative expenses and other expenses	(4,208,585)	(2,314,563)
Income/(expense) from operations before tax and finance costs	**4,063,788**	**(1,691,340)**
Tax and finance income/ (costs)	(716,651)	1,419,240
Total comprehensive income/(expense)	**3,347,137**	**(272,100)**
Cash flows from operating activities	**(3,398,954)**	**22,314**
Shareholder's equity	**203,075,037**	**99,727,900**

* Liquid assets comprise cash and cash equivalents and short-term investments.

** Administrative and other expenses divided by net guarantee exposure.

Financial review

Review of results

MedAccess' guarantee portfolio comprises two volume guarantee transactions. Both transactions were executed in 2019, with a combined initial exposure of $37.4 million. The year-end net guarantee exposure was $26.5 million, as commitments of $10.9 million were discharged over 2019.

Reported fair value gains on the Company's investment portfolio was $8.3 million (2018: $0.6 million), comprising fair value gains on the guarantee portfolio ($1.2 million) and the treasury portfolio ($7.1 million).

Of the $1.2 million of fair value gains generated by the guarantee portfolio, $0.8 million was realised fees due from counterparties and $0.4 million resulted from the change in fair value.

The treasury portfolio consists of MedAccess' capital which is invested in short duration assets. The performance of the treasury portfolio was strong, generating a return of 6.7% (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. Total net assets doubled in the year to $203.1 million, from $99.7 million in 2018, primarily driven by CDC Group plc's additional subscription of $100 million in November 2019. This additional capital contribution evidences CDC Group plc's confidence in MedAccess and enables the Company to expand its scope of work.

Total liabilities in 2019 were $2.2 million, compared to $0.7 million in 2018. This increase was primarily due to tax charges of $0.7 million incurred in 2019.

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 is funded by returns on the treasury portfolio.

There was a net cash outflow of $2.8 million in 2019, resulting in year-end cash and cash equivalents of $0.3 million (2018: $3.2 million). This decrease reflects the cash operating

Net assets
As at 31 December 2019 and 2018 ($)

	2019	2018
Total assets	205,257,179	100,427,699
Total liabilities	(2,182,142)	(699,799)
Net assets	**203,075,037**	**99,727,900**

requirements of the business, as well as the Company's treasury management objective of maximising the assets in the treasury portfolio. MedAccess retains the flexibility to liquidate the treasury portfolio to fund any liquidity requirements.

Income and Expenditure

Reported income from operations before tax and finance costs was $4.1 million (2018: $1.7million), driven by increased returns on the treasury portfolio.

Operating costs increased 82% to $4.2 million in 2019 (2018: $2.3 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. Headcount increased to 14 in 2019 (2018: 5), including recruitment of key members of the management team during the year. Staff costs represent 43% of the operating costs, which is in line with the previous year.

During the year, MedAccess moved office premises to accommodate the growth in headcount and to facilitate institutionalisation of the organisation. This resulted in an 83% increase in facilities costs from the previous year.

Operating costs represent 16% 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 2019 is $0.7 million. No tax obligations were due in 2018, as the Company reported a financial loss. Tax credit from the prior year's unrecognised losses has been applied in determining the effective tax rate for 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 does not intend to pay dividends to its shareholder.

2019 net income from operations (before tax and finance) waterfall
($ millions)

* Before tax and finance.

Outlook

Financial performance

MedAccess has made good progress with its strategy during 2019, entering into two volume guarantees, making significant organisational investments for future growth and strengthening the balance sheet. 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. It is clear COVID-19 will have an impact on the business, but it is not possible at this stage to quantify the depth or duration of the impact. MedAccess' business model is more resilient than that of many other sectors, but the Company is not immune to the challenges. MedAccess is experiencing a direct impact on transaction opportunities from shifting healthcare priorities and social distancing measures, though opportunities relating to COVID-19 have emerged.

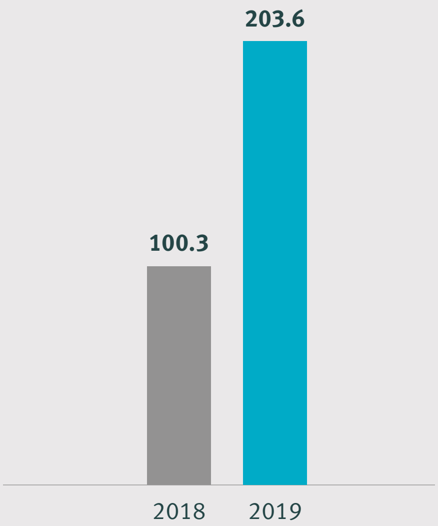
Balance sheet, liquidity and headroom

MedAccess has a robust balance sheet and good liquidity. As at 31 December 2019, the Company received the full contribution of CDC Group plc's $200 million commitment.

At year-end, the net guarantee exposure to liquid assets ratio was 0.1x. The liquidity position is strong, with $203.6 million of total liquid assets*, and no external debt.

Despite the significant uncertainty over the coming months, the Company's balance sheet remains robust. MedAccess is ready to meet the continuing needs of clients and stakeholders.

Liquid assets
($ millions)



* $0.3 million of cash and cash equivalents and $203.3 million of short-term investments.

Annual report and financial statements

For the year ended 31 December 2019
Company Number: 11080032

Contents

Directors' report

The Directors are pleased to present their annual report together with the audited financial statements of the Company for the year ended 31 December 2019.

Directors

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

Principal activity

The principal activity of the Company is that of an innovative social finance company committed to expanding and accelerating access to medicines, vaccines and diagnostics primarily in Africa and South Asia. The Company was incorporated on 23 November 2017.

Business and performance review

The Company is a wholly owned subsidiary of CDC Group plc. CDC Group plc made a $200 million commitment to the Company, of which the full amount has been contributed as at 31 December 2019. The net income generated by the company is from short-term investments and volume guarantee contracts.

The Company recorded a net income of $3,347,137 for the period ended 31 December 2019 (2018: net loss $272,100). The net asset value of the Company was $205,257,179 at 31 December 2019 (2018: $100,427,699).

Financial statements

The Company's principal financial assets (as defined in IFRS 7) comprise cash and investments, refer to note 13 for detail. The Company's financial liabilities comprise amounts due to its parent company. Details are provided in note 10 of the financial statements. The Company 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 (2018: $nil).

Going concern

The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements. The Directors have considered the implication of Brexit and have concluded that there will be no material impact on the Company. Following the year-end the Board has reviewed and evaluated the impact of COVID-19 to ensure that no going concern issues have arisen. Refer to note 15 for further information.

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 the Company'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 the Company's auditor is aware of that information.

Appointment of auditor

In line with Section 485 of the Companies Act 2006, a resolution proposing the continuing appointment of Deloitte LLP as the Company's auditor will be put the directors of the Company, following which, in accordance with Section 487, Deloitte will be deemed to be reappointed and will therefore continue in office for the following year.

Approved by the Board of Directors on September 2020 and signed on behalf of the Board on September 2020.

Nigel Keen
Chairman

Directors' responsibilities statement

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 the company and of the profit or loss of the company for that period. 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 the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company 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 the company'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 (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 IFRSs as adopted by the European Union.

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 the company 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual accounts, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

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

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. This description forms part of our auditor's report.

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 the company 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; or
- 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
29 September 2020

Statement of financial position

At 31 December

	Notes	2019 $	2018 $
Assets			
Non-current assets			
Fixed assets	11	303,612	–
Deferred tax asset		49,202	
Volume guarantee contracts	2	408,763	–
		761,577	–
Current assets			
Short-term investments	2	203,277,866	97,167,690
Trade and other receivables including prepayments	5	886,861	107,389
Cash and cash equivalents	3	330,875	3,152,620
		204,495,602	**100,427,699**
Total assets		**205,257,179**	**100,427,699**
Equity and liabilities			
Attributable to equity holders of the parent			
Issued capital	4	200,000,000	100,000,000
Accumulated income/(deficit)		3,075,037	(272,100)
		203,075,037	**99,727,900**
Non-current liabilities			
Long-term leases	11	309,475	–
Other payables	7	263,881	133,990
		573,356	**133,990**
Current liabilities			
Amounts due to parent company	9	7,584	381
Taxation payable	6	771,691	–
Trade and other payables	7	829,511	565,428
		1,608,786	**565,809**
Total liabilities		**2,182,142**	**699,799**
Total equity and liabilities		**205,257,179**	**100,427,699**

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

The accounts were approved by the members of the Board on August 2020 and were signed on their behalf by:

Nigel Keen
Chairman

Michael Anderson
Chief Executive Officer

Registered in England No 11080032

Statement of comprehensive income

For the 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

	Notes	2019 $	2018 $
Fair value gains on treasury portfolio	2	7,110,176	623,223
Fair value gains on volume guarantee contracts	2	1,162,198	–
Administrative and other expenses	8	(4,208,585)	(2,314,563)
Income/(expense) from operations before tax and finance costs		**4,063,788**	**(1,691,340)**
Finance income		–	1,744,467
Net foreign exchange differences		5,839	(325,227)
Income/(expense) from operations before tax		**4,069,627**	**(272,100)**
Corporation tax charge	6	(722,490)	–
Total comprehensive income/(expense) for the year/period		**3,347,137**	**(272,100)**

All the above items are derived from continuing operations.

The Company 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 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

	Notes	2019 $	2018 $
Cash flows from operating activities			
Income/(expense) from operations before tax		4,069,627	(272,100)
Depreciation	11	125,017	–
Finance income		–	(1,744,467)
Fair value gains from treasury portfolio	2	(7,110,176)	(623,223)
Foreign exchange movements		(5,839)	325,227
Loss from operations before changes in working capital		**(2,921,371)**	**(2,314,563)**
Increase in other receivables		(779,472)	(107,389)
Increase in long term lease liability		309,475	–
Movements in amounts due to parent company		7,203	381
Increase in trade and other payables		393,974	699,418
Cash flows (used in)/from operations		**(2,990,191)**	**(1,722,153)**
Fair value gains from volume guarantee portfolio		(408,763)	–
Bank interest received		–	1,744,467
Tax paid		–	–
Cash flows (used in)/from operating activities		**(3,398,954)**	**22,314**
Cash flows from investing activities			
Acquisition of short-term investments	2	(99,000,000)	(96,544,467)
Cash flows (used in)/from investing activities		**(99,000,000)**	**(96,544,467)**
Cash flows from financing activities			
Lease payment		(428,629)	–
Proceeds from the issue of ordinary shares		100,000,000	100,000,000
Cash flows from financing activities		**99,571,371**	**100,000,000**
Net increase in cash and cash equivalents		(2,827,583)	3,477,847
Cash and cash equivalents at 1 January		3,152,620	–
Effect of exchange rate fluctuations on cash held		5,838	(325,227)
Cash and cash equivalents at 31 December	3	**330,875**	**3,152,620**

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

Statement of changes in equity

For the 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

	Share capital $	Accumulated Income/(deficit) $	Total $
At 23 November 2017	–	–	–
Changes in equity for period to 31 December 2018			
Issued share capital	100,000,000	–	100,000,000
Total comprehensive expense for the period	–	(272,100)	(272,100)
At 31 December 2018	**100,000,000**	**(272,100)**	**99,727,900**
Changes in equity for 2019			
Issued share capital	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**

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

Notes to the accounts

For the 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

1. Corporate information and accounts preparation

Corporate information

The financial statements of MedAccess Guarantee Ltd (the Company) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 15 September 2020. MedAccess Guarantee Ltd is a limited company incorporated on 23rd 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. The Company'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 is the Secretary of State for Foreign, Commonwealth and Development Affairs.

The principal activity of the Company 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 the Company 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 the Company'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 the Company has adequate financial resources to continue in operational existence for the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements. The Directors have considered the implication of Brexit and have concluded that there will be no material impact on the Company. Following the year-end the Board has reviewed and evaluated the impact of COVID-19 to ensure that no going concern issues have arisen. Refer to note 15 for further information.

Notes to the accounts

2. Assets

i. Short-term investments

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

	2019 $	2018 $
At 1 January, at fair value	97,167,690	–
Additions	100,000,000	96,544,467
Disposals	(1,000,000)	–
Fair value gains	7,110,176	623,223
At 31 December, at fair value	**203,277,866**	**97,167,690**

ii. Volume guarantee contracts

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

The Company classifies its volume guarantee contracts as derivative financial instruments.

The volume guarantee contracts are initially recognised at fair value at the date when the Company 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 profit and loss statement.

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 the Company 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.

The Company's volume guarantee portfolio is summarised in the table below, and comprises two volume guarantee contracts as at 31 December 2019.

Volume guarantee contracts exposure	2019 $	2018 $
Opening net exposure	–	–
New volume guarantee contracts	37,355,624	–
Commitments discharged	(10,891,025)	–
Closing net exposure	**26,464,599**	–
Fair value	**408,763**	–

The exposure of new volume guarantee contracts underwritten during the year was $37.4 million (2018: $nil).

Volume guarantee contracts guarantee a certain volume of sales over a specified period. For any volume guarantee contract that the Company underwrites, the initial exposure for that contract is the maximum amount that the Company 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. The Company'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 $10.9 million (2018: $nil).

The resulting net exposure is the net total outstanding contractual exposure at year end, and for 2019 was $26.4 million (2018: $nil). This information on exposure is presented independently, as it is an important measure by which the Company assesses its performance. This is different from the fair value of the volume guarantee contracts, which is shown separately and is explained in note 2.iii.

Notes to the accounts

iii. Volume guarantee contracts – fair value

The net fair value gain of $408,763 (2018: $nil) for the volume guarantee contracts has been recognised in the profit and loss statement. The fair value calculation is detailed further in note 13.

	2019 $	2018 $
At 1 January	–	–
Fair value gains	1,162,198	–
Realised fees – volume guarantee contracts	(753,435)	–
At 31 December, at fair value	**408,763**	–

The most significant unobservable input into the volume guarantee contracts is the discount rate. The following sensitivity of the volume guarantee contracts's fair value is 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 $15,024.
-1% decrease in discount rate will lead to a decrease in fair value of $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.

3. Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand	330,875	3,152,620
Total cash and cash equivalents	**330,875**	**3,152,620**

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 $330,875 (2018: $3,152,620).

4. Issued capital

	2019 $	2018 $
Authorised	200,000,000	100,000,000
Ordinary shares of $1 each	200,000,000	100,000,000

	No. of shares	2019 $	No. of shares	2018 $
Allotted, called up and fully paid Ordinary shares				
At 1 January, Ordinary shares of $1 each	100,000,000	100,000,000	–	–
Issued Ordinary shares of $1 each	100,000,000	100,000,000	100,000,000	100,000,000
At 31 December, Ordinary shares of $1 each	200,000,000	200,000,000	100,000,000	100,000,000

Notes to the accounts

5. Other receivables

	2019 $	2018 $
Prepayments	–	1,413
VAT recoverable	43,376	–
Other receivables	843,485	105,976
Total receivables	**886,861**	**107,389**

Other receivables include accrued income from guarantee fee income.

6. Corporation tax

	2019 $	2018 $
Current tax		
Current year charge/(credit)	771,692	–
Prior year charge/(credit)	–	–
	771,692	–
Deferred tax		
Current year charge/(credit)	(49,202)	–
Total income tax expense per the statement of comprehensive income	**722,490**	–

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

	2019 %	2018 %
UK corporation rate	19.0	19.0
Effect of:		
Temporary timing differences	0.3	–
Recognition of deferred tax asset on temporary timing differences	0.3	–
Prior year unrecognised losses	0.6	(19.0)
Non-deductible expenditure	–	–
Effective tax rate for the year	**17.8**	–

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
Provisions	-	**49,202**	**49,202**

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

	2019 $	2018 $
Trade payables	123,941	13,825
Accruals	705,570	551,603
Total trade and other payables (current)	**829,511**	**565,428**
Other payables	**263,881**	**133,990**
Total other payables (non-current)	**263,881**	**133,990**

Notes to the accounts

8. Administrative and other expenses

	Year to 31 December 2019 $	Period to 31 December 2018 $
Wages and salaries	1,210,914	543,599
Social security costs	196,323	53,699
Pension costs – defined contribution	60,832	46,926
Variable element of pay plan (VEPP)	340,299	267,980
Total employee benefits expense	1,808,368	912,204
Professional services	1,117,008	779,156
Auditor remuneration	15,734	10,891
Other administrative expenses	1,267,475	612,312
Total administrative and other expenses	**4,208,585**	**2,314,563**

The average monthly number of employees during the period was 6 (2018: 3). The Company 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 statutory audit of the financial statements.

The aggregate of Directors' emoluments is presented below:

	Year to 31 December 2019 $	Period to 31 December 2018 $
Salaries, fees, bonuses and benefits in kind	361,716	331,734
Amounts receivable under long-term incentive plans	60,800	–
Total Directors' emoluments	**422,516**	**346,087**

One director is a member of the Company's defined benefit pension plan.

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

	Year to 31 December 2019 $	Period to 31 December 2018 $
Salaries, fees, bonuses and benefits in kind	269,843	290,357
Amounts receivable under long-term incentive plans	60,800	–
Total Director's emoluments	**330,643**	**290,357**

9. Related party transactions

During the period, the Company 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:

Notes to the accounts

	2019 $	2018 $
Statement of comprehensive income		
Service level agreement fees	(287,014)	(316,523)
Statement of financial position		
Amounts due to CDC Group plc	(7,584)	(381)

10. Financial instruments

The Company'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 $	Floating rate $	No interest $	Total $	Fixed rate weighted average interest rate %	Fixed rate weighted period to full maturity Years	No interest maximum period to full maturity Years
Financial assets: Cash							
31 December 2019	–	330,875	–	330,875	–	–	–
31 December 2018	–	3,152,620	–	3,152,620	–	–	–

Currency exposures

The tables below show the Company'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 the Company's functional currency.

The following table shows the Company's foreign currency denominated cash balances:

Functional currency	2019 $	2018 $
Sterling	302,561	3,016,816
Total	**302,561**	**3,016,816**

Liquidity risk

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

Financial assets: Maturity profile	2019 Short-term investment $	2018 Short-term investment $
On demand	–	97,167,690
Due within one year, but not on demand	203,277,866	–
Total	**203,277,866**	**97,167,690**

Financial liabilities: Maturity profile	2019 Amounts owed to parent company $	2018 Amounts owed to parent company $
Due within one year, but not on demand	7,584	381
Due between two and five years	–	–
Total	**7,584**	**381**

Notes to the accounts

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

Fair value of financial assets and liabilities

Financial assets
There is no material difference between the fair value and the book value of the Company's cash and amounts receivable from parent company.

Financial liabilities
There is no material difference between the fair value and the book value of the Company's amounts payable to parent company.

11. Leases
IFRS 16, Leases, which replaced IAS 17, Leases, was applied effective from 1 January 2019.

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.

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.

MedAccess Guarantee Ltd has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets including IT equipment. MedAccess Guarantee Limited recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Additionally, MedAccess Guarantee Ltd applies IFRS 16 on a modified retrospective basis and took advantage of the option not to restate comparative period.

The impact on adoption was an increase in property, plant and equipment of $303,612, and an increase in other liabilities of $309,475, with no material impact on retained earnings.

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

	2019 $	2018 $
Property, plant and equipment owned	–	–
Right of use of assets	428,629	–
Total	**428,629**	–

Notes to the accounts

Information about leases for which MedAccess Guarantee Limited is a lessee is presented below.

Right of use assets

	2019 $	2018 $
Balance at 1 January	–	–
Depreciation charged for the year	125,017	–
Balance at 31 December	**125,017**	–

Lease liabilities

	2019 $	2018 $
Non-current liabilities	190,320	–
Current liabilities	119,155	–
Non-current liabilities	**309,475**	–

	2019 $	2018 $
Interest on lease liabilities/finance costs	9,436	–
Depreciation	125,017	–
Total	**134,453**	–

The Company's lease agreement is in place until June 2021, monthly rental payments are GBP£18,370 increasing to GBP£18,920 from June 2020 to the end of the lease.

12. Financial risk management

The Company'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 the Company are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Company does not undertake any trading activity in financial instruments.

Liquidity risk

The Company's policy on liquidity risk is to ensure that it always has sufficient funding to meet all short- to medium-term funding requirements. The Company's cash balance at 31 December 2019 was $330,875 (2018: $3,152,620) and its capital commitments including long-term commitments were $309,475 (2018: nil).

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 $3,026 (2018: 30,168).

Credit risk

Credit risk is the risk of financial loss to the Company 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	2019 $	2018 $
Cash and cash equivalents	3	330,875	3,152,620
Short-term investments		203,277,866	97,167,690
Total		**203,608,741**	**100,320,310**

Notes to the accounts

The Company'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 the Company believes no impairment allowance is necessary in respect of financial assets not past due.

Credit risk on the Company's cash balances is mitigated as the Company transacts 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.

Market risk

Foreign currency risk
Exposure to currency risk arises in the normal course of the Company's activities. The Company has exposure to Sterling. The Company holds a cash balance in Sterling equivalent to $302,561 (2018: $3,016,816) as at 31 December 2019.

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 $30,256 (2018: 301,682).

Capital management
CDC Group plc considers its capital to be the total equity shown in statement of changes of equity. The Company's objectives when managing capital are:

- to safeguard the Company'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 the Company's businesses.

There are no externally imposed capital requirements.

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

13. Summary of significant accounting policies

The accounting policy for plant and equipment is not applicable to the Company other than leases detailed under note 11.

Short-term investments
The Company classifies its short-term investments, which make up its treasury portfolio, as financial assets at fair value through profit and loss. Management determines the classification of its treasury portfolio 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 treasury portfolio is a key performance indicator for the Company.

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 treasury 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.

Notes to the accounts

Fair value

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

Items	Measurement Basis
Volume guarantee contracts	Fair value
Treasury 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, the Company 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.

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, the Company 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 volume guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams 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.

Volume guarantee contracts are categorised as Level 3 as significant unobservable inputs are utilised. Given the bespoke nature of volume 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 volume guarantees existed, and it is reasonably possible that the difference could be material.

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.

Notes to the accounts

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 treasury portfolio assets and volume 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 a volume guarantee contract is estimated by using a discounted cash flow analysis of the volume guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams 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 volume 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 volume guarantees 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 the Company 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 the 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.

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 the company financial statements. Deferred tax is measured at 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.

Notes to the accounts

IFRSs issued but not yet effective
The accounting policies set out in these financial statements have been applied consistently to all periods presented.

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

- Amendments to IFRS 9: Prepayment features with Negative Compensation;
- IFRIC 23. Uncertainty over Income Tax Treatments;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to Conceptual Framework in IFRS Standards; and
- Annual improvements to IFRSs 2015-2017 Cycle.

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

- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures;
- Amendments to IFRS 3: Definition of a Business;
- IFRS 17: Insurance Contracts; and
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.

14. Changes in accounting policies and disclosures

IFRS 16, Leases, which replaced IAS 17, Leases, was applied effective from 1 January 2019.

IFRS 16 applies to all leases except for licences 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. Refer to note 11 for more detail.

15. Subsequent events

Since 31 December 2019 the COVID-19 pandemic has severely impacted the global economy, including regions the Company's guarantees target. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The quantum of the effect on the Company's guarantee portfolio is difficult to determine, however the Company is closely monitoring the situation and considering the effect it may have on the valuation of any impacted transactions. The Company 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 the guarantee portfolio will be performed will be as at 31 December 2020. Any potential losses associated with these developments will be recognised in the 2020 financial statements. At present the extent of any potential losses cannot be reliably estimated, however there are no anticipated going concern issues.

On 13 July 2020, the Company executed a guarantee agreement in support of the United Nations Children's Fund (UNICEF). The guarantee, of up to $50million, will support UNICEF's high-volume purchasing orders with manufacturers for medical supplies and diagnostic tests.

Endnotes

1 MedAccess was originally formed as The Credit Facility for Access to Medicines.

2 UNAIDS' 95–95–95 strategy aims, by 2030, to achieve 95 per cent of people living with HIV knowing their HIV status, 95 per cent of people diagnosed with HIV receiving sustained ARV therapy, and 95 per cent of people receiving ARV to achieving viral suppression.

3 Zambia, Zimbabwe, Malawi, Namibia, Botswana, eSwatini, and Uganda.

4 Estimated by multiplying the number of tests procured by a "depth of impact" weighting for patients receiving these tests. Depth of impact is derived by estimating the proportion of people receiving a viral load test that switch to second-line ARV therapy, and the HIV mortality and disability burden in Africa. We plan to publish the full methodology on our website in the near future.

5 WHO, World Malaria Report 2019.

6 WHO, World Malaria Report 2019.

7 WHO, World Malaria Report 2019.

8 WHO, World Malaria Report 2019.

9 We partnered with Imperial College London to model the projected malaria cases and deaths averted using their age-structured individual-based mathematical model of malaria caused by *Plasmodium falciparum*.

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