



# **FINANCIAL REPORT 2022**

STICHTING INTERNATIONAL  
DISPENSARY ASSOCIATION  
AMSTERDAM

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# REPORTS

# SUPERVISORY BOARD REPORT

On April 25, 2023, the Supervisory Board adopted the 2022 Financial Report of IDA Foundation (IDA), as presented by the Executive Directors and audited by Pricewaterhouse-Coopers Accountants N.V. (PwC).

2022 was a year in which the global health supply chains gradually recovered from the effects of the COVID-19 pandemic. In the second half of the year availability of sea transport stabilised and prices lowered, helping to make our products more available where they were needed most. Our revenues increased by 19% compared to 2021 and are back at pre-COVID levels. We realised a small profit for the year. Thanks to the many collaborative efforts of our employees and our partners and suppliers, we were able to continue working towards our mission and be a vital link providing access to medicines and medical goods to countries in need and ensuring the timely delivery of health supplies to our customers.

In autumn 2022, we celebrated the 50th anniversary of IDA Foundation with a special hybrid event in Amsterdam at our headquarters, and at a supplier summit in Mumbai. At this latter event we also paid special attention to the retirement of Mr. Shree Rajwade, who was the General Manager of IDA's Mumbai office for 32 years. The Supervisory Board is grateful to Mr. Rajwade for his contribution to IDA for so many years.

During 2022, the Board conducted six regular meetings with the Executive Directors (CEO and CFO/COO). These meetings focused on the annual financial report, quarterly financial and management reports, tenders, ESG objectives, organisational changes, strengthening our logistics in Dubai, and the budget for 2023. Members of our Supervisory Board attended two meetings with the Works Council in 2022. The Supervisory Board highly values a good understanding of the perspectives of the Works Council and an open

relationship. Individually, members of the Supervisory Board supported IDA management on issues related to their areas of expertise. In addition, two compliance meetings were attended, where amongst others, notice was taken of the fraud risk assessment.

IDA is a financially sound organisation with no external financing, a high solvency and strong cash position. The Supervisory Board recognises that the environment in which IDA operates is competitive and full of change. Global uncertainties and crises require that IDA continues to be a responsive, agile, and well-focused organisation. We are confident that with IDA's strategic roadmap towards 2030, the organisation can meet the challenges ahead and continue to serve customers – and thereby users of health services – worldwide. This has been our purpose for over 50 years now.

We want to take the opportunity to express our appreciation to the Executive Directors and all employees for their dedication, efforts and loyalty to IDA throughout the past year. We also thank IDA's customers and other stakeholders for their collaboration and their confidence which enables IDA to continue its work as a vital link providing access to medicines and medical goods to countries in need.

## **Amsterdam, 25 April 2023 The Supervisory Board**

Stijn van Els, Chairman  
Mieke Damen  
Catherine Hodgkin  
Kees Romme

# DIRECTORS' REPORT

On behalf of IDA Foundation, we are proud to present our financial report for 2022.

## INTRODUCTION

IDA Foundation is an independent social enterprise providing high-quality essential medicines and medical supplies at the lowest price possible to low- and middle-income countries. IDA recognises that essential medicines remain out of reach for too many people and bridges those gaps so that healthcare providers can access quality products at a fair price.

As a foundation, we strive for a small profit each year to reinvest in the organisation. This allows us to further improve our services to customers. We do not look for, nor receive any subsidies.

IDA Foundation's strategy focuses on achieving Universal Health Coverage, Strengthened Local Capacity and Sustainable Value Chains, which we elaborate upon in this report.

This Directors' report covers all entities of IDA Foundation as specified in the financial statement.

## REFLECTING ON 2022

Looking back on 2022, it was a year with continued change and adaptation. During the first half of the year, the COVID-19 pandemic continued to impact supply from manufacturers and availability of sea containers, inflating prices. Fortunately, availability and prices for sea transport stabilised and prices lowered considerably in the second half of the year, helping to make our products more available where they are needed most.

Despite lockdowns, scarcity of containers and other supply chain challenges, IDA managed to maintain a reliable delivery service through close cooperation with partners. The demand for IDA's products remained high, a testament to IDA's resilience in the face of difficult circumstances. While the labour market is challenging, we are able to attract the right talent; people looking for a professional environment while working for a purpose-driven organisation.

## 50<sup>th</sup> ANNIVERSARY

2022 was a very special year for IDA Foundation, as we celebrated our 50th anniversary, marking a half-century of dedicated service to improving global health. Through our theme 'Building healthy futures', we shared stories with our partners throughout the year, we reflected on the impact and developments over the past five decades and looked ahead at the future of global health. Bringing together our employees, customers and suppliers, we celebrated this milestone year with a special hybrid event in Amsterdam at our headquarters in September, and at a supplier summit in Mumbai in November.

## PERFORMANCE 2022

Compared to 2021, we saw our revenue increase by 19% in 2022. Similar to 2021, our margin was negatively impacted by increased transport costs, only partially passed on to our customers. This was mostly on orders closed at the end of 2021 and delivered in 2022. Due to tight cost control, we managed to end 2022 with a small profit. IDA continues to have a strong equity and cash position, with no need for external funding.





in \$ *m	2022	2021
Revenue	583,0	489,2
Operating result	0,1	-1,0
Cash	145,7	113,2
External loans	0,0	0,0
Equity	50,0	50,3
Solvency rate	17%	22%
Liquidity rate	116%	119%

*Solvency rate reflecting equity-debt ratio,  
calculated as equity / liabilities.*

*Liquidity ratio reflecting current ratio,  
calculated as current assets / current liabilities.*

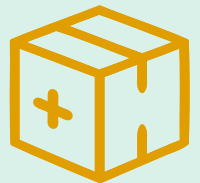
After the year's end, no subsequent events occurred that change our view of the 2022 performance, nor of the financial strength of our foundation.

## IMPACT HIGHLIGHTS



WE RECEIVED  
**ISO 14001**  
CERTIFICATION  
in 2022 for our Environmental  
Management System (EMS)

EMERGENCY  
**KITS**  
to support  
**11.400.000**  
PATIENTS

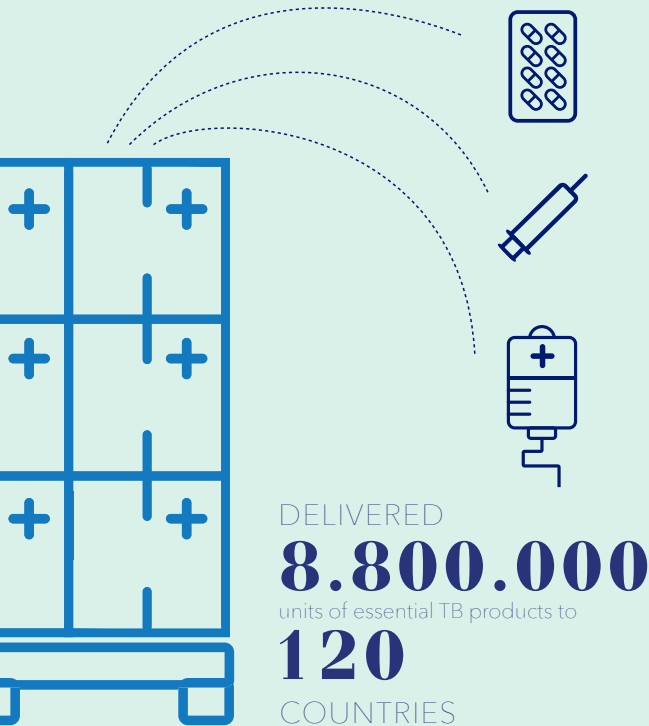


In 2022, ongoing and new humanitarian crises in Afghanistan, Ukraine and the Horn of Africa (amongst others), posed a heavy burden on affected populations, resulting in millions of people urgently needing emergency aid. Our teams in Dubai, Amsterdam, and Mumbai worked closely together with our customers, enabling them to supply emergency kits with the potential to support 11.4 million people.

Other emergency-related health kits supplied:

**CHOLERA KITS**  
supported approximately  
**60.500**  
PATIENTS

**PED/SAM KITS**  
supported approximately  
**101.700**  
PATIENTS



For the Global Fund's Pooled Procurement Vector Control programme (PPM VC), a programme to fight malaria, we delivered over

**145.000.000**

INSECTICIDE-TREATED NETS  
(ITNS) TO

**34**  
COUNTRIES

This included deliveries for the  
Against Malaria  
Foundation.



**4582**  
SHIPMENTS IN  
**2022**





# MAKING AN IMPACT

Our three long-term goals **universal health coverage**, **strengthened local capacity** and **sustainable value chains** shape the strategic direction of IDA Foundation and the impact made in 2022, highlighted below.



## **Universal Health Coverage**

Through our experienced and dedicated customer teams, our team supported a broad range of customers, solidifying our position in key markets in Africa and around the world. Additionally, we were also able to make a strong impact through emergency response efforts, shipping large amounts of emergency kits to support the people in need in Afghanistan, South Sudan, Syria and many other countries. Following the invasion of Ukraine, we also saw an urgent need for emergency deliveries to Ukraine and the surrounding region, and through existing and new customers, we supported the millions of people affected by the conflict with quality health products.

Serving our health programmes in HIV/AIDS, TB and malaria, as well as non-communicable diseases, our team contributed to strong global health impact again in 2022. As PSA for the Global Drug Facility (GDF), a programme to fight tuberculosis, IDA delivered over 8.8 million units of essential TB products to 120 countries. For the Global Fund's Pooled Procurement Vector Control programme (PPM VC), a programme to fight malaria, we delivered over 145 million insecticide-treated nets (ITNs) to 34 countries, including deliveries for the Against Malaria Foundation.

We also continued to contribute to essential HIV/AIDS programmes as part of a consortium led by Chemonics, supplying HIV treatments to recipients of USAID/PEPFAR funding.

In our Defeat NCD partnership, and to strengthen IDA's NCD portfolio, we focused strongly on developing our non-communicable diseases offering. As it is a complex health area in which many gaps need to be bridged, we strengthened our network and identified suppliers so that we can add value in this area in the coming years.



### ***Strengthened Local Capacity***

In 2022, we again worked closely alongside our agents and distributors, focusing on strengthening IDA's position in the African market. Aside from our agent and distributor network, we also continued to focus on the potential of local manufacturers who can contribute to supplying quality essential products in the regions where they are needed, thereby strengthening local health infrastructures. Auditing and engaging with these suppliers will remain a focus for the coming year, supporting our long-term target of local supply.



### ***Sustainable value chains: continuous improvement***

A key highlight for IDA was achieving ISO 14001 (Environmental Management System - EMS) certification this past year. Our EMS will allow us to identify the most important environmental risks and opportunities to continuously improve. We recognise that sustainability is something all of us within IDA carry responsibility for, and by focusing on clear long-term targets, it will help guide our decisions for a sustainable future. In 2022, we set 2030 targets for all material topics of IDA, including those focused on the environment. This means reducing our carbon footprint, and working with suppliers who are committed to creating responsible supply chains. By setting this benchmark, we have a solid framework for engaging with partners on these topics, and measuring our progress through our sustainability reporting.

We made progress on further building a strong, sustainable presence in Dubai, a hub for humanitarian efforts, by consolidating our stock in the region. Choosing the strategic location in Dubai between our manufacturers and the majority of our customers, reduces CO2 emissions from transport, and contributes to IDA's target of reducing our carbon footprint. This allows us to efficiently supply essential goods to low and middle-income countries around the world, making a real impact on communities in need, while working closely with our supply chain partner(s) to offer sustainable supply chain solutions.

## LEADERSHIP

In this special anniversary year, Mr. Shree Rajwade, our General Manager for IDA's Mumbai office, retired after 32 years of service to IDA. We thank him for building our Mumbai office into the key link between IDA and its suppliers over the past decades. Leadership of our Mumbai office was transferred to our HR Director, Ms. Beena Singh, already a familiar face in IDA Foundation's Management team. We also welcomed our newly appointed Supply Chain Director, Mr. Attila Olah, and Mr. Martijn Kerstens as our new Wholesale Director.

In setting our people-related long-term targets, we identified a gender-balanced leadership as a target for IDA, meaning efforts will be made in support of gender equality and diversity and inclusion in the coming years.

We strive for a 50/50 gender balance in the leadership, and this is an important consideration with new hires. The balance is currently the case in both IDA's Supervisory Board and the Board, but not yet in IDA's Management Team. With a team representing over 20 nationalities, and different generations and backgrounds amongst others, our diversity, equity and inclusion target is high on the agenda of IDA.

## GUARANTEEING QUALITY

Quality assurance and control has always been a core part of IDA activities, and valued by IDA partners as a key differentiator in markets where this is not always assured. In 2022, our QA colleagues were happy to reintroduce in-person audits at our (potential) manufacturers' facilities, in India, China and Africa.

In 2022, IDA again successfully passed the surveillance audit by Bureau Veritas for ISO 9001 (next to our new certification for ISO 14001), applicable to both the Amsterdam and Mumbai offices. We were also audited by customers and we were happy to pass these, confirming our quality products and services.

## OUR PEOPLE

After two years of working remotely due to COVID-19, it was great to have our team back in the office and reconnecting with each other. We continue to have a strong, committed and diverse team of professionals. Last year, to measure employee satisfaction levels and to ensure we can be the best employer in the years to come we launched an employee satisfaction survey. Results showed we are a good place to work, and by using the survey insights, we will continue to create a working environment that allows our team to achieve our mission of building healthy futures in the most fulfilling way possible.

## TECHNOLOGY SOLUTIONS

IDA's digital transformation continued in 2022, with further investments in technology solutions, by integrating IT systems to support efficient collaboration with our supply chain partners. We also continued migrating to the cloud, and upgraded multiple IT tools, thereby improving our support and monitoring.

This is an area of continuous development, and an area where we work closely with (technology) partners to offer innovative solutions to support end-to-end visibility of shipments, calculating our carbon footprint and efficient sourcing solutions.

In 2022 and in the coming years, we continue to optimise these systems to offer our customers an optimised service, supporting product availability and efficient and sustainable supply chain solutions.

IDA's IT hardware and security is outsourced to the leading company for this in the Netherlands.

## RISKS AND VULNERABILITIES

### *Strategic risk tolerance*

We accept some strategic risk in the pursuit of our mission. All major risks within this area are taken on solely after the Supervisory Board's careful consideration.

### *Operational and Compliance risk tolerance*

Operational risks relate to our ability:

- to adapt our value proposition to the changing needs of the customers;
- to adapt our organisation in capabilities, size, systems and processes to fulfil these needs efficiently and effectively;
- to attract and retain the right talent.

Compliance with laws and regulations is fundamental to the continued operation of IDA Foundation and its related entities. Therefore, we take a strict approach where compliance is concerned. Our main reference for this is our Code of Conduct, which can be found on the IDA website. This Code of Conduct is applicable to all suppliers, service providers, agents and distributors as well as our employees. Compliance to the Code of Conduct is enforced when onboarding, and evaluating (including auditing) external partners. Compliance by employees is enforced when joining IDA as well as by regular trainings. As part of the Code of Conduct we have a whistleblower system in place: this is accessible on-line to everyone internal and external to IDA and is connected to our external compliance advisor. In line with Whistleblower regulations, it is possible to report any issue or query anonymously if so preferred.

### *Fraud risk*

We performed a fraud risk assessment. Key risks identified relate to reporting, bribery and corruption, kick-backs and theft. For this reason, IDA is operating in a controlled environment where management is performing periodic reviews on e.g. access rights, approval flows and monthly reporting. Tenders for suppliers and selection of distributors and agents follow strict procedures. Agent fees are restricted. In addition, IDA has put in place a compliance committee consisting of representatives of senior management and headed by a member of the Supervisory Board, discussing various topics on internal ethics and compliance standards.

The findings of this committee are reported to the Supervisory Board.

Related to this risk, we refer to the compliance part in this report as well.

No material, nor immaterial (suspicion of) fraud was identified. Neither of non-compliance with laws and regulations.

#### **IT risk**

In today's world, cyber security has become a high risk. As mentioned, IDA has outsourced its IT hardware and security to the leading company for this in the Netherlands. IDA staff gets awareness training on IT security.

#### **Climate change risk**

Although IDA foresees that climate changes will lead to more and more severe crises situations in the world and thus a greater need for medicines and supplies, we do expect the impact on our own operations to be limited.

#### **Specific operational risks**

Transport became very tight and expensive in 2021. In 2022, the transport market stabilised and especially for sea transport, availability and prices are again at pre-COVID-19 levels.

#### **Financial risk tolerance**

Acceptable risk levels are minimised where financial risks are concerned. The following section outlines a few financial risks that IDA incurred.

#### **Currency risk**

Most sales and purchases are made in US dollars, resulting in limited currency exposure. The main currency risk for IDA concerns our Dutch operations: labour costs, office, and warehouse costs, as these are paid in Euros. Management has decided to mitigate this currency risk for 2023 to offset the related fluctuations in business costs when translated into US dollars, our reporting currency. This is done by hedging 50% of its exposure with ABN AMRO. This approach is comparable to 2022.

#### **Price risk**

Our price risk is related to sales versus purchase contracts with fixed prices for a different period. We manage this risk by bringing periods of fixed purchase and sales prices closer to each other. Further price correction possibilities are built into longer term contracts.

#### **Credit risk**

Most of our revenue is from the Global Fund Pooled Procurement Mechanism and the Global Drug Facility. This is without credit risk. In the Wholesale business, sales are made partly to international institutions with a good credit reputation, but partly to governments and companies with a higher credit risk. We have a tight credit policy in place. In the past few years, only a small additional provision was needed for bad debt. The credit policy will remain solid in the year ahead.

#### **Liquidity risk**

Our bank balances are mainly held at ABN AMRO, a bank with a credit A rating. This bank also provides us with a bank guarantee facility. IDA has no external funding, and this is also not considered necessary in 2023.

### **GOING CONCERN RISK**

We performed an assessment on going concern. We have a solid financial position with high equity and cash (see Financial Statements) and we have no external funding. Past years results were about break-even and we project positive numbers in the coming years. We have high quality and experienced staff as well as long and good relationships with our suppliers and with our customers. That is why we have full trust in the future of IDA and our Financial Statements are based on the Going Concern assumption.

### **LOOKING AHEAD**

After serving the StopTB GDF programme for more than 15 years, the tender for the StopTB programme launched by UNOPS in 2022 was not awarded to IDA. A transition plan to the new PSA is in progress. For 2023, the initial impact will be low as we continue to serve the programme throughout 2023.

We started 2023 with a very solid order portfolio for Procurement Services and Wholesale and expect overall a high revenue again. An important change in 2023 is the concentration of the warehousing activities in Dubai. This will shorten lead times and increase the service to our customers as well as support our sustainability goals. Through careful planning, we expect this move will not have a material short-term impact on services to our customers. While the war in Ukraine is still ongoing, we do not see this impacting IDA. Further investment in our IT solutions is expected in 2023, to allow us to continue to secure and develop our service offering. The total number of FTE's will remain stable over the year.

Collaboration is key to achieving our mission, and we would like to thank all of our customers, suppliers and other partners for their partnership in this past year. We also want to thank our dedicated IDA team, who are the driving force behind IDA fulfilling its mission.

We look ahead to 2023 with confidence, as a year in which IDA Foundation, together with its partners, can again play a vital link in creating access to medicines and medical supplies.

### **Amsterdam, 25 April 2023 The Board of Directors**

Wendy Eggen  
CEO

Paul van Ooijen  
CFO/COO

# **CONSOLIDATED** FINANCIAL STATEMENTS



**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022**

After proposal appropriation of result

		31 December 2022		31 December 2021	
X 1000	NOTE	USD	USD	USD	USD
ASSETS					
FIXED ASSETS					
INTANGIBLE ASSETS	1				
Software development		1.143		1.597	
Software in progress		625		0	
			1.768		1.597
PROPERTY, PLANT AND EQUIPMENT	2		3.443		3.865
CURRENT ASSETS					
INVENTORIES	3		149.950		120.449
RECEIVABLES					
Trade receivables	4	34.554		33.620	
Taxes and social security charges	5	280		309	
Other receivables, prepayments and accrued income	6	3.711		7.848	
			38.545		41.777
CASH AND CASH EQUIVALENTS	7		145.747		113.178
TOTAL ASSETS			339.453		280.866

		31 December 2022		31 December 2021	
× 1000	NOTE	USD	USD	USD	USD
GROUP EQUITY AND LIABILITIES					
GROUP EQUITY	8		50.029		50.285
PROVISIONS	9		80		93
CURRENT LIABILITIES					
Trade payables		51.716		71.326	
Payables relating to taxes and social security contributions	10	233		210	
Other liabilities and accrued expenses	11	237.395		158.952	
			289.344		230.488
TOTAL GROUP EQUITY AND LIABILITIES			339.453		280.866



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2022

		2022		2021	
x 1000	NOTE	USD	USD	USD	USD
<b>NET TURNOVER</b>	12		583.016		489.193
Cost of sales		559.182		468.648	
Wages and salaries		8.348		8.852	
Social security charges		1.258		1.365	
Pension contributions		541		632	
Amortisation of intangible assets		454		177	
Depreciation of property, plant and equipment		359		332	
Other operating expenses	13	12.751		10.171	
<b>TOTAL OF SUM OF EXPENSES</b>			<b>582.893</b>		<b>490.177</b>
<b>TOTAL OF OPERATING RESULT</b>			<b>123</b>		<b>(984)</b>
Financial income credit/(expense)	14		178		8
<b>TOTAL OF RESULT OF ACTIVITIES BEFORE TAX</b>			<b>301</b>		<b>(976)</b>
Income tax credit/(expense)	15		(188)		(161)
<b>TOTAL OF RESULT AFTER TAX</b>			<b>113</b>		<b>(1.137)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2022

		2022		2021	
x 1000	NOTE	USD	USD	USD	USD
<b>TOTAL OF CASH FLOWS FROM (USED IN) /GENERATED FROM OPERATIONS</b>					
Operating result			123		(984)
<i>ADJUSTMENTS FOR:</i>					
Depreciation and amortisation			813		510
Increase (decrease) in provisions	9		(13)		0
<i>CHANGES IN WORKING CAPITAL:</i>					
Decrease (increase) in inventories	3	(29.501)		(16.887)	
Movements accounts receivables		3.232		(6.295)	
Increase (decrease) in other payables		58.856		(6.217)	
			32.587		(29.399)
<b>TOTAL OF CASH FLOWS (USED IN) /GENERATED FROM OPERATIONS</b>			<b>33.510</b>		<b>(29.873)</b>
Interest received		178		8	
Income tax paid	15	(188)		(161)	
Other movements		(369)		423	
			(379)		270
<b>TOTAL OF CASH FLOWS FROM (USED IN)/ GENERATED FROM OPERATIONS</b>			<b>33.131</b>		<b>(29.603)</b>
<b>TOTAL OF CASH FLOWS (USED IN) INVESTMENT ACTIVITIES</b>					
Purchase of intangible assets	1	(560)		(1.493)	
Purchase of property, plant and equipment	2	(38)		(465)	
Proceeds from sales of property, plant and equipment	2	36		0	
<b>TOTAL OF CASH FLOWS (USED IN) INVESTMENT ACTIVITIES</b>			<b>(562)</b>		<b>(1.958)</b>
<b>TOTAL OF (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			<b>32.569</b>		<b>(31.561)</b>

		2022	2021
x 1000		USD	USD
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the period		113.178	144.739
(Decrease)/increase cash and cash equivalents		32.569	(31.561)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>145.747</b>	<b>113.178</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### ENTITY INFORMATION

#### **Registered address and registration number trade register**

The registered and actual address of Stichting International Dispensary Association is Slochterweg 35, 1027 AA in Amsterdam. Stichting International Dispensary Association is registered at the Chamber of Commerce under number 33170905.

### GENERAL NOTES

#### **The most important activities of the entity**

The operations of Stichting International Dispensary Association and its group companies ('the Group') are mainly comprised a not-for-profit supplier of essential, quality assured medicines and medical supplies to low and medium income countries.

#### **Disclosure of going concern**

Based on the strong financial position of IDA and outlook for the coming years, the 2022 financial statements are based on a going concern assumption.

The war in Ukraine and the ongoing COVID-19 pandemic do not affect the prospect of IDA continuing as a going concern.

#### **Disclosure of group structure**

Stichting International Dispensary Association ("Stichting IDA" or "IDA Foundation") is the head of the IDA organisation.

#### **Disclosure of estimates**

In applying the principles and policies for drawing up the financial statements, the directors of Stichting International Dispensary Association make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Management has reviewed all items of the balance sheet and the P&L of IDA. A few of these items require estimates and judgement. These are:

- Debtors, with risk to become bad debt
- Inventory, with risk to become obsolete and
- a small part of the revenue, as for the Procurement Services execution of some orders can take multiple years and progress of execution is to be estimated.

Estimation is initially made based on rules. Periodically management reviews and signs off items based on its judgement.

#### **Disclosure of consolidation**

The consolidation includes the financial information of IDA Foundation and its group companies in which it exercises control or whose central management it conducts. Group companies are entities in which IDA Foundation exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies in which IDA Foundation exercises control or whose central management it conducts are consolidated in full.

Intercompany transactions, profits and balances among group companies are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

The consolidated companies are listed below:

- IDA International Holding BV, Amsterdam, The Netherlands (100%)
- IDA International Services BV, Amsterdam, The Netherlands (100%)
- IDA International Participation BV, Amsterdam, The Netherlands (100%)
- IDA Trading Foundation Pvt Ltd, Mumbai, India (100%)
- IDA Republic Democratic, Kinshasa, Congo (100%)
- IDA Foundation Ltd. By Guarantee, Lagos, Nigeria (100%)
- IDA Foundation Delaware, Delaware, USA (100%)
- IDA Trading MEA, branch of Stichting IDA (100%).

Financial information relating to the group companies and other legal entities and companies included in the consolidation are fully included in the consolidated annual accounts, eliminating the intercompany relationships and transactions. Investments in third parties and results of group companies are separately disclosed in the consolidated annual accounts.

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control IDA foundation are considered to be a related party. In addition, statutory directors, other key management of IDA Foundation or the

ultimate parent company and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

#### ***The application of Article 402***

Since the consolidated profit and loss account for 2022 of Stichting International Dispensary Association is included in the consolidated financial statements, an abridged profit and loss account has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

### **GENERAL ACCOUNTING PRINCIPLES**

#### ***The accounting standards used to prepare the financial statements***

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

#### ***Change in accounting policies***

As of financial year 2022, turnover is recognised in line with the revised version of RJ 270. IDA has assessed the changes and concluded IDA is already following RJ 270 in its reporting, no changes or adjustments required. Further details are included in the accounting policies.

#### ***Prior period errors***

In 2014 and 2015 IDA Foundation deferred unrealized exchange gains on monetary assets and liabilities from its taxable income for in total USD 10.4 million. Based on external tax advice, no deferred tax liability was recognized for these differences between commercial results and fiscal results as these were deemed semi-permanent differences upon the transition to the US Dollar as our reporting currency for tax purposes in 2016. In 2022, however, our external tax advisors concluded that these exchange gains had been realized by now and, therefore, the amount of USD 10,4 million will be recognized as taxable income in the 2021 corporate income tax return.

The above does not lead to a current tax payable as IDA Foundation had fiscal losses available for compensation of approximately USD 10,7 million. However, a deferred tax provision should have been recognized for this difference



in our financial statements since 2014, while this was not done. In 2019 a deferred tax asset was recognized for the fiscal losses of 2018, under the assumption that the valuation differences described above were semi-permanent and would not reverse. Based on our current insights, this asset has now been removed from our balance sheet. This has been accounted for in the 2022 financial statements in accordance with Dutch Accounting Guideline 150, Correction of an error. The comparative numbers for 2021 have been adjusted accordingly.

#### ***Conversion of amounts denominated in foreign currency***

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in US dollars, which is the functional and presentation currency of IDA foundation.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

#### ***Basis of conversion and processing of exchange rate differences relating to foreign currency transactions for the balance sheet***

Receivables, liabilities and obligations denominated in foreign currencies are translated at the exchange rate prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rate prevailing at the transaction date. The exchange differences resulting from the translation at the balance sheet date, are recorded in the profit and loss account unless hedge accounting applies.

#### ***Foreign currency translation and the processing of foreign currency translation differences with regard to business activities abroad***

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the applicable rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate.

#### ***Operating leases***

Lease contracts for which a large part of the risks and rewards incidental to ownership of the assets does not lie with IDA foundation, are recognised as operating leases. Lease payments are recognised on a straight line basis in the income statement over the term of the contract, taking into account reimbursements received from the lessor.

## **FINANCIAL INSTRUMENTS**

### ***Financial instruments***

Financial instruments are understood to mean both primary financial instruments, such as receivables and liabilities, as well as financial derivatives. Securities included in financial and current assets are stated at cost. All other on balance financial instruments are carried at (amortised) cost. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity specific inputs.

### ***Hedge accounting***

IDA Foundation applies hedge accounting. At the time of entering into a hedging relationship, this is documented by the company. These derivative financial instruments are not quoted in an open market and are stated at cost if unsettled. The company periodically establishes the effectiveness of the hedging relationship by means of a test. This can be done by comparing the critical characteristics of the hedging instrument with those of the hedged item and / or by comparing the change in fair value of the hedging instrument and the hedged item. If there is an indication of ineffectiveness, the company determines this possibly ineffective part by means of a quantitative ineffectiveness measurement. When applying cost price hedge accounting, the initial measurement and the determination of the result of the hedge instrument depend on the measurement principle of the hedged item.

This means the following:

- if the hedged item is measured in the balance sheet at cost, the derivative is also valued at cost;
- as long as the hedged item in the cost price hedge relationship is not yet recognised in the balance sheet, the hedge instrument is not revalued. This applies, for example, in the case of the hedge of the currency risk of a future transaction.
- The ineffective part of the hedge relationship is recognised directly in the profit and loss account. Applying cost price hedge accounting is terminated if:
- the hedge instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the conditions for hedge accounting.

IDA Foundation applies cost hedge accounting to forward exchange contracts to hedge the value of its salary, warehousing and other costs in Euros.

## ACCOUNTING PRINCIPLES

### **Intangible assets**

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realisable value. With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to note Impairment of fixed assets. Intangible fixed assets consist of external development cost for the ERP system and licenses paid for computer software.

The development costs are capitalised when the development is completed and it is likely from both a commercial and technical perspective that the project will be successful and the costs can be determined reliably. Development costs are amortised by the straight line method over the economic life time of a period of five years.

The license costs are capitalised and amortised by the straight line method over the economic life time, generally not exceeding 5 years.

### **Property, plant and equipment**

Land and buildings are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight line depreciation over their estimated useful lives. Land is not depreciated. Allowance is made for any impairment losses expected at the balance sheet date. For details on how to determine whether property, plant or equipment is impaired, please refer to the respective note.

Other non-current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight line depreciation over their estimated useful lives and impairment losses. The manufacturing price is comprised of the cost of raw materials and consumables, and also includes expenditure directly attributable to an asset's manufacturing, including installation costs.

Costs of major maintenance are capitalised in the carrying amount of the asset (components approach).

### **Financial assets**

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

### **Impairment of financial assets**

As at each balance sheet date, the IDA foundation tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The fair value is initially determined based on a binding sales agreement. If such an agreement is not available, the fair value is determined based on the active market. An impairment loss is directly expensed in the income statement. The discounted rate should not include any considerations with regard to risks which have already been reflected in the future cash flows.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised. Impairments with regard to goodwill are not reversed.

IDA foundation assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.



**Inventories**

Inventories (stocks) are valued at historical purchase price, including inbound transport costs based on the FIFO method (first in, first out) or lower realisable value. The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken in account.

**Receivables**

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

**Provisions**

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, other provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

**Provision for jubilee benefits**

A provision for jubilee benefits at 12,5 and 25 year employment is calculated, based on RJ 271 employee benefits.

The calculation of the provision is time proportional and takes into account the probability that an employee leaves before reaching jubilee employment.



**Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

**Accounting principles for determining the result**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

**Net revenue**

Net turnover comprises the income from delivering goods and delivering services. Most of the activities are about delivering goods.

The contract price for goods sold to customers is based on contracts entered into with customers. In broad terms the price includes purchase price of the goods, cost of outbound freight, quality control and (if applicable) costs of storage, kitting and of inbound freight.

In some activities, prices are firm once the order is accepted. In other activities, customers can choose to either fix the price via a firm quote or to adapt the price for some cost elements to actual costs instead of the assumed costs of the quote. The preliminary invoiced amounts are recognised as revenue upon delivery. At reporting date an assessment is made for the assumed quoted costs versus estimated actual costs and the differences are recognised.

For the significant streams, control of the goods only transfers to the customer at the final destination, and accordingly, revenue is recognized. Revenues from the procurement services are recognised when (substantially) all significant risk and significant rights to the goods subject to the services have been transferred to the customers. This is when the control of goods has been transferred at the final destination. Accordingly, the revenue is recognised for the service fee. Based on IDA's assessment goods, freight, quality control and (if applicable) costs of storage and kitting are considered one performance obligation as all is contributing to the delivery of the goods. Based on applicable reporting standards, IDA is considered principal and recognizing revenue related to most of its activities, except for deliveries for which important risks are not with IDA. In those cases IDA is considered agent and revenue recognition is based on service fees only.

Key indicators for IDA being principal:

- IDA has primary responsibility towards the customer for the delivered goods or services;
- IDA, immediately prior to the delivery of goods or services to the customer, has control over the goods or services;
- IDA has inventory risk.

**Cost of sales**

Cost of sales represents the direct and indirect expenses attributable to revenue. Costs are recognised based on the historical cost convention and are allocated to the reporting year to which they relate.

**Short-term employee benefits**

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

**Applied policy of pension costs**

IDA has a number of pension schemes for its employees. The most important characteristics of these schemes are:

Pension type: Defined Contribution Pension Scheme 1 (2022):

- Build up percentage: Table 2 (100%) based on 4% interest
- Pension age: 68
- Franchise: EUR 14,801
- Maximum salary: EUR 114,866
- Pension base: Salary minus franchise
- Surviving Relatives Pension: 1.16% of pension base per achievable years employed, paid out lifelong, plus EUR 17,859 per year, paid out until surviving partner is 68

Pension type: Defined Contribution Pension Scheme 2 (2022):

- Build up percentage: Table 2 (100%) based on 2% interest
- Pension age: 68
- Franchise: EUR 14,801
- Maximum salary: EUR 114,866
- Pension base: Salary minus franchise
- Surviving Relatives Pension: 1.16% of pension base per achievable years employed, paid out lifelong, plus EUR 17,859 per year, paid out until surviving partner is 68

IDA Foundation has 2 pension schemes to which the provisions of the Dutch Pension Act ('Pensioenwet') are applicable. IDA Foundation pays premiums based on (legal) requirements, a contractual or voluntary basis to an insurance company. Premiums are recognised as employee cost when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. There are no other obligations in addition to the premiums paid.

**Amortisation of intangible assets and depreciation of property, plant and equipment**

Intangible assets, including goodwill, are amortised and property, plant and equipment are depreciated over the expected future useful life as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant and equipment are included in depreciation.

**Other operating expenses**

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

**Financial income and expenses**

Interest paid and received is recognised on a time weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

**Income tax expense**

Income tax is calculated on the profit/(loss) before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items and nondeductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

**Cash flow statement**

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received, and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Under the investments only the investments are included for which in cash was paid.

**Financial instruments and risk management**

- **Currency risk**  
Most sales and purchases are made in US dollars, resulting in limited currency exposure. The main currency risk for IDA concerns our Dutch operations: labour costs, office, and warehouse costs, as these are paid in Euros. Management has decided to mitigate this currency risk for 2023 to offset the related fluctuations in business costs when translated into US dollars, our reporting currency. This is done by hedging 50% of its exposure with ABN AMRO. This approach is comparable to 2022.
- **Price risk**  
Our price risk is related to sales versus purchase contracts with fixed prices for a different period. This risk became more important in 2022, particularly with the general increase in inflation worldwide and the recent surge in energy prices. 2023 will not be different. We manage this risk by bringing periods of fixed purchase and sales prices closer to each other. Further price correction possibilities are built into longer term contracts.

- **Credit risk**  
Most of our revenue is from the Global Fund Pooled Procurement Mechanism and the Global Drug Facility. This is without credit risk as all payments to vendors are prefinanced. In the Wholesale business, sales are made partly to international institutions with a good credit reputation, but partly to governments and companies with a higher credit risk. IDA therefore has a tight credit policy in place with customers and receivables are regularly monitored. In recent years only a small additional to the provision for bad debt was needed.
- **Liquidity risk**  
Our bank balances are mainly held at ABN AMRO, a bank with a credit A rating. This bank also provides us with a bank guarantee facility. IDA has no external funding, and this is also not considered necessary in 2023.



## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. INTANGIBLE ASSETS

	Licenses	Software development	Software in progress	Total
x 1000	USD	USD		USD
<b>BALANCE AS AT 1 JANUARY 2022</b>				
Cost or manufacturing price	294	3.724	0	4.018
Accumulated amortisation	(294)	(2.127)	0	(2.421)
<b>BOOK VALUE AS AT 1 JANUARY 2022</b>	<b>0</b>	<b>1.597</b>	<b>0</b>	<b>1.597</b>
<b>MOVEMENTS</b>				
Additions	0	0	560	560
Adjustments costs prior years	0	84	0	84
Reclass	0	0	65	65
Amortisations	0	(454)	0	(454)
Disposals	(294)	(22)	0	(316)
Amortisation on disposals	294	22	0	316
Adjustment amortisation prior years	0	(84)	0	(84)
<b>BALANCE MOVEMENTS</b>	<b>0</b>	<b>(454)</b>	<b>625</b>	<b>171</b>
<b>BALANCE AS AT 31 DECEMBER 2022</b>				
Cost or manufacturing price	0	3.786	625	4.411
Accumulated amortisation	0	(2.643)	0	(2.643)
<b>BOOK VALUE AS AT 31 DECEMBER 2022</b>	<b>0</b>	<b>1.143</b>	<b>625</b>	<b>1.768</b>

#### *Disclosure of intangible assets*

The development costs mainly relate to software costs for the ERP system. The licenses relate to licenses paid for computer software. Capitalised costs for software in progress are amortised once taken into use.

During the year the following amortisation rates are used:

Development costs: 20%



## 2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Office inventory	Vehicles	Property, plant and equipment in progress	Total
x 1000	USD	USD	USD		USD
<b>BALANCE AS AT 1 JANUARY 2022</b>					
Cost or manufacturing price	4.133	1.707	32	65	5.937
Accumulated depreciation	(918)	(1.138)	(16)	0	(2.072)
<b>BOOK VALUE AS AT 1 JANUARY 2022</b>	<b>3.215</b>	<b>569</b>	<b>16</b>	<b>65</b>	<b>3.865</b>
<b>MOVEMENTS</b>					
Additions	0	17	0	21	38
Depreciation	(125)	(230)	(4)	0	(359)
Disposals	(497)	(129)	(4)	0	(630)
Depreciation on disposals	493	99	2	0	594
Reclass	0	0	0	(65)	(65)
<b>BALANCE MOVEMENTS</b>	<b>(129)</b>	<b>(243)</b>	<b>(6)</b>	<b>(44)</b>	<b>(422)</b>
<b>BALANCE AS AT 31 DECEMBER 2022</b>					
Cost or manufacturing price	3.636	1.595	28	21	5.280
Accumulated depreciation	(550)	(1.269)	(18)	0	(1.837)
<b>BOOK VALUE AS AT 31 DECEMBER 2022</b>	<b>3.086</b>	<b>326</b>	<b>10</b>	<b>21</b>	<b>3.443</b>

### *Disclosure of property, plant and equipment*

During the year the following depreciation rates are used:

Land and buildings: 0-10%

Office inventory: 10-20%

Vehicles: 10-20%

Property, plant and equipment in progress: 0%

### 3. INVENTORIES

#### *Disclosure of inventories*

The write down on stocks amounted USD 2.4 million (2021: USD 1.4 million) in 2022, this is related to a book value of USD 150 million. IDA management validated that the net realisable value of our goods in inventory is above the inventory value.

#### FINISHED PRODUCTS AND GOODS FOR RESALE

	31-12-2022	31-12-2021
x 1000	USD	USD
Inventories	149.950	120.449

Total goods in transit (outbound) amount to USD 108,2M (2021: 71,4M), whereas inbound goods are carrying a value of USD 2,3M (2021: 12,4M). Total goods held in IDA warehouse amount to USD 24,7M (2021: 24,7M), total goods held at suppliers USD 14,7M (2021: 12,0M).

#### DISCLOSURE OF RECEIVABLES

Receivables all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the accounts receivable is close to the carrying amount, given the current nature of the accounts receivable and the fact that, where necessary, provisions for bad debt have been recognised.

### 4. TRADE RECEIVABLES

	31-12-2022	31-12-2021
x 1000	USD	USD
Trade receivables	35.462	37.979
Provisions for doubtful debts	(908)	(4.359)
	34.554	33.620

### 5. TAXES AND SOCIAL SECURITY CHARGES

	31-12-2022	31-12-2021
x 1000	USD	USD
Value added tax	222	241
Pension contributions	58	68
	280	309

### 6. OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

	31-12-2022	31-12-2021
x 1000	USD	USD
Advance payment to suppliers	1.095	4.850
Miscellaneous prepaid expenses	2.616	2.998
	3.711	7.848



## 7. CASH AND CASH EQUIVALENTS

### *Disclosure of cash and cash equivalents*

The cash and bank balances include bank balances of an amount of USD 123.2 million (2021: USD 94.1 million), which are restricted for financing the large programmes.

## 8. GROUP EQUITY

The group equity is detailed in the notes to the company financial statements.

## 9. PROVISIONS

	31-12-2022	31-12-2021
x 1000	USD	USD
Other provisions	80	93

### *Disclosure of provisions*

The other provisions relate to jubilee benefits.

## OTHER PROVISIONS

	2022
x 1000	USD
Balance as at 1 January	93
Decrease	(13)
<b>BALANCE AS AT 31 DECEMBER</b>	<b>80</b>

## DISCLOSURE OF CURRENT LIABILITIES

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short term character.

Trade payables are amounts due mainly to suppliers within procurement services. IDA receives payment from the Global Fund before paying these suppliers, therefore IDA's ability to pay suppliers is robust. Fluctuations of the amount is inherent to the nature of the procurement services business.

## 10. PAYABLES RELATING TO TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	31-12-2022	31-12-2021
x 1000	USD	USD
Wage tax	233	210

## 11. OTHER LIABILITIES AND ACCRUED EXPENSES

	31-12-2022	31-12-2021
x 1000	USD	USD
Advanced payments received from clients / large programmes	208.080	123.144
Miscellaneous accruals and deferred income	7.840	18.147
Prepayments for buffer stock	21.475	17.661
	<b>237.395</b>	<b>158.952</b>

The large amounts of advance payments relate to the setup of the large programmes executed by IDA.

## CONTINGENT ASSETS AND LIABILITIES

### *Disclosure of contingent arrangements*

To mitigate the currency risk for payments in euro IDA Foundation has hedged the risk for approximately 50% of the currency exposure, amounting to EUR 650,000 per month until December 2023.

The settlement date of each of these 12 forward contracts is mid-month in each month until December 2023.

The hedge accounting at cost price for forward contracts means that gains and losses on the forward contracts are recognised on settlement of each contract each month. The fair value adjustment of all open hedging contracts if recorded at fair value (mark to market) at year end would have been an adjustment to profit and loss of USD (23,155) at the balance sheet date.

### *Disclosure of off-balance sheet commitments*

IDA Foundation has long term commitments relating to (lease) agreements for the total amount of USD 6,596,007 which is mainly related to warehouse activities. The commitment within one year amounts to USD 3,413,268. The commitment with a maturity exceeding one year but within three years amounts to USD 2,148,572. Total commitment exceeding three years amounts to USD 1,034,167.

### *Off-balance sheet commitments relating to guarantees*

The ABN AMRO Bank N.V. gave the following guarantees at 31 December 2022: EUR 7,587 (2021: EUR 116,591) and USD 1,287,506 (2021: USD 1,261,373 ) on behalf of clients in connection with advance payments received, or guarantees related to commitments that have been undertaken. The bank guarantee facility at ABN AMRO Bank N.V. is EUR 8,000,000 (2021: EUR 8,000,000).

## NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

### 12. NET TURNOVER

	2022	2021
x 1000	USD	USD
Turnover from the sale of goods	578.835	485.167
Turnover from services	4.181	4.026
	<b>583.016</b>	<b>489.193</b>

#### Disclosure of net revenue

IDA operates in two units, wholesale activities and procurement services.

For wholesale activities, IDA operates fully at own risk and is therefore considered as principal. Also for most of the procurement services activities, IDA operates as a principal. The presented net turnover related to these procurement services consists of the revenue for the goods delivered, for the external services rendered (like transport and QC), as well as for the procurement fees. However, for the activities related to the Strategic Rotating Stockpile of GDF, part of the operational risks (including inventory risk) is not with IDA and therefore IDA operates as an agent and only the procurement fee is included in the turnover.

### GEOGRAPHIC SEGMENTATION TURNOVER

	2022	2021
x 1000	USD	USD
Europe	23.860	21.317
Asia	92.815	115.046
America	21.363	18.788
Africa	444.978	334.042
	<b>583.016</b>	<b>489.193</b>

### 13. OTHER OPERATING EXPENSES

	2022	2021
x 1000	USD	USD
Other expenses of employee benefits	2.546	2.516
Housing expenses	365	434
Selling expenses	471	416
Office expenses	1.083	815
General expenses	3.847	1.246
Warehouse costs	4.439	4.744
	<b>12.751</b>	<b>10.171</b>

### 14. FINANCIAL INCOME CREDIT/(EXPENSE)

	2022	2021
x 1000	USD	USD
Interest and similar income	<b>178</b>	<b>8</b>

## 15. INCOME TAX CREDIT/(EXPENSE)

	2022	2021
x 1000	USD	USD
Income tax expense from current financial year	(188)	(161)
<b>Total of income tax expense</b>	<b>(188)</b>	<b>(161)</b>
Effective tax rate	62,50	16,50
Applicable tax rate	25,8	25,00

**Disclosure of income tax expense**

The applicable tax rate is based on the relative proportion of the group companies' contribution to profit and the tax rates ruling in the countries concerned.

In 2022, as in 2021, the only taxes payable were local income tax in India. No corporate income tax was payable for the 2022 financial year in the Netherlands, due to compensable loss.

## OTHER NOTES

	2022	2021
<b>AVERAGE NUMBER OF EMPLOYEES</b>		
Average number of employees over the period working in the Netherlands	105	107
Average number of employees over the period working outside the Netherlands	102	99
<b>AVERAGE NUMBER OF EMPLOYEES OVER THE PERIOD</b>	<b>207</b>	<b>206</b>

## REMUNERATION OF MANAGING DIRECTORS AND SUPERVISORY BOARD MEMBERS

	2022	2021
x 1000	USD	USD
Remuneration of executive managing directors	427	477
Remuneration of supervisory board members	78	74
<b>REMUNERATION OF MANAGING DIRECTORS AND SUPERVISORY BOARD MEMBERS</b>	<b>505</b>	<b>551</b>

**Disclosure of remuneration of managing directors and supervisory board members**

The Executive Board of IDA Foundation consisted of two persons in 2022. The total remuneration for 2022 amounts to USD 426,810 (2021: USD 477,090).

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment, profit sharing, transitional benefits in so far as related to directors, bonus payments to the extent that these items were charged to the IDA Foundation and all subsidiaries.

## INDEPENDENT AUDITOR'S FEE

	2022	2021
x 1000	USD	USD
Audit of financial statements	210	260
Audit related services	0	0
Other non-audit services	0	0
<b>TOTAL FEES</b>	<b>210</b>	<b>260</b>

### Disclosure of auditors fees

The fees listed above relate to the procedures applied to the company and its consolidated group entities by accounting firms and independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties - Wta) as well as by Dutch and foreign based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2022 financial statements, regardless of whether the work was performed during the financial year. The audit was performed by PricewaterhouseCoopers Accountants N.V.

## SUBSEQUENT EVENTS

### Disclosure of subsequent events

There are no subsequent events that materially affect the reporting of the results for the year ending 31st December 2022.

# **COMPANY-ONLY** FINANCIAL STATEMENTS



# COMPANY-ONLY BALANCE SHEET AS AT 31 DECEMBER 2022

After proposal distribution of result

		31 December 2022		31 December 2021	
X 1000	NOTE	USD	USD	USD	USD
ASSETS					
FIXED ASSETS					
INTANGIBLE ASSETS	16				
Software development		1.143		1.597	
Software in progress		625		0	
			1.768		1.597
PROPERTY, PLANT AND EQUIPMENT	17				
Land and buildings		3.057		3.174	
Office inventory		191		331	
Property, plant and equipment in progress		21		65	
			3.269		3.570
FINANCIAL ASSETS	18				
Participations in group companies			874		1.301
CURRENT ASSETS					
INVENTORIES	19		149.950		120.449
RECEIVABLES					
Trade receivables		34.554		33.620	
Taxes and social security charges	20	280		309	
Other receivables, prepayments and accrued income	21	1.789		5.912	
			36.623		39.841
CASH AND CASH EQUIVALENTS	22		145.161		112.383
TOTAL ASSETS			337.645		279.141

		31 December 2022		31 December 2021	
x 1000	NOTE	USD	USD	USD	USD
EQUITY AND LIABILITIES					
EQUITY	23		50.029		50.284
PROVISIONS	24		80		93
CURRENT LIABILITIES					
Trade payables		50.123		69.761	
Liabilities to group companies		267		322	
Payables relating to taxes and social security contributions	25	233		210	
Other liabilities and accrued expenses	26	236.913		158.471	
			287.536		228.764
TOTAL EQUITY AND LIABILITIES			337.645		279.141

COMPANY-ONLY ABRIDGED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR 2022

		2022		2021	
x 1000	NOTE	USD	USD	USD	USD
Income from participations in group and other investments		458		511	
Company result after taxes		(345)		(1.648)	
NET RESULT AFTER TAXATION			113		(1.137)

## NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

### GENERAL ACCOUNTING PRINCIPLES

#### *The accounting standards used to prepare the financial statements*

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with the consolidated financial statements.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

### ACCOUNTING PRINCIPLES

#### *Financial assets*

Financial fixed assets are stated at net asset value, based on group accounting policies.

Majority interests and other participating interests in which significant influence may be exerted are stated at net asset value, using the equity method. Significant influence is assumed to be present if the shareholder's interest is 20% or more.

The net asset value is calculated on the basis of the accounting policies used in these financial statements. Participating interests with an equity deficit are carried at nil. If and insofar as Stichting International Dispensary Association fully or partially guarantees the debts of the participating interest or has the firm intention to allow the participating interest to pay its debts, a provision is formed.

Participating interests in which no significant influence can be exercised, are stated at acquisition price or a lower value, should this be necessary.

#### *Share in results of participating interests*

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Stichting International Dispensary Association.



## NOTES TO THE COMPANY-ONLY BALANCE SHEET

### 16. INTANGIBLE ASSETS

	Licenses	Software development	Software in progress	Total
x 1000	USD	USD	USD	USD
<b>BALANCE AS AT 1 JANUARY 2022</b>				
Cost or manufacturing price	294	3.698	0	3.992
Accumulated amortisation	(294)	(2.101)	0	(2.395)
<b>BOOK VALUE AS AT 1 JANUARY 2022</b>	<b>0</b>	<b>1.597</b>	<b>0</b>	<b>1.597</b>
<b>MOVEMENTS</b>				
Additions	0	0	560	560
Adjustment costs prior years	0	84	0	84
Reclass	0	0	65	65
Amortisations	0	(454)	0	(454)
Disposals	(294)	0	0	(294)
Amortisation on disposals	294	0	0	294
Adjustment amortisation prior years	0	(84)	0	(84)
<b>BALANCE MOVEMENTS</b>	<b>0</b>	<b>(454)</b>	<b>625</b>	<b>171</b>
<b>BALANCE AS AT 31 DECEMBER 2022</b>				
Cost or manufacturing price	0	3.782	625	4.407
Accumulated amortisation	0	(2.639)	0	(2.639)
<b>BOOK VALUE AS AT 31 DECEMBER 2022</b>	<b>0</b>	<b>1.143</b>	<b>625</b>	<b>1.768</b>

#### *Disclosure of intangible assets*

The development costs mainly relate to software costs for the ERP system. The licenses relate to licenses paid for computer software.

During the year the following amortisation rates are used:  
Development costs: 20%

## 17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Office inventory	Property, plant and equipment in progress	Total
x 1000	USD	USD		USD
<b>BALANCE AS AT 1 JANUARY 2022</b>				
Cost or manufacturing price	4.090	1.066	65	5.221
Accumulated depreciation	(916)	(735)	0	(1.651)
<b>BOOK VALUE AS AT 1 JANUARY 2022</b>	<b>3.174</b>	<b>331</b>	<b>65</b>	<b>3.570</b>
<b>MOVEMENTS</b>				
Additions	0	0	21	21
Depreciation	(117)	(140)	0	(257)
Disposals	(493)	(32)	0	(525)
Depreciation on disposals	493	32	0	525
Reclass	0	0	(65)	(65)
<b>BALANCE MOVEMENTS</b>	<b>(117)</b>	<b>(140)</b>	<b>(44)</b>	<b>(301)</b>
<b>BALANCE AS AT 31 DECEMBER 2022</b>				
Cost or manufacturing price	3.597	1.035	21	4.653
Accumulated depreciation	(540)	(844)	0	(1.384)
<b>BOOK VALUE AS AT 31 DECEMBER 2022</b>	<b>3.057</b>	<b>191</b>	<b>21</b>	<b>3.269</b>

*Disclosure of property, plant and equipment*

During the year the following depreciation rates are used:

Land and buildings: 0 - 10%

Office inventory: 10 - 20%

Property, plant and equipment in progress: 0%

## 18. FINANCIAL ASSETS

	Participations in group companies
x 1000	USD
<b>BALANCE AS AT 1 JANUARY 2022</b>	
Principal value	1.301
<b>BALANCE AS AT 1 JANUARY 2022</b>	<b>1.301</b>
<b>MOVEMENTS</b>	
Result of participations	458
Correction	(368)
Dividends	(517)
<b>BALANCE MOVEMENTS</b>	<b>(427)</b>
<b>BALANCE AS AT 31 DECEMBER 2022</b>	
Principal value	874
<b>BALANCE AS AT 31 DECEMBER 2022</b>	<b>874</b>

## REGISTER OF PARTICIPATIONS

	Share in issued capital
	in %
IDA International Holding B.V., Amsterdam, The Netherlands	100
IDA International Services B.V., Amsterdam, The Netherlands	100
IDA International Participation B.V., Amsterdam, The Netherlands	100
IDA Trading Foundation Pvt Ltd, Mumbai, India	100
IDA Republic Democratic, Kinshasa, Congo	100
IDA Foundation Ltd. By Guarantee, Lagos, Nigeria	100
IDA Foundation Delaware, Delaware, USA	100
IDA Trading MEA, branch of Stichting IDA	100

## 19. INVENTORIES

	31-12-2022	31-12-2021
x 1000	USD	USD
Finished products and goods for resale	<b>149.950</b>	<b>120.449</b>

**Disclosure of receivables**

Receivables all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the accounts receivable is close to the carrying amount, given the current nature of the accounts receivable and the fact that, where necessary, provisions for bad debt have been recognised.



## 20. TAXES AND SOCIAL SECURITY CHARGES

	31-12-2022	31-12-2021
x 1000	USD	USD
Value added tax	222	241
Pension contributions	58	68
	<b>280</b>	<b>309</b>

## 21. OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

	31-12-2022	31-12-2021
x 1000	USD	USD
Advance payment to suppliers	1.075	4.956
Miscellaneous prepaid expenses	714	956
	<b>1.789</b>	<b>5.912</b>

## 22. CASH AND CASH EQUIVALENTS

### *Disclosure of cash and cash equivalents*

The cash and bank balances include bank balances of an amount of USD 123.2 million (2021: USD 94.1 million), which are restricted for financing the large programmes.

## 23. EQUITY

	31-12-2022	31-12-2021
x 1000	USD	USD
Other reserve	<b>50.029</b>	<b>50.284</b>

## OTHER RESERVE

	2022	2021
x 1000	USD	USD
<b>BALANCE AS AT 1 JANUARY</b>	50.284	53.286
Direct movement as a result of prior period errors	0	(1.865)
Adjusted balance as at 1 January	50.284	51.421
Appropriation of result	113	(1.137)
Revaluations	(368)	0
Accumulated result legal entity	(255)	(1.137)
<b>BALANCE AS AT 31 DECEMBER</b>	<b>50.029</b>	<b>50.284</b>

### *Disclosure of other reserves*

The equity as per end of 2021 was restated for a correction of a prior years' error as set out in the general accounting policies.

The entity in India was revaluated mainly due to currency and local tax differences, partially related to prior year. The total valuation difference amounts to USD 368K, recorded as a direct equity movement.

**Disclosure of result after tax for the year**

Following the appropriation of result proposed by the board of directors and pursuant to article 4 of the articles of association, the profit of USD 113K will be added to the reserves.

**24. PROVISIONS**

	31-12-2022	31-12-2021
x 1000	USD	USD
Other provisions	80	93

**JUBILEE BENEFITS**

	2022	2021
x 1000	USD	USD
<b>BALANCE AT 1 JANUARY</b>	93	93
Decrease other provision	(13)	0
<b>BALANCE AS AT 31 DECEMBER</b>	80	93

**Disclosure of current liabilities**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

**25. PAYABLES RELATING TO TAXES AND SOCIAL SECURITY CONTRIBUTIONS**

	31-12-2022	31-12-2021
x 1000	USD	USD
Wage tax	233	210

**26. OTHER LIABILITIES AND ACCRUED EXPENSES**

	31-12-2022	31-12-2021
x 1000	USD	USD
Advanced payments received from clients / large programmes	208.080	123.143
Prepayments for buffer stock	21.475	17.661
Miscellaneous accruals and deferred income	7.358	17.667
	<b>236.913</b>	<b>158.471</b>

## NOTES TO THE COMPANY-ONLY PROFIT AND LOSS ACCOUNT

### SHARE IN RESULT OF PARTICIPATIONS

	2022	2021
x 1000	USD	USD
Result of participations	458	511

### OTHER NOTES

	2022	2021
<b>AVERAGE NUMBER OF EMPLOYEES</b>		
Average number of employees over the period working in the Netherlands	105	107
Average number of employees over the period working outside the Netherlands	0	0
<b>AVERAGE NUMBER OF EMPLOYEES OVER THE PERIOD</b>	<b>105</b>	<b>107</b>



**Amsterdam, 25 April 2023**  
**Stichting International Dispensary Association**

W.M.W. Eggen  
CEO

P.W. van Ooijen  
CFO/COO

C.M. Hodgkin  
Supervisory board

M.R. Damen  
Supervisory board

C.J.A.M Romme  
Supervisory board

A.C.C. van Els (Chairman)  
Supervisory board

# **OTHER**

## INFORMATION

## REFERENCE TO THE AUDITOR'S OPINION

### INDEPENDENT AUDITOR'S REPORT

To: the board of directors and the supervisory board of  
Stichting International Dispensary Association

#### REPORT ON THE FINANCIAL STATEMENTS 2022

##### *Our opinion*

In our opinion, the financial statements of Stichting International Dispensary Association ('the Foundation') give a true and fair view of the financial position of the Foundation and the Group (the Foundation together with its subsidiaries) as at 31 December 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

##### *What we have audited*

We have audited the accompanying financial statements 2022 of Stichting International Dispensary Association, Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company-only balance sheet as at 31 December 2022;
- the consolidated profit and loss account and the company-only abridged profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

##### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We are independent of Stichting International Dispensary Association in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

#### INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

##### *Audit approach fraud risks*

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Stichting International Dispensary Association and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to the section 'Fraud risk' of the directors' report for the director's fraud risk assessment and the fourth alinea of the supervisory board report in which the supervisory board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistle-blower procedures and the existence of the compliance committee. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board of directors as well as the compliance department and the members of the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:



Identified fraud risks	Our audit work and observations
Fraud due to management override of controls	<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates.</p> <p>We performed our audit procedures primarily substantive-based.</p> <p>We verified that there is an appropriate fraud risk assessment, code of conduct, whistle-blower procedures and a compliance committee available.</p> <p>We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source documentation.</p> <p>We also paid particular attention to consolidation and elimination entries, focusing on testing entries that affect revenue and results in the relevant fiscal year.</p> <p>We performed substantive audit procedures on significant transactions outside the normal course of business.</p> <p>We also performed specific audit procedures related to important estimates of the directors, including inventory provision, allowance for doubtful accounts and estimates in revenue.</p> <p>We specifically paid attention to the inherent risk of bias of the directors in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>
Fraud in revenue recognition due to overstating revenue and shifting revenues between the business lines	<p>We evaluated the design and implementation of the internal control system in the processes related to revenue reporting.</p> <p>We performed our audit procedures primarily substantive-based.</p> <p>We performed data analyses to identify potential notable revenue entries in the fiscal year and performed specific substantive audit procedures on these entries, including determining whether these entries are based on deliveries that actually took place in the financial year. Furthermore, we analysed back-dated journals and journals where revenue may have shifted between the business lines.</p> <p>We tested, on a sample basis, the delivery performance based on sales agreements, delivery documents, sales invoices and cash receipts.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence, occurrence and presentation and disclosure of the revenue reporting.</p>
Risk of bribery and corruption – Use of Agents	<p>We evaluated the design and implementation of the internal control system in the processes related to entering into contracts with agents and the monitoring and reviewing of the work performed by agents.</p> <p>In addition, we selected agent contracts in high-risk countries and analysed the commissions paid to these agents. For each agent in the selection, we determined whether:</p> <ul style="list-style-type: none"> <li>• A background investigation was conducted, who conducted this background investigation, and whether the outcomes of this investigation are assessed before a contract is signed.</li> <li>• Contracts have been reviewed and signed by an authorised official.</li> <li>• The agreed commission is calculated and paid accurately and completely to a bank account held by the agent.</li> <li>• The agreed commission matches the work performed by the agent based on a benchmark of the commission percentage used in the industry and at the Foundation.</li> </ul> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to paying bribes by and at the initiative of agents.</p>

Identified fraud risks	Our audit work and observations
Risk of bribery and corruption Kick backs due to procurement activities abroad	<p>We evaluated the design and implementation of controls in the processes related to the contract negotiations with new suppliers.</p> <p>We performed our audit procedures in a mix of controls and substantive procedures.</p> <p>We performed testing over the purchase tender process of the Foundation and verified that the internal control procedures were followed. Furthermore, we selected purchase orders during the year and verified that the purchase prices were in line with the purchase agreements.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the tendering of new suppliers.</p>

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

#### **Audit approach going concern**

As disclosed in the section 'going concern' in the directors' report, and the section 'general notes - disclosure of going concern' in the financial statements, the board of directors performed their assessment of the Foundation's ability to continue as a going concern. For at least twelve months from the date of preparation of the financial statements, they have not identified events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the board of directors' going-concern assessment included, amongst others:

- considering whether the board of directors' going-concern assessment includes all relevant information of which we are aware as a result of our audit, by establishing that the overall view of our audit is in line with the going-concern assessment and inquiring with the board of directors regarding the board of directors' most important assumptions underlying its going-concern assessment.
- evaluating the board of directors' current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing the cash position, bank guarantee facility and equity positions of the Foundation per year end to enable the continuation of the Foundation's operations;
- performing inquiries of the board of directors as to its knowledge of going-concern risks beyond the period of the board of directors' assessment.

We concluded that the board of directors' use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern.

#### **Report on the other information included in the financial report**

The financial report contains other information. This includes all information in the financial report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### *Responsibilities of the board of directors and the supervisory board for the financial statements*

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Foundation's ability to continue as a going concern. Based on the aforementioned financial reporting framework, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Foundation or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Foundation's financial reporting process.

### *Our responsibilities for the audit of the financial statements*

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

**Amsterdam, 25 April 2023**

PricewaterhouseCoopers Accountants N.V.

J. van Weezenbeek RA



## APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2022 OF STICHTING INTERNATIONAL DISPENSARY ASSOCIATION

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the

Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## PROVISIONS OF THE ARTICLES OF ASSOCIATION RELATING TO PROFIT APPROPRIATION

Article 3 and article 4 of the articles of association states the following regarding objective and resources and capital.

### *In accordance Objective and resources.*

#### Article 3

1. The Foundation's objective is to improve access to, and to deliver high-quality essential medicines and medical supplies at the lowest possible price to low and middle income countries, and to perform all such further acts as may be related or conducive to the foregoing in the broadest sense.

2. The Foundation preferably supplies the medicines and supplies referred to in paragraph 1 to institutions and organisations for humanitarian aid, and other institutions and organisations that focus on the provision of regular access to health care and on conditions that are in accordance with the Foundation's humanitarian objective.

3. The Foundation tries to achieve its objectives, inter alia, by:

A. importing, exporting, selling, distributing, trading in, marketing of, and consultancy with respect to medicines, dressings and bandages, pharmaceutical raw materials, medical devices and related products, as well as other products that are or may be relevant to realisation of the Foundation's objectives;

B. checking the quality of the products referred to under a.;

C. providing education, advice, training and assistance in respect of local or regional initiatives in the field of production and distribution of the products referred to under a.;

D. collaborating with institutions and organisations within and outside the Netherlands with objectives similar to those of the Foundation or active in a field related to the Foundation's objectives, as well as with all such legitimate means as may be conducive to realisation of the Foundation's objectives, all in the broadest sense.

4. The Foundation does not seek to make any profit. The available resources shall be spent efficiently and effectively, in accordance with the Foundation's objective.

### *Capital.*

#### Article 4

1. The Foundation's capital shall consist of the operating surplus in respect of the activities carried out by the Foundation, as well as other income.

2. Testamentary dispositions may be accepted only subject to the benefit of inventory.

3. The Foundation's capital serves to realise the Foundation's objectives.

